

**Critical Ecosystem Partnership Fund
Twenty-Eighth Meeting of the Donor Council
Brussels, Belgium
Wednesday, 20 January 2016
2-5 p.m. Central European Time**

Adoption of the Minutes of the 27th Meeting of the Donor Council

Recommended Action Item

The Donor Council is asked to adopt the Minutes of the 27th Meeting of the Donor Council, which took place on 24 June 2015.

Critical Ecosystem Partnership Fund
Twenty-Seventh Meeting of the Donor Council
Washington, D.C.
24 June 2015
8 a.m. – 11 a.m. EDT

Draft Minutes

1. Welcome and introductions (Doc. CEPF/DC27/1)

The Executive Director welcomed Donor Council members and representatives participating in the meeting, noting that Donor Council Chairperson Jean-Michel Severino was unable to attend and that Jennifer Morris from Conservation International (CI) would be chairing the meeting in his absence.

2. Adoption of agenda (Doc. CEPF/DC27/2)

The Donor Council approved the agenda.

3. Adoption of Minutes of the Twenty-Sixth Meeting of the Donor Council (Doc. CEPF/DC27/3)

The Donor Council adopted the minutes of the Twenty-Sixth Meeting of the Donor Council, which took place on 27 January 2015, with corrections in the text from the European Commission (EC).

4. Report from the Executive Director

-Report on key developments since the Twenty-Sixth Meeting of the Donor Council (Doc. CEPF/DC27/4a)

-New basis of presentation of CEPF's annual audit (Doc. CEPF/DC27/4b)

The Executive Director reviewed highlights from his written report on activities since the Twenty-Sixth Meeting of the Donor Council on 27 January 2015.

During his first six months at CEPF, the Executive Director visited four of the biodiversity hotspots, which gave him an opportunity to see first-hand how the Grant Directors work with the Regional Implementation Teams (RITs) and interact with grantees in the field. The Executive Director was also able to meet with many regional donors and learn more about the portfolio achievements and challenges.

The Executive Director also met with global donor partners to gain a clear understanding of their existing relationship with the Secretariat and to learn from the experiences of those who have been investing in CEPF. He noted that Dominique Kayser from the Implementing Agency Coordination Unit at the World Bank and a representative of the GEF Operational Focal Point for Cambodia within the Ministry of Environment attended the Indo-Burma mid-term assessment workshop in March. He encouraged all the donors to participate in upcoming trips to the hotspots, as it is a great opportunity to see CEPF in action and learn about the amazing capacity of our grantees in the field.

In addition to meeting with current donors, the Executive Director also met with potential donors, including the German Development Bank KfW and Bruno Oberle, the state secretary of Switzerland's Federal Office of the Environment. The Executive Director thanked Karl Falkenberg for introducing CEPF to Secretary Oberle. The Executive Director will continue meeting with potential donors during the next six months, with a focus on private foundations and regional development banks that are linked to CEPF's existing investments.

At the CEPF Secretariat level, the Executive Director spent time with team members involved in designing key elements of CEPF's Phase III long-term vision, communication and business plans. He also learned the rules and procedures outlined in the Operations Manual and the specific donor requirements.

The partnership highlights included:

- *Indo-Burma Mid-term*: More than 130 representatives of civil society organizations, government conservation agencies and donors — including regional staff of four CEPF donors — met in Cambodia in March for the mid-term assessment of the CEPF Phase II investment in the Indo-Burma biodiversity hotspot. Prior to the start of the assessment, the Margaret A. Cargill Foundation, which is using the ecosystem profile as a strategy for investment in the region, held its own workshop.

The Phase II investment in Indo-Burma can be a model for CEPF regional donor partnerships, as multiple regional donors helped with the development of the updated ecosystem profile and the Margaret A. Cargill Foundation provided \$1.8 million for the implementation of Phase II in the hotspot.

- *CEPF Phase III Business Plan Executive Summary*: The Secretariat followed up with Daniela Lerda of PADMA Consulting to ensure this includes the latest biodiversity funding data from foundations and multilaterals, specifically from the Global Environment Facility (GEF) and the European Union (EU). This document will be shared with the Donor Council upon receipt, likely in August or September.
- *Profiling Updates*: On 18 March, the Donor Council approved the ecosystem profile for the Tropical Andes for a five-year, \$10 million investment. On 26 May, the Donor Council approved the selection of a consortium led by Bolivia's Fundación para el Desarrollo del Sistema Nacional de Áreas Protegidas (FUNDESNA), in partnership with Colombia's Natural Patrimony, the Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE) and Ecuador's Environmental Fund (FAN), as CEPF's RIT for the hotspot, starting on 1 July 2015.

The International Union for Conservation of Nature (IUCN) team preparing the Guinean Forests of West Africa Ecosystem Profile is planning the final consultation workshops. The Secretariat is

working with the IUCN team to bring the ecosystem profile up to CEPF's standards, and the final profile is expected in October.

CI and the World Bank asked about the reasoning for the delay in receipt of the Guinean Forests of West Africa Ecosystem Profile, which CEPF noted was due to the ebola crisis as well as organizational issues at the IUCN.

The Secretariat will ensure that CEPF complies with procurement policies to finalize the ecosystem profile for the Guinean Forests of West Africa, should it be necessary to work with the UNEP-WCMC (World Conservation Monitoring Centre), currently a sub-grantee of the profiling lead IUCN Programme pour l'Afrique Centrale et Occidentale (PACO).

The first consultation workshops for the Cerrado biodiversity hotspot were held in February and the profile should be available by October. The EU noted that the Brazilian administration provided positive feedback on CEPF's investment in the Cerrado and that there might be an opportunity to link with BEST in the hotspot.

The GEF also noted the importance of engaging the private sector, especially agribusiness, in Cerrado. CEPF confirmed that the Secretariat will engage the private sector and noted that the Moore Foundation is investing in the Cerrado, with a focus on agribusiness, biodiversity and climate change.

The Secretariat will circulate the date for the Cerrado's final consultation workshop once available to the full Donor Council and send the first draft of the profile to Gustavo Fonseca at the GEF.

The financial overview highlights included:

- CEPF is still in a strong cash positive situation with cash and investments on hand in excess of \$45 million. The fund continues to direct most of its resources to grant making, with \$188 million, or 81 percent of CEPF's funding, invested in grants, while the Secretariat's costs remain at 15 percent.
- In May, the fund was at a 72 percent burn rate for grants, but this increased to 87 percent in June, and once everything in the pipeline is countersigned, CEPF will reach 96 percent.
- The performance of CEPF's conservative bond portfolio as of 31 March 2015 was at a net return of 0.37 percent. This is more than CEPF used to get in a year and should help compensate CEPF for the loss of exchange rate from the euro to U.S. dollars.
- The Secretariat is moving forward with Foundation Connect as the new grant management system. An implementer has been contracted to analyze CEPF's customization needs, with a full plan and budget to be ready by September. The customization, migration, testing and training will follow, with the new system expected to go live in July 2016. In the meantime, CEPF will continue to use the current grant system (GEM) and the Agresso accounting system.

- The GEF asked about the budget for the grant management system, which CEPF noted is coming from the special projects budget. For FY16, CEPF included \$440,000 in the budget for this, which will go down to \$80,000 a year following start-up.

The GEF asked about the PPG grant and the expectation for submission of the endorsement package. CEPF confirmed that the entire package will be submitted to the CI GEF-Agency by 31 July 2015. The endorsement should then be submitted by the end of September. The GEF suggested that CEPF submit the endorsement early because there is a new project cancellation policy for projects taking more than 18 months for preparation.

The Donor Council was asked to approve the recommendation of the Secretariat to present the fund accountability statement in the annual CEPF audit in accordance with CI's new accounting policy for grants. The Secretariat noted that CEPF is audited annually, but that CI's accounting policy for grants has changed from reporting on an accrual basis—which meant that when a grant was signed, the full amount was recognized—to reporting on payments made against a grant.

In the latest CEPF Quarterly Report, the Secretariat reported financial figures via both the grant awarded and the grant payments methods. The Secretariat would like to continue reporting in this manner in the quarterly report and present the grant expenses based on CI's new policy. For the FY15 audit, there will be no comparative numbers, but in the future, these will be included. The Secretariat noted that this is merely a timing issue, and that there is no implication on expenses, which will remain the same over the entirety of grants.

The World Bank requested a reconciliation report to make sure that there are no outstanding gaps between the audits from each year.

The Donor Council approved the recommendation of the Secretariat to present the fund accountability statement in the annual CEPF audit in accordance with CI's new accounting policy for grants.

The GEF asked about the view on having private sector donors fund CEPF, and noted that there might be a mining company interested in supporting the fund. CI suggested having criteria for the types of industries and companies that could become donors. The Secretariat noted that there will be a guidance document on how CEPF can engage the private sector, which will be ready and circulated in August. The Secretariat also noted that the PPG project includes a private sector component to test the approach in the Cerrado, Eastern Afromontane and Indo-Burma.

The Secretariat also noted the usefulness of current donors helping CEPF reach out to potential donors. The Executive Director will continue to engage the Donor Council members and solicit help with this, especially in regard to the private sector. L'Agence Française de Développement (AFD) asked if the Secretariat would like to continue attracting regional donors, and the Executive Director confirmed that

this is still a priority as well, and that he will be meeting with the Asian Development Bank in September and will reach out to AFD before engaging with the African Development Bank.

5. **Options for Governance During CEPF Phase III (Doc. CEPF/DC27/5a-5d)**

The Donor Council was asked to review and approve recommended changes to CEPF's governance arrangements.

The Secretariat reviewed the recommended changes to CEPF's governance arrangements, comparing the current approach to the recommendations from PADMA Consulting and the recommendations from the Secretariat. This discussion included:

- *Donor Council Chair* – The Donor Council Chair is currently elected by the Donor Council with no specific term limits or defined role. PADMA offered no specific recommendations, and CEPF recommended that the Chair continue to be elected by the Donor Council from candidates proposed by Donor Council members. The Secretariat also recommended that the Chair should be independent of any global donor, should serve for a three-year term, which is renewable once (i.e. max six years). The Secretariat also defined the role to include chairing Donor Council meetings, facilitating achievement of consensus among Donor Council members, networking and acting as an ambassador for CEPF and advising the Executive Director on strategic issues. The Secretariat also recommended that the Chair be a non-voting position, as decision-making should be limited to global donors.

The World Bank noted that the term of the Donor Council Chair should coincide with the phases of CEPF so that a change does not take place during the middle of an investment phase.

The Donor Council members approved the Secretariat's governance recommendations for the Donor Council Chair.

- *Donor Council Terms of Reference (TOR)* – The Donor Council TOR are currently defined in the Operational Manual, and the Secretariat recommended retaining the current TOR with one additional function, to approve strategic documents pertaining to implementation of the long-term visions.

The Donor Council members approved the Secretariat's governance recommendations for the Donor Council TOR.

- *Working Group TOR* – The Working Group TOR are defined in the Operational Manual, and the Secretariat recommended retaining the current TOR with one additional function, to advise the Donor Council on approval of strategic documents pertaining to implementation of the long-term visions.

Donor Council discussion included:

An expression of concern that these recommendations would limit the Donor Council's participation to more of a rubberstamping group for approvals only. The Secretariat noted that the goal was to take advantage of the knowledge from the Working Group members, without diminishing the Donor Council members' role.

- A suggestion that the Working Group discuss various views and options, but not come to a recommendation, leaving the strategic direction decisions to the Donor Council.
- Recommendations that the role of the Working Group be strengthened and increased so that it is not just reviewing documents for CEPF, but also meeting regularly and discussing how things are progressing in the regions. The Working Group could take more of a role in implementation, supporting CEPF's link to the donors and what they are doing. Donor Council members suggested the Working Group could meet more regularly, highlight issues, help formulate options and analyze the data so that the Donor Council members could then make informed decisions.
- A comment that PADMA's recommendation that the Working Group be responsible for providing expertise and guidance on operational technical issues seems more in line with the needs of the Donor Council members, but that the role needs to be revised to also include provision of reflections and advice from the Working Group members about the state of the hotspots.

The Secretariat will review the recommendations made by the Donor Council for the Working Group TOR and draft revised role options.

- *Donor Council membership* – The Donor Council membership is currently outlined in the Operational Manual, with new donor membership approved by the Donor Council and no term limits defined for donors. PADMA suggested establishment of a clear framework for selecting, maintaining and excluding governing members, and to allow donors to contribute to CEPF at varying levels by relating the duration of terms to volume of contributions.

The Secretariat instead recommended that global donors must contribute at least \$20 million over a single CEPF phase, new global donors must be endorsed by existing global donors before joining the Donor Council, Donor Council membership starts with the first financial contribution to the global pool and ends five years after the last contribution, global donors can send several representatives to meetings but are limited to one vote per donor, and Donor Council members attend as representatives of their institutions, not in their personal capacity.

Donor Council discussion included:

- Some objections to the continuation of Donor Council membership for five years after the last contribution.

- Expressions of concern that requiring the qualifying contributions to be made over a single five-year could result in the loss of a historical global donor from the Donor Council, and instead suggested having more significant membership rules since the global donors give credibility and standing to CEPF. Some noted that disbursement of funds could take longer than five years.
- Expressions of support for limiting the Donor Council membership term associated with a qualifying contribution, noting that a set term will encourage donors to begin thinking about reinvestment at an earlier time, before their term expires.
- A recommendation that language be included about the role of an intermediary, such as the World Bank, who is currently managing the contributions to CEPF from the EU and Japan. It was also noted that it is important for CEPF to maintain a careful and flexible approach that allows donors to monitor their contribution until disbursement.
- Expressions of concern that the \$20 million threshold might discourage small donors from contributing to CEPF, and that there should be a balance between attracting large and small donors since CEPF needs to broaden its donor base in Phase III. It was also noted, however, that if the goal is a global fund, it is important to have a clear distinction between global and regional donors.
- Recommendations that rules regarding Donor Council membership maintain some flexibility and factor in what CEPF would like from its donors beyond monetary contributions.

The Chairperson summarized that all the Donor Council members agree that Donor Council membership should be limited to global donors who give above a certain threshold, but that the Secretariat needs to further develop recommendations for contribution versus pledge, the threshold, the timeframe, voting and the role of a global donor once the pledge and contribution is completed.

The Secretariat will review the recommendations made by the Donor Council for the Donor Council membership and draft revised recommendations.

- *Working Group membership and composition* – The Working Group membership and composition is currently outlined in the Operational Manual as one representative from each donor organization, but that such member may invite experts from their organization, and guests may participate with the consensus of Working Group members.

PADMA recommended Working Group-specific technical committees, with regional and technical expertise to inform and strengthen Working Group recommendations; and clear criteria and safeguards defined as a means to assess the right profiles and rules of participation of advisory members.

The Secretariat recommended that global donors are automatically represented on the Working Group; Working Group membership starts with the first financial contribution to the global pool and ends five years after the last contribution; global donors can send several representatives to Working Group meetings; and guests may participate with the agreement of Working Group members.

The Donor Council members noted that this needs to be aligned with the revised Donor Council membership recommendations, and asked for further clarification on the PADMA recommendation about clear criteria and safeguards for advisory members. CEPF noted that the recommendation was linked to the fund's reputational risk, and was meant to ensure that the advisory members align with CEPF's objectives.

The Secretariat will revise the Working Group membership and composition recommendations based on the recommendations from the Donor Council for the Donor Council membership.

- *Regional donors' role* – The role of regional donors is not defined in the Operational Manual and regional donors have in the past been invited informally, with the consent of other Working Group members, as observers to Working Group meetings where the ecosystem profiles and RIT selection for the regions they have contributed to were discussed.

PADMA recommended that regional donors could be represented on regional advisory committees to promote more consistent and effective participation; and regional panels or committees could strengthen regional governance, as aligned with long-term visions for the hotspots.

The Secretariat recommended that regional donors must contribute at least \$1 million to one or more hotspots over a single CEPF phase; may participate at Working Group meetings where issues concerning the hotspot(s) they are contributing to are being discussed; are entitled to make recommendations at Working Group meetings; and are not represented on the Donor Council.

Donor Council member discussion included:

- A request for clarification on the role of a global donor that is no longer contributing to the global pool, but instead donating as a regional donor. Would the status as a global donor be lost and the donor instead move an advisory role? Donor Council members requested that this be clearly outlined in the recommendations, as well as whether regional donors would have a voting role in the Working Group meetings and be invited to observe at Donor Council meetings. One suggestion was that they participate by invitation only to limit observers at Donor Council meetings.

- A suggestion that CEPF clarify what it means by a single CEPF phase, and whether this refers to a pledge or a disbursement over a single phase.
- A request for clarification about the PADMA suggestion for regional committees. CEPF noted that it does not endorse the recommendation from PADMA for regional advisory committees since CEPF would like the regional donors to operate under the current structure, rather than taking on an additional role. While a Donor Council member suggested that a regional committee could add value regarding specific hotspots, the Secretariat responded that this is a function that will be built into the role of the RIT as part of the effort to achieve financial sustainability in a hotspot. The Secretariat also noted that donor roundtables currently take place in the hotspots, and this will continue and fulfill the regional committee function.

The Secretariat will further define the role of regional donors based on the recommendations from the Donor Council.

- *Global Advisory Committee* – The Operational Manual does not include a Global Advisory Committee.

PADMA recommended the establishment of a Global Advisory Committee to increase representation of CEPF’s main stakeholders (grantees and RITs) in its global governance to secure social buy-in and support. PADMA also recommended that CEPF:

- Rethink ways to reflect and involve stakeholders in global decision-making; establish regional forums in addition to a Global Advisory Committee, with participation based on technical qualities and characteristics necessary to help CEPF advance its mission.
- Nominate Donor Council members whose terms have expired to sit on a Consultative Council with permanent membership.
- Consider establishing a selection committee to identify, approach, screen and select advisory committee members.

The Secretariat recommended that a Global Advisory Committee be composed of three grantees (current or former; funded by CEPF for a minimum of three years) and three RITs (current or former) invited by the Secretariat. The Secretariat also recommended that the term length for Global Advisory Committee members be three years, non-renewable; that the Global Advisory Committee advise CEPF on changes to the operational manual that have implications for grantees and RITs; that one face-to-face meeting would take place per year plus additional consultations through electronic means on specific issues (strategic, technical, financial, legal, partnership, long-term funding mechanisms, etc.); that minutes of the Global Advisory Committee will be communicated to the Working Group and Donor Council; and that the Global Advisory Committee is strictly advisory with no decision-making power.

The Secretariat noted that the goal of the Global Advisory Committee is to have rotating members that provide CEPF with bottom-up feedback from its partners, RITs and grantees in a more systematic fashion.

The Donor Council members were not supportive of the idea to establish a Global Advisory Committee, noting that this would increase CEPF's overhead costs without making a significant additional contribution. Donor Council members also noted that it is important for the Secretariat and Donor Council to get feedback from grantees and RITs, but that this should be done through a different means in order to achieve a truly regional perspective.

The World Bank also noted that the report from PADMA states that CI sits on the Donor Council as an NGO, which is not correct, since they are there as a global donor.

The Secretariat will follow-up with Daniela Lerda of PADMA to ensure that the governance document does not state that the Donor Council members feel that CI sitting on the Donor Council represents the view of civil society.

Donor Council members noted the importance of including a stakeholder point of view in the Donor Council meetings in order to get feedback from the field, and suggested that this occur on an invitational basis for the Donor Council meetings. It was also suggested that a regular report be submitted to the Donor Council that includes opinions from the field, such as an annual survey. The Executive Director noted that the Donor Council and Working Group members are always invited to the field for mid-term and final assessment workshops, which provide a great opportunity for interacting with grantees.

The Secretariat will remove the suggestion of a Global Advisory Committee from the governance arrangements.

- *Decision-making process* – The decision-making process is not defined in the Operational Manual for either the Donor Council or Working Group, but has been *de facto* by consensus; and PADMA did not have any specific recommendations.

The Secretariat recommended that decision-making by the Donor Council continue to be on a consensus basis; that if the number of global donors increases to more than 10, the basis for decision-making will be revisited, to ensure an appropriate balance between efficiency and accountability; that Donor Council members not able to participate in meetings will have the option to select a proxy and should mandate the chair to vote on their behalf; and that global donors can identify a suitable alternative representative from within their organization if the designated voting member is not able to participate in a Donor Council meeting.

CI asked about whether decision-making will go on a quorum basis, and the Secretariat noted that this issue was not addressed because Donor Council meetings need to have a majority of voting members in order for the meeting to take place.

The Donor Council members approved the Secretariat’s recommendations for the decision-making process.

The revised CEPF Governance Arrangements recommendations will be circulated to the Working Group for further review during the September meeting.

The Secretariat will distribute by the end of August a report summarizing the options that the Secretariat would like to pursue in terms of public funding, private sector engagement and governance along with the business plan drafted by PADMA.

6. Presentation of Long-Term Strategic Vision for Graduating Civil Society from CEPF Support in the Albertine Rift and the Eastern Arc Mountains, and consideration of implementation issues (Doc. CEPF/DC27/6a-6d; Doc. CEPF/DC25/5a)

The Donor Council was asked to review and endorse the Technical Framework for Graduating Civil Society from CEPF support in the Albertine Rift and Eastern Arc Mountains. The Secretariat presented the framework, and the Donor Council discussion included:

- *Geographic boundary* – Donor Council members asked if there are strict geographic and biodiversity boundaries to the framework, which could be limiting since the development issues in the region are not limited to a well-defined area. The framework should allow for flexibility to include organizations beyond the geographic scope.

The Secretariat noted that this is an issue for the entire hotspot, and that CEPF will need to be flexible, but it will be up to the donors to decide the restrictions. Right now, CEPF funds are limited to the hotspots, which is expanding to multi-hotspot grants, but there might be a need to be flexible for working outside of hotspot boundaries.

A Donor Council member expressed some concern that the focus was becoming more national rather than regional, and stressed the importance of civil society working together beyond national borders.

- *Estimated cost* – A Donor Council member asked about the estimated cost of \$343 million over the next 15 years and where the figure came from. The Secretariat noted that this is a rough estimate of the cost to finance the technical framework in order to allow civil society in seven countries of the Eastern Afromontane to graduate in 15 years, which comes down to around \$3 million per country per year. Now that we have this estimate, the next step is to develop a financing plan.

Donor Council members noted that this will require discussions with the donors throughout implementation in order for them to see how improvement is progressing.

A Donor Council member asked if CEPF plans to use the technical framework document to attract additional donors in the region, in order to achieve graduation. The Secretariat noted that this is a technical guidance document for CEPF, but that it does plan to share the document

with regional donors and senior-level government officials in each of the countries of implementation in order to gain support for it. Ultimately though, the role of CEPF will relate to the RITs since CEPF will be providing funds to them as long-term implementation structures.

- *Action to achieve targets* – Donor Council members requested additional clarification regarding the actions needed to achieve the targets, and noted that the role of the RITs also needs additional thought, as CEPF is increasingly putting more pressure on them. The RITs currently get 20 percent of the budget envelope and a Donor Council member discouraged increasing this budget. It was requested that the Secretariat finalize the document before CEPF begins sharing it with governments and donors.

The Secretariat noted that there are three additional long-term visions being developed, all of which are pilots. The goal is to learn from these and test various models.

The Donor Council endorsed the Technical Framework for graduating civil society from CEPF support in the Albertine Rift and the Eastern Arc Mountains.

The Donor Council was also asked to consider the proposed characteristics and TOR of the long-term implementation structures that will serve as the stewards responsible for implementing the long-term vision, and the proposed Phase III grant-making modalities, and approve that these be piloted in the Eastern Afromontane, Indo-Burma and Cerrado hotspots, under the auspices of the GEF bridge grant.

The Secretariat presented the long-term implementation structures for Phase III, noting that the current RITs need an expanded role in order to work with civil society to understand global trends and build capacity of civil society, network and create a resilient conservation community that can graduate from CEPF support. The goal is to have a flexible, credible and local/regional long-term implementation structure that is selected via competitive appointment, with renewal subject to periodic evaluations.

The Donor Council members' discussion included:

- Donor Council members expressed concern that CEPF might be setting itself up for failure, particularly in the Eastern Afromontane, since the hotspot will look completely different in 15 years. It was suggested that the pilot would be better suited to hotspots with a smaller jurisdiction, such as the Cerrado.
- Other Donor Council members noted the opposite, believing that the Eastern Afromontane context was too limited in geographic scope to the Albertine Rift and Eastern Arc Mountains, and noted that failure can allow for a learning opportunity, and that while challenging, the long-term vision is not doomed to fail.
- The Secretariat noted that there is still time to suggest changes to the model for piloting.
- The GEF agreed that this is a difficult vision to pilot since no one can predict the future and where things will stand in 15 years, but that the goal is to develop the right institutional framework that allows the vision to move forward and to test this framework with the three hotspots.

The Donor Council approved the Secretariat's recommendation for the proposed TOR for long-term implementation structures for piloting in the Eastern Afromontane, Indo-Burma and Cerrado hotspots and rolled out in Phase III to additional hotspots.

The Secretariat presented the grant-making mechanisms proposed for Phase III, which include grants by invitation, multi-hotspot grants and an increased threshold for small grants. The Donor Council members' discussion included:

- Expressions of support for the additional flexibility provided by the mechanisms proposed for CEPF's grant-making in Phase III. It was suggested, however, that CEPF report back in a year about how the changes are being applied.
- A Donor Council member suggested that the small grants threshold be increased to \$50,000, rather than the \$30,000 suggested by CEPF. Another Donor Council member supported this with the provision that CEPF continue to provide careful oversight, and adhere to procurement rules for grants by invitation.

The Secretariat will develop criteria for the grants by invitation and multi-hotspots grants for presentation to the Working Group.

The Donor Council approved the Secretariat's recommendation for the proposed TOR for grant-making modalities for piloting in the Eastern Afromontane, Indo-Burma and Cerrado hotspots and rolled out in Phase III to additional hotspots, with the threshold for small grants increased to \$50,000 with the limit for small grants to be decided for each hotspot.

7. Video featuring CEPF grantees in the Western Ghats (time permitting)

The Donor Council did not have time to view the video featuring CEPF grantees in the Western Ghats.

8. Other business

The Executive Director suggested changing the dates of the upcoming Donor Council meetings, which have always been scheduled in January and June in the past. These months do not seem to work well for participation, so the Secretariat will propose alternatives.

The Secretariat will set the date for the next Donor Council meeting, which is scheduled to take place in January 2016, but might be shifted to better accommodate Donor Council members' schedules.

The Chairperson thanked the Donor Council members and representatives for their participation. The Executive Director also thanked participants and Jennifer Morris for acting as Chairperson.

The Chairperson adjourned the meeting.

Summary of decisions and follow-up actions

1. Decisions Reached

The Donor Council reached the following decisions:

- The agenda of the Twenty-Seventh Meeting of the Donor Council was approved.
- The minutes of the Twenty-Sixth Donor Council Meeting were adopted, with suggested changes.
- The recommendation of the Secretariat to present the fund accountability statement in the annual CEPF audit in accordance with Conservation International's new accounting policy for grants was approved.
- The recommended governance arrangements from the Secretariat for the Donor Council Chair, the Donor Council Terms of Reference and the Decision-making process were approved.
 - The Secretariat will review the recommendations made by the Donor Council for the Working Group Terms of Reference, Donor Council membership and Working Group membership and composition, and draft revised role options.
 - The Secretariat will further define the regional donors' role based on the recommendations from the Donor Council.
 - The Secretariat will remove the suggestion of a Global Advisory Committee.
 - The revised CEPF Governance Arrangements recommendations will be circulated to the Working Group for further review during the September meeting.
- The Technical Framework for graduating civil society from CEPF support in the Albertine Rift and the Eastern Arc Mountains was endorsed.
- The Secretariat's recommendation for the proposed Terms of Reference for long-term implementation structures and grant-making modalities were approved for piloting in the Eastern Afromontane, Indo-Burma and Cerrado hotspots and rolled out in Phase III to additional hotspots, with the threshold for small grants increased to \$50,000 with the limit for small grants to be decided for each hotspot.

2. Follow-up actions

The Secretariat will:

- Ensure compliance with procurement policies to finalize the Guinean Forests of West Africa hotspot ecosystem profile, should it be necessary to work directly with the UNEP-WCMC (World Conservation Monitoring Centre), currently a sub-grantee of the profiling lead IUCN Programme pour l'Afrique Centrale et Occidentale (PACO).
- Circulate the date for the Cerrado's final consultation workshop once available to the full Donor Council and send the first draft of the profile to Gustavo Fonseca at the Global Environment Facility.
- Follow up with Daniela Lerda of PADMA Consulting to ensure that the governance document does not state that the Donor Council members feel that Conservation International sitting on the Donor Council represents the view of civil society.
- Distribute by the end of August a report summarizing the options that the Secretariat would like to pursue in terms of public funding, private sector engagement and governance along with the business plan drafted by PADMA.
- Develop criteria for the grants by invitation and multi-hotspot grants for presentation to the Working Group

- Set the date for the next Donor Council meeting. This is scheduled to take place in January 2016, but might be shifted to better accommodate Donor Council members' schedules.

List of Attendees

Donor Council Members

Jennifer Morris, COO, on behalf of Peter Seligmann, CEO and Chairman	Conservation International
Karl Falkenberg, Director-General Environment Directorate General for Environment	European Commission
Shuichi Hosoda, Director of Development Issues International Bureau, Ministry of Finance of Japan	Government of Japan
Jørgen Thomsen, Director, Conservation and Development	MacArthur Foundation
Guillaume Chiron, Chef de projet Biodiversité, Agriculture, Développement Rural, Biodiversité (ARB), Département Développement Durable, on behalf of Laurence Breton-Moyet Directrice, Département Développement Durable	L'Agence Française de Développement
Gustavo Fonseca, Director of Programs on behalf of Naoko Ishii, Chairperson and CEO	Global Environment Facility
Valerie Hickey, Task Team Leader, on behalf of Paula Caballero, Senior Director, Environment and Natural Resources Global Practice	World Bank

CEPF

Olivier Langrand, Executive Director
John De Wet, Vice President, Finance and Operations
Nina Marshall, Managing Director
Megan Oliver, Director, Grant Management Unit
Pierre Carret, Grant Director
Dan Rothberg, Grant Director
Julie Shaw, Communications Director
Mandy DeVine, Communications Manager