

Critical Ecosystem Partnership Fund

No Objection Approval Pursuant to Section 4.1 of the Operational Manual

16 September 2022

Revised Spending Authority for the Mediterranean Basin Hotspot

1. Recommended Action Item

The Donor Council is asked **to approve on a no-objection basis** an increase in the spending authority for the Mediterranean Basin hotspot of \$1,221,048 to include additional funding made available by Fondation MAVA and the Sigrid Rausing Trust and deobligated funds from the East Melanesian Islands grant portfolio. The total spending authority for the Mediterranean Basin hotspot will become \$13,784,048.

The deadline for no-objection approval is 30 September 2022.

2. Background

On 7 May 2017, the Donor Council approved, by no-objection (CEPF/DC/electronic/45), the ecosystem profile for the Mediterranean Basin Biodiversity Hotspot, with a spending authority of \$10 million.

On 24 July 2019, Fondation MAVA provided a grant to CEPF in support of the small grant mechanism in the Balkans sub-region, within the framework of the CEPF investment strategy for the Mediterranean Basin Hotspot. An increase to the spending authority for the hotspot of \$578,000 was subsequently approved by the Donor Council on 31 October 2019, by no-objection (CEPF/DC/electronic/63). Consequently, the spending authority was raised to \$10,578,000.

On 29 October 2020, Fondation MAVA provided a second grant to CEPF in support of the program in the Mediterranean Basin Hotspot, to support sub-grants to civil society organizations and expand the capabilities of the Regional Implementation Team (RIT). An increase to the spending authority for the hotspot of \$1,985,000 was subsequently approved by the Donor Council on 22 December 2020, by no-objection (CEPF/DC/electronic/69). The spending authority for the hotspot was then raised to \$12,563,000.

CEPF is currently preparing a funding proposal to the Green Climate Fund (GCF) for a third phase of investment in the Mediterranean Basin. Should this application be successful, funds would not be made available before 2024 at the earliest.

CEPF wishes to maintain the Mediterranean Basin Hotspot investment active during the interim period, to continue supporting its partners in the region, particularly smaller and lower capacity organizations, for which the lack of funding could lead to ending their activities and loss of momentum with conservation efforts. Civil society in the Mediterranean

Basin is already facing a difficult situation with the closure of the MAVA Foundation, which used to be the largest source of funding for biodiversity conservation in the CEPF-eligible countries of the hotspot. This underlines the importance of continued CEPF support during the interim period before the anticipated start of the GCF program.

In this context, CEPF has been reaching out to foundations active in the Mediterranean Basin, to support a bridging phase of CEPF grant making. Currently, Fondation MAVA has pledged a budget of €500,000 (equivalent to \$498,435) to support the RIT operations, and an application has been submitted to the Sigrid Rausing Trust for an additional £283,630 (equivalent to \$322,613) to support the small grant mechanism. To leverage the support of these foundations, the CEPF Secretariat has committed \$400,000 of deobligated funds from the grant portfolio in the East Melanesian Islands Hotspot, which closed in mid-2022.

The three contributions would make available an additional \$1,221,048 for the bridging phase, allowing the spending authority to be increased to \$13,784,048. With this increase in funding, the current investment phase in the Mediterranean Basin Hotspot will be extended until 31 March 2024.

3. Next steps

CEPF is actively seeking additional sources of funding to complement those already identified for the bridging phase and to provide additional financing for the GCF program under preparation.