

Critical Ecosystem Partnership Fund
Twenty-seventh Meeting of the CEPF Donor Council
Arlington, Virginia, USA
24 June 2015
8 a.m. – 11 a.m. EDT

Options for CEPF governance during Phase III

Recommended Action Item:

The Donor Council is asked to approve, with appropriate modifications, **the recommended changes to CEPF's governance arrangements** for the third phase of the fund. All approved changes will be reflected in an updated Operational Manual.

Background

At its 24th meeting, in Paris on 28 January 2014, the CEPF Donor Council approved the strategic framework for Phase III of CEPF. The new strategy proposes taking CEPF to a scale where it can have a transformational impact on reversing biodiversity loss in the hotspots. To this end, four key outcomes are expected from the new phase, including:

A revamped, scaled-up and transformational CEPF, which builds on current success but is more effectively tailored to meet the challenge of the biodiversity crisis via a broadened partnership and donor base.

The strategic framework envisioned that, over an 18-month period, CEPF would assess the feasibility of scaling up the scope, operations and impacts of the fund to a level more commensurate with the threats to conservation in the targeted hotspots, and that this process would result in a business plan. One element of this business plan was an exploration of possible options for governance of CEPF during the third phase, recognizing that an expanded partnership at both global and regional levels requires an evolution in governance arrangements to ensure effective, transparent and accountable delivery.

To this end, CEPF contracted Padma and Associates to develop a business plan that would allow CEPF to scale up to a level where it can truly meet the challenge of the biodiversity crisis. One component of this business plan was an option paper for governance arrangements in CEPF Phase III. This paper is attached as Donor Council document CEPF/DC27/5d. The following table summarizes the recommendations of this paper in relation to the current governance arrangements for CEPF. Informed by the paper and earlier discussions among the CEPF Working Group and Donor Council, the CEPF Secretariat has formulated a set of recommendations for consideration by the Donor Council.

CEPF Governance Arrangements: Recommendations from the Options Paper and CEPF Secretariat

Issue	Current Situation per Operational Manual	Recommendations from Options Paper by Padma and Associates	CEPF Secretariat Recommendations
Donor Council Chair	Elected by Donor Council (DC); no specific term limits or role defined	<ul style="list-style-type: none"> • No specific recommendations 	<ul style="list-style-type: none"> • Continue to be elected by DC from candidates proposed by DC members • Chairperson should be independent of any global donor • Serve for a 3-year term, renewable once (i.e. max 6 years) • Role: chair DC meetings; facilitate reaching consensus among DC members; network and act as ambassador for CEPF; advise CEPF Executive Director on strategic issues • Non-voting, as decision making should be limited to global donors
Donor Council TOR	TOR defined in Operational Manual – see attachment	<ul style="list-style-type: none"> • DC should be responsible for approving priority areas and investment strategies and for providing strategic guidance over operational aspects • DC should contribute to expanding CEPF’s network and donor base, and in defining more innovative approaches for engaging new investments and prospective donors 	<ul style="list-style-type: none"> • Retain current TOR with one additional function: approve strategic documents pertaining to implementation of the long-term visions

Issue	Current Situation per Operational Manual	Recommendations from Options Paper by Padma and Associates	CEPF Secretariat Recommendations
Working Group TOR	TOR defined in Operational Manual – see attachment	<ul style="list-style-type: none"> • Working Group (WG) should be responsible for providing expertise and guidance on operational and technical issues 	<ul style="list-style-type: none"> • Retain current TOR with one additional function: advise DC on approval of strategic documents pertaining to implementation of the long-term visions
Donor Council membership	<ul style="list-style-type: none"> • New donor membership is approved by the DC • No term limits defined for donors 	<ul style="list-style-type: none"> • Establish a clear framework for selecting, maintaining and excluding governing members • Allow donors to contribute to CEPF at varying levels by relating the duration of terms to volume of contributions 	<ul style="list-style-type: none"> • 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 DC • DC membership starts with the first financial contribution to the global pool and ends 5 years after the last contribution • Global donors can send several representatives to meetings but are limited to 1 vote per donor • DC members attend as representatives of their institutions, not in their personal capacity

Issue	Current Situation per Operational Manual	Recommendations from Options Paper by Padma and Associates	CEPF Secretariat Recommendations
Working Group membership and composition	One representative from each donor organization - such member may invite experts from their organization. Guests may participate with the consensus of WG members	<ul style="list-style-type: none"> • WG may benefit from receiving support of specific technical committees, with regional and technical expertise, set up to inform and strengthen WG recommendations • Clear criteria and safeguards should be defined as a means to assess the right profiles and rules of participation of advisory members 	<ul style="list-style-type: none"> • Global donors are automatically represented on the WG • WG membership starts with the first financial contribution to the global pool and ends 5 years after the last contribution • Global donors can send several representatives to WG meetings • Guests may participate with the agreement of WG members
Regional donors role	Not defined. Informally, with consent of other WG members, regional donors have been invited as observers to WG meetings where the ecosystem profiles and RIT selection for the regions they have contributed to were discussed	<ul style="list-style-type: none"> • Regional donors could be represented on regional advisory committees to promote more consistent and effective participation • Regional panels or committees could strengthen regional governance, as aligned with long-term visions for the hotspots 	<ul style="list-style-type: none"> • Regional donors must contribute at least \$1 million to one or more hotspots over a single CEPF phase • Regional donors may participate at WG meetings where issues concerning the hotspot(s) they are contributing to are being discussed • Regional donors are entitled to make recommendations at WG meetings • Regional donors are not represented on the DC

Issue	Current Situation per Operational Manual	Recommendations from Options Paper by Padma and Associates	CEPF Secretariat Recommendations
Global Advisory Committee	None	<ul style="list-style-type: none"> • Increase representation of CEPF’s main stakeholders (grantees and RITs) in its global governance to secure social buy-in and support • Rethink ways to reflect and involve stakeholders in global decision making • Establish regional forums in addition to a global advisory council • Participation in advisory councils (global or regional) should be based on technical qualities and characteristics necessary to help CEPF advance its mission • DC members whose terms have expired can be nominated to sit on a ‘Consultative Council’, with permanent membership • Consider establishing a selection committee to identify, approach, screen and select advisory committee members 	<ul style="list-style-type: none"> • Global Advisory Committee to comprise 3 grantees (current or former; funded by CEPF for a minimum of 3 years) and 3 RITs (current or former) invited by CEPF Secretariat • The term length for Global Advisory Committee members is 3 years, non-renewable • Advise CEPF Secretariat on changes to the operational manual that have implications for grantees and RITs • One face-to-face meeting per year plus additional consultations through electronic means on specific issues (strategic, technical, financial, legal, partnership, long-term funding mechanisms, etc.) • Minutes of the Global Advisory Committee will be communicated to the WG and DC • Strictly advisory with no decision-making power over management or funding strategy

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Decision-making process	Not defined for either DC or WG but has been <i>de facto</i> by consensus	<ul style="list-style-type: none"> • No specific recommendations 	<ul style="list-style-type: none"> • Decision making by the DC will continue to be on a consensus basis • 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 • DC 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 • Global donors can identify a suitable alternate representative from within their organization if the designated voting member is not able to participate in a DC meeting