

Annual Portfolio Overview Wallacea Biodiversity Hotspot

August 2020 – June 2021

1. Introduction

The Wallacea region, which includes the whole of Timor-Leste and the central portion of Indonesia, including the major island groups of Sulawesi, Maluku, and the Lesser Sundas, qualifies as a hotspot due to its high levels of plant endemism and extensive habitat loss. The chief causes of habitat loss include overexploitation of natural resources, degradation, fragmentation, and conversion, and pressure from human population growth and economic development. Wallacea is an island landscape, with over 1,680 islands and 30 million people, the majority of whom live in coastal areas earning their living from farms, forests, wetlands, and the sea.

The Wallacea region, first described biologically by Alfred Russel Wallace in 1869, is noteworthy for having fauna and flora that are distinct from the Asian biogeographic realm to the west and the Australian-Pacific biogeographic realm to the south and east. The many islands are varied – volcanic, non-volcanic, continental crusts, and composites – and are separated by shallow seas in some cases and trenches as deep as 7,000 meters in others. Powerful currents connecting the Pacific and Indian Oceans flow through the region, creating barriers to dispersal of species.

The complex geography and barriers to movement have led to the region's high biodiversity. Among the hotspot's endemic species are 1,500 vascular plants, 127 mammals, 274 birds, 99 reptiles, 33 amphibians, 50 freshwater fish, and 110 marine fish. There are also as many as 400 species of coral in the region. Notable endemic species include tarsiers, macaques, Flores hawk-eagle (*Nisaetus floris*), and Komodo dragon (*Varanus komodoensis*).

The hotspot is a terrestrial conservation priority that includes lowland evergreen and semi-evergreen forests, lowland monsoon forest, montane forest, karst areas, and mangroves and other coastal habitats. Natural habitats extend from mountain ridge to reef, although they are fragmented by agricultural conversion and human settlement in many places. These "ridge-to-reef" ecosystems are notable for their resilience to the effects of climate change and for delivering a wide range of ecosystem services to human communities. Marine conservation is of equal importance – Wallacea lies within the Coral Triangle, a region that supports 75 percent of known coral species and an estimated 3,000 species of reef fishes. Thus, the geographic scope of the hotspot is considered to include near-shore marine habitats, such as coral reefs and seagrass beds, in addition to terrestrial habitats.

Like much of Indonesia, Wallacea reflects a mixing of numerous cultures over the ages – indigenous, Javan, Malay, Indian, Chinese, Melanesian, Polynesian, European, and Arabian –

resulting in an interweaving of languages, religion, and ethnicity. The area has also seen dramatic political change, new local authority devolved from the national government in Jakarta, and rapid economic growth in the last 20 years. This varied biogeographic, cultural, and political landscape is significant as government and civil society make decisions about achieving the twin demands for economic growth and stewardship of biodiversity.

CEPF grant-making in the region ran from December 2014 to June 2020 (referred to as Phase I), then began anew with second phase of investment in August 2020. This portfolio overview covers the period of Phase II in line with CEPF's 2021 fiscal year, which ended in June 2021.

2. Niche for CEPF Investment

2.1. Overview

Phase II of investment is funded by four private foundations: The Bloomberg Philanthropies Vibrant Oceans Initiative (VOI), Margaret A. Cargill Philanthropies (MACP), the David and Lucile Packard Foundation (Packard), and the Walton Family Foundation (Walton). Together, these four funders have allocated \$2,436,000. The funding from each funder has its own start and end date, but ultimately extends to June 2024.

Unlike in Phase I, which covered both Indonesia and Timor-Leste and which included both terrestrial and marine areas, the funding for Phase II is limited to Indonesia and to the marine realm: species, Key Biodiversity Areas (KBAs), and corridors. Further, unlike in Phase I, which made funding available to international and national NGOs, funding in Phase II is only available to Indonesian organizations.

Concurrent with the finalization of the funding agreements from the donors, CEPF commissioned a small team to [update](#) the marine components of the Phase I ecosystem profile over July-August 2020. Almost all internal and external meetings took place over the internet, as the ongoing COVID-19 pandemic made travel and physical meetings difficult. The team compiled new data on conservation and marine species in Wallacea and reviewed and updated the key chapters on policy, civil society, threats, and investment. They consulted with officials from the key ministries, and with a group of marine experts which included input from the Ministry of Marine Affairs and Fisheries (MMAF) research institute, RARE, Conservation International, the Coral Triangle Centre, and the Wildlife Conservation Society.

The updated profile identifies 282 globally threatened marine species (178 of which are corals), 74 marine key biodiversity areas (KBAs) and 66 "candidate" marine KBAs, and 21 marine corridors. The profile prioritizes all the corals, 46 of the non-coral species, 31 of the KBAs, and 7 of the corridors.

The update team similarly adapted the existing strategic framework of the 2014 ecosystem profile to reflect the emphases of the new donors, per the table below.

Table 1. Strategic Directions and Funding Allocation per 2020 Ecosystem Profile Update

No.	Strategic Direction	Funding
1	Address threats to high priority species	5%
2	Improve management of sites with (KBAs) and without official protection status	10%
3	Support sustainable natural resource management by communities in priority sites and corridors	25%
4	Strengthen community-based action to protect marine species and sites	20%
6	Enhance civil society capacity for effective conservation action in Wallacea	15%
7	Provide strategic leadership and effective coordination of conservation investment through a Regional Implementation Team	25%
Total		100%

Note that the numbering of the strategic directions omits Strategic Direction 5, which in Phase I, focused on engagement of the private sector. In Phase II, this work is purposefully incorporated into the other strategic directions. Note further that there is a relative funding allocation, not a fixed amount, reflecting the possibility of an increased allocation to the region over time.

2.2. Portfolio Status

CEPF grant-making formally began with the RIT Grant to Burung Indonesia for almost \$400,000 in August 2020 and the commitment of \$500,000 to the Small Grant Mechanism, also under Burung Indonesia, in December 2020. The RIT used the 2021 fiscal year to award small and large grants and build a pipeline of potential new awards. The RIT and Secretariat released the following calls for letters of inquiry (LOIs) seeking small and large grants.

Table 2. Wallacea Phase II Calls for Letters of Inquiry

No.	Focus	Release Date	Due Date	LOIs Received	
				Large	Small
1	SD 1, SD 2, SD3, SD4; all priority sites and corridors	17 Dec 2020	16 Jan 2021	20	49
2	SD 1, SD 2, SD3, SD4; SD5 all priority sites and corridors	15 June 2021	10 July 2021	-	35
3	SD 1, SD 2, SD3, SD4; all priority sites and corridors	18 June 2021	17 July 2021	11	-
Sub-totals				31	84
Total				115	

Of the 20 LOIs received for large grants prior to June 2021, six went on to receive awards; of the 49 LOIs received for small grants prior to June 2021, eight went on to receive awards.

As of the time of writing of this the report, there were nine small grants in the pipeline.

Table 3. Awarded Large and Small Grants by Strategic Direction

Strategic Direction	Allocation	Large Grants		Small Grants		Total		Percent obligated ¹
		Count	Obligation	Count	Obligation	Count	Obligation	
1. Species	\$121,800	0	0	0	0	0	0	0
2. KBAs	\$243,600	0	0	3	\$94,268	3	\$94,268	35
3. CBNRM	\$609,000	0	0	5	\$134,595	5	\$134,595	10
4. Marine species / sites	\$487,200	6	\$392,637	2	\$79,755	8	\$472,392	16
6. Capacity building	\$365,400	0	0	0	0	0	0	0
7. RIT	\$609,000	1	\$399,999	0	0	1	\$399,999	N/A
Total	\$2,436,000	6	\$792,636	10	\$308,618	17	\$1,101,254	45
Percent²		37	56	63	44			

¹ Obligation divided by Allocation

² Not including RIT, sums in relation to total number of awards and total value of awards

2.3. Coordinating CEPF Grant-Making

Burung Indonesia (Burung) holds a grant to serve as the RIT. This represents 16 percent of the total granting portfolio, which corresponds with the amount approved by the donors. Burung began as the country program of BirdLife International in the 1990s and then, in 2002, became an independently registered Indonesian non-profit organization with its own national governing body. It is headquartered in Bogor, 60 miles south of the national capital of Jakarta. While not headquartered within the geographic boundaries of the hotspot, Bogor is a strategic location as the home for the country's premier agricultural university, the Center for International Forestry Research, and several major conservation organizations, and for its access to the capital's policymakers and business interests.

As the RIT, Burung is also responsible for managing the CEPF small grants mechanism in the hotspot. The current ceiling is \$500,000, from which Burung can issue grants of up to \$50,000.

Burung is a multi-faceted organization with multiple work-streams and staff who allocate their time to several donors. This enables economies of scale for CEPF, as Burung can then assign any one of several full-time experts to CEPF tasks for a discrete period. The table below shows the current staffing structure of the RIT.

Table 4. RIT Staffing Structure as of June 2021

Position	Name	Location
Team Leader	Teguh Prawira	Bogor
Monitoring and Program Development	Vincentia Widyasari	Bogor
Biodiversity Mainstreaming Officer	Jihad	Bogor
Small-Grants Manager	Ratna Palupi	Bogor
Finance Officer	Malvin Budi Suwandi	Bogor
Sulawesi Program Officer	Andi Faisal	Makassar
Maluku Program Officer	Beny Siregar	Ambon
Nusa Tenggara Timur Program Officer	Yohanis Balla Djawarai	Labuan Bajo

2.4. Performance Assessment

CEPF measures performance from several perspectives, including via the ecosystem profile logical framework and the result frameworks of each donor, with indicators and targets that aggregate the results of every grantee. This level of assessment is explored further in Sections 3 and 7, below. However, there are other measures of assessment, including:

- **Rapid update and award process.** From July through September 2020, an expert team and Burung updated the ecosystem profile and engaged 99 people across three consultations, all within the context of a global pandemic. This was followed by a public launch in December 2020 co-hosted by the Director of Conservation and Marine Biodiversity (Directorate General of Marine Spatial Management, Ministry of Marine Affairs and Fisheries, or MMAF) and attended by 144 people. Small grants were then awarded within four months, by April 2021 and large grants were awarded as quickly as one month later.
- **Pivot to focus on coastal resources and fisheries.** The initial tranche of small and large grants all addressed coastal resources and fisheries issues, by design, requiring a reorientation of the RIT, the understanding of eligible activities by potential grantees, and even the primary government counterparts. Following the guidance of the RIT, including new personnel with new skills, the portfolio reflects grants applying CEPF's approach through Phase I – with an emphasis on KBAs – but in a somewhat new context.
- **Engagement of new partners.** Of the six large grants awarded, two are to groups that did not receive grants in Phase I. Of the eight large grants awarded, six are to groups that did not receive grants in Phase I.
- **Working in the context of the pandemic.** The RIT and grantees conducted all the work of the year in the context of the COVID-19 pandemic. This limited travel and prevented many in-person meetings with government authorities and local stakeholders. Despite this, the grantees and RIT continued to maintain open lines of communication and were able to initiate work as planned.

While it is too soon to claim results, grants are understood by their possible impact on priority KBAs and corridors (which themselves correspond to priority reefs, or bioclimatic units, also called BCUs emphasized by the Phase II donors) as shown below.

Table 5. Investment in Priority KBAs and Corridors

No.	Grantee	KBA	Corridor
1	YAPEKA	IDN009 - Perairan Sangihe	North Sulawesi
2	Manengkel	IDN023 - Selat Lembeh	North Sulawesi
3	KELOLA	IDN032 - Perairan Arakan Wawontulap	North Sulawesi
4	Perkumpulan Relawan untuk Orang dan Alam	IDN077 - Perairan Kepulauan Togean	Togean-Banggai
5	JAPESDA	IDN081 - Perairan Peleng-Banggai	Togean-Banggai
6	Destructive Fishing Watch Indonesia	IDN117 - Wabula	Southeast Sulawesi

No.	Grantee	KBA	Corridor
7	Yayasan Konservasi Laut Indonesia	IDN136 - Kapoposang-Pangkep-Bulurokeng	Southwest Sulawesi
8	Habitiasi	IDN142 - Perairan Tana Jampea	South Sulawesi
9	Lembaga Partisipasi Pembangunan Masyarakat	IDN198 - Kelang-Kassa-Buano-Marseg	Solor-Alor
10	Yayasan Pengelolaan Lokal Kawasan Laut Indonesia	IDN206 - Perairan Gunung Salahutu	Bentang Laut Buru
11	Yayasan Tana Ile Boleng	IDN307 - Pantai Selatan Lebau	Solor-Alor
12	BARAKAT	IDN311 - Perairan Lembata	Bentang Laut Buru
13	Perkumpulan TAKA	IDN314 - Selat Pantar	Solor-Alor
14	Yayasan Teman Laut Indonesia	IDN320 - Perairan Alor Utara	Solor-Alor

3. Portfolio Highlights by Strategic Direction

There are not yet any grants allocated to Strategic Direction 1 on species or Strategic Direction 6 on capacity building. However, this does not mean no work is being conducted in these areas. Grants that improve the management of KBAs, for instance, can be expected to have positive impacts on the status of globally threatened species found at those sites. For example, the grant to KELOLA will protect the habitat of dugong (*Dugong dugon*), a priority species, even as the grant activities, themselves, are not specifically about direct animal protection efforts. Similarly, every grant includes an element of capacity building for the grantee, even as no grants have been awarded to build capacity across organizations.

Strategic Direction 2 is designed to improve the management of priority sites, including by facilitating collaboration among CSOs, communities, the private sector, and marine protected area management units, and by working with different levels of government to improve policies and laws. The grant to KELOLA will help communities surround Bunaken National Park better understand marine ecology so that they can appropriately modulate their fishing practices, while the grant to TAKA is strengthening the capacity of a community-based marine management group (called a POKMASWAS with its Indonesian acronym) off the west coast of Alor Island.

Strategic Direction 3 is designed to support community rights over resources, small-scale fisheries management, alternatives to over-fishing, and income diversification. An exciting example of these grants is to Yayasan Teman Laut Indonesia, working in Nusa Tenggara Timor province. The grantee is working with tuna fishers to reduce the bycatch to the endangered pelagic thresher shark (*Alopias pelagicus*).

Grants under Strategic Direction 4 will establish new and strengthen existing marine protected areas (MPAs), provide better monitoring of those, attempt to improve their financial sustainability via local government support, and share lessons among those working on these issues. By example, the grant to Lembaga Partisipasi Pembangunan Masyarakat (LPPM) is working in the challenging social context of Buano and Kelang Islands, in the Maluku province off the west coast of the main island of Seram. LPPM is assessing the fishery, promoting value added fishery products, and establishing the management of local marine areas per traditional practice.

4. Collaboration with CEPF Donors, Other Donors and Local Government

The CEPF Secretariat and RIT collaborate with donors and government counterparts in every hotspot with the goals of promulgating the approach of the ecosystem profile, mainstreaming conservation into their operations, leveraging further support for the work of grantees, and ensuring complementary work efforts.

In Wallacea, CEPF benefits from being included in the Indonesia Marine Funders Collaboration (IMFC), which includes the four current CEPF donors – MACP, Packard, VOI, Walton; as well as the World Bank, USAID, and a few other philanthropies. IMFC brings these donors together with 32 leading Indonesian and international NGOs working in the country on a semi-annual basis, facilitates lesson sharing, and ensures working toward consistent high-level goals.

Separately, Burung Indonesia ensures close contact with the Ministry of Marine Affairs and the Ministry of Forestry and Environment, although direct engagement with the latter is less in Phase II than it was in Phase I, because of the funding emphasis. At the same time, the CEPF Secretariat is approaching donors willing to support grants with a terrestrial focus.

5. Conclusion

In the first year of operation, the CEPF grants portfolio in Indonesian Wallacea faced challenges, like those around the world, due to the pandemic. This affected the portfolio in multiple ways: less outreach to potential applicants, less on-the-job support to grantees, less engagement with government partners, fewer opportunities to create networks, and fewer opportunities to build capacity. Responding to these challenges will be the dominant theme for the 2022 fiscal year, whether in person, via video and telephone, or remotely.

6. Summary Figures

Figure 1. Obligation by Strategic Direction

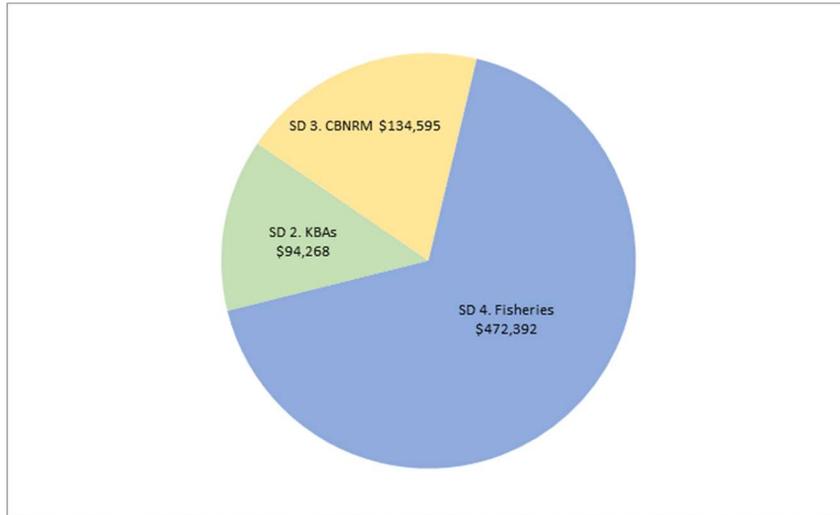


Figure 2. Pipeline and Obligation by Strategic Direction

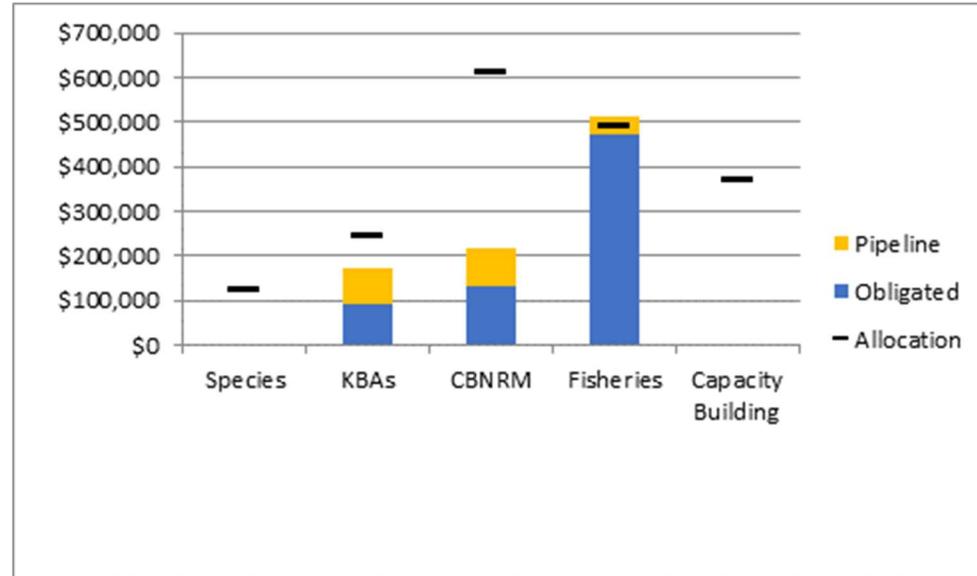
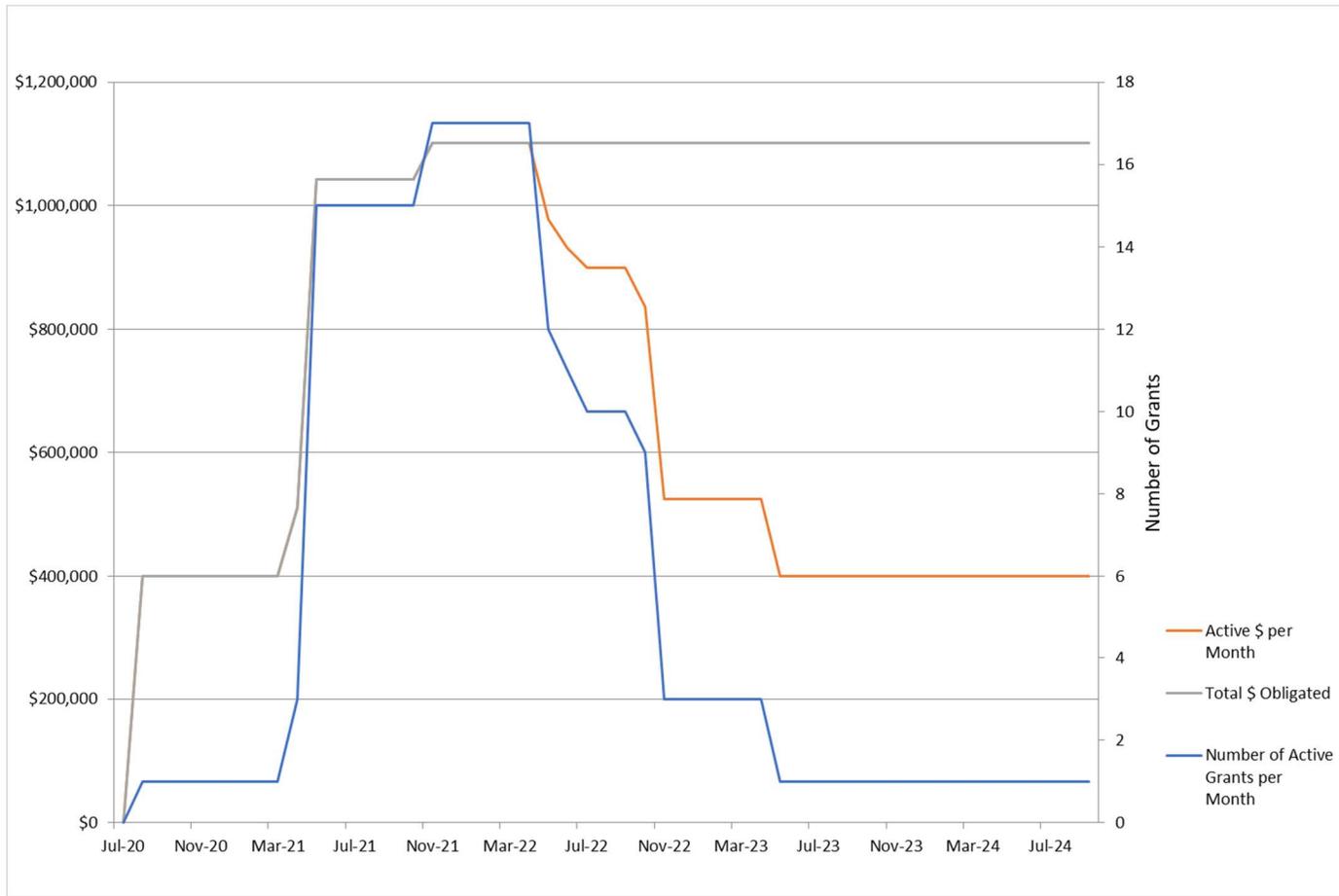


Figure 3. Obligation Trend



7. Update on Progress Toward Targets in the Portfolio Logical Framework

Objective	Targets	Results
Status of globally threatened biodiversity in Wallacea is more secure as a result of action by civil society organizations	At least 20 KBAs are better managed or protected by the end of the program	Actual to date: 0 Expected from existing grants: 14 KBAs (see Table 5)
	At least 10,000 ha of production landscape (marine and coastal ecosystems) under improved/ sustainable management practices	Actual to date: 0 Expected from existing grants: 100,496 hectares from five grants in Soleh, Buano, Uwedikan, Sangihe coast, Seram coast

Intermediate Outcomes	Intermediate Indicators	Results
Outcome 1: Threats to high priority <u>species</u> are reduced	The main threats to at least three priority marine species have been reduced at one key site for each species	Actual to date: 0 Expected from existing grants: 4 (dugong, Banggai cardinalfish, golden sandfish, pelagic thresher shark)
Outcome 2: Globally important sites are managed to conserve global biodiversity values	Management of at least ten legally established MPAs is enhanced through capacity building and collaboration with community or private sector stakeholders	Actual to date: 0 Expected from existing grants: 6 (Uwedikan, Bulu, Bukide Timur, Naturu, Nukuahi, Pasinalo)
	At least five unprotected marine KBAs are protected through the establishment of new official MPAs	Actual to date: 0 Expected from existing grants: 5 (Sasi area of Soleh, best practice zone in Buano, Bitung City-Lembeh Strait, Kawa, Eti)
Outcome 3: Indigenous and local natural resource-dependent communities are engaged with integrated management of key sites and corridors	Community management institutions strengthened, and plans for management of coastal and marine resources adopted, by communities in at least 15 sites	Actual to date: 0 Expected from existing grants: 14 from 6 grants
	At least five communities apply limits to promote the sustainability of supply of marine resources (e.g. gear limits, quotas, zoning)	Actual to date: 0 Expected from existing grants: 14 from 6 grants
	At least three private sector companies agreed to support conservation actions for MPA management and species protection	Actual to date: 0 Expected from existing grants: 6 from 4 grants

Intermediate Outcomes	Intermediate Indicators	Results
Outcome 4: Indigenous and local communities dependent on marine resources are engaged with integrated management of key sites and corridors	Management and protection of at least 10 existing community-based MPAs is strengthened [if community MPA=PA]	Actual to date: 0 Expected from existing grants: 9 from 5 grants
	At least 15 communities create new MPAs/no-take zones to protect key marine resources [if community MPA=PA]	Actual to date: 0 Expected from existing grants: 7 from four grants
Outcome 6: Civil society in Wallacea has the capacity to identify, implement and sustain actions for maintenance of global conservation values	75% of new grantees show an improvement in management capacity as a result of engagement with CEPF	Actual to date: 0 Expected from existing grants: Too early to determine
	At least 75% of approved grants for community-based work specifically address the gender implications of the project	Actual to date: 0 Expected from existing grants: Too early to determine
	There is active networking between grantees on at least one key theme in at least three of the priority corridors	Actual to date: 0 Expected from existing grants: 0
Outcome 7: Incorporation of CEPF-identified priorities into key stakeholder policies and programs results in more, better targeted funding for conservation in the hotspot, as addressed by the RIT or appropriate entities	CEPF grantees share ideas and collaborate on shared objectives outside the context of program-facilitated networking	Actual to date: 0 Expected from existing grants: Too early to determine
	Key government and donor stakeholders recognize and adopt good practice lessons from CEPF-funded projects	Actual to date: 0 Expected from existing grants: 10 local governments from 5 grants

8. All Awarded Grants by Start Date

No.	CEPF ID	Organization	SD	Summary Title	Obligated Amount (USD)	Start Date	End Date
1	110865	Burung Indonesia	7	Regional Implementation Team	399,999	Aug-20	Sep-24
2	111685	Manengkel Solidaritas	4	Improving MPAs and Sustainable Fisheries Management in North Sulawesi	63,242	Apr-21	Sep-22
3	112129	Perkumpulan Destructive Fishing Watch Indonesia	3	Small-Scale Fisheries Management in Buton, Southeast Sulawesi	47,015	Apr-21	May-22
4	112134	Yayasan Teman Laut Indonesia	3	Improving Management of Small-Scale Tuna Fisheries and Thresher Shark Habitat in Alor	21,590	Apr-21	Apr-22
5	112135	Perkumpulan KELOLA	2	Protecting Dugong Habitat in Bunaken National Park, North Sulawesi	32,143	Apr-21	Apr-22
6	112137	Yayasan Tana Ile Boleng	3	Using Local Wisdom for Coastal Management in Eastern Flores	19,439	Apr-21	Apr-22
7	112138	Perkumpulan Relawan untuk Orang dan Alam	4	Community-Based Marine Management in Togean Banggai, Central Sulawesi	32,143	Apr-21	Jun-22
8	112130	Perkumpulan TAKA	2	Community-Based Marine Conservation in the Pantar Strait of Indonesia's Alor Island	29,900	Apr-21	Apr-22
9	112136	Lembaga Pengembangan Masyarakat Lembata	4	Strengthening Customary Marine Management Systems, Lembata Island	47,612	Apr-21	Oct-22
10	112169	Habitiasi	3	Community-Based Marine Management on Tana Jampea Island, South Sulawesi	20,000	Apr-21	Apr-22
11	111723	Lembaga Partisipasi Pembangunan Masyarakat	4	Sustainable Small-Scale Fisheries Management on Small Islands in West Seram	75,354	May-21	Oct-22
12	111708	Perkumpulan Japesda	4	Strengthening Conservation and Management of Small-Scale Fisheries in Peleng-Banggai	64,991	May-21	Oct-22
13	111706	Yayasan Pengelolaan Lokal Kawasan Laut Indonesia	4	Conserving Nearshore Marine Ecosystems and Building Community Fisheries in Seram	64,794	May-21	Apr-23
14	112018	Yayasan Konservasi Laut Indonesia	4	Community-Based Conservation Program for Octopus Fisheries in South Sulawesi	63,499	May-21	Oct-22
15	111696	Perkumpulan Pemberdayaan Masyarakat dan Pendidikan Konservasi Alam	4	Seagrass Ecosystem Management in Sangihe, North Sulawesi	60,757	May-21	Apr-23

No.	CEPF ID	Organization	SD	Summary Title	Obligated Amount (USD)	Start Date	End Date
16	112541	Sulawesi Community Foundation	2	Diversification of Small-Scale Fishery Products in the Sabalana Islands	32,225	Oct-21	Oct-22
17	112556	Yayasan Kompas Peduli Hutan	3	Improved Fishery Governance in the Banggai Islands	26,551	Oct-21	Oct-22