

An Overview of CEPF's Portfolio in the Indo-Burma Hotspot

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Introduction

Encompassing more than 2 million square kilometers of tropical Asia, Indo-Burma is the largest and one of the most geographically diverse of Earth's 35 biodiversity hotspots. The hotspot encompasses a number of major mountain ranges, including the Annamite Mountains and eastern extensions of the Himalayas, as well as extensive areas of limestone karst and five of Asia's largest rivers: the Ayeyarwady; Salween; Mekong; Red; and Pearl (Zhujiang). Its sweeping expanse of level lowlands embraces several fertile floodplains and deltas and includes Tonle Sap Lake, Southeast Asia's largest and most productive freshwater lake.

As a result of a high diversity of landforms and climatic zones, Indo-Burma supports a wide variety of habitats and, thus, high overall biodiversity. This diversity has been further increased by the development of endemism as a result of the hotspot's geological and evolutionary history. Centers of plant and animal endemism include the Annamite Mountains and the highlands of southern China and northern Vietnam. Consequently, the Indo-Burma Hotspot ranks in the top 10 hotspots for irreplaceability. Unfortunately, it is also ranked in the top five for threat, with only 5 percent of its natural habitat remaining.

Indo-Burma holds more people than any other hotspot, the vast majority of who depend for their livelihoods on the services provided by the hotspot's natural ecosystems. Of particular importance, in a region where paddy rice and fish protein provide the staple diet of more than 300 million people, are hydrological services and provisioning of fish and other freshwater products. The issues of poverty alleviation and biodiversity conservation are inextricably linked.

In common with many of the world's biodiversity hotspots, a combination of economic development and human population growth is placing unprecedented pressures on Indo-Burma's natural capital. This is compounded by a lack of effective systems to manage these pressures and a dearth of environmentally sustainable development models. An extensive stakeholder consultation exercise conducted by the Critical Ecosystem Partnership Fund (CEPF) in 2011 identified hunting and trade of wildlife as the highest ranked threat to biodiversity in the hotspot. Conversion of natural habitats into agro-industrial plantations of rubber, oil palm, tea and other cash crops was identified as the next highest threat, followed by proliferation of hydropower dams, which is the major threat to riverine ecosystems in the hotspot. The broad consensus from the stakeholder consultations was that all three threats are getting more severe, and will continue to do so, at least in the short-term. In every case, these threats have major implications for national economies and the livelihoods of rural people, both of which depend upon the services provided by natural ecosystems.

Over the last decade, there has been a gradual reduction in the amount of funding available for biodiversity conservation in the Indo-Burma Hotspot, as donors have shifted focus to other issues (most notably climate change) or withdrawn from countries altogether. At the same time, changing political and economic conditions have facilitated increased private sector investment in hydropower, agro-industry, mining and other industries with potentially large environmental footprints. While these trends present ever-greater conservation challenges, one positive development has been the growth of local civil society groups engaged in biodiversity conservation and related issues of sustainable development, poverty alleviation and social equity.

The emergence of these groups presents new opportunities to engage civil society, in collaboration with private and public sector partners, in addressing the urgent conservation challenges facing the hotspot. To this end, CEPF launched an investment program in Indo-Burma in 2013, building on the results of an earlier program, from 2008 to 2013. The program was initially expected to run for five years, until 2018. However, thanks to additional commitments of funding, it will now continue until 2020. Specifically, funding from CEPF's global donors has been complemented by two regional donors: the Margaret A. Cargill Foundation; and the Leona M. and Harry B. Helmsley Charitable Trust. This document presents an overview of the status of the CEPF grant portfolio at the end of the fourth year of the program.

Niche for CEPF Investment

Overview

CEPF investment in the Indo-Burma Hotspot is focused on Cambodia, Lao PDR, Myanmar, Thailand and Vietnam, plus parts of southern China. The current investment program is informed by the ecosystem profile for the hotspot, which was prepared in 2011, through an extensive consultation process coordinated by the CEPF Secretariat, in collaboration with BirdLife International in *Indochina*, the CI-China Program, Kadoorie Farm & Botanic Garden, the Samdhana Institute and the Yunnan Green Environment Development Foundation. The process engaged more than 470 stakeholders from civil society, government, and donor institutions.

The ecosystem profile presents an overview of the Indo-Burma Hotspot, in terms of its biodiversity conservation importance, and socioeconomic, policy and civil society contexts. It defines a suite of measurable conservation outcomes, at species, site and corridor scales, and assesses the major direct threats to biodiversity and their root causes. This analysis is complemented by assessments of current conservation investment, and the implications of climate change for biodiversity conservation. The ecosystem profile articulates an overarching investment strategy for funders interested in supporting conservation efforts led by civil society, including a niche where CEPF's investment can provide the greatest incremental value.

The investment niche for CEPF builds on the experience of the first phase of investment, by focusing on approaches that have had demonstrated success, moving from pilot projects to longer-term interventions, and integrating results more concretely into government programs and policies. At the same time, the CEPF niche responds to emerging conservation issues, such as wildlife trade, hydropower development and expansion of agro-industry, with strategies developed through extensive consultation with practitioners in the field. These strategies are focused on the corridors where these conservation issues are most acutely felt: the Mekong River and its major tributaries; Tonle Sap Lake and its inundation zone; the limestone highlands along the Vietnam-China border; and the mountains of Hainan Island. The geographic scope of the CEPF niche also embraces Myanmar, to take advantage of opportunities to strengthen capacity among civil society organizations in the country and enable them to address priority conservation actions in a rapidly changing political and development context.

In line with this niche, the ecosystem profile sets out six strategic directions¹ for CEPF investment in Indo-Burma:

1. Safeguard priority globally threatened species by mitigating major threats.
2. Demonstrate innovative responses to illegal trafficking and consumption of wildlife.
4. Empower local communities to engage in conservation and management of priority Key Biodiversity Areas.
6. Engage key actors in mainstreaming biodiversity, communities and livelihoods into development planning in the priority corridors.
8. Strengthen the capacity of civil society to work on biodiversity, communities and livelihoods at regional, national, local and grassroots levels.
11. Provide strategic leadership and effective coordination of conservation investment through a regional implementation team.

The ecosystem profile was approved by the CEPF Donor Council in October 2012, with a total spending authority of \$10.4 million. The Donor Council subsequently approved the appointment of the International Union for Conservation of Nature (IUCN) as the Regional Implementation Team (RIT) for the hotspot. IUCN began work as the RIT in July 2013, thus beginning the second phase of CEPF investment in the hotspot. The spending authority for Indo-Burma was subsequently raised to almost \$15.8 million, thanks to additional commitments by CEPF’s global and regional donors.

Portfolio Status

The current CEPF investment program in Indo-Burma will continue until June 2020; it is now four years into its seven-year duration. The program began with the award of two grants to IUCN to perform the RIT role: one dealing with administrative functions, the other with programmatic functions. At that point, the ecosystem profile had been endorsed by the GEF Focal Points for Cambodia, China, Lao PDR and Thailand. Thus, these four countries were covered by the first call for proposals, which was announced in July 2013. Following endorsement of the ecosystem profile by the GEF Focal Points for Myanmar and Vietnam, a second call for proposals, covering these countries, was announced in October 2013. In subsequent fiscal years, two calls for proposals were issued each year, up to 2017, when the last calls were issued (Table 1).

Table 1: Calls for proposals in the Indo-Burma Hotspot during the current investment phase

No.	Release date	Closing date	LoIs received
1	29 July 2013	9 September 2013	228 [95 large / 133 small]
2	30 October 2013	11 December 2013	104 [51 large / 53 small]
3	8 July 2014	18 August 2014	165 [46 large / 119 small]
4	10 November 2014	22 December 2014	17 [2 large / 15 small]
5	8 July 2015	19 August 2015	219 [78 large / 141 small]
6	25 January 2016	7 March 2016	21 [all small]
7	6 July 2016	17 August 2016	168 [all small]
8	6 July 2016	17 August 2016	15 [all large]
9	7 April 2017	19 May 2017	84 [38 large / 46 small]
10	7 April 2017	19 May 2017	35 [21 large / 14 small]
Total			1,056 [346 large/710 small]

¹ Because the overall investment strategy in the ecosystem profile includes strategic directions that are supported by other funders, the numbering of the CEPF-funded strategic directions is non-consecutive.

Two calls were issued each fiscal year to allow for the different timing and scope of grant-making in Myanmar. Specifically, additional time was needed to train potential applicants in proposal writing and project cycle management, and the interests of regional donors required the calls to focus on a slightly different set of investment priorities to those in the other hotspot countries.

Over the course of the 10 calls (or five “funding rounds”), 1,056 letters of inquiry (LoIs) were received, comprising 346 for large grants (i.e. grants of \$20,000 and above) and 710 for small grants (i.e. grants under \$20,000). It is clear from these figures that the RIT was successful in generating a large volume of applications. Many of them were of sufficient quality and close enough fit to the scope of the calls to be awarded. Had additional resources been available to make grants, a higher proportion of applications would have been successful, because a significant number of competitive applications were rejected simply because of lack of resources. This was particularly the case for Strategic Direction 1 on species conservation, reflecting the large, unmet demand for funding for species-focused conservation action.

The applications for which grant award decisions are still pending are referred to as “pipeline grant”, to distinguish them from “active grants” (i.e. grants awarded but not yet closed) and “closed grants” (i.e. grants ended and fully compliant with all reporting requirements). As of June 30, 2017, there were 28 pipeline grants from the fourth funding round and five from the third round at various stages of the due diligence and contracting process was ongoing. All of these are small grants, and the delays in awarding them reflect the limited experience of many of the applicants in applying for international donor funding, and the need for some applicants to formally register and/or put in place measures to mitigate programmatic and financial risks before grant awards can be made. The 119 applications received under the fifth funding round are still under review, and it is not yet clear how many of these will be selected for award.

Over the first four years of the investment phase, 71 large grants have been awarded, including two grants to IUCN to serve as the RIT (Charts 1 to 4). These grants comprise 39 to international organizations and 32 to local organizations, with a total value of \$12.5 million (Table 1). Over the same period, 71 small grants have been awarded, comprising 11 to international organizations and 60 to local organizations, with a total value of \$1.3 million (Table 2). A further 34 small grants are in the pipeline (five to international and 29 to local groups).

Grant making has proceeded at a steady pace since the beginning of the investment phase, and there is a good spread of investment by strategic direction and across the priority geographies of the investment phase (Charts 1 to 4). Excluding the RIT grants, local organizations have received 66 percent of the grants awarded and 39 percent of the investment amount. Both these proportions are a major step forwards from the first CEPF investment phase (2008-2013) in the Indo-Burma Hotspot, during which local groups received only 37 percent of the grants and 19 percent of the total investment.

Table 1: Status of the large grant portfolio in the Indo-Burma Hotspot, as of June 30, 2017

Strategic Direction	Active grants	Pipeline grants	Total
SD1	\$1,863,095	\$0	\$1,863,095
SD2	\$1,152,433	\$0	\$1,152,433
SD4	\$2,659,089	\$0	\$2,659,089
SD6	\$4,165,402	\$0	\$4,165,402
SD8	\$696,694	\$0	\$696,694
SD11	\$2,000,000	\$0	\$2,000,000
Total	\$12,536,713	\$0	\$12,536,713

Table 2: Status of the small grant portfolio in the Indo-Burma Hotspot, as of June 30, 2017

Strategic Direction	Active grants	Pipeline grants	Total
SD1	\$253,845	\$0	\$253,845
SD2	\$19,742	\$0	\$19,742
SD4	\$274,842	\$179,116	\$453,958
SD6	\$159,728	\$40,000	\$199,728
SD8	\$609,204	\$456,794	\$1,065,998
SD11	\$0	\$0	\$0
Total	\$1,317,361	\$675,910	\$1,993,271

Excluding the RIT grant, the mean large grant size is \$152,706. Only six grants larger than \$250,000 have been awarded: a grant to Fauna & Flora International to empower local communities to engage in conservation of priority sites in the Sino-Vietnamese Limestone Corridor; a similar grant to Wildlife Conservation Society (WCS) focusing on the Tonle Sap Lake and Inundation Zone Corridor; a grant to WCS promoting government-civil society partnerships to combat wildlife trade; a grant to Stockholm Environment Institute to mainstream biodiversity into development plans for the Chindwin River basin in Myanmar; a grant to International Center for Environmental Management to undertake a rapid environmental assessment of a plan to facilitate navigation on the Mekong River by blasting the river channel; and a grant to WCS to pilot a payment for ecosystem services model with a hydropower company in Lao PDR. For small grants, the mean size of grants awarded to date is \$18,554. This reflects that fact that small grant applicants tend to apply for the maximum funding available. Indeed, only 12 small grants have been awarded for less than \$18,000.

Assuming that all of the pipeline grants are contracted, the total size of the CEPF grant portfolio in the Indo-Burma Hotspot will be \$14.5 million (Table 3). Of this total, \$4.4 million will be for grants in Cambodia, \$1.6 million for China, \$1.5 million for Lao PDR, \$1.4 million for Myanmar, \$500,000 for Thailand and \$2.0 million for Vietnam. In addition, there will be \$3.1 million for grants covering multiple countries, including the two RIT grants.

Table 3: Status of the overall portfolio in the Indo-Burma Hotspot, as of June 30, 2017

Strategic Direction	Active grants	Pipeline grants	Total
SD1	\$2,116,940	\$0	\$2,116,940
SD2	\$1,172,175	\$0	\$1,172,175
SD4	\$2,933,931	\$179,116	\$3,113,047
SD6	\$4,325,130	\$40,000	\$4,365,130
SD8	\$1,305,898	\$456,794	\$1,762,692
SD11	\$2,000,000	\$0	\$2,000,000
Total	\$13,854,074	\$675,910	\$14,529,984

Once all of the pipeline grants have been awarded, 92 percent of the spending authority for the second phase of CEPF investment in the Indo-Burma Hotspot will have been committed (Table 4). A little over \$1.2 million will remain, to cover grant making in the fifth funding round, most of which is for Strategic Direction 4, plus a smaller amount for Strategic Direction 8. Although the LoIs received under the fifth round are still under review, it is anticipated that there will be sufficient proposals of the requisite quality to award all of the remaining funds, meaning that no further calls for proposals will be necessary. This will mean that the spending authority will be committed in full by the end of the fifth year of the investment phase, thereby allowing the RIT to refocus its efforts away from grant making and onto other functions, such as monitoring and support of ongoing grants, and documentation and dissemination of lessons learned.

Table 4: Balance of CEPF funds allocated to the Indo-Burma Hotspot, as of June 30, 2017

Strategic Direction	Allocation ²	Active plus pipeline grants	Balance
SD1	\$2,121,203	\$2,116,940	\$4,263
SD2	\$1,200,000	\$1,172,175	\$27,825
SD4	\$4,200,000	\$3,113,047	\$1,086,953
SD6	\$4,355,000	\$4,365,130	-\$10,130
SD8	\$1,890,000	\$1,762,692	\$127,308
SD11	\$2,000,000	\$2,000,000	\$0
Total	\$15,766,203	\$14,529,984	\$1,236,219

The CEPF Secretariat and RIT originally intended to award grants under each strategic direction throughout the investment phase. However, this plan was only followed for Strategic Directions 4, 6 and 8. For Strategic Direction 2 on wildlife trade, demand for funding was so strong under the first funding round in 2013 that all of the available resources were committed, in support of several strategic initiatives. Although it was not possible to award additional grants under Strategic Direction 2 in subsequent years, this was not necessarily a problem for civil society organizations working on wildlife trade, because a number of major funding opportunities became available from other donors from 2014 onward.

Strategic Direction 1 is another strategic direction that was only included in the first funding round. As mentioned above, there is massive unmet demand for dedicated funding for species conservation in the Indo-Burma Hotspot. Species conservation requires actions (such as research, monitoring, snare removal, etc.) that may not necessarily make direct contributions to climate change mitigation, poverty alleviation or other mainstream development agendas that attract the majority of available donor funding. Such funding streams that are available for species conservation tend to be small grants from highly over-subscribed global programs, which are inefficient for civil society organizations to apply for. Moreover, they are generally unsuitable for supporting species conservation and recovery efforts, which require stable support over long periods of time. After the first funding round, the CEPF funding allocation for Strategic Direction 1 was fully committed. Although significant additional funding was leveraged during the investment phase, allowing the overall spending authority to be increased by around 50 percent, all of this funding was earmarked for other strategic directions, based on the priorities of the contributing donors. There remains a significant unmet demand among civil society organizations in the hotspot for dedicated funding for species conservation.

Coordinating CEPF Grant Making

IUCN is performing the role of the RIT during the second phase of CEPF investment in the Indo-Burma Hotspot, in partnership with Kadoorie Farm & Botanic Garden (KFBG) and Myanmar Environment Rehabilitation-conservation Network (MERN). IUCN has overall responsibility for ensuring delivery of the CEPF program in the hotspot, and leads implementation in Cambodia, Lao PDR, Thailand and Vietnam. KFBG leads on implementation in the Chinese portion of the hotspot, while MERN is responsible for implementation in Myanmar, with support from the IUCN Country Program.

Overall coordination of the RIT is provided by James Tallant, the RIT Manager, based at the IUCN Vietnam Country Office in Hanoi. James is supported in the role by Scott Perkin, the Senior Technical Adviser, Angela Joehl Cadena, the RIT Deputy Manager, and Janaleeza

² The original allocations by strategic direction were supplemented by additional commitments of funding from global and regional donors.

Esteban, the RIT Support Officer. These are all based at the IUCN Asia Regional Office in Bangkok, as are Ann Moey, who provides communications support to the RIT, and Apinya Odthon, who is responsible for financial management. At the national level, implementation is supported by IUCN staff based in the relevant country programs, as well as by staff of KFGB in China and MERN in Myanmar. The National Coordinators are Lou Vanny for Cambodia, Phoutsakhone Ounchith for Lao PDR, Supanee “Pern” Kampongsun for Thailand, and Nguyen Duc Tu for Vietnam. For Myanmar, the National Coordinator is Aung Thant Zin of MERN, supported by Zin Myo Thu of IUCN. For China, there are two National Coordinators, Tingting Yin and Michelle Wong, both with KFGB. They are supported by Bosco Chan and Zhang Yan of KFGB and IUCN’s Zhang Cheng. Most of the RIT staff work on the program part time, alongside their other duties, which ensures good integration of the RIT functions within the overall programs of IUCN, KFGB and MERN.

As well as establishing an experienced, integrated team, IUCN and its partners have put in place necessary structures to ensure transparency and technical rigor in the proposal review process, and facilitate uptake of the results of CEPF-supported pilot projects into national policy processes, through the establishment of National Advisory Committees. These committees bring together representatives of government, civil society and donors in each country, and have an advisory role in the review process for applications in their respective countries. The review process also involves voluntary peer reviewers from the conservation community in Indo-Burma, and draws on expertise from within IUCN, especially the Species Survival Commission and its specialist groups. IUCN has also put in place the necessary processes to ensure sound financial management of the RIT grants, financial and programmatic risk assessment of small grants, and compliance with the environmental and social safeguard policies of the World Bank.

Performance Assessment

The RIT has placed a lot of emphasis on making CEPF grants accessible to a wide variety of civil society actors in each hotspot country. This has involved widely disseminating calls for proposals, making provision for small grant applications in local languages, facilitating a review process that looks for potential in applicants not polished proposals, and, where necessary, providing targeted training in proposal writing for applicants with limited experience of applying for international donor funding. These efforts have been met with success, in terms not just of the proportion of grants that have gone to local groups (two-thirds) but also the quality of the applications. This can be expected to translate into greater impacts, as can already be seen from the results that have emerged from the portfolio to date.

Working with newly established and/or lower capacity groups requires more time, compared with established organizations with a long track record of successful implementation of grants. The RIT’s achievements in this area have, therefore, come at the cost of not being able to devote as much time to the other core functions of the RIT as might otherwise have been possible. In particular, the potential to capture lessons learned from the portfolio and communicate them to decision makers in government and the private sector has not yet been fully realized. This is essential if the results of the most successful projects in the portfolio are to be amplified through mainstreaming them into public policy and private sector practice, and/or replicated by other conservation actors. There is now a need for the RIT to move away from grant making towards other functions, including facilitating experience exchange among grantees, capturing lessons learned and good practice from the portfolio, and putting in place the institutional arrangements necessary to evolve the RIT into long-term coordinating structure for civil-society-led conservation efforts in the hotspot.

Portfolio Investment Highlights by Strategic Direction

Excluding the RIT grants, 140 grants (69 large and 71 small) had been awarded, out of which 64 grants (16 large and 48 small) had closed as of June 30, 2017. In most of the remaining cases, the grant is still active, although, in some cases, implementation has ended recently and the grantee is still working on the reports required to close out the grant. When grants are awarded, the expected contribution of each grant to the targets in the portfolio logframe is recorded. This allows the expected results of the portfolio to be tracked, thereby ensuring the development of a well balanced portfolio that, to the extent possible, meets all of the targets. The actual results are only confirmed at the end of each grant, when all reports from the grantee have been submitted and the RIT or CEPF Secretariat is able to verify the information provided. For this reason, there is a time lag between results being actually achieved and the same results being confirmed and included into portfolio-level monitoring data. Consequently, the summary of results to date presented in the following sections significantly underestimates the actual results that will be achieved over the investment phase as a whole.

Strategic Direction 1

CEPF investment under this strategic direction aims to safeguard priority globally threatened species by mitigating major threats. This strategic direction is intended to support targeted conservation actions for species that address threats other than habitat loss (which can be effectively addressed through site and corridor-scale conservation actions), particularly overexploitation, which is all too often manifested as the “empty-forest syndrome” of protected areas with high levels of forest cover but heavily depleted wildlife populations.

To this end, CEPF is supporting efforts to build and strengthen long-term conservation programs for core populations of priority species (Investment Priority 1.1). To redress an imbalance in conservation efforts, which have tended to overlook freshwater biodiversity, CEPF is also supporting efforts to develop best-practice approaches for conservation of highly threatened and endemic freshwater species (Investment Priority 1.2). This strategic direction is also intended to fill long-standing information gaps about the status of key species and, thereby, guide site and habitat conservation efforts and support efforts to mainstream biodiversity into development sectors, particularly energy, transport and agriculture. To this end, CEPF is supporting research on globally threatened and data deficient species for which there is a need for greatly improved information (Investment Priority 1.3). In addition, CEPF is supporting the development of long-term financing mechanisms for the conservation of priority species (Investment Priority 1.4), in order to enhance the financial sustainability of species conservation efforts in the hotspot, which are necessarily long-term, given the scale of the threats facing priority species.

Fourteen large grants and 14 small grants have been awarded under Strategic Direction 1. These 28 grants directly address the conservation of 24 of the 152 globally threatened species identified as priorities in the ecosystem profile (a further 14 priority species are directly addressed by grants awarded under other strategic directions). These grants also address three of the four investment priorities under Strategic Direction 1. The exception is Investment Priority 1.4 (develop long-term financing mechanisms for conservation of priority species), for which no suitable applications have been received. As all of the available funding for Strategic Direction 1 has been spent, the current plan is for this investment priority to be addressed by the RIT, whose terms of reference include promoting opportunities to leverage CEPF funds with donors and governments. Apart from increasing funding for the conservation of priority species in the hotspot, the other targets in the portfolio logframe are expected to be met (Annex 1).

Highlights from the grant portfolio under Strategic Direction 1 include: consolidation of the community forest guard model at two protected areas in central Vietnam, resulting in a 40 percent

reduction in snaring, which is the main threat to saola (*Pseudoryx nghetinhensis*, CR); consolidation of a decade-long intervention at the Eld's Deer Sanctuary in Lao PDR's Savannakhet province using the village protection team model, which led to an observed increase in the population of Eld's deer (*Rucervus eldii*, EN) from less than 20 individuals to around 100; and studies on the natural history of Burmese eyed turtle (*Morenia ocellata*, VU), which shed new light on the distribution of the species, its ecological requirements and its seasonal movements. This information can be used to better target protection efforts for the species, establish a captive insurance colony and select potential sites for reintroduction of confiscated animals.

Strategic Direction 2

CEPF investment under this strategic direction aims to demonstrate innovative responses to illegal trafficking and consumption of wildlife, in order to respond to the highest ranked threat to biodiversity in the hotspot. The rationale for developing and testing innovative approaches is that, compared with other threats to biodiversity, there is little consensus among conservationists about what represents best practice with regard to addressing this sinuous and pernicious threat.

To this end, CEPF is supporting enforcement agencies to unravel high-level wildlife trade networks by introducing them to global best practice with investigations and informants (Investment Priority 2.1). These efforts are complemented by facilitating collaboration among enforcement agencies and non-traditional actors to reduce cross-border trafficking of wildlife (Investment Priority 2.2). In addition to strengthening collaboration with and among government agencies, CEPF is also supporting civil society organizations to engage with private sector companies to develop effective measures to reduce their involvement in wildlife trafficking (Investment Priority 2.3). To complement these actions, CEPF is helping to engage the general public in efforts to combat the wildlife trade by supporting campaigns, social marketing, hotlines, crime prevention and other long-term programs to reduce consumption of wildlife and build public support for wildlife law enforcement (Investment Priority 2.4).

CEPF and the RIT began building the grant portfolio under Strategic Direction 2 during the first funding round, by awarding grants to some of the relatively small community of civil society organizations that were working on wildlife-trade-related issues at the start of the investment phase. As discussed previously, there was then a significant increase in donor interest in addressing wildlife crime issues in Indo-Burma, which led to a strategic decision not to include Strategic Direction 2 in future calls for proposals.

Five large grants and one small grant have been awarded under Strategic Direction 2. These grants address all of the investment priorities under this strategic direction, although it is not yet clear whether all of the targets in the portfolio logframe will be met (Annex 1), as two of the large grants have not yet closed.

Highlights from the grants that have closed to date include: a public awareness campaign in southern China and Vietnam involving more than 40 influential opinion leaders, which led to substantial changes in attitudes and behavior towards consumption of wildlife products; a successful public awareness campaign in Cambodia, which translated into a 61 percent increase in calls to a 24-hour wildlife trade hotline by members of the public; and establishment of emergency contact mechanisms and other measures for increased transboundary collaboration between enforcement agencies in China, Lao PDR and Vietnam, which led to intelligence-led seizures of major shipments of ivory and pangolin scales on the Sino-Vietnamese border.

Strategic Direction 4

CEPF investment under this strategic direction aims to empower local communities to engage in conservation and management of priority Key Biodiversity Areas (KBAs). The rationale for this investment is that community-based conservation initiatives can provide greater opportunities for meaningful participation in decision making regarding the use of natural resources than conventional protected area approaches. Consequently, such initiatives can contribute to improved livelihoods for rural people, especially those with high levels of dependency on natural resources, while engaging local communities as positive stakeholders in biodiversity conservation.

To this end, CEPF is supporting efforts to raise awareness about biodiversity conservation legislation among target groups at priority sites (Investment Priority 4.1). This is intended to form a foundation for investments outside of conventional protected areas to pilot and amplify community forests, community fisheries and community-managed protected areas (Investment Priority 4.2). Within protected areas, CEPF is supporting the development of co-management mechanisms that enable community participation in management and governance (Investment Priority 4.3). While the first three investment priorities are focused on KBAs within the four priority corridors, they are complemented by investments in Myanmar to conduct a gap analysis of KBAs (Investment Priority 4.4) and support expansion of the protected area network using participatory gazettement, community consultation processes and/or community-based models (Investment Priority 4.5).

Eighteen large grants and 14 small grants have been contracted under Strategic Direction 4, with a further nine small grants in the pipeline. These 41 grants directly address the conservation of 28 of the 74 priority sites identified in the ecosystem profile. They also address all four investment priorities under this strategic direction, and all targets in the portfolio logframe are on target to be met (Annex 1).

Highlights from the grant portfolio under Strategic Direction 4 include: revitalization of Akpi Wat Praek Kampong Cham community fishery in Stung Sen/Santuk/Baray KBA in Cambodia, including formal recognition of a new biodiversity conservation area; raised environmental awareness among children and adults at Peck Kantiel floating village near Prek Toal KBA in Cambodia, through 268 classes in a floating classroom and 49 outdoor activities; and enhanced community co-management of Daweishan National Nature Reserve in China by strengthening the capacity of Malongdi Indigenous and Community Conserved Area's community rangers, and integrating the community into management, monitoring, and protection of the nature reserve.

Strategic Direction 6

CEPF investment under this strategic direction is aimed at engaging key actors in mainstreaming biodiversity, communities and livelihoods into development planning in the priority corridors. The intention is to mainstream biodiversity, communities and livelihoods into economic development and, thereby, secure broader political, institutional and financial support for these goals. In this way, the hotspot's natural ecosystems will be able to underpin inclusive, pro-poor growth strategies, and be resilient to the effects of climate change.

To this end, CEPF is supporting civil society efforts to analyze development policies, plans and programs, evaluate their impact on biodiversity, communities and livelihoods, and propose alternative development scenarios and appropriate mitigating measures where needed (Investment Priority 6.1). CEPF is also supporting efforts to integrate the biodiversity and ecosystem service values of priority corridors into government land-use and development plans at all levels and promote effective implementation and monitoring of these plans (Investment Priority 6.2), and to

develop protocols and demonstration projects for ecological restoration that improve the biodiversity performance of government programs in the forestry and other natural resource sectors (Investment Priority 6.3). These initiatives are being assisted by efforts to engage the media as a tool to increase awareness and inform public debate on mainstreaming biodiversity into development planning (Investment Priority 6.4). As well as seeking to influence public policy and development planning, CEPF investment under this strategic direction also aims to promote update of biodiversity-friendly practices by the private sector, by piloting models for biodiversity-friendly production, including certification and eco-labelling (Investment Priority 6.5), and integrating the biodiversity and ecosystem service values of priority corridors into financial decision making by governments, private investors and development banks (Investment Priority 6.6).

Twenty-four large grants and eight small grants have been contracted under Strategic Direction 6, with two more small grants in the pipeline. These 34 grants aim to mainstream biodiversity into 14 development plans, policies and programs, spread across three of the four priority corridors identified in the ecosystem profile plus Myanmar. The one priority corridor that is not addressed by any of these grants is Hainan Mountains. Very few suitable applications have been received from this corridor to date, with most interest coming from organizations based elsewhere in China but with limited local presence. This is in spite of targeted efforts by the RIT to reach out to local civil society groups on Hainan island. With hindsight, it may have been over-ambitious to include Hainan Mountains as a priority corridor for CEPF investment, and a more limited program of outreach and capacity building to local civil society organizations there may have been more appropriate. Nevertheless, the grant portfolio under Strategic Direction 6 addresses all six investment priorities, while all targets in the portfolio logframe are on target to be met (Annex 1).

Highlights from the grant portfolio under Strategic Direction 6 include: integration of environmentally friendly practices into the tourism development plan for Xiaohai lagoon on Hainan island, China; and an integrated program of communication in social and mainstream media, which has helped maintain a high level awareness of the social and environmental impacts of hydropower dam development on the Mekong mainstream among decision makers and the general public in the riparian countries, as well as among the international community. This sustained attention led to mitigation measures being incorporated into the design of the Xayaburi dam, to address impacts on sediment flow and fish migration.

Strategic Direction 8

CEPF investment under this strategic direction aims to strengthen the capacity of civil society to work on biodiversity, communities and livelihoods at regional, national, local and grassroots levels. This strategic direction recognizes that local civil society organizations are growing in credibility and influence, and beginning to play leading roles in efforts to address key threats to biodiversity. Therefore, CEPF is making direct investments in the development of skilled, authoritative and effectively networked conservation champions at different levels.

To this end, CEPF is supporting networking activities that enable collective civil society responses to priority and emerging threats (Investment Priority 8.1). At the level of individual organizations, CEPF is providing core support for the organizational development of domestic civil society organizations (Investment Priority 8.2), while supporting efforts to establish clearing house mechanisms that match volunteers to civil society organizations' training needs (Investment Priority 8.3).

To date, eight large grants and 34 small grants have been awarded under Strategic Direction 8, with an additional 23 small grants in the pipeline. The preponderance of small grants under this

strategic direction shows how important a tool they are for building the capacity of national and grassroots civil society organizations. These 65 grants aim to strengthen the capacity of more than 100 civil society organizations across the hotspot, and to establish or strengthen more than 20 civil society networks. To date, only a single grants has been awarded under Investment Priority 8.3 (establish clearing house mechanisms to match volunteers to civil society organizations' training needs), despite this being included within all but one of the calls for proposals issued during the phase. Unfortunately, this grant had to close early, without achieving its objectives, meaning that the related target in the portfolio logframe is not on track to be met (Annex 1). The other two targets for Strategic Direction 8, however, have already been exceeded.

Highlights from the grant portfolio under Strategic Direction 8 include: strengthening of a network of civil society organizations and individuals to monitor Thailand's Important Bird Areas network; official establishment of Zhanjiang Bird Watching Society, a local NGO working on the conservation of migratory shorebirds in China's Guangdong province; and capacity building for community-based organizations in seven villages around Prey Long forest in Cambodia, which strengthened their ability to combat illegal logging and poaching in the vicinity of their villages, operate community tree nurseries and manage savings groups.

Strategic Direction 11

CEPF investment under this strategic direction is providing strategic leadership and effective coordination of conservation investment in the Indo-Burma Hotspot. This strategic direction provides support to the RIT, which is responsible for converting the vision set out in the ecosystem profile into a cohesive portfolio of grants that exceeds in impact the sum of its parts. Two RIT grants were awarded at the beginning of the investment phase: one to operationalize and coordinate CEPF's grant-making processes and procedures to ensure effective implementation of the investment strategy throughout the hotspot (Investment Priority 11.1); and the other to build a broad constituency of civil society groups working across institutional and political boundaries towards achieving the shared conservation goals described in the ecosystem profile (Investment Priority 11.2). As previously described, these grants are being implemented by IUCN, in partnership with KFBG and MERN.

Collaboration with CEPF Donors

In each country in the hotspot, the RIT has constituted a National Advisory Committee to provide an additional layer of quality control on grants, to ensure transparency, and to build ownership of the CEPF grant portfolio among key stakeholders in government, civil society, private sector and the donor community. National Advisory Committee members participate as representatives of their institutions. Regional staff members from CEPF's global donors, including l'Agence Française de Développement (AFD), the European Commission and the World Bank, have been invited to participate in National Advisory Committee meetings, although they have not always been able to attend, while the GEF has been represented in the form of its Operational Focal Points in government and GEF Small Grants Program Coordinators at UNDP.

In February 2017, the CI-GEF Project Agency conducted a supervision visit of the project *Effectively mainstreaming biodiversity conservation into government policy and private sector practice: piloting sustainability models to take the Critical Ecosystem Partnership Fund (CEPF) to scale*, through which additional resources from the GEF have been made available for grant making in the Indo-Burma Hotspot. The visit was conducted together with staff from the CEPF Secretariat and RIT, and involved site visits to five grants in Cambodia, which looked at programmatic performance, financial management and compliance with social and environmental safeguards.

Since 2011, CEPF has been coordinating its grant making in the Lower Mekong Region of the Indo-Burma Hotspot (i.e. Cambodia, Lao PDR, Thailand and Vietnam) with a collaborative of philanthropic donors with overlapping interests. Over the years, this collaborative has grown to include the MacArthur Foundation (a CEPF global donor), the Margaret A. Cargill Foundation (a regional donor to CEPF), the McKnight Foundation, the Chino Cienega Foundation and the McConnell Foundation. The collaborative is attempting to catalyze the evolution of the institutional arrangements for philanthropic funding in the region towards a networked model, whereby there are more frequent and diverse interactions among different actors, a greater number of shared initiatives, and more co-creation of situational analysis and grant-making priorities between funders, intermediaries and implementers.

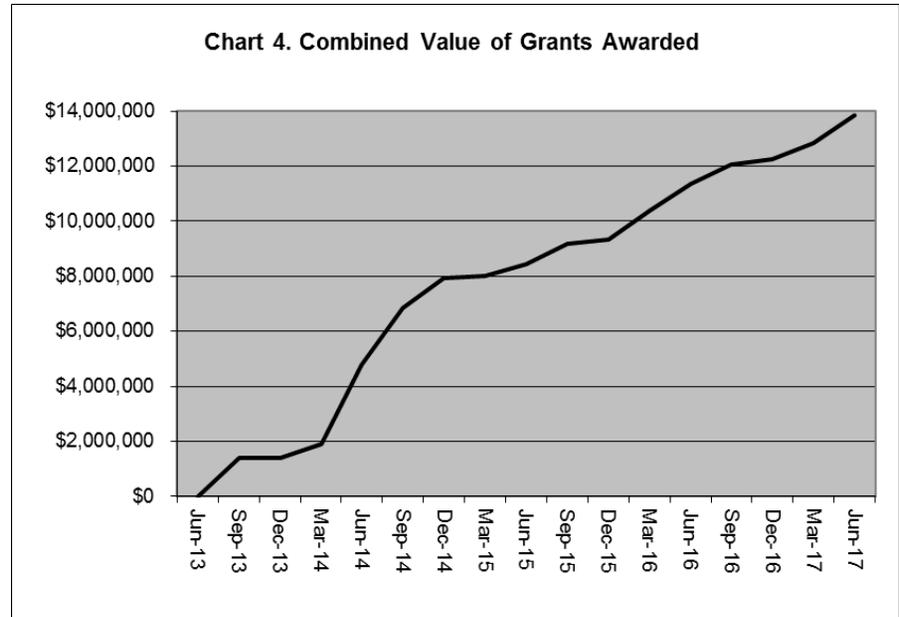
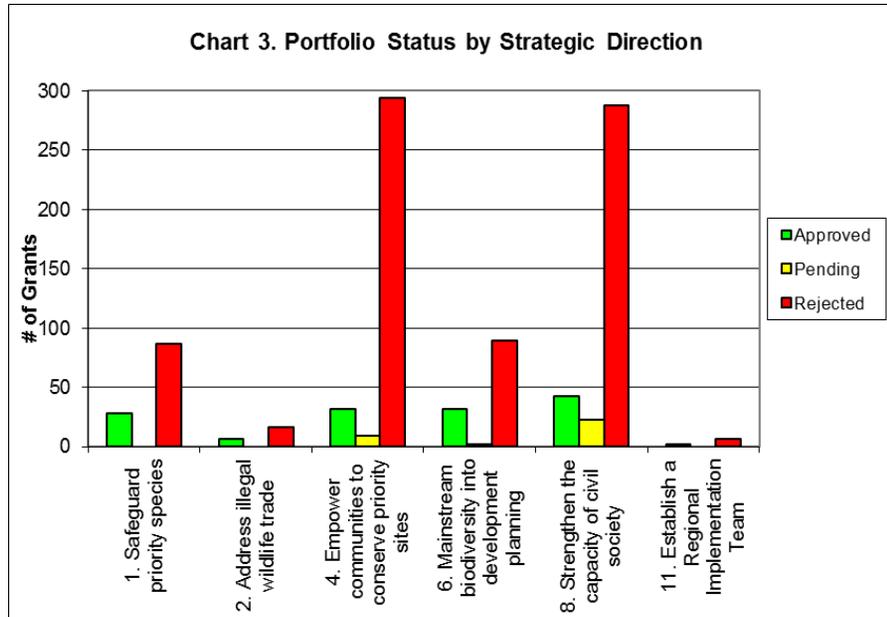
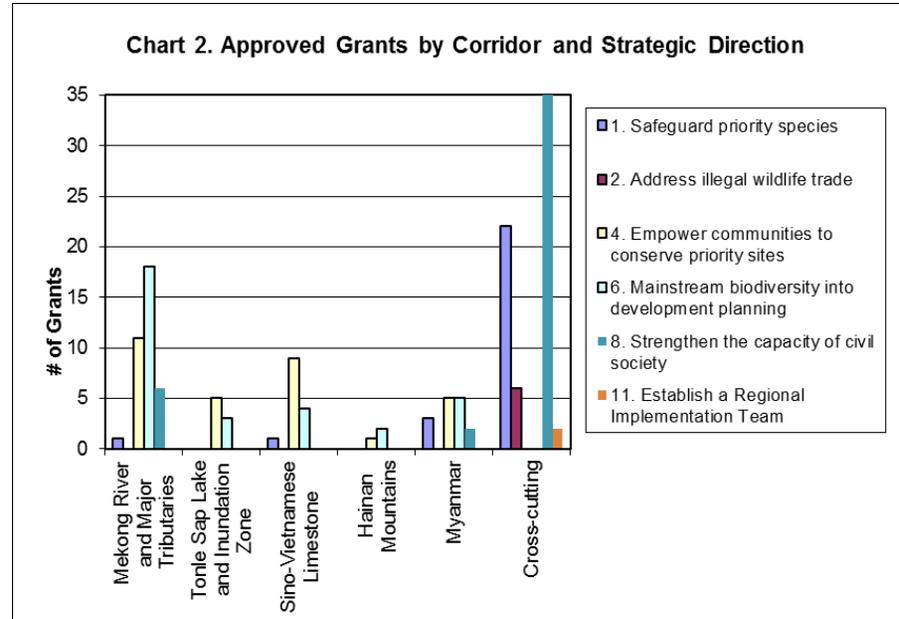
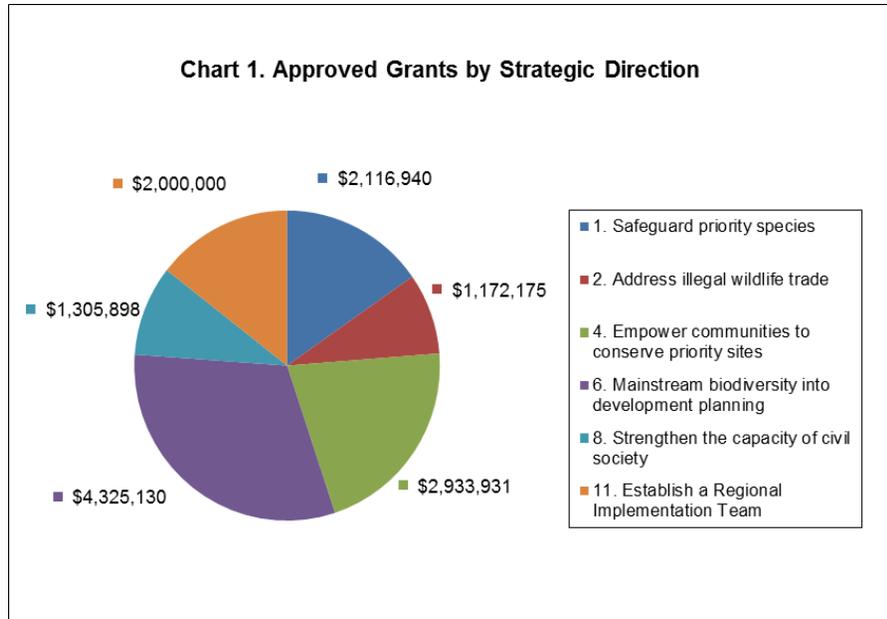
As part of this initiative, a meeting implementing, intermediary and funding agencies working on ecosystem conservation in the Lower Mekong Region was held in Phnom Penh in February 2017. IUCN handled the logistical arrangements for this meeting, and helped with planning and facilitation. The meeting made good progress and there was broad interest among participants for exploring a networked model. Specifically, participants agreed upon a shared vision for the network, simple agreements for working together, and a suite of collective projects involving different combinations of network members. IUCN will continue to play a coordinating role, because strengthening the emergence of networked civil society at the regional level is one of the areas of work for the RIT.

Conclusion

The current CEPF investment phase in the Indo-Burma Hotspot is now four years into an extended seven-year period. The RIT is performing well. It is reaching out to many organizations that have not previously been the recipients of CEPF funding, providing training and support where needed, and support applications in local languages (at least for small grants). This has resulted in a doubling of the share of the portfolio going to local organizations, in comparison to the previous investment phase, and concurrent increases in the quality of applications and the impact of grants. The RIT has had its hands full with the volume of applications (more than 1,000) and active grants (currently 76) that it has had to process, manage and monitor. This has prevented the RIT from devoting as much time to other functions, such as communications and fundraising, although good progress is being made with catalyzing the emergence of a regional conservation community, where civil society organizations can provide mutual support, exchange experience and respond more effectively to key threats, which are increasingly transnational in nature. In this regard, the Lower Mekong Network is particularly noteworthy.

The grant portfolio has been developed in a balanced way. The main gaps are Investment Priority 1.4 on long-term financing mechanisms for species conservation and Investment Priority 8.3 on clearing house mechanisms to match volunteers to civil society organizations. There also remains a large unmet demand for dedicated funding for species conservation. The grants that have been awarded are making good progress. Over 60 of them have already closed, most of which met their objectives. Consequently, the investment phase is on course to meet or exceed most of the targets in the portfolio logframe. More than \$1 million remains to support grants under the fifth and (likely) final round of grant making, which provides an opportunity to fill the remaining gaps, and consolidate and amplify the most promising initiatives from earlier rounds.

Charts – CEPF Investment in the Indo-Burma Hotspot as of June 30, 2017



Annex 1 – Update of the Logical Framework for CEPF Investment in Indo-Burma

Objective	Targets	Progress
<p>Engage civil society in the conservation of globally threatened biodiversity through targeted investments with maximum impact on the highest conservation priorities</p>	<p>At least 50 civil society organizations, including at least 30 domestic organizations actively participate in conservation actions guided by the ecosystem profile.</p> <p>At least 8 alliances and networks formed among civil society actors to avoid duplication of effort and maximize impact in support of the CEPF ecosystem profile.</p> <p>At least 25 KBAs targeted by CEPF grants have new or strengthened protection and management.</p> <p>At least 5 development plans or policies influenced to accommodate biodiversity.</p> <p>Improved management for biodiversity conservation or sustainable use within production landscapes in 4 conservation corridors covering 109,976 square kilometers or 5 percent of the hotspot.</p>	<p>93 civil society organizations, including 70 domestic organizations, have been awarded CEPF grants. Applications from a further 23 civil society organizations, including 22 domestic organizations, are in the pipeline.</p> <p>7 alliances and networks have been formed among civil society organizations; examples include:</p> <ul style="list-style-type: none"> • Network of local conservation leaders around Salak Phra Wildlife Sanctuary, Thailand. • Network of civil society organizations and individuals involved in monitoring Thailand’s Important Bird Areas. • Grassroots civil society network in Anlong Veng district, Cambodia. <p>4 KBAs have new or strengthened protection and management. A further 36 KBAs are targeted by ongoing grants.</p> <p>2 development plans or policies have been influenced:</p> <ul style="list-style-type: none"> • Spatial development plans for 12 villages in Savannakhet province, Lao PDR. • The Mekong River Commission’s Regional Procedures for Notification, Prior Consultation, and Agreement Process. <p>Ongoing grants propose to influence a further 5 plans and policies.</p> <p>Grants have been awarded improving conservation and sustainable use of biodiversity within production landscapes in 4 conservation corridors plus Myanmar. Impacts have already been observed in the Mekong River and Major Tributaries Corridor, such as integration of mitigation measures into the design of the Xayaburi dam on the Mekong River in Lao PDR.</p>

Intermediate Outcomes	Intermediate Indicators	Progress
<p>Outcome 1: Priority globally threatened species safeguarded by mitigating major threats</p>	<p>Pilot interventions for core populations of at least 20 priority species transformed into long-term conservation programs.</p> <p>At least 3 best practice approaches for conservation of highly threatened and endemic freshwater species developed.</p> <p>Knowledge of the status and distribution of at least 10 priority species improved through research.</p> <p>Funding for the conservation of priority species in the hotspot from existing funds increased by at least 25 percent.</p>	<p>Long-term conservation programs have been put in place for core populations of 11 priority species. Ongoing grants are targeting populations of a further 23 species.</p> <p>Best practice approaches have been developed and demonstrated for 4 highly threatened and/or endemic freshwater species. Ongoing grants are developing approaches for a further 2 species.</p> <p>Knowledge of the status and distribution of 3 priority species has been improved through research. Ongoing grants are targeting a further 5 priority species with an overriding need for improved information.</p> <p>No progress to date.</p>
<p>Outcome 2: Innovative responses to illegal trafficking and consumption of wildlife demonstrated</p>	<p>At least 1 high-level wildlife trade network unraveled by enforcement agencies employing global best practice with investigations and informants.</p> <p>At least 2 initiatives to reduce cross-border trafficking of wildlife piloted by enforcement agencies in collaboration with non-traditional actors.</p> <p>At least 5 private sector companies promote the adoption of voluntary restrictions on the international transportation, sale and consumption of wildlife.</p>	<p>Intelligence on 2 high-level wildlife trade networks along the Lao-Vietnam-China trade route has been gathered and analyzed and relevant authorities have been pressed to act.</p> <p>3 initiatives to reduce wildlife trafficking across international borders have been piloted. These have resulted in intelligence-led seizures of major shipments of ivory, pangolin scales and other illegally traded products. 2 more initiatives are being piloted by ongoing grants.</p> <p>Ongoing grants propose to promote the adoption of voluntary restriction on the international transportation, sale and consumption of wildlife by at least 4 private companies in China.</p>

	<p>At least 3 campaigns, social marketing programs, hotlines or other long-term communication programs implemented to reduce consumer demand for wildlife and build public support for wildlife law enforcement.</p>	<p>3 communication programs to reduce consumer demand for wildlife and build public support for wildlife law enforcement have been implemented. These include: a hotline to facilitate reporting of wildlife crime by members of the public in Cambodia; a social marketing campaign involving key opinion leaders in China and Vietnam; and a wildlife consumption reduction campaign in Danang city, Vietnam, involving TV and radio stations, a leading taxi company and an international airport.</p>
<p>Outcome 3: Local communities empowered to engage in conservation and management of priority Key Biodiversity Areas</p>	<p>Awareness of biodiversity conservation legislation raised among target groups within at least 10 priority sites.</p> <p>Community forests, community fisheries and/or community-managed protected areas piloted or replicated within at least 15 priority sites.</p> <p>Co-management mechanisms that enable community participation in management of formal protected areas developed for at least 10 priority sites.</p> <p>Gap analysis of Key Biodiversity Areas in Myanmar conducted, and protected area network expanded through the creation of at least 5 new protected areas using community-based models.</p> <p>At least 75 percent of local communities targeted by site-based projects show tangible well-being benefits.</p>	<p>Awareness of conservation legislation has been raised among local communities and other target groups at 4 priority sites. Ongoing grants are targeting at a further 6 priority sites.</p> <p>4 priority sites have benefited from community-based approaches. Specifically, community fisheries have been established at 2 priority sites in Cambodia, 1 in Lao PDR and 1 in Vietnam. Ongoing grants are piloting similar approaches at an additional 13 priority sites.</p> <p>Protected area co-management mechanisms have been put in place at 2 priority sites: Daweishan National Nature Reserve in China; and Stung Treng Ramsar Site in Cambodia. Ongoing grants are developing co-management mechanisms for an additional 10 priority sites, in Cambodia, China and Vietnam.</p> <p>Ongoing grants are conducting KBA gap analyses for the Chin Hills Complex, Rakhine Yoma Range and Western Shan Yoma Range Corridors, plus freshwater ecosystems in the upper Ayeyarwady Basin. Ongoing grants also aim to pilot new, community-based models for protected area establishment at KBAs in Myanmar.</p> <p>28 local communities targeted by site-based projects have received tangible well-being benefits, including improved land tenure, food security and access to ecosystem services. These comprise 100 percent of the communities targeted by these grants.</p>

<p>Outcome 4: Key actors engaged in mainstreaming biodiversity, communities and livelihoods into development planning in the priority corridors.</p>	<p>At least 5 development policies, plans or programs analyzed, with impacts on biodiversity and ecosystem services evaluated and alternative development scenarios and appropriate mitigating measures proposed.</p> <p>The biodiversity and ecosystem service values of at least 2 priority corridors integrated into land-use and/or development plans.</p> <p>New protocols for ecological restoration demonstrated in the priority corridors and integrated into the national forestry programs of at least 1 hotspot country.</p> <p>Public debate and awareness of at least 3 key environmental issues increased through coverage in domestic media.</p> <p>*At least 3 pilot models for biodiversity-friendly production, including certification and eco-labelling established.</p> <p>*The biodiversity and ecosystem service values of at least 1 priority corridor integrated into financial decision making by governments, private investors and development banks</p>	<p>2 development policies, plans and programs have been analyzed for their impacts on biodiversity and ecosystem services, and mitigating measures have been proposed:</p> <ul style="list-style-type: none"> • Hydropower development on the Mekong mainstream. • Tourism development at Xiaohai lagoon, Hainan, China. <p>Ongoing grants aim to analyze a further 12 policies, plans and programs.</p> <p>Ongoing projects aim to integrate the biodiversity and ecosystem service values of 2 priority corridors plus Myanmar into land-use and/or development plans.</p> <p>An ongoing project is demonstrating new protocols for ecological restoration of deciduous dipterocarp forest in Cambodia.</p> <p>Public debate and awareness of 2 key environmental issues has been increased through coverage in domestic media:</p> <ul style="list-style-type: none"> • Impacts of upstream hydropower development on the Mekong Delta. • Tourism development on Son Tra peninsula, Vietnam. <p>Ongoing grants aim to increase debate and awareness of a further 6 issues.</p> <p>Ongoing grants aim to demonstrate 6 models for biodiversity-friendly production, including rice in Cambodia, aquaculture products and medicinal plants in China, and cement in Myanmar.</p> <p>Ongoing grants aim to integrate the biodiversity and ecosystem service values of 2 priority corridors into financial decision making: the Mekong River and Major Tributaries; and the Tonle Sap Lake and Inundation Zone.</p>
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<p>Outcome 5: Civil society capacity to work on biodiversity, communities and livelihoods strengthened at regional, national, local and grassroots levels.</p>	<p>At least 5 civil society networks enable collective responses to priority and emerging threats.</p> <p>At least 20 domestic civil society organizations demonstrate improvements in organizational capacity.</p> <p>At least 1 clearing house mechanism established to match volunteers to civil society organizations' training needs.</p>	<p>11 civil society networks have enabled collective responses to priority and emerging threats. Examples include:</p> <ul style="list-style-type: none"> • An alliance of civil society organizations responded to the threat of economic land concessions in northeastern Cambodia. • A network of civil society organizations responded to the threat of hydropower development in the Areng Valley, Cambodia. • The Ing Women's Network for Environmental Conservation responded to environmental problems in the Ing River basin, Thailand. <p>66 domestic civil society organizations have demonstrated improvements in organizational capacity, including grantees, sub-grantees and beneficiaries of capacity building activities.</p> <p>No progress to date.</p>
<p>Outcome 6: A Regional Implementation Team provides strategic leadership and effectively coordinates CEPF investment in the Indo-Burma Hotspot.</p>	<p>At least 50 civil society organizations, including at least 30 domestic organizations actively participate in conservation actions guided by the ecosystem profile.</p> <p>At least 80 percent of domestic civil society organizations receiving grants demonstrate more effective capacity to design and implement conservation actions.</p> <p>At least 2 participatory assessments are undertaken and documented.</p>	<p>93 civil society organizations, including 70 domestic organizations, have been awarded CEPF grants. Applications from a further 23 civil society organizations, including 22 domestic organizations, are in the pipeline.</p> <p>Baseline and final civil society tracking tools have been completed by 25 domestic civil society organizations receiving grants or sub-grants. Among these, the scores of 16 organizations (64 percent) have increased over the period of CEPF support.</p> <p>1 mid-term assessment has been undertaken.</p>

Note: * = new indicator, added following the mid-term assessment in 2015.