

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

September 2014

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, although 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 ecosystem. 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 retired 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 opportunities to support broad coalitions of civil society, ranging from international NGOs to community-based organizations, to engage with urgent conservation challenges from multiple angles. To this end, CEPF has embarked upon a five-year program of investment, from 2013 to 2018, which builds on the result of an earlier program, from 2008 to 2013, and is well aligned with investments by other funders, including the MacArthur, Margaret A. Cargill and McKnight Foundations. This document presents an overview of the status of the CEPF grants portfolio at the end of the first year of the new program.

Niche for CEPF Investment

Overview

CEPF investment in the Indo-Burma Hotspot is focused on non-marine parts of Cambodia, Lao PDR, Myanmar, Thailand and Vietnam, plus those parts of southern China in Biounits 6 and 10 (i.e., Hainan Island, southern parts of Yunnan, Guangxi, and Guangdong provinces, and Hong Kong and Macau Special Administrative Regions). 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. The situational analysis is completed 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 CEPF investment niche builds on the experience of the first phase of investment by focusing on approaches that have 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 budget allocation of \$10.4 million. Of this amount, \$1.8 million was allocated to Strategic Direction 1, \$1.2 million to Strategic Direction 2, \$2.6 million to Strategic Direction 4, \$2.4 million to Strategic Direction 6, \$1 million to Strategic Direction 8 and \$1.4 million to Strategic Direction 11. 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.

Portfolio Status

The CEPF investment program in Indo-Burma will continue for five years until June 2018. 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 Operational Focal Points for Cambodia, China, Lao PDR and Thailand. Thus, these four countries were covered by the first call for proposals, which was announced on July 29, 2013, with a deadline of September 9. 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 on October 30 with a deadline of December 11. Because the investment program built on the results of an earlier investment phase plus an extensive consultation exercise, through which civil society organizations across the hotspot had been made aware of the opportunities presented by CEPF to support their work, it was decided to begin with an open call, covering all strategic directions except the one dedicated to the RIT.

The development of the grants portfolio is, therefore, slightly more advanced in Cambodia, China, Lao PDR and Thailand than in Myanmar and Vietnam. The facts and figures presented in this overview, cover the period up to June 30, 2014. Many of the applications that were approved for award had not been contracted by this date but were in various stages of review, due diligence or contracting. These are referred to as ‘pipeline grant’, to distinguish them from ‘active grants’, which had been countersigned on or before June 30.

As of June 30, 2014, 18 large grants (i.e. grants of more than \$20,000) and 22 small grants (i.e. grants of up to \$20,000) had been contracted, with a total value of \$4.8 million (Charts 1 to 4). A further 21 large grants and 11 small grants were in the pipeline. Assuming that all of these grants are contracted, the total size of the large grants portfolio will be \$7.4 million (Table 1),

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.

comprising 26 grants to international organizations and 13 to local organizations. Similarly, the small grants portfolio will total more than \$600,000 (Table 2), comprising seven grants to international organizations and 26 to local organizations. Excluding the RIT grants, the 39 active and pipeline grants to local organizations make up 56 percent of the portfolio by grant number and 31 percent by grant amount. These proportions are expected to increase following the second funding round, which is only open to applications from local organizations.

Table 1: Status of the large grant portfolio in the Indo-Burma Hotspot, as of June 30, 2014

Strategic Direction	Active grants	Pipeline grants	Total
SD1	\$1,208,155	\$714,477	\$1,922,632
SD2	\$430,000	\$729,284	\$1,159,284
SD4	\$1,030,034	\$799,967	\$1,830,001
SD6	\$300,000	\$509,953	\$809,953
SD8	\$0	\$309,975	\$309,975
SD11	\$1,400,003	\$0	\$1,400,003
Total	\$4,368,192	\$3,063,656	\$7,431,848

Table 2: Status of the small grant portfolio in the Indo-Burma Hotspot, as of June 30, 2014

Strategic Direction	Active grants	Pipeline grants	Total
SD1	\$137,233	\$79,897	\$217,130
SD2	\$0	\$19,992	\$19,992
SD4	\$78,466	\$40,000	\$118,466
SD6	\$40,000	\$39,985	\$79,985
SD8	\$159,360	\$37,637	\$196,997
SD11	\$0	\$0	\$0
Total	\$415,059	\$217,511	\$632,570

The overall grant portfolio stands at \$4.8 million, with a further \$3.3 million of pipeline grants, which are expected to be signed during the second half of 2014. At this point, the total grant portfolio will be almost \$8.1 million (Table 3). Excluding the RIT grant, the mean large grant size will be \$163,023, with only three grants of more than \$250,000: 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; and a second grant to WCS promoting government-civil society partnerships to combat wildlife trade. For small grants, the mean size will be \$19,169, with only three grants receiving less than \$18,000. Assuming that all pipeline grants are awarded, the CEPF grant portfolio will total \$2.6 million in Cambodia, \$500,000 in China, \$400,000 in Lao PDR, \$600,000 in Myanmar, \$60,000 in Thailand and \$1.4 million in Vietnam. In addition, there will be \$2.4 million in 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, 2014

Strategic Direction	Active grants	Pipeline grants	Total
SD1	\$1,345,388	\$794,374	\$2,139,762
SD2	\$430,000	\$749,276	\$1,179,276
SD4	\$1,108,500	\$839,967	\$1,948,467
SD6	\$340,000	\$549,938	\$889,938
SD8	\$159,360	\$347,612	\$506,972
SD11	\$1,400,003	\$0	\$1,400,003
Total	\$4,783,251	\$3,281,167	\$8,064,418

Assuming that there are no unforeseen problems with awarding pipeline grants, the overall grant portfolio at the end of the first funding round will be around \$8.1 million, equivalent to 76 percent of the current spending authority for the second phase of CEPF investment in the Indo-Burma Hotspot (Table 4). Consequently, \$2.6 million will remain available to cover additional grant making under future calls. It is a notable achievement to have developed a deep, well balanced grant portfolio at such an early point within the investment phase, as it will enable conservation actions to be taken rapidly and at scale, in response to the most pressing threats facing the hotspot. It will also allow the RIT to shift its focus away from grant making to other functions sooner than has typically been possible in other hotspots. At the same time, however, if the volume and quality of applications received under future funding rounds is comparable to that under the first, there will be even greater competition for available funding and pressure on remaining allocations.

Table 4: Balance of CEPF funds allocated to the Indo-Burma Hotspot, as of June 30, 2014

Strategic Direction	Active plus pipeline grants	Allocation²	Balance
SD1	\$2,139,762	\$2,021,203	-\$118,559
SD2	\$1,179,276	\$1,200,000	\$20,724
SD4	\$1,948,467	\$2,600,000	\$651,533
SD6	\$889,938	\$2,400,000	\$1,510,062
SD8	\$506,972	\$1,000,000	\$493,028
SD11	\$1,400,003	\$1,400,000	-\$3
Total	\$8,064,418	\$10,621,203	\$2,556,785

This pressure is likely to be felt more strongly under some strategic directions than others. Already, the current allocations for Strategic Directions 1 (species conservation) and 2 (wildlife trade) look like being exhausted by the end of the first round, meaning that additional grant making in these areas will only be possible if additional funds can be leveraged for this purpose. On the one hand, the active and pipeline grants, if implemented successfully, are expected to meet or surpass all of the targets set for these strategic directions, with the exception of increasing by 25 percent the availability from existing funds of funding for species conservation (for which no suitable funding applications were received). On the other hand, there is likely to remain considerable demand for funding for projects focusing on species conservation and wildlife trade, because these are two areas that relatively few funders active in the Indo-Burma Hotspot have made an explicit priority for their grant making.

At the other extreme, only 37 percent of the allocation for Strategic Direction 6 (biodiversity mainstreaming) will have been used under the first round, meaning that significant efforts are still required to identify high quality projects in this area. This echoes the situation under the first investment phase, where relatively few civil society organizations expressed interest in working in this area. It may also reflect the fact that around \$5.5 million in grants for projects under Strategic Direction 6 was awarded by the MacArthur, Margaret A. Cargill and McKnight Foundations during their recent funding rounds in the Lower Mekong Region, which preceded the CEPF calls for proposal. The situation for Strategic Directions 4 (community empowerment) and 8 (capacity building) is expected to be somewhat intermediate, with 75 and 51 percent, respectively, of their allocations being used under the first round.

² The original allocation to Strategic Direction 1 of \$1,800,000 was increased to \$2,021,203 through the addition of deobligated funds carried over from the first investment phase in Indo-Burma.

Sufficient resources remain under Strategic Directions 4, 6 and 8 to allow a significant amount of new grant making under the second funding round. Recognizing the fact that international organizations have secured more than two-thirds of the CEPF funds awarded to date (not including the RIT grants) and that there is a need to create a more balanced portfolio in order to deliver on CEPF's goal of engaging and strengthening civil society, the second funding round will be restricted to applications from local groups. It is expected that sufficient high-quality proposals will be generated to allow the remaining allocations under Strategic Directions 4 and 8 to be awarded but that there may remain unspent resources under Strategic Direction 6, for which another funding round may be required, perhaps with a different approach to reaching suitable applicants.

There exist a number of opportunities to leverage additional portfolio-level funding for the Indo-Burma Hotspot, including from both international donors and funding sources within the region. The precise allocation of any additional funding among strategic directions is something that would need to be discussed with the funder(s) in question. It is clear, however, that there is significant unmet demand among civil society organizations for funding under most strategic directions, and especially so for Strategic Direction 1.

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.

Overall coordination of the RIT is provided by Scott Perkin and James Tallant, based at the IUCN Asia Regional Office in Bangkok. Scott has principal responsibility for the RIT-Administration grant, as well as being the overall head of the RIT, while James has principal responsibility for the RIT-Programs grant. Communications support is provided by Jane Lawton and Sameer Singh, and financial management is the responsibility of Apinya Odthon, all based at the IUCN Asia Regional Office. Implementation at the national level is supported by IUCN staff based in the relevant country programs, including: Kong Kimsreng and Lou Vanny in Cambodia; Adam Starr and Raphael Glemet in Lao PDR; Paul Chamniern in Thailand; and Nguyen Duc Tu in Vietnam.

In China, implementation of the RIT function is overseen by Bosco Chan, based at KFBG in Hong Kong. Bosco is supported by two other KFBG staff members: Jay Wan, who has responsibility for the small grants program; and Zhao Jiang Bo, who is responsible for grant monitoring. Jiang Bo is based in Yunnan, at Xishuangbanna Tropical Botanical Garden. Implementation in Myanmar is overseen by Aung Thant Zin, based at Myanmar Environment Rehabilitation-conservation Network (MERN) in Yangon, with support from Julia Fogerite. Most of the RIT staff work on the program part time, alongside their other duties. This ensures good integration of the RIT functions within the overall programs of IUCN, KFBG 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 the donor community in each country. The review process also involves a wide range of technical experts as voluntary peer reviewers, and draws on expertise within IUCN's commissions, 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 environmental and social safeguard policies of the World Bank.

Performance Assessment

Since taking over the RIT role, IUCN has very quickly and efficiently built a team, put in place systems and processes for proposal solicitation and review, and established clear communications channels with the CEPF Secretariat. The RIT has a good geographical coverage, draws on extensive regional expertise, and has impressed with the speed at which it has taken on a complicated brief. The RIT has drawn on experience and systems developed under other grant-making initiatives of IUCN and its partners, particularly Mangroves for the Future (MFF). It has also benefited from training provided by the CEPF Secretariat, and from participation in the RIT exchange event in Front Royal, Virginia, in September 2013.

The RIT was very successful in announcing the first calls for proposals, which generated a massive response, including from many first-time applicants to CEPF in the Indo-Burma Hotspot. So successful were the calls that the number of applications received under the first funding round (332) exceeded the total number submitted under all four funding rounds during the first investment phase (294). This can be attributed to a combination of factors, including a greater number of eligible countries, increased awareness of CEPF as a donor, decline in other funding sources for biodiversity conservation, increased fundraising capacity among local civil society, and the active steps the RIT took to disseminate the call via IUCN's networks. At the same time, the number of applications submitted in local languages was much higher than anticipated. Although letters of inquiry (LoIs) for large grants could only be submitted in English, 119 of the 186 LoIs submitted for small grants were in local languages³. Applicants in all six countries (but especially China and Thailand) took advantage of the option of submitting small grant applications in their local language. These trends created an unexpectedly large workload for the RIT, while it was still developing its systems for LoI review. Nevertheless, the team coped admirably, and the review process for most grants was completed within four months of submission.

Overall, there was an encouraging response from local civil society organizations, with a good number of former grantees applying for new projects, and many organizations applying to CEPF for the first time. However, there were some issues with the quality of applications submitted by local organizations, especially China, Myanmar and Thailand, where applicants appeared unfamiliar with the CEPF investment strategy. For example, many applications under Strategic Direction 4 did not focus on priority sites, and thus were ineligible for support. Similarly, many applications under Strategic Direction 1 did not focus on priority species. To address this issue in future rounds, the RIT plans to hold proposal writing workshops in these countries. Such an exercise was held in Myanmar during the first round, in collaboration with the MFF project. It began with an information morning for potential applicants, which was attended by representatives of 17 organizations. This was followed by a four-day proposal writing and project development workshop, which featured a practical exercise to write actual applications on the last day. Twelve local organizations attended the workshop, of which 10 subsequently applied for CEPF grants. In spite of this exercise, only three of the nine proposals taken forwards in Myanmar were from local groups, and thus the timing of the second call for proposals in Myanmar has been pushed back until there is an opportunity to conduct additional outreach and training exercises for local civil society in the country (planned for October 2014).

³ Seven LoIs for large grants were submitted in local languages. As submitting in local languages was not an option for large grants, these were treated as small grant applications, bringing the total number to 193.

In China, the volume of applications from local civil society organizations was high but the average quality was low. A high proportion of proposals came from research institutes based outside of the hotspot, and these tended to focus on desk-studies and other more academic exercises without clear conservation applications. Overall, only seven grants were taken forwards from 70 applications. Consequently, China was identified as another priority for outreach to local civil society organizations and for capacity building in project design and proposal writing. In addition, it was agreed that applicants should be given more guidance on linking their project ideas to the CEPF investment strategy. In May and June 2014, KFBG organized a series of “roadshows” in Hainan, Yunnan and Guangxi, with the aim of engaging directly with potential grantees, and increasing the quality of LoIs received under future funding rounds. In total, KFBG engaged with 41 civil society organizations, and representatives of local government.

Similarly, in Thailand, the volume of applications from local civil society organizations was high but the average quality was low. Many organizations struggled to propose cohesive projects that were well aligned with CEPF’s investment priorities. In July and August 2014, IUCN organized an information day and a two-day training workshop, aimed at helping potential grantees to develop strong project proposals. A total of 16 Thai civil society organizations participated in these events.

With regard to the success rate of applications, 17 percent of small grant applications were successful (i.e. approved for award and currently contracted or in the pipeline), which approximates to a success rate of one in six. In contrast, 27 percent of large grant applications were successful, which approximates to a success rate of one in four. This discrepancy in success rates can be attributed to the large proportion of small grant applications that were judged ineligible because they focused on species or sites not recognized as priorities for CEPF investment. Overall, however, the success rate of applications under the first round was reasonable, and reflected the success of the RIT’s efforts to provide guidance to applicants and manage their expectations.

Portfolio Investment Highlights by Strategic Direction

Apart from the RIT grants, the first grants to be awarded under the new investment phase began implementation in only March 2014, with most of the grants active by June 30 having begun only one or two months previously. For most grants, the first few months of implementation were concerned with recruiting and training project staff, procuring necessary equipment and planning detailed activities with partners. Consequently, there have been few opportunities to achieve tangible conservation results, although it is expected that these will begin to materialize during the second half of 2014. By necessity, therefore, the following sections outline important results expected under each strategic direction, rather than summarizing impacts to date.

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 will support efforts to transform pilot interventions for core populations of priority species into long-term conservation programs (Investment Priority 1.1). To redress an imbalance in conservation efforts, which have tended to overlook freshwater biodiversity, CEPF will also support efforts to develop best-practice approaches for conservation of highly threatened

and endemic freshwater species (Investment Priority 1.3). 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 will support research on globally threatened species for which there is a need for greatly improved information on status and distribution (Investment Priority 1.3). CEPF will also support existing funds to become effective tools for the conservation of priority species in the hotspot (Investment Priority 1.4), in order to enhance financial sustainability of species conservation efforts in the hotspot, which are necessarily long-term, given the scale of the threats facing priority species.

To date, eight large grants and seven small grants have been contracted under Strategic Direction 1, with a further seven large and four small grants in the pipeline. These 26 projects directly address the conservation of 30 of the 152 globally threatened species identified as priorities in the ecosystem profile. The projects directly address three of the four investment priorities under Strategic Direction 1. Although Investment Priority 1.4 is not directly addressed by any active or pipeline project, there may be opportunities to address this directly through the work of the RIT, which is resourced to promote opportunities to leverage CEPF funds with donors and governments investing in the region.

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 will support 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 will be complemented by CEPF support for 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 will also support civil society organizations to work with selected private sector companies to promote the adoption of voluntary restrictions on the international transportation, sale and consumption of wildlife (Investment Priority 2.3). Finally, CEPF will also engage the general public in efforts to combat the wildlife trade by supporting campaigns, social marketing, hotlines and other long-term communication programs to reduce consumer demand for wildlife and build public support for wildlife law enforcement (Investment Priority 2.4).

A relatively small number of civil society organizations are working directly on wildlife-trade-related issues in Indo-Burma, and this is reflected in the fact that only two large grants have been contracted under Strategic Direction 2 to date. A further three large and one small grants are in the pipeline. These six projects involve the most experienced conservation organizations working in this field in the hotspot, and propose a series of complementary actions that address the demand side as well as the supply side of the wildlife trade. These projects address all four investment priorities under this strategic direction, and are expected to meet or exceed all of the targets set for it in the portfolio logframe.

In addition, IUCN participated in a Transnational Wildlife Trafficking Policy Roundtable hosted by Vietnam's CITES Management Authority (Ministry of Agriculture and Rural Development) in March 2014, and an NGO Roundtable on Wildlife Trafficking hosted by the US Agency for

International Development (USAID) in Hanoi in August 2014. IUCN has recently become accredited as an Implementing Agency for the GEF, and is in the process of developing a multi-regional project on combatting illegal wildlife trade. It is intended that this work will complement CEPF's investments in the region.

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. 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 areas approaches. Consequently, such initiatives can contribute to improved livelihoods for rural people, especially those with high levels of dependence on natural resources, while engaging local communities as positive stakeholders in biodiversity conservation.

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

To date, four large grants and four small grants have been contracted under Strategic Direction 4, with a further four large and two small grants in the pipeline. These 14 projects directly address the conservation of 19 of the 74 priority sites identified in the ecosystem profile. They also address all four investment priorities under this strategic direction. Although not all of the targets in the portfolio logframe are expected to be met by active and pipeline grants, there are sufficient funds remaining to support the additional work needed to do so.

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 natural ecosystems of the hotspot will be able to underpin inclusive, pro-poor growth strategies, and be resilient in the face of climate change.

To this end, CEPF will support 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 will also support efforts to integrate the biodiversity and ecosystem service values of priority corridors into land-use and development planning at all levels (Investment Priority 6.2), and to develop protocols and demonstration projects for ecological restoration that improve the biodiversity performance of national forestry programs (Investment Priority 6.3). These initiatives will be assisted by engage the media as a tool to increase awareness and inform public debate of environmental issues (Investment Priority 6.4).

As discussed previously, Strategic Direction 6 has received the lowest response from civil society organizations in the hotspot, with only two large and two small grants having been contracted, and a further four large and two small grants in the pipeline. These 10 projects aim to mainstream biodiversity into development plans and policies within the Mekong and Major Tributaries Corridor, as well as the tourism and cement industries in Myanmar. The projects address only two of the four investment priorities under this strategic direction, and additional grant making will be needed, especially in the Hainan Mountains, Sino-Vietnamese Limestone and Tonle Sap Lake and Inundation Zone Corridors, in order to develop a balanced portfolio that can meet the targets set out in the portfolio logframe.

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, the CEPF investment strategy makes provision for direct investments in the development of skilled, authoritative and effectively networked conservation champions at regional, national, local and grassroots levels.

To this end, CEPF will support networking activities that enable collective civil society responses to priority and emerging threats (Investment Priority 8.1). At the organizational level, CEPF will provide 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, nine small grants have been contracted under Strategic Direction 8, with three large and two small grants in the pipeline. These 14 projects will directly support 39 local civil society organizations in the hotspot, comprising 16 in Cambodia, nine in China, five each in Thailand and Vietnam, and two each in Lao PDR and Myanmar. These projects will also support eight civil society networks, comprising two each in Cambodia, Thailand and Vietnam, one in Lao PDR and the Save the Mekong Coalition at the regional level.

Strategic Direction 11

CEPF investment under this strategic direction aims to provide strategic leadership and effective coordination of conservation investment in the Indo-Burma Hotspot. This strategic direction provides for the establishment of an RIT, to convert the plans in the ecosystem profile into a cohesive portfolio of grants that exceeds in impact the sum of its parts. To this end, funding was allocated for two RIT grants: 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 were awarded to IUCN, which is currently acting as the RIT, 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, not as individuals, and have already proven useful in discriminating strong from

weak applications, identifying potential synergies with other initiatives, and providing feedback to applicants. 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 all National Advisory Committee meetings to date, while the GEF has been represented in the form of its Focal Points within government and UNDP/GEF Small Grants Program Coordinators.

The RIT has also called on support from the World Bank country offices in the hotspot, in particular to request guidance on the interpretation of the Bank's social and environmental safeguard policies. RIT members have engaged with World Bank staff in the region and globally, including the new office in Yangon, Myanmar, which is coordinating a new program of development assistance to the energy and health sectors.

In regard to collaboration with the Government of Japan, CEPF and IUCN presented CEPF and the investment strategy for Indo-Burma at the Asian Parks Congress in Sendai, Japan, in November 2013. These presentations were made at a well-attended side event, introduced by Kazuaki Hoshino, Director General of the Nature Conservation Bureau within the Ministry of Environment, Japan. In addition, Scott Perkin, the head of the RIT, has provided updates on the CEPF program to Toshio Torii, Director of the National Parks Division within the Ministry of Environment. Further activities to promote CEPF's work to current and potential global donors are planned for the Conference of the Parties to the Convention on Biological Diversity in South Korea in October 2014, and the World Parks Congress in Australia in November.

Finally, the CEPF Secretariat liaised closely with the MacArthur Foundation concerning its investment program in the Mekong Basin, to ensure close coordination on grant making, monitoring and evaluation. Regarding the program in the Lower Mekong Basin (Cambodia, Lao PDR, Thailand and Vietnam), a joint evaluation has been agreed upon, which will take place during the second half of 2014 and conclude with a regional workshop in March 2015. This evaluation will also involve the Margaret A. Cargill Foundation, a regional donor to CEPF in Indo-Burma. In addition, program officers from the MacArthur and Margaret A. Cargill Foundations were involved in the technical review of large grant proposals, to ensure good alignment between the developing CEPF portfolio and their own portfolios in the hotspot. Regarding the Lancang Jiang (upper Mekong) Basin in China, the CEPF Secretariat met with Shan Shui Conservation Center, which is developing a small grants program there with funding from the MacArthur Foundation, to explore opportunities for collaboration, including joint review of proposals and co-financing activities in the part of the Indo-Burma Hotspot within Yunnan province.

Conclusion

The new CEPF investment program in the Indo-Burma Hotspot has picked up where the earlier program left off, with a diverse network of grantees implementing complementary activities guided by a shared strategy, which was developed by stakeholders in the hotspot as a vision for common action. The first funding round was very successful in rapidly putting in place a portfolio of grants that address most aspects of the investment strategy. The 40 active and 32 pipeline grants engage a wide range of civil society groups, including a mix of former and first-time grantees. The projects within the portfolio comprise a similar mix of activities that consolidate and amplify the results of earlier CEPF investments with new initiatives that respond to emerging conservation issues or pilot new approaches. In facilitating the emergence of this balanced and well-targeted grants portfolio, IUCN and its partners have acquitted themselves well, and demonstrated their ability to engage key stakeholders from government, civil society and the donor community in the development of the program. This ability will be called upon going

forwards, as the emphasis shifts away from grant making and towards capturing lessons learned from the portfolio and using them to inform wider discussions on development policy and programs at national and regional levels.

A number of gaps remain within the developing portfolio, most notably with regard to investment priorities under Strategic Direction 6 (biodiversity mainstreaming). In addition, more effort is needed to engage and strengthen local civil society organizations, especially in China, Myanmar and Thailand. Nevertheless, with the capacity that the RIT has already demonstrated, the grant resources that remain available, and the potential to leverage additional resources to supplement these, there is every reason to expect that the goals set out in the ecosystem profile will be met, if not exceeded.

Charts – CEPF Investment in the Indo-Burma Hotspot as of June 30, 2014

Chart 1. Approved Grants by Strategic Direction

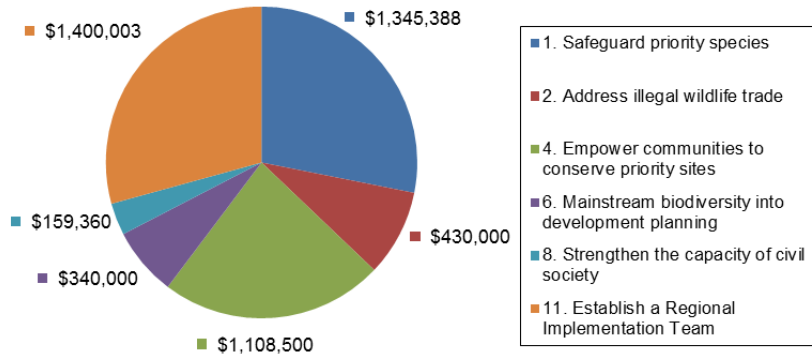


Chart 2. Approved Grants by Corridor and Strategic Direction

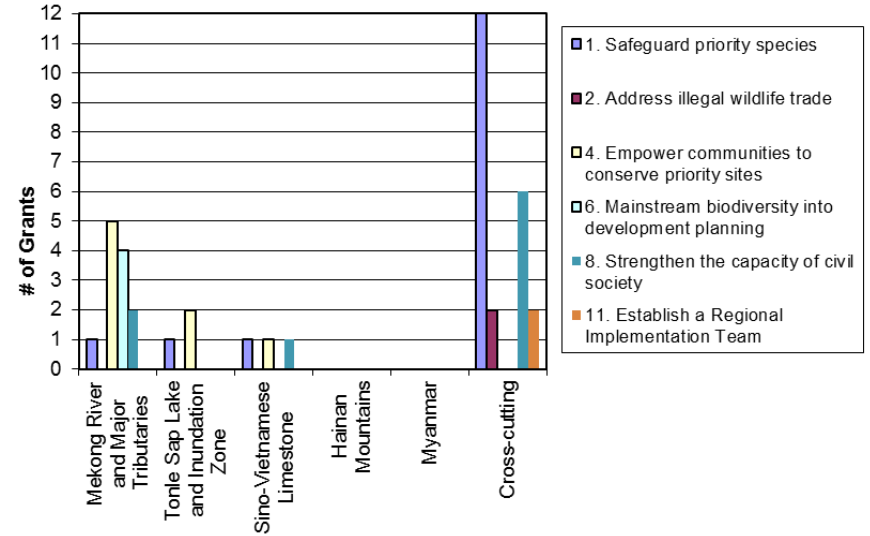


Chart 3. Portfolio Status by Strategic Direction

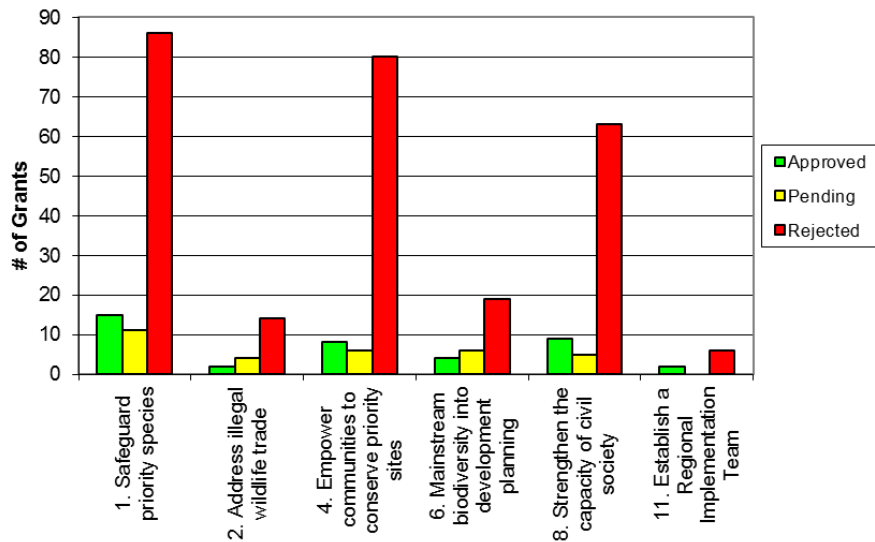
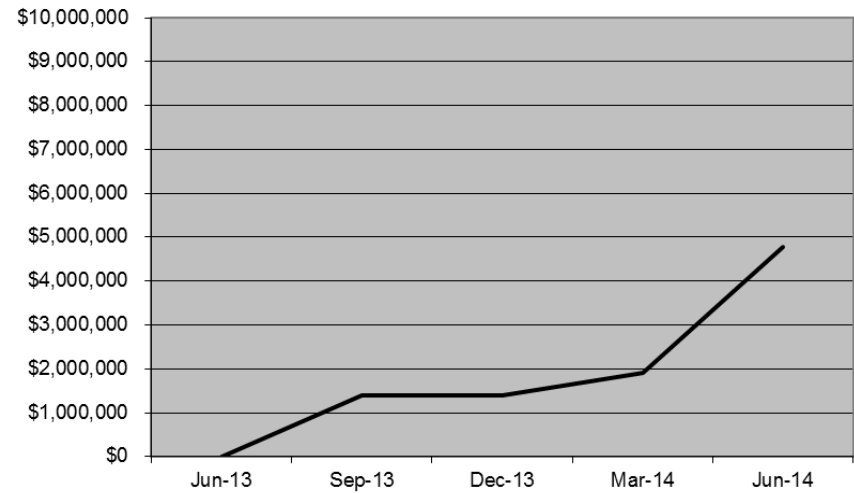


Chart 4. Combined Value of Grants Awarded



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 Key Biodiversity Areas 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>33 civil society organizations, including 19 domestic organizations have been awarded CEPF grants. Applications from a further 17 groups, including 11 domestic groups are in the pipeline.</p> <p>1 alliance has been formed among Chamroen Chiet Khmer, Mlup Baitong and the Wildfowl & Wetlands Trust for sarus crane conservation in the Mekong Delta. Active and pipeline grants propose to establish or strengthen 7 networks among civil society actors.</p> <p>18 Key Biodiversity Areas are targeted by active and pipeline grants.</p> <p>Active and pipeline grants propose to influence 3 plans and policies:</p> <ul style="list-style-type: none"> • Spatial development plans in Savannakhet province, Lao PDR. • Vietnam’s national policy on overseas investment. • The Mekong River Commission’s Procedures for Notification, Prior Consultation, and Agreement. <p>Grants have been awarded improving conservation and sustainable use of biodiversity within production landscapes in 3 conservation corridors:</p> <ul style="list-style-type: none"> • Mekong River and Major Tributaries. • Tonle Sap Lake and Inundation Zone. • Sino-Vietnamese Limestone.

Intermediate Outcomes	Intermediate Indicators	Progress
<p>Outcome 1: Priority globally threatened species safeguarded by mitigating major threats</p> <p>\$1,800,000</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>Core populations of at least 30 priority species are targeted by active and pipeline grants.</p> <p>Active and pipeline grants propose to develop best practice approaches for 6 highly threatened and/or endemic freshwater species.</p> <p>Active and pipeline grants propose to improve knowledge of the status and distribution of 7 priority species.</p> <p>No progress to date.</p>
<p>Outcome 2: Innovative responses to illegal trafficking and consumption of wildlife demonstrated</p> <p>\$1,200,000</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>Active and pipeline grants propose to support enforcement agencies unravel 2 high-level wildlife trade networks by bringing to bear cutting-edge for investigation and informant methodologies.</p> <p>Active and pipeline grants propose 4 initiatives to reduce wildlife trafficking across the Cambodia-Vietnam, Lao PDR-Vietnam, Vietnam-China and Myanmar-China borders.</p> <p>Active and pipeline 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 Cambodia and at least 4 in China.</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.	Active and pipeline grants propose to implement at least 5 campaigns, social marketing programs or hotlines to reduce consumer demand for wildlife and build public support for wildlife law enforcement.
<p>Outcome 3: Local communities empowered to engage in conservation and management of priority Key Biodiversity Areas</p> <p>\$2,600,000</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>Active and pipeline grants propose to raise awareness of conservation legislation among target groups within 6 priority sites.</p> <p>Active and pipeline grants propose to pilot or replicate community forests, community fisheries or community-managed protected areas within 10 priority sites.</p> <p>Active and pipeline grants propose to develop protected area co-management mechanisms at 9 priority sites.</p> <p>Pipeline grants in Myanmar propose to conduct protected area gap analyses of the Chin Hills Complex, Rakhine Yoma Range and Western Shan Yoma Range Corridors, plus freshwater ecosystems in the upper Ayeyarwady Basin, as well as to pilot 5 fish conservation zones.</p> <p>Several grants aim to deliver benefits to local communities but no tangible results have been reported to date.</p>

<p>Outcome 4: Key actors engaged in mainstreaming biodiversity, communities and livelihoods into development planning in the priority corridors.</p> <p>\$2,400,000</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>Active and pipeline grants propose to analyze 4 policies, plans or programs:</p> <ul style="list-style-type: none"> • Hydropower development on the Mekong mainstream. • Hydropower development in the 3S Basin. • Cement manufacture in Myanmar. • Tourism development in Myanmar. <p>No progress to date.</p> <p>No progress to date.</p> <p>Active and pipeline grants propose to increase public debate and awareness of 4 key environmental issues through coverage in domestic media.</p>
<p>Outcome 5: Civil society capacity to work on biodiversity, communities and livelihoods strengthened at regional, national, local and grassroots levels.</p> <p>\$1,000,000</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>Active and pipeline grants propose to enable collective responses to threats through 8 civil society networks.</p> <p>39 domestic civil society organizations are expected to receive support from CEPF under the first round, either directly as grantees or indirectly as sub-grantees.</p> <p>1 on-line platform for conservation volunteers in Yunnan province, China, is under development.</p>

<p>Outcome 6: A Regional Implementation Team provides strategic leadership and effectively coordinates CEPF investment in the Indo-Burma Hotspot.</p> <p>\$1,400,000</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>33 civil society organizations, including 19 domestic organizations have been awarded CEPF grants. Applications from a further 17 groups, including 11 domestic groups are in the pipeline.</p> <p>Baseline civil society tracking tools have been completed by 23 domestic civil society organizations receiving grants or sub-grants.</p> <p>No progress to date.</p>
<p>Strategic Funding Summary</p>	<p>Amount</p>	
<p>Total Budget Amount</p>	<p>\$10,400,000</p>	