

**An Overview of CEPF's Portfolio
in the Mountains of Southwest China Hotspot:
The Ultimate Example of Scaling Up Conservation Outcomes**

The Mountains of Southwest China Hotspot extends from eastern Tibet through western Sichuan Province and into northwest Yunnan Province. It is home to the giant panda, the golden monkey, and the snow leopard, as well as being one of the richest reservoirs of plant life on Earth. Balancing conservation needs against development interests is perhaps the biggest challenge in saving biodiversity in this hotspot. China's phenomenal economic growth has brought huge government infrastructure projects and an increased demand from China's 1.3 billion people for improved living conditions. Such "progress" has left in its wake erosion, landslides, unprecedented flooding, and an archipelago of forest fragments.

Recently launched government initiatives aimed at mitigating environmental damage, such as the Grain to Green program to replant agricultural land with forests, are sweeping in scope but often lack the ingredients that would make them truly "green." In this regard, CEPF launched its investment strategy for this hotspot at a critical time, with a niche that specifies building the capacity of China's emerging civil society to inject biodiversity concerns and concepts into government mandates as a means of ensuring significant conservation gains on the ground. Given the immense size of some of these efforts, this may be CEPF's ultimate opportunity for scaling up conservation achievements with its relatively modest investments.

CEPF's strategic directions for this hotspot are based on priorities identified in a conservation priority-setting process headed by the Provincial Planning Committee of Sichuan Province, The Nature Conservancy (TNC), World Wide Fund for Nature (WWF) and Conservation International (CI), which brought together more than 80 Chinese and foreign experts to assess conservation needs of the Upper Yangtze region. Additional input was gathered from 87 individuals representing 34 organizations, including relevant central and regional government agencies, county-level officials, nature reserve staff, relevant local businesses, university environmental groups, local communities, local and international nongovernmental organizations (NGOs), bilateral and multilateral aid agencies, and other conservation experts.

With an allocated budget of \$6.5 million, CEPF's Southwest China grantmaking was initiated in July 2002 to:

1. *Develop and operationalize hotspot-wide monitoring and evaluation projects*

Under this theme, CEPF is supporting multi-stakeholder efforts to map and monitor conservation outcome priorities for the hotspot, as a means to guide and measure concerted, collaborative actions to protect biodiversity in Southwest China.

2. *Support site projects led by civil society to mitigate key threats to natural areas and species populations*

This theme supports civil society groups working to eliminate illegal wildlife trade, ensure sound management of nature reserves, encourage community-led resource management, and explore forest-friendly means of improving local livelihoods.

3. *Build capacity of civil society to implement conservation efforts at site and regional levels*

Funding under this theme focuses on improving the conservation skills of reserve managers and communities. An emphasis on training of trainers helps spread benefits throughout the region.

4. *Integrate biodiversity conservation concerns and benefits into the implementation of policies and programs at local, regional and national levels*

CEPF funding made under this theme supports projects that promote dialogue between NGOs and government to demonstrate how integrating conservation concerns into large-scale environmental and development projects can add value at local, regional, national, and international levels.

5. *Develop and operationalize a small grants program focusing on conservation capacity building and research projects*

This thematic focus has emerged as one of the most successful, as small amounts of CEPF funding are helping give voice to China's emerging civil society at a time when the national government looks favorably upon "green" issues and concerns.

Each strategic direction has further refined investment priorities, which provide more specific targets for CEPF funding in the region and are used to inform grantmaking decisions. They are included as part of the ecosystem profile's investment priority table, which also can be found on CEPF's Web site (www.cepf.net).

To date, CEPF has awarded 68 grants totaling \$5,51 million to individuals, student groups, research institutions, local communities, large and small NGOs, as well as one reincarnated Buddha with great enthusiasm for protecting sacred Tibetan lands (see Chart 1 following this overview). Grants range in size from \$1,961 to \$854,100, with an average grant size of \$81,000 (the complete status of the portfolio to date and a timeline of grants awarded are illustrated in Charts 2 and 3). Although CEPF has been operating in China for only 36 months, its grantees already have documented achievements toward implementing the strategies articulated in the ecosystem profile.

Coordinating CEPF Grantmaking on the Ground

Conservation International-China provides CEPF's "eyes and ears" on the ground in Southwest China. The coordination team has concentrated on mentoring fledgling civil society actors and ensuring that they communicate and collaborate to amplify the results of their efforts. This bottom-up approach, which is new to China, has convinced many groups in the region to choose working in alliance rather than in isolation.

CEPF's coordination unit in Southwest China differs from others in Asia in that it vets proposals through review committees in Sichuan and Yunnan provinces. Each committee is made up of academics (such as the Institutes of Zoology and Botany of the Chinese Academy of Sciences), NGOs (represented by TNC, WWF, and the Center for Biodiversity and Indigenous Knowledge) and provincial forestry departments and planning agencies. These committees have helped create a varied yet integrated portfolio, and also have become a regional "think tank" for the hotspot's conservation issues as well as a conduit for sharing conservation news across the region.

Focus on Small Investments

Civil society is an emerging sector in China. Before CEPF's investment began in Southwest China, there were but a handful of NGOs in the region involved in conservation projects and most were of marginal value to biodiversity. Local conservation NGOs had very little support politically or financially. Many CEPF grantees had never had access to grant monies. Despite great enthusiasm, they had poor access to information relevant to their efforts, limited conservation experience, and few of the skills necessary to influence the fate of their region's biodiversity.

Supporting China's nascent NGO movement has allowed CEPF to catalyze opportunities for conservation action at relatively low cost. As a result, small grants have played a far more important role in the China portfolio than originally envisaged, which is why the median amount for grants is just under \$20,000. The success of this tack was illustrated in 2004, when three of 12 Ford Motor Company Conservation Awards went to CEPF grantees. That same year, five out of 12 SEE Ecological Protection Awards were awarded to CEPF grantees.

In order to lower the transaction costs of disbursing CEPF funds in amounts of \$20,000 and less, CEPF has added significantly to the WWF China Program's existing small-grants program for protecting species and habitats. CEPF also will support the establishment of a small grants program within Yunnan's Center for Biodiversity and Indigenous Knowledge aimed at encouraging community efforts to protect natural and cultural resources. In addition, small grants mechanisms within Conservation International's China program will support local NGOs in their efforts to help monitor biodiversity in Southwest China and to conserve biodiversity through the Buddhist traditions of protecting sacred lands.

Filling Gaps in Nature Reserves

Since the late 1990s, China has been rapidly expanding the size and number of its nature reserves. To date, there are more than 2,000 covering 15 percent of the country. However, there has never been sustained financial support for these reserves in the national budget or a program for training reserve staff. As a result, most reserves in the Mountains of Southwest China Hotspot are unable to carry out meaningful conservation activities and, therefore, remain "paper parks". Meanwhile, illegal hunting, one of many threats to these reserves, has accelerated to unsustainable levels.

With CEPF support and working in partnership with the Sichuan Forestry Department, CI China launched a training program in March 2003 for staff of newly established nature reserves in Liangshan and Ganzi prefectures. The project included a training needs assessment, followed by a selection of courses in wildlife identification, patrolling, biodiversity monitoring techniques, use of GIS, and enlisting community involvement in reserve protection. Nearly all of the more than 40 reserves involved have sent managers

and staff for training. In fact, the prefectures were so enthusiastic about the curriculum that they established two additional nature reserves in 2004.

In hope that this success might be used as a model in other regions, CI China presented the project's results to China's Protected Area Task Force, which is part of the China Council for International Cooperation on Environment and Development (CCICED), a body that advises China's powerful State Council.

Mitigating Threats of Unrelenting Growth

China's national and regional governments are committed to building more roads, dams, power grids, and telecommunications transmission sites – enough so that no village is left without modern conveniences. However, these projects often fail to take into account environmental and social impacts or include mitigation measures in their planning. Hence, roads destroy forests and open them up to poachers. Hydropower dams flood biologically important areas and push displaced residents into other ecologically sensitive areas. The consequences are significant for nature and humanity alike.

Following UNESCO's listing of the Three Parallel Rivers in Yunnan Province as a World Heritage Natural Site, the provincial government joined with the largest hydropower company in China to plan a series of 13 dams on the Nu River – one of the three parallel rivers and the last free running river in China. Several CEPF grantees influenced government policy change with regard to damming the Nu. Perhaps the most influential was a photo exhibit demonstrating the river's value organized by the Green Earth Volunteers, which attracted overwhelming public and media interest in Beijing and Kunming during the People's Congress. As a result, Chinese Premier Wen Jiabao halted the dam plan. This collective civil society victory was later recognized internationally, with at least three related stories appearing in *The New York Times*.

Another example of CEPF grantees' effectiveness in mitigating environmental impacts on China's gigantic development projects comes from a new highway in northwest Yunnan Province, famed for its forested mountains and prodigious wild monkey populations. With highway access came tourism developers, welcomed by the local government for their plans to bring busloads of tourists to shop, dine and see monkeys in cages. A reincarnated Buddha sought and received CEPF's support for a scheme he believed could protect a large part of the area comprised of mountains and large contiguous forests held sacred by resident Tibetans. The "living" Buddha proceeded to build two white pagodas to demarcate locations of cultural and environmental sacredness, reminding local people that they are morally bound to protect the surrounding forests and mountains. This project has since been used as a pilot to illustrate means of using cultural tradition and religion to inspire local communities to protect important ecological sites from overwhelming development pressures.

Ensuring Conservation Priorities are Science-Based

China has environmental policies, but they often suffer from being based on insufficient scientific knowledge and analysis. As a consequence, even when they are implemented, the results are less than what is necessary to protect Southwest China's threatened forest cover, flora, and fauna.

To improve the scientific information on which Southwest China's environmental policies are based, CEPF is supporting a series of biodiversity assessments and science-based conservation monitoring programs. CEPF grantees have signed a memorandum of

understanding that will standardize methods by which biodiversity is measured, prioritized, and monitored. One of the most positive and far-reaching results of this cooperative effort is agreement among China's scientists and research institutions to share data. Eventually, this data will feed a national Web site that can be used by protected-area managers, government planning agencies, and others to take biodiversity into account when planning future management and development projects in Southwest China.

CEPF also supports projects to gather baseline data on plants and animal species within the hotspot. While the Sichuan Academy of Forestry is creating a mammal and bird database, the World Pheasant Association is tracking Galliformes as a means of monitoring biodiversity in forested habitats. Meanwhile, the Kunming Institute of Botany is researching standards for monitoring the hotspot's rich plant diversity, and The Nature Conservancy's China Program is conducting surveys on which to base conservation actions for Yunnan's snub-nosed monkey. All of these CEPF-supported projects are implemented in close partnership with relevant government agencies, which hold the power and mandate to track and manage the region's biodiversity over the long term.

Amplifying Conservation Results Through Policy Change

CEPF also supports projects aimed at influencing regional and national government policies affecting Southwest China's biodiversity.

At the regional level, the giant panda is not only a flagship species but also a local source of pride because it is found nowhere else on Earth. Despite this beloved status, the panda's habitat has not been spared from fragmentation by infrastructure development. CEPF has funded WWF China to create what it hopes will become the government's "road map" for restoring corridors for panda migration between remaining islands of habitat.

Since the early 1990s, extract from the bark of the yew tree, known as Taxol, has been valued as a cancer treatment. Southwest China happens to be one of the only places on Earth where the yew once grew in abundance in the wild. Although the yew is protected under national and provincial law in China, poor law enforcement and unrelenting demand have left the species near extinction. CEPF awarded TRAFFIC East Asia a grant to assist Chinese authorities with stopping illegal trade in yew bark, building public awareness of the yew's plight, engaging local communities in yew protection, and improving laws protecting the yew from poachers and smugglers.

The drive to expand "ecotourism" opportunities in the wilds of Southwest China is another policy mandate that Chinese NGOs are striving to "green" through developing eco-friendly ecotourism models and standards. A CEPF-supported conference, co-organized by NGOs and government, provided a forum for the first interchange between government officials, international ecotourism experts, local tourism operators and conservationists to discuss means of mitigating the negative environmental impacts of the mass tourism the region hopes to attract. As a result, Sichuan Province is designing ecotourism guidelines for nature reserves in Ganzi Prefecture.

CEPF is supporting CI China in working with the central government's environmental policy think tank to recommend a means by which management of nature reserves can be improved and financed over the long term. CI China also has organized a summit at

the central government level to discuss opportunities for natural forest regeneration as part of the national Grain to Green policy.

Chinese use of wildlife as food and medicine is another persistent threat to the biodiversity of Southwest China and many other parts of Asia. CEPF helped WildAid launch a series of national television spots featuring Chinese Olympic Gold Medalists discouraging wildlife consumption in the lead up to the China's "green" 2008 Olympics. WildAid's Asian Conservation Awareness Program targets mainstream Chinese television as a means of reaching the Chinese public as well as local, regional, and national political leaders with a message that says, "When the buying stops, the killing will too." During project implementation, WildAid formed a strong line of communication with powerful members of the central government to ensure television access and also relevant policy change.

Conclusion

CEPF has catalyzed measurable growth in civil society's capacity, networking, and influence in the Mountains of Southwest China Hotspot. Chairman Mao had a slogan that said: "Let a hundred flowers blossom." With its investments, CEPF has planted seeds, in the form of support for local civil society, which appear to be blossoming into a national movement to save China's biodiversity.

These "seeds" were not just scattered into the wind. Rather, they were planted in the focused manner prescribed in CEPF's ecosystem profile, which promises to create a legacy that addresses conservation at local and national policy levels, creating models at the site level with applicability for corridors, regions and, in some cases, the whole of China.

CEPF's focal areas in Southwest China are treasures of natural and cultural diversity, with high potential for tourism and natural resource extraction. Fortunately, Chinese officials at all levels of government are beginning to recognize the threats of flooding, climate change, and lost economic opportunities brought by deforestation. CEPF is there at a critical time, helping to balance China's hunger for development with its newfound conservation concerns and showing decisionmakers from local to national levels what solutions are both necessary and possible. Through supporting China's emerging civil society, CEPF is helping China appreciate the longer-term view of conservation's myriad benefits in a region with many of its natural gifts still in tact.

In some ways, Southwest China has been CEPF's most challenging region, since there was little civil society when CEPF launched there in 2002. Today, some would argue that CEPF has been instrumental in helping to foster China's fledgling environmental movement. With 2008 and the Chinese government's goal of hosting a "green" Olympics fast approaching, CEPF's catalytic effect should continue to grow.

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Charts through May 2005: Mountains of Southwest China Hotspot

Chart 1. Approved Grants by Strategic Direction

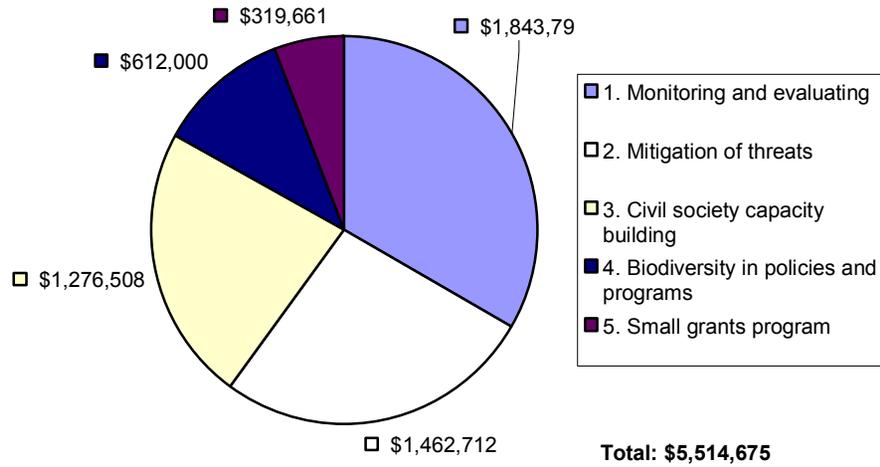


Chart 2. Portfolio Status by Strategic Direction

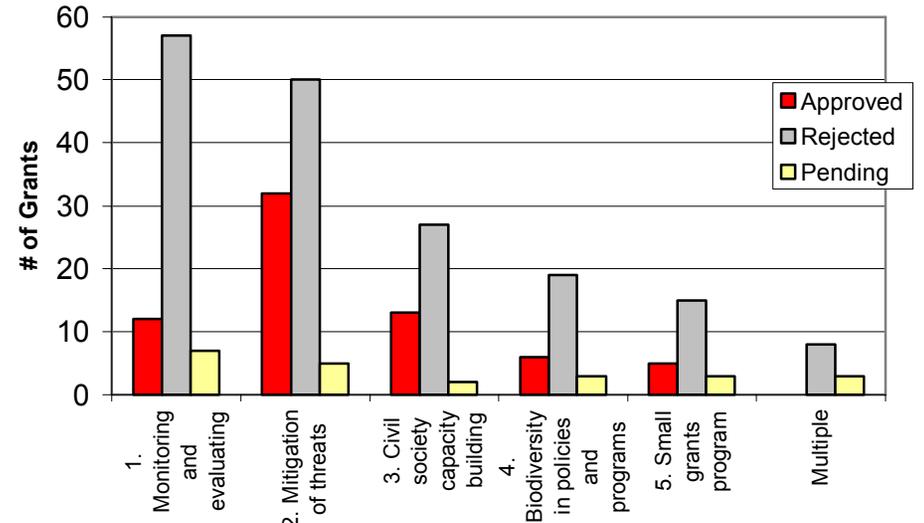


Chart 3. Combined Value of Grants Awarded

