

An Overview of CEPF's Portfolio in the Sundaland Biodiversity Hotspot: Sumatra, the Sum of Four Parts

The Critical Ecosystem Partnership Fund is in Sumatra to address a biodiversity emergency. CEPF's Donor Council decided to activate CEPF in the Sundaland Hotspot in Sumatra before Kalimantan because of dire predictions from the World Bank and others that the island's lowland forests, among the biologically richest on Earth, could be lost by 2005. These predictions coincided with many large donors pulling large amounts of funding away from conservation efforts in Sumatra. With the fate of Sumatra's biodiversity left at a precipice, the CEPF Donor Council allocated \$10 million to the hotspot – the largest allocation for any region where CEPF is active.

This decision followed a year-long process of consulting with Sumatra's stakeholders and conservation experts to agree the highest priorities and actions for conservation. Stakeholder consultations were held in North, Central, and South Sumatra and included 223 people from local nongovernmental organizations (NGOs), local communities, academic institutions, district governments, forest industries, and the military, as well as protected area managers, biologists, and economists. This process determined that CEPF's niche in Sumatra should be to support projects at the district level and below, with the aim of enhancing local stewardship of forests and building alliances among conservation-minded individuals, NGOs, and private sector interests.

To further focus CEPF investments for maximum tangible results on the ground, the ecosystem profile restricts grantmaking to the following four geographic areas, all of which were chosen on the basis of their remaining plant and animal diversity:

- Tesso Nilo/Bukit Tigapuluh (central Sumatra);
- Bukit Barisan Selatan National Park (Sumatra's southern tip);
- Northern Sumatra (Sumatra's two northern-most provinces); and
- Siberut Island (in the Mentawai chain off west Sumatra).

With these geographic focal areas in mind, CEPF awards grants to civil society organizations to:

1. ***Enhance stewardship of forest resources at the district level and below.*** Funding at the local level is especially important because Indonesia only recently decentralized management of natural resources to allow greater local control. However, the power shift did little or nothing to build local capacity or coffers so that local people could effectively use their newfound sway over biodiversity conservation. This strategic direction focuses on raising the awareness and skill levels of civil society to enable local people to act in favor of saving Sumatra's biodiversity.

2. ***Empower civil society to organize in favor of conserving biodiversity.***
This strategic focus aims to build the capacity of civil society to better understand sustainable resource management and pool efforts in order to take a more active role in management of local natural resources.
3. ***Build alliances among conservation-minded groups in civil society and in the private sector.***
This part of the strategy addresses the need for civil society to unite in order to scale up conservation impact and avoid the common pitfall of good-faith efforts that fall short because they are too small, too fragmented or fail to reach the appropriate decisionmakers.
4. ***Assess the impact of conservation interventions at the district level and below.***
The focus here is on measuring and tracking the effects of conservation action on natural resources and human attitudes and behaviors.

Each of the strategic directions outlined above is further refined by specific investment priorities. These investment priorities provide more specific targets for CEPF funding in the region and are used to inform grantmaking decisions. They are included in the ecosystem's investment priority table and on CEPF's Web site (www.cepf.net).

Coordinating CEPF Grantmaking on the Ground

With the above mandate, CEPF began funding projects in Sumatra in January 2002. CEPF has "eyes and ears" on the ground in Sumatra in the form of a grant manager, who works with CEPF's many partners on a daily basis. The Grant Manager sits within Conservation International-Indonesia, which serves as the "glue" that unites all Sumatra grantees under a larger agenda to address, at a national level, issues common to all, such as cancellation of unsustainable logging concessions and supporting declaration of new protected areas. The Regional Vice President of CI Indonesia heads an Advisory Committee, made up of senior managers from WWF Indonesia and the Wildlife Conservation Society's Indonesia Program as well as a senior representative of the Ministry of Forestry, which assists CEPF grantees with matters requiring assistance at regional and national political levels. A Technical Team also sits within CI Indonesia ready to assist CEPF grantees who encounter trouble with scientific and technical aspects of project implementation.

CEPF Grantees Leading by Alliance

The prescribed grant making criteria have inspired a diverse, innovative and effective portfolio of projects. Just over three years into implementing its five-year investment strategy in Sumatra, CEPF has funded 57 grants totaling \$9.2 million (see Charts 1 and 2 following this overview). Grants range in size from \$3,800 to \$994,972 with an average size of \$161,905. (The status of the portfolio to date and the timeline of grants awarded are illustrated in Charts 3 and 4.)

In each of the four areas of geographic focus in Sumatra, CEPF works with a lead organization that has, with local stakeholder input, formulated a plan for corridor-level conservation. These lead organizations all agreed to collaborate with and mentor local partners and help guide CEPF to smaller NGOs with either the capacity or potential to add significantly to achieving corridor-level outcomes. In each focal area, CEPF continues to help grantees leverage additional support from other donors. While

conservation outcomes have been notably different in the four areas, owing to the nature of conservation threats and the varying means of mitigating those threats, results are nonetheless significant and tangible.

Tesso Nilo/Bukit Tigapuluh

In Tesso Nilo/Bukit Tigapuluh in central Sumatra, WWF Indonesia is the lead organization. The corridor-level plan here calls for linking five protected areas (one newly declared) into a 3-million-hectare haven of lowland forest for tigers, elephants, and some of the highest plant diversity found on Earth.

The heart of the project centers on the Tesso Nilo Forest, which encompasses nearly 200,000 hectares of lowland forest tracts inhabited by Sumatra's largest remaining population of wild elephants. When WWF Indonesia began its efforts to conserve Tesso Nilo, forest concessionaires held all the land. One of these concessions feeds the second largest paper mill in the world. Against the odds, WWF Indonesia and partners set about working with Sumatra's Riau Province, the paper manufacturers and the consumers of that paper in markets as far away as Japan, Europe, and the United States, to get all parties on the side of setting aside Tesso Nilo for conservation. On 19 July 2004, Indonesia's Ministry of Forestry declared 38,578 hectares of Tesso Nilo as a national park. WWF and its local partners continue to work toward expansion of this core area to include a total of 200,000 hectares of lowland forest. A significant expansion is expected to be announced by the government later this year.

WWF Indonesia continues to fulfill its obligations as a lead organization, working side-by-side with more than 24 local NGOs to secure proper management of Tesso Nilo National Park and expansion of the neighboring Bukit Tigapuluh National Park, as well as rehabilitation and protection of forested passages that connect Tesso Nilo and Bukit Tigapuluh with the three other existing protected areas that together make up the Tesso Nilo/Bukit Tigapuluh Conservation Corridor. It is significant to note that the large NGO alliance mentored by WWF with support from CEPF, called Jikalahari, has grown into a driving force in the area's conservation in its own right.

In addition, CEPF support of WWF's initiative has helped leverage additional investments of well over \$1 million from WWF-Germany, WWF-US, Save The Tiger Fund, the US Fish & Wildlife Service, and the Government of Australia. Conservation International's Global Conservation Fund has matched CEPF funding to expand Bukit Tigapuluh National Park and is considering contributing to long-term financing for the park's management.

This cluster of projects is now being used as a model for WWF in other parts of the world. Calling it the "local-to-global" approach, WWF-US will be using the Tesso Nilo/Bukit Tigapuluh template for the 15 global priority sites it is currently selecting.

Bukit Barisan Selatan

In Bukit Barisan Selatan National Park (BBSNP), the Wildlife Conservation Society is the lead organization. At 356,800 hectares, BBSNP represents the largest remaining pristine lowland forest ecosystem in southern Sumatra. It is home to rhinos, elephants, tigers, tapirs, gibbons, siamangs, and hornbills as well as the entire complement of prey and plant species needed to sustain them. Unfortunately, during the past 12 years, more than 20 percent of the forests within the park have been cleared for illegal agriculture. The long, narrow shape of the park magnifies the conservation threat posed by this

encroachment. With an estimated 450,000 people living within 10 kilometers of the park's boundary, conserving this jewel of a protected area will require sustained enlistment of local people.

The WCS Indonesia Program has formed a coalition of nine NGOs to build, in cooperation with relevant government and park officials, the Conservation Action Network Program, Indonesia (CANOPI). CANOPI aims to:

- Ensure more involvement of local communities and NGOs in protection and management of BBSNP.
- Run a training program to teach conservation skills to conservationists and government officials working in and around BBSNP.
- Supervise fieldwork related to training to ensure that trainees are able to perform high-priority activities for BBSNP such as boundary marking and mapping; patrolling for poachers; monitoring key wildlife populations; mitigating human-wildlife conflict; and building local awareness of the need to protect the park.
- Formally link park planning and management to regional government planning and policy.
- Explore sustainable funding mechanisms for the park's management over the long term.
- Cooperate with the Wildlife Crimes Unit in its efforts to stop poaching, illegal logging, and illegal trade in timber and non-timber forest products from BBSNP.

Aside from WCS, CANOPI's governing coalition is made up of Indonesian NGOs, while participants will come from local NGOs, communities, and government agencies. With the cooperation of WCS, CEPF secured a \$900,000 match for CANOPI from the United Nations Foundation. At the same time, the GEF is considering multi-year funding to create and sustain CANOPI's companion Wildlife Crimes Unit.

To address immediate threats to the park while CANOPI is getting started, CEPF supports Rhino Protection Units (RPU) in BBSNP run by the Indonesian Rhino Conservation Program. An external audit found this to be a very effective program, and CEPF has since helped ensure that other donors will sustain the RPU once CEPF's funding is exhausted.

Northern Sumatra

In Northern Sumatra, CI Indonesia is the lead organization. During a CEPF priority-refinement process with key partners in the region in early 2002, CI Indonesia learned of a district head (called "bupati" in Bahasa Indonesia) interested in setting aside a large tract of forest in his Mandailing Natal District of North Sumatra Province. On 31 December 2003, the bupati declared the 108,000-hectare Batang Gadis ("Virgin River") Park.

The new park was endorsed by the local parliament, police, forestry officials, and community leaders and made headlines for being the first park established at the local level under Indonesia's newly decentralized governance of natural resources. In addition to local political support, the bupati also secured a substantial pledge of financial support for the park from a local businessman. The central government designated Batang Gadis a national park on 29 April 2004.

One impetus for this local park declaration was severe flooding that killed more than 200 people in the North Sumatra resort area of Bukit Lawang in November 2003. This disaster brought a great deal of attention to the issue of illegal logging and helped local stakeholders realize the importance of protecting their watersheds. The Batang Gadis declaration is particularly important because local people felt a strong sense of ownership in the process. Owing to a lack of experience, the local government asked CI Indonesia and its NGO partners to help put in place a cooperative management system for the park. CI Indonesia continues to work in cooperation with several local and regional NGOs to assist in securing the park, all of which work closely with government officials and adjacent communities.

Batang Gadis is home to tigers, rhinos, elephants, tapirs, and other globally threatened species, as well as some of the world's highest plant diversity. CI Indonesia is in the process of scientifically documenting and quantifying the park's biodiversity. The park lies at the southern end of the Northern Sumatra Conservation Corridor and could be the entry point NGOs need to successfully secure protection for large tracts of Sumatra's northern forests. The governor of North Sumatra has pledged to work with CI and partners to set aside more conservation areas within the greater ecosystem. Unfortunately, however, the earthquake and tsunami of December 2004 has brought new challenges to the northern portion of the corridor, which lies within an overwhelmed Aceh Province (see more on tsunami below.)

CEPF has been joined by the Global Conservation Fund in supporting CI Indonesia and its partners to secure the welfare of the people and biodiversity in and around Batang Gadis.

Siberut Island

Siberut, at 403,000 hectares, is the largest of four primary Mentawai Islands off the west central coast of Sumatra. The island's interior consists of hilly dipterocarp forests, while the coast is covered with mangroves. Siberut has been isolated from the mainland of Sumatra for approximately 500,000 years, which has left it with a high rate of endemism as well as a unique indigenous culture. In 1981, UNESCO designated Siberut Island a Biosphere Reserve. In 1993, the Government of Indonesia declared nearly half of the island a national park. All of these circumstances conspired to make today's Siberut a treasure trove of endangered primates, pristine forest, and indigenous clans still living by ancient methods and mores. Unfortunately, this haven for biological and human diversity is threatened by logging concessions awarded to outsiders and a shift away from sustainable traditional lifestyles toward selling forests for cash.

CI Indonesia is CEPF's designated lead organization on Siberut. Its focus is four-fold:

- Raising awareness of community-based resource management options.
- Turning logging concessions into conservation concessions.
- Helping local communities explore sustainable livelihoods as alternatives to selling their forests to timber companies.
- Ensuring that the national park is not illegally logged and stopping existing forest concessions in the buffer zone of Siberut National Park.

CEPF has joined the Global Conservation Fund in supporting CI Indonesia's vision for Siberut. GCF also has expressed interest in endowing a long-term funding mechanism to sustain conservation concessions on Siberut.

A community awareness project supported by CEPF on Siberut is of special note. Centered around a traveling puppet show and a school song written about Siberut's rich forests and endemic primate species, the project already has reached 10,000 people in seven villages and 12 schools – no small accomplishment for a project leader who must walk three hours between villages.

CEPF also supports the German Primate Centre in its research of five endemic primate species, which serves as a platform for consolidating support of local clans for conserving the forests. The project currently leases 4,000 hectares (on a five-year renewable basis) as part of a broader agreement with a clan to exclude large-scale logging and non-sustainable land use, fishing, and hunting. Clans are actively involved in the project, enjoying indirect benefits from employment opportunities and companion initiatives to bring better education, more medical supplies, and clean water.

Leveraging Additional Donor Support

Much of the additional donor support CEPF has helped secure for its grantees is mentioned above in the context of specific projects and geographic areas. However, a summary of the amount of CEPF investment matched by other donors is useful in that it shows that CEPF has already doubled its donors' money.

World Bank Supervisory Mission

In November 2004, Michael Carroll of the World Bank conducted a supervisory mission to assess CEPF implementation in Sumatra. The mission itinerary included visits to the Tesso Nilo/Bukit Tigapuluh corridor and the new Batang Gadis National Park in North Sumatra. Mr. Carroll met with lead organizations WWF-Indonesia, WCS Indonesia Program and CI Indonesia, as well as many of their civil society and government partners.

Upon his return, Mr. Carroll briefed CEPF staff on his conclusions. Among them were the following:

- Participation of small, local NGOs is plentiful and diverse.
- The portfolio includes innovative projects and partnerships, as well as buy-in from local governments and civil society and promising efforts to ensure sustainability of corridor conservation efforts after CEPF funds are no longer available.
- CEPF grantmakers in Washington and Indonesia have established excellent team work with one another and with grantees.
- There should be another World Bank mission to Sumatra to promote larger, follow-on support from the GEF for CEPF-supported projects.
- It is important to "get Sumatra back on the map" for bilateral and multilateral donors by sharing the successes of CEPF grantees.

CEPF is working to address Mr. Carroll's suggestions and concerns. Before the earthquake and tsunamis struck Sumatra on December 26, 2004, CEPF was laying groundwork for organizing an international donor meeting to share the successes of CEPF's grantees in hope that large donors will consider returning to Sumatra. The next section, entitled "CEPF and Poverty Alleviation in Sumatra", will discuss how the disaster has changed the complexion of CEPF's interventions in Sumatra. CEPF continues to encourage additional supervisory missions to visit CEPF grantees on the ground.

CEPF and Poverty Reduction in Sumatra

The relationship between conservation and human welfare was dramatically illustrated in Sumatra in November 2003 when an illegally logged area was flooded in by a wall of mud and debris that killed more than 200 people and devastated an entire community in the buffer zone of Gunung Leuser National Park. CEPF has supported several projects aimed at preventing similar disasters in other parts of Sumatra, including the creation of Batang Gadis National Park mentioned above. A similar CEPF-supported project resulted in 5,000 villagers living in the buffer zone of Gunung Leuser signing an agreement with park authorities to stop illegal logging and instead encourage and profit from ecotourism to their area. Another CEPF-funded project helped forest-dwelling communities ensure cancellation of logging plans northwest of Bukit Tigapuluh National Park, thereby protecting the forests they harvest sustainably to sustain their traditional way of life.

Following the tsunami disaster in December 2004, CEPF joined its partners in rushing to Aceh Province to offer immediate disaster relief. CEPF was careful to ensure that its part in the relief effort was in keeping with its mandate to support civil society in protecting Sumatra's biodiversity. However, with so much loss of life and property among government and NGO partners, it was clear that some of the ground gained for conservation had been lost. In essence, CEPF's mission in the north of Sumatra, especially in Aceh, changed to one of rebuilding civil society's capacity to ensure conservation.

In the first three months following the tsunami, CEPF and CI Indonesia helped open a humanitarian post based in the office of a local NGO to provide medical and logistical support to refugees in and around Banda Aceh. After this initial emergency phase, CEPF and CI Indonesia agreed a plan with key Aceh-based conservation partners (including WWF, Flora and Fauna International, WALHI, and government forestry officials) to provide guidance to Indonesia's National Planning Agency (BAPPENAS) on how the rebuilding of Aceh can best take into account environmental concerns.

Meanwhile, CEPF informed grantees affected by the disaster that they could delay or rethink their project deliverables in light of the many losses suffered by them and their partners. New needs have emerged, such as finding a source of sustainably harvested timber that can be used in the rebuilding effort and prevent large-scale felling of protected forests in Sumatra's rare and precious intact forests. Basic infrastructure for conservation NGOs must be rebuilt. Government forestry officials must be trained to replace the scores who died. The list of needs continues to grow, and CEPF has joined CI Indonesia and its other partners in trying to secure additional funds specifically earmarked for conservation.

Conclusion

The Sumatra portfolio is diverse and active realization of CEPF's goal of making grants at the grassroots level, catalyzing conservation alliances, and creating collective conservation interventions that will be sustained well beyond CEPF's five years in Sumatra. The portfolio holds a balanced mix of small- and medium-sized grants, as well as a few large grants that serve to anchor corridor-level conservation efforts. CEPF hopes that the success of these investments will entice other large donors, especially bilateral and multilateral funding agencies, to bring their support back to Sumatra in order to sustain and scale up efforts begun with CEPF support.

CEPF is particularly proud of the funding “delivery system” it has proved effective in Sumatra, ensuring that funds from large donors such as the World Bank and the GEF reach levels in civil society where small amounts of money can yield significant, local victories for biodiversity conservation. Achieving this “reach” would not be possible without a coordination mechanism that has sought out and assisted grantees at the district level and below, but also stepped in at the highest levels of government to further the efforts of these grantees when a national “push” was essential for success.

During the coming 18 months, CEPF will be monitoring and evaluating its grantees’ achievements, troubleshooting where necessary, and searching for additional leveraging opportunities so that the most effective projects can continue. In addition, CEPF will provide forums in which grantees and grantmakers alike can share lessons learned.

- *June 2005*

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Charts through May 2005: Sundaland Biodiversity Hotspot: Sumatra

Chart 1. Approved Grants by Strategic Direction

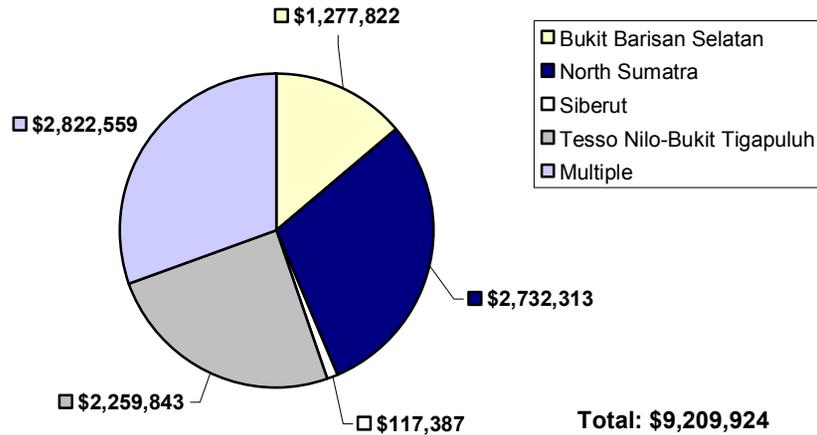


Chart 2. Approved Grants by Corridor and Strategic Direction

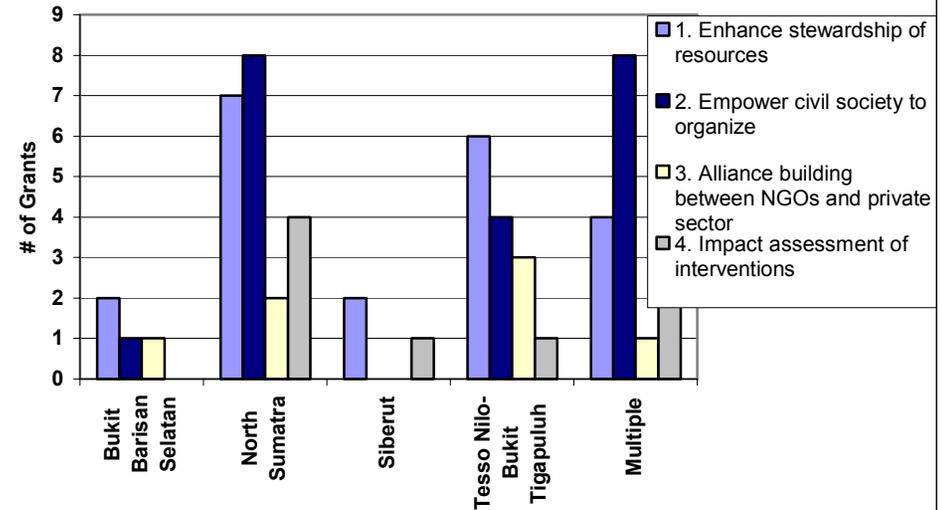


Chart 3. Portfolio Status by Strategic Direction

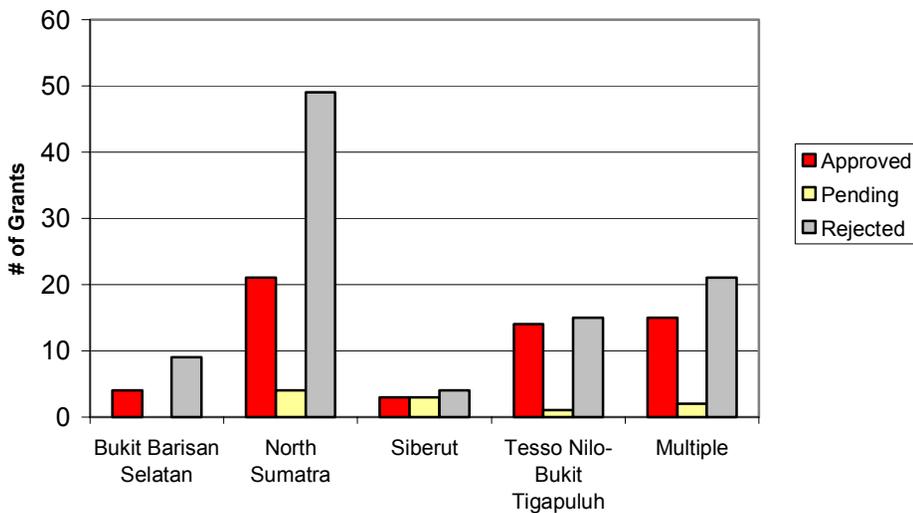


Chart 4. Combined Value of Grants Awarded

