

**Annual Portfolio Overview
Wallacea Biodiversity Hotspot
30 June 2015 (FY 15)**

1. Introduction

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

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

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

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

Like much of Indonesia, Wallacea reflects a mixing of numerous cultures over the ages – indigenous, Javan, Malay, Indian, Chinese, Melanesian, Polynesian, Portuguese, Arabian, English, and Dutch – resulting in an interweaving of languages, religion, and ethnicity. The area has also seen dramatic political change, new local authority devolved from the national government in Jakarta, and rapid economic growth in the last twenty years. This varied biogeographic, cultural, and political landscape is significant as government and civil society make decisions about achieving the twin demands for economic growth and stewardship of biodiversity.

2. Niche for CEPF Investment

2.1. Overview

The ecosystem profile for the region was formally approved in June 2014 and the five-year investment period began in December of that year with the commencement of the Regional Implementation Team (RIT) grant. The total allocation to the region is \$6,000,000 with the plan being that all money is obligated and all grants are closed by November 2019.

The hotspot encompasses 338,000 km² and as identified during the ecosystem profile process, contains 391 key biodiversity areas (KBAs) in three bioregions: Sulawesi, Maluku, and the Lesser Sundas. (There are also over twenty corridors, but the corridor concept is difficult to apply in island landscapes.) The stakeholders who participated in the profile – led by Burung Indonesia, the Wildlife Conservation Society, the Samdhana Institute, and the Bogor Agricultural Institute and including over 300 individuals from civil society, government, and donor agencies – prioritized these KBAs and corridors, considering the limited pool of CEPF funds, the immediacy of need for some locations, and the fact that some KBAs, like the larger national parks, are relatively well-resourced. The result is that CEPF investment focuses on eight *clusters* of terrestrial KBAs (covering 85 sites) and four marine corridors, to be addressed within the context of CEPF’s niche for investment; namely *to support a diversity of civil society organizations with varying levels of capacity to achieve conservation outcomes and environmental sustainability within the increasingly important national agendas of economic growth*. This is expressed via seven Strategic Directions with the following allocations from the CEPF Donor Council:

Table 1. Strategic Directions and Initial Allocations

Strategic Direction	Allocation
1. Address threats to high priority species	\$400,000
2. Improve management of sites (KBAs) with and without official protection status	\$1,000,000
3. Support sustainable natural resource management by communities in priority sites and corridors	\$750,000
4. Strengthen community-based action to protect marine species and sites	\$600,000
5. Engage the private sector in conservation of priority sites and corridors, in production landscapes, and throughout the hotspot	\$1,000,000
6. Enhance civil society capacity for effective conservation action in Wallacea	\$750,000
7. Provide strategic leadership and effective coordination of conservation investment through a Regional Implementation Team	\$1,500,000
Total	\$6,000,000

2.2. Portfolio Status

CEPF grant-making formally began with the RIT Grant to the Wildlands Conservation Trust (Wildlands) in December 2014. The grant is for the full amount of the Strategic Direction – \$1,500,000 – with no plans for any further obligation as of this time. The RIT then mobilized its team and the CEPF Secretariat provided formal training in February 2015.

The Secretariat and RIT have released calls for Letters of Inquiry to solicit applications for the other strategic directions. Table 2 summarizes the solicitations to date.

Table 2. Wallacea Calls for Letters of Inquiry

No.	Release Date	Due Date	Large/Small	LOIs Received
1	January 16, 2015	February 9, 2015	Large	18
2	May 25, 2015	June 26, 2015	Small	27
Total				45

As of this writing, one large grant had been moved to the second round (“full proposal”) stage and six small grants had been moved to negotiation per Table 3.

Table 2. Awarded (Active and Closed) and Pipeline Large and Small Grants by Strategic Direction

Strategic Direction	Allocation	Awarded Grants (count)	Awarded Grants (total USD)	Pipeline Grants (count)	Pipeline Grants (total USD)
SD 1	\$400,000	0	\$0	4	\$285,000
SD 2	\$1,000,000	0	\$0	2	\$40,000
SD 3	\$750,000	0	\$0	1	\$20,000
SD 4	\$600,000	0	\$0	0	\$0
SD 5	\$1,000,000	0	\$0	0	\$0
SD 6	\$750,000	0	\$0	0	\$0
SD 7	\$1,500,000	1	\$1,500,000	0	\$0
Total	\$6,000,000	0	\$1,500,000	7	\$345,000

Readers should consider the total dollar values for pipeline grants as estimates. The final values will be subject to negotiations between the CEPF Secretariat and the applicant, and in all likelihood, will be lower than that reflected here.

2.3. Coordinating CEPF Grant-Making

Burung Indonesia (Burung) holds the \$1,500,000 grant to serve as the Regional Implementation Team. Burung began as the country program of BirdLife International of the United Kingdom in the 1990s and then, in 2004, became an independently registered Indonesian non-profit organization with its own national governing body. It is headquartered in Bogor, sixty miles south of the national capital of Jakarta. While not headquartered within the geographic boundaries of the hotspot, Bogor is a strategic location as the home for the country’s premier agricultural university, the Center for International Forestry Research, and several major conservation organizations, and for its access to the capital’s policy-makers and business interests.

As the RIT, Burung is also responsible for managing the small grants fund, which the CEPF Secretariat issues as a separate grant. The current ceiling is \$200,000, from which Burung can issue grants of up to \$20,000.

Burung is a multi-faceted organization with multiple work-streams and staff who allocate their time to several donors. This enables economies of scale for CEPF as Burung can then assign any one of several full-time experts to CEPF tasks for a discrete period of time.

The Team Leader, Adi Widyanto, based in Bogor, is bilingual and has long experience working for international donors on the management of development projects. He then draws on multiple staff based in Bogor or in field locations within the hotspot, per Table 4.

Table 4. RIT Personnel

Location	Name	Position/Role
Bogor	Adi Widyanto	Team leader
Bogor	Ratna Palupi	Administration
Bogor	Rini Suryani	Small grants manager
Bogor	Henny Sembiring	Contracts manager
Bogor	Bambang Tetuka	GIS and monitoring
Bogor	Hanom Bashari	Species and KBA specialist
Bogor	Tri Susanti	Communications
Bogor	Hilda Lionata	Knowledge management
Bogor	Sutejo and Andry Sofyan	Finance
Makassar (Sulawesi)	Andi Faisal	Sulawesi program manager
Sofifi (Maluku)	Grace Ellen Mangimbulude	Maluku program manager
Labuan Bajo (Flores)	Tiburtius Hani	Nusa Tenggara program manager

In addition to those named above, Burung also allocates time of its senior personnel, including its chief executive officer (Agus Budi Utomo), senior program manager (Dian Agista), conservation adviser (Tom Walsh) and senior scientist (Ria Saryanthi) to support the program in multiple ways.

2.4. Performance Assessment

Performance per the logical framework and the goals of the Ecosystem Profile is tracked per Section 7. With no grants awarded as of this early stage, performance can only be projected per pipeline grants. However, Burung has engaged in the region exactly as anticipated per their work plan agreed to during start-up meetings in February 2015. performance is high in terms of other managerial and qualitative measures.

- **Mobilization throughout the hotspot.** The RIT has assigned field staff in each of the three Indonesian island groups to ensure contact with civil society and local government. (The RIT intends to engage in Timor-Leste in 2016.)
- **Engagement of civil society.** The RIT has spent extensive time holding workshops with civil society to explain the goals of CEPF, how to submit a proposal, and how to design a good project.
- **Senior-level engagement.** Burung has convened a national advisory board of principal government counterparts, donor representatives, and technical leaders to advise on the direction of the program and strategic opportunities.

In context, this is an unusual Annual Portfolio Assessment in that the program has been effectively running for five months. The program has started as expected and the lack of “results” is hardly unexpected. The major impetus for the coming year is the building of coalitions, the strengthening of civil society, and the award of multiple grants.

3. Portfolio Highlights by Strategic Direction

In future Annual Portfolio Overviews, this section will provide highlights on grantee activities that contribute to Strategic Directions per the Ecosystem Profile.

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

The CEPF Secretariat and Burung Indonesia have collaborated directly and indirectly with donors and host country government agencies at multiple levels. Burung maintains regular engagement with:

- The World Bank to ensure synergy with its coastal resources management project (formerly known as COREMAP) in the context of the larger Coral Triangle Initiative.
- The GEF Operational Focal Point within the Ministry of Forestry and Environment to promulgate the goals of the Ecosystem Profile more widely within the government.
- Relevant national government agencies, particularly for protected areas, forestry, and marine affairs.
- Multiple provincial and *kabupaten* level offices, including both local government and the field personnel of national government agencies (e.g., BKSDA).
- The leadership of major conservation organizations, including WCS, WWF, TNC, FFI, and Conservation International, and KEHATI, a conservation trust fund able to support civil society throughout the country.

The Secretariat has maintained links with the US Government-funded Millennium Challenge Account for Indonesia (MCA-I), which has a modest geographic overlap with Wallacea to fund major “green” infrastructure and business, such as off-grid electricity generation. Between MCA-I and counterpart contributions, such activities will be in the several millions of dollars. Where appropriate, CEPF will attempt to align grants with MCA-I work for mutual leverage.

The Secretariat has also been invited to submit a proposal to the Margaret A. Cargill Foundation for \$850,000 to be allocated to Strategic Direction 4 on the engagement of civil society and communities in coastal environments.

5. Conclusion

In the first half year of investment, CEPF has laid the groundwork to effectively engage civil society in the Wallacea region of Indonesia. The challenge will now be to guide applicants to the award of well-designed projects and to continue roll-out of the program to Timor-Leste.

6. Summary Figures

Figure 1. Current Obligation by Strategic Direction

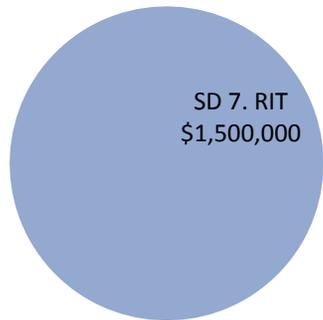


Figure 3. Wallacea Obligation Trend

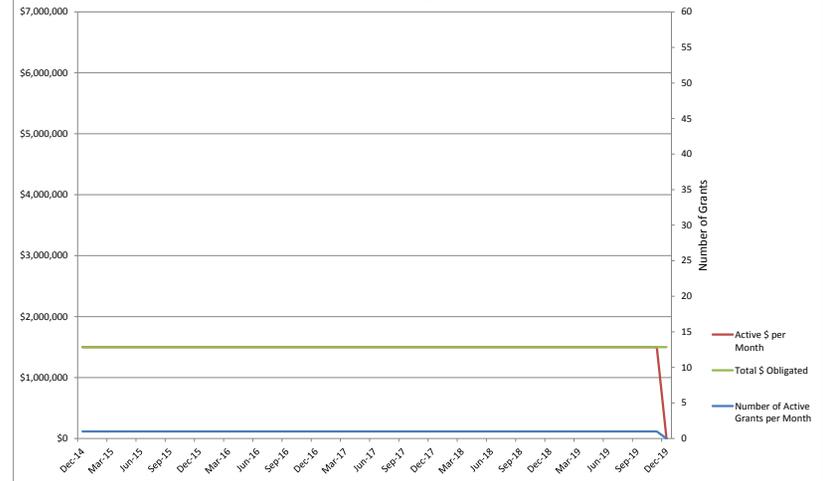
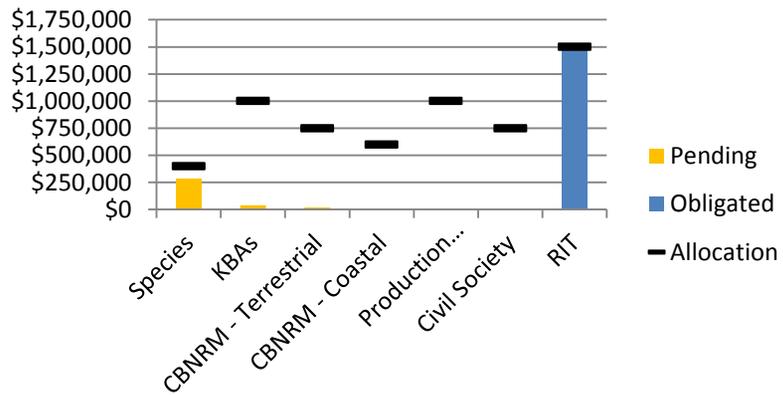


Figure 2. Portfolio Status by Strategic Direction



7. Update of the Logical Framework

Note: GI* refers to the relevant global indicators in the CEPF Global Monitoring Framework

Objective	Indicator	Result
Status of globally threatened biodiversity in Wallacea is more secure as a result of action by civil society organizations	Increase in the RLI over five years for all globally threatened species in the hotspot (GI1)	No results as of close of FY 15 as no active or completed grants
	Reduction in level of threat to target KBAs (GI6)	
	300% increase in the area of production landscapes (non-PA) managed for biodiversity between 2014 and 2019 (GI8)	
	Change in the number of people (GI9) and communities (GI10) with improved and more secure livelihoods as a result of CEPF grantee actions	
	Estimated volume of above-ground CO _{2e} stored in KBAs supported by CEPF grants is stable or increases (GI11)	
	Increase in the volume and quality of freshwater supply from KBAs supported by CEPF grants (GI12)	
	The intensity and effectiveness of CSO networking and partnerships increases as a result of the CEPF program (GI22)	

Intermediate Outcome	Intermediate Indicators	Result
1. Threats to high priority <u>species</u> are reduced	Main threats to at least five terrestrial and three marine species are reduced to a level where they do not endanger the species	No results as of close of FY 15 as no active or completed grants
	Six existing species action plans are resourced and implemented by government	
2. Globally important <u>sites</u> are managed to conserve global biodiversity values	Rate of habitat loss in at least one terrestrial KBA supported by CEPF grants in each of eight priority clusters is reduced by 50% compared to a business as usual baseline (GI3)	
	For at least one KBA in each of five priority marine corridors coral cover at the end of the project is no less than the cover at the beginning as a result of CEPF support.	
	At least one successful CEPF funded ridge-to-reef project in each of the four marine corridors that are integrated with terrestrial corridors	

Intermediate Outcome	Intermediate Indicators	Result
	At least one KBA in each of eight priority clusters outside official protected areas is conserved through a successful CEPF funded project	
	Overall level of resources (protected area staff, budget, and resources from other stakeholder) dedicated to addressing priority conservation management issues at five CEPF-funded KBAs that are also protected areas increases by at least 10% within a year of the end of the project (GI18)	
	Annual budget allocation by PHKA and KKP (Indonesia) for conservation in Wallacea increases by 1% per year in real terms.	
	Local government at 10 CEPF-funded marine KBAs allocates resources for their conservation	
	Evaluation of the management effectiveness of terrestrial (METT) and marine (EKKP3K) protected areas in Wallacea shows improvements in at least 50% of the indicators	
	Increase of 10% (from 2.7 million to at least 3 million hectares) in the area of terrestrial KBAs under formal protection (GI5)	
	Increase of 50 % in the area of Marine KBAs with formal protection as KKP/KKPD within five priority marine corridors	
3. Indigenous and local natural resource-dependent communities are engaged with integrated management of key sites and corridors	At all CEPF-funded sites indigenous and resource-dependent communities have documented and mapped customary ownership and/or use rights at the site (GI4)	
	At all CEPF-funded sites the rights of relevant local communities over natural resources are acknowledged and respected by other stakeholders (GI4)	
	Community institutions, capacity, plans and agreements with other stakeholders (as appropriate for the situation) are in place and resourced (GI4) in at least one KBA in each of three priority clusters	
4. Indigenous and local communities dependent on marine resources are engaged with integrated management of key	At all CEPF-funded sites indigenous and resource-dependent communities have documented and mapped customary ownership and/or use rights at the site (GI4)	
	At all CEPF-funded sites the rights of relevant local communities over natural resources are acknowledged and respected by other stakeholders (GI4)	

Intermediate Outcome	Intermediate Indicators	Result
sites and corridors	Community institutions, capacity, plans and agreements with other stakeholders (as appropriate for the situation) are in place and resourced (GI4) in at least one KBA in each of three priority clusters	
	Community systems for management of marine resources are recognised and supported by government in at least three CEPF-funded marine KBAs	
	Conservation management of all CEPF-funded marine KBAs includes creation or strengthening of community groups	
5. Private sector actors take action to mitigate negative impacts and to support conservation of globally important sites and species in production landscapes	5 Private sector actors with resource management/extraction licenses over KBAs adopt mechanisms to safeguard global biodiversity values at sites targeted by CEPF grants (GI4)	
	Private sector actors (in or out of the NR sector) provide funding to address priority conservation actions at 10 KBAs targeted by CEPF grants in production landscapes	
	At least three models of best practice addressing key issues in production landscapes are documented and disseminated (GI19)	
6. Civil society in Wallacea has the capacity to identify, implement and sustain actions for maintenance of global conservation values	Increase in the capacity of 75% CEPF grantees to plan, implement and sustain conservation actions (GI20)	
	Improvement in the collective ability of civil society in Wallacea to plan, implement and sustain conservation actions (GI21) in at least three of the eight priority clusters, compared to baseline established by the RIT	
	Leaders of 75% CEPF grantees demonstrate knowledge of global and national issues and decisions which affect their work and plans, and articulate how they will respond , in the initial assessment and end of project assessment (GI23)	
7. Incorporation of CEPF-identified priorities into key stakeholder policies and programs results in more, better targeted funding for conservation in the hotspot, as addressed	Six existing species action plans are updated with reference to CEPF data and project results	
	Data from CEPF is used to determine location of new MPAs by KKP and “essential ecosystem” by PHKA	
	Three major national development policies (e.g., MP3EI, NBSAP) take into account conservation of KBAs and corridors	
	Five examples of provincial or district land-use plans, marine/coastal spatial plan, development plans taking into account conservation of KBAs and corridors	

Intermediate Outcome	Intermediate Indicators	Result
by the RIT or appropriate entities	Plan for resource mobilisation in NBSAP supports KBA conservation	
	Government's "one map" process (reform of forest tenure in Indonesia) recognises the importance of maintaining forest cover in priority sites	
	Draft decree on protected areas in Timor-Leste is passed, resourced and implemented	
	At least five companies or CSOs take conservation of KBAs into account in their planning process	
	Assessment of options and potential sources of funding for a sustainable financing mechanism completed (GI14, GI15, GI16, GI17)	

8. All Awarded Grants, by Start Date

No.	GEM	Organization	SD	KBA	Country	Obligated Amount	Title/Description	Start Date	End Date
1		Burung Indonesia	7		Indonesia	\$1,500,000	RIT	1-Dec-14	30-Nov-19