

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

July 2018

Introduction

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

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

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

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

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

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

Niche for CEPF Investment

Overview

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

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

The investment niche for CEPF builds on the experience of the first phase of investment, by focusing on approaches that have demonstrated success, moving from pilot projects to longerterm interventions, and integrating results more concretely into government programs and policies. At the same time, the CEPF niche responds to emerging conservation issues, such as wildlife trade, hydropower development and expansion of agro-industry, with strategies developed through extensive consultation with practitioners in the field. These strategies are focused on the corridors where these conservation issues are most acutely felt: the Mekong River and its major tributaries; Tonle Sap Lake and its inundation zone; the limestone highlands along the Vietnam-China border; and the mountains of Hainan Island. The geographic scope of the CEPF niche also embraces Myanmar, to take advantage of opportunities to strengthen capacity among civil society organizations in the country and enable them to address priority conservation actions in a rapidly changing political and development context. In line with this niche, the ecosystem profile sets out six strategic directions¹ for CEPF investment in Indo-Burma:

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

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

Portfolio Status

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

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

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

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.

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

Over the course of the 10 calls (or five "funding rounds"), 1,056 letters of inquiry were received, comprising 346 for large grants (i.e. grant of \$20,000 and above) and 710 for small grants (i.e. grants under \$20,000). Final decisions on a few applications submitted under the fifth funding round are still pending. Assuming that these applications are successful, the ratio of applications to awards will be around 4:1 for large grants and 7:1 for small grants. The RIT was successful in generating a large volume of applications, with a significant proportion being of sufficient quality and fit to the scope of the calls to be awarded. Indeed, had additional resources been available to make grants, a higher proportion of applications would have been successful; a significant number of competitive applications were rejected simply because of lack of resources. This was particularly the case for Strategic Direction 1 on species conservation, reflecting the large, unmet demand for funding for species-focused conservation action.

The applications for which grant award decisions are still pending are referred to as "pipeline grant", to distinguish them from "active grants" (i.e. grants awarded but not yet closed) and "closed grants" (i.e. grants ended and fully compliant with all reporting requirements). As of June 30, 2018, most of the pipeline grants had been selected for award but the grant agreement had yet to be signed, as the due diligence and contracting process was ongoing.

Over the first five years of the investment phase, 83 large grants have been awarded, including two grants to IUCN to serve as the RIT (Charts 1 to 4). These grants comprise 42 to international organizations and 41 to local organizations, with a total value of \$13.7 million (Table 1). Over the same period, 89 small grants have been awarded, comprising 15 to international organizations and 74 to local organizations, with a total value of \$1.6 million. A further 19 small grants are in the pipeline (2 to international and 17 to local groups).

Grant making has proceeded at a steady pace since the beginning of the investment phase, and there is a good spread of investment by strategic direction and across the priority geographies of the investment phase (Charts 1 to 4). Excluding the RIT grants, local organizations have received 68 percent of the grants awarded and 44 percent of the investment amount. Both these proportions are a major step forwards from the first CEPF investment phase (2008-2013) in the Indo-Burma Hotspot, during which local groups received only 37 percent of the grants and 19 percent of the total investment. This reflects both growth in the number and capacity of local civil society and targeted efforts by the RIT to engage local organizations.

| Strategic Direction | Active grants | Pipeline grants | Total |
|---------------------|---------------|-----------------|--------------|
| SD1 | \$1,857,112 | \$0 | \$1,857,112 |
| SD2 | \$1,036,268 | \$0 | \$1,036,268 |
| SD4 | \$3,884,787 | \$0 | \$3,884,787 |
| SD6 | \$4,165,411 | \$0 | \$4,165,411 |
| SD8 | \$795,159 | \$0 | \$795,159 |
| SD11 | \$2,000,000 | \$0 | \$2,000,000 |
| Total | \$13,738,738 | \$0 | \$13,738,738 |

 Table 1: Status of the large grant portfolio in the Indo-Burma Hotspot, as of June 30, 2018
 Image: Comparison of Comparison

| Strategic Direction | Active grants | Pipeline grants | Total |
|---------------------|---------------|-----------------|-------------|
| SD1 | \$253,845 | \$0 | \$253,845 |
| SD2 | \$19,742 | \$0 | \$19,742 |
| SD4 | \$373,958 | \$60,000 | \$433,962 |
| SD6 | \$179,728 | \$20,000 | \$199,728 |
| SD8 | \$806,167 | \$300,000 | \$1,106,167 |
| SD11 | \$0 | \$0 | \$0 |
| Total | \$1,633,441 | \$380,000 | \$2,013,444 |

Table 2: Status of the small grant portfolio in the Indo-Burma Hotspot, as of June 30, 2018

Excluding the RIT grant, the mean large grant size is \$144,923. Only six grants larger than \$250,000 have been awarded: a grant to Fauna & Flora International to empower local communities to engage in conservation of priority sites in the Sino-Vietnamese Limestone Corridor; a similar grant to Wildlife Conservation Society (WCS) focusing on the Tonle Sap Lake and Inundation Zone Corridor; a grant to WCS promoting government-civil society partnerships to combat wildlife trade; a grant to Stockholm Environment Institute to mainstream biodiversity into development plans for the Chindwin River basin in Myanmar; a grant to International Center for Environmental Management to undertake a rapid environmental assessment of a plan to facilitate navigation on the Mekong River through blasting the river channel; and a grant to WCS to pilot a payment for ecosystem services model with a hydropower company in Lao PDR. For small grants, the mean size of grants awarded to date is \$18,353. This reflects that fact that small grant applicants tend to apply for the maximum funding available. Indeed, only 13 small grants under \$18,000 have been awarded.

Assuming that all of the pipeline grants are contracted, the total size of the CEPF grant portfolio in the Indo-Burma Hotspot will be \$15.8 million (Table 3). Of this total, \$4.5 million will be for grants in Cambodia, \$1.6 million for China, \$1.6 million for Lao PDR, \$2.1 million for Myanmar, \$600,000 for Thailand and \$2.3 million for Vietnam. In addition, there will be \$3.1 million for grants covering multiple countries, including the two RIT grants.

| Strategic Direction | Active grants | Pipeline grants | Total |
|---------------------|---------------|-----------------|--------------|
| SD1 | \$2,110,957 | \$0 | \$2,110,957 |
| SD2 | \$1,056,010 | \$0 | \$1,056,010 |
| SD4 | \$4,258,745 | \$60,000 | \$4,318,749 |
| SD6 | \$4,345,139 | \$20,000 | \$4,365,139 |
| SD8 | \$1,601,327 | \$300,000 | \$1,901,326 |
| SD11 | \$2,000,000 | \$0 | \$2,000,000 |
| Total | \$15,372,179 | \$380,000 | \$15,752,182 |

Table 3: Status of the overall portfolio in the Indo-Burma Hotspot, as of June 30, 2018

Once all of the pipeline grants have been awarded, the full spending authority for the second phase of CEPF investment in the Indo-Burma Hotspot will have been committed (Table 4). This means that there will be no opportunity to award additional grants, unless unspent funds are returned by grantees when their grants close. While it is conceivable that small amounts of money will be returned in this way, it is highly unlikely that there would be sufficient to justify another open call for proposals. Any unspent funds returned from closed grants would be made available to support a small number of grants-by-invitation, to respond to urgent threats or opportunities (assuming that sufficient time remained to contract, implement and close these grants before the end of the investment phase).

| Strategic Direction | Allocation ² | Active plus pipeline | Balance |
|---------------------|-------------------------|----------------------|------------|
| | | grants | |
| SD1 | \$2,121,203 | \$2,110,957 | \$10,246 |
| SD2 | \$1,200,000 | \$1,056,010 | \$143,990 |
| SD4 | \$4,200,000 | \$4,318,749 | -\$118,749 |
| SD6 | \$4,355,000 | \$4,365,139 | -\$10,139 |
| SD8 | \$1,890,000 | \$1,901,326 | -\$11,326 |
| SD11 | \$2,000,000 | \$2,000,000 | \$0 |
| Total | \$15,766,203 | \$15,752,182 | \$14,021 |

 Table 4: Balance of CEPF funds allocated to the Indo-Burma Hotspot, as of June 30, 2018

Committing the full spending authority two years from the end of the investment phase was a conscious decision by the CEPF Secretariat and RIT. This has been the largest investment phase in CEPF's history, with a total volume of grant making double that of the typical CEPF hotspot. This has placed a heavy workload on the RIT, in terms of review, due diligence and award of new grants, and management and monitoring of awarded ones. The prevalence among grantees of local civil society organizations, many of which are new and/or relatively low capacity organization, has placed additional demands on the RIT's time. Bringing grant-making to a close will allow the RIT to spend more time on other functions, not least capturing lessons learned from the grant portfolio and providing support to grantees during the final two years of the program.

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

Strategic Direction 1 is another strategic direction that was only included in the first funding round. As mentioned above, there is massive unmet demand for dedicated funding for species conservation in the Indo-Burma Hotspot. Species conservation requires actions (such as research, monitoring, snare removal, etc.) that may not necessarily make direct contributions to climate change mitigation, poverty alleviation or other mainstream development agendas that attract the majority of available donor funding. Such funding streams that are available for species conservation tend to be small grants from highly over-subscribed global programs, which are inefficient for civil society organizations to apply for and are generally unsuitable for supporting species conservation and recovery efforts, which require stable support over long periods of time. After the first funding round, the CEPF funding allocation for Strategic Direction 1 was fully committed. Although significant additional funding was leveraged during the investment phase, allowing the overall spending authority to be increased by around 50 percent, all of this funding was earmarked for other strategic directions, based on the priorities of the contributing donors. The RIT is actively exploring opportunities to leverage funding for species conservation from non-traditional sources, such as high-net worth individuals, private companies and internet-based crowd-sourcing platforms. To this end, a feasibility study has been conducted and leads are being

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

pursued. At the time of writing, however, there remains a significant unmet demand among civil society organizations in the hotspot for dedicated funding for species conservation.

Coordinating CEPF Grant Making

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

Overall coordination of the RIT is provided by Alessandro Badalotti, the RIT Manager, based at the IUCN Asia Regional Office in Bangkok. Alessandro is a relatively new arrival to the team, replacing James Tallant, who left in mid-2017. Alessandro is supported in the role by Scott Perkin, the Senior Technical Adviser, and Janaleeza Esteban, the RIT Support Officer. Communications support is provided by Ann Moey, and financial management is the responsibility of Apinya Odthon, all based at the IUCN Asia Regional Office. At the national level, implementation is supported by IUCN staff based in the relevant country programs, as well as by staff of KFBG in China and MERN in Myanmar. The National Coordinator for Cambodia is Lou Vanny, for Lao PDR it is Phoutsakhone Ounchith, for Thailand it is Supranee "Pern" Kampongsun, and for Vietnam it is Nguyen Duc Tu. For Myanmar, the National Coordinator is Aung Thant Zin of MERN, supported by Zin Myo Thu of IUCN. For China, there are two National Coordinators, Luo Peng and Michelle Wong, both of KFGB. They are supported by Bosco Chan and Zhang Yan of KFGB and IUCN's Zhang Cheng. Most of the RIT staff work on the program part time, alongside their other duties, which ensures good integration of the RIT functions within the overall programs of IUCN, 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, and have an advisory role in the review process for applications in their respective countries. The review process also involves voluntary peer reviewers from the conservation community in Indo-Burma, and draws on expertise from within IUCN'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

As mentioned previously, the RIT has placed a lot of emphasis on making CEPF grants accessible to a wide variety of civil society actors in each hotspot country. This has involved widely disseminating calls for proposals, making provision for small grant applications in local languages, facilitating a review process that looks for potential in applicants not polished proposals, and, where necessary, providing targeted training in proposal writing for applicants with limited experience of applying for international donor funding. These efforts have been met with success, in terms not just of the proportion of grants that have gone to local groups (twothirds) but also the quality of the applications and, ultimately, the results of the grants themselves. A number of CEPF grantees that have been recipients of support for several years now have emerged as leading conservation actors in their countries, while new organizations have developed the credibility and capacity needed to manage donor funding and advance sustainable natural resource management and related agendas at the grassroots level.

Working with nascent and lower capacity groups does require a disproportionate amount of time, when compared with established organizations with a long track record of successful implementation of grants. The RIT's achievements in this area have, therefore, come at the cost of not being able to devote as much time to the other core functions of the RIT as might otherwise have been possible. In particular, the potential to capture lessons learned from the portfolio and communicate them to decision makers and conservation practitioners has yet to be fully realized. This is essential if the results of the most successful projects in the portfolio are to be amplified through mainstreaming into public policy and private sector practice, and/or replicated by other conservation actors. Although the RIT's transition away from grant-making towards communications and other functions is a little overdue, it is not too late to do so, because many grants are still active or have recently ended, with lessons learned still fresh in the minds of grantees.

All signs point to the RIT being ready to make the much-needed transition beyond grant-making. A full team is in place, led by an experienced RIT Manager. Almost all available funds for grant-making have been committed, and no new calls for proposals are expected. Around half of the small grants that have been awarded have already closed, reducing the size of the active portfolio of grants that need to be monitored and managed. Moreover, the RIT has already begun to prepare quality communication products, including web stories, videos and multi-media articles, to disseminate lessons from the grant portfolio.

Portfolio Investment Highlights by Strategic Direction

Excluding the RIT grants, 170 grants (81 large and 89 small) have been awarded, out of which 94 grants (43 large and 51 small) had closed as of June 30, 2018. In most of the remaining cases, the grant is still active, although, in some cases, implementation has ended but the grantee has not yet submitted all required reports. When CEPF grants are awarded in Indo-Burma, the expected contribution of each grant to the targets in the portfolio logframe is recorded. This allows the expected results of the portfolio to be tracked, thereby ensuring the development of a well balanced portfolio that, to the extent possible, meets all of the targets. The actual results are only confirmed at the end of each grant, when all reports from the grantee have been submitted and the RIT or CEPF Secretariat is able to verify the information provided. For this reason, there is a time lag between results being actually achieved and the same results being confirmed and included into portfolio-level monitoring data. The summary of results to date presented in the following sections is, therefore, a snapshot of results from closed grants, which account for only around half of those that will be awarded during the investment phase. It is an underestimate of the actual results, which will emerge over the next two years, as the remaining grants close.

Strategic Direction 1

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

To this end, CEPF is supporting efforts to build and strengthen long-term conservation programs for core populations of priority species (Investment Priority 1.1). To redress an imbalance in

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

Fourteen large grants and 14 small grants have been awarded under Strategic Direction 1. These 28 grants directly address the conservation of 24 of the 152 globally threatened species identified as priorities in the ecosystem profile (a further 14 priority species are directly addressed by grants awarded under other strategic directions). These grants directly address three of the four investment priorities under Strategic Direction 1. Although Investment Priority 1.4 is not directly addressed by any grant, a study of non-traditional sources of funding for species conservation has been undertaken by the RIT, and several opportunities have been identified and are being explored further. Apart from increasing funding for the conservation of priority species in the hotspot, the other targets in the portfolio logframe are expected to be met (Annex 1).

Highlights from the grant portfolio under Strategic Direction 1 include: discovery of one of the largest populations globally of large-antlered muntjac (*Muntiacus vuquangensis*, CR); consolidation of the community forest guard model at two protected areas in central Vietnam, resulting in a 40 percent reduction in snaring, which is the main threat to saola (*Pseudoryx nghetinhensis*, CR); introduction of a ban on sand mining in the Sre Ambel river system by Cambodia's Ministry of Mines and Energy, informed by acoustic tracking data on movements of southern river terrapin (*Batagur affinis*, CR); and consolidation of conservation efforts for three Critically Endangered vulture species in Cambodia into a collaborative program involving all key institutions, with the creation of a permanent Cambodia Vulture Working Group and the update of the national vulture action plan.

Strategic Direction 2

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

To this end, CEPF is supporting enforcement agencies to unravel high-level wildlife trade networks by introducing them to global best practice with investigations and informants (Investment Priority 2.1). These efforts are complemented by facilitating collaboration among enforcement agencies and non-traditional actors to reduce cross-border trafficking of wildlife (Investment Priority 2.2). In addition to strengthening collaboration with and among government agencies, CEPF is also supporting civil society organizations to engage with private sector companies to develop effective measures to reduce their involvement in wildlife trafficking (Investment Priority 2.3). To complement these actions, CEPF helping to engage the general public in efforts to combat the wildlife trade by supporting campaigns, social marketing, hotlines, crime prevention and other long-term programs to reduce consumption of wildlife and build public support for wildlife law enforcement (Investment Priority 2.4). CEPF and the RIT began building the grant portfolio under Strategic Direction 2 by awarding a small number of larger grants to the most trusted partner organizations. This reflected the fact that a relatively small number of civil society organizations were working on wildlife-trade-related issues at the start of the current investment phase. Six grants (five large and one small) were awarded, all under the first funding round. As discussed previously, there was then a significant increase in donor interest in addressing wildlife crime issues in Indo-Burma, which led to a strategic decision not to include Strategic Direction 2 in future calls for proposals.

All six grants awarded under this strategic direction have now closed, meaning that the final results from the grant portfolio are known. All targets in the portfolio logframe have been met (Annex 1). Highlights from the portfolio include: voluntary commitments by 17 leading courier companies in China (including DHL, FedEx and TNT), which account for around 95 percent of the market, of zero tolerance towards illegal wildlife trade; substantial changes in attitudes and behavior towards consumption of wildlife products in southern China and Vietnam, following a public awareness campaign involving more than 40 influential opinion leaders; and a successful public awareness campaign in Cambodia, which translated into a 61 percent increase in calls to a 24-hour wildlife trade hotline by members of the public.

Strategic Direction 4

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

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

Twenty-eight large grants and 19 small grants have been contracted under Strategic Direction 4, with a further four small grants in the pipeline. These 51 grants directly address the conservation of 30 of the 74 priority sites identified in the ecosystem profile. They also address all four investment priorities under this strategic direction, and all targets in the portfolio logframe either have been met or are expected to be met (Annex 1).

Highlights from the grant portfolio under Strategic Direction 4 include: establishment of 11 fish conservation zones in Kachin State, replicating in Myanmar a conservation approach that has been demonstrated in other hotspot countries; piloting of the multi-level Co-management Advisory Committee model was piloted at Bangliang National Nature Reserve in China, to enable participation of communities and local authorities in protected area management; and

establishment of a community-based fish conservation zone at Keng Mai rapids, along the Lao section of the Mekong River, to protect an important spawning site for Jullien's golden carp (*Probarbus jullieni*, EN) and thick-lipped barb (*P. labeamajor*, EN).

Strategic Direction 6

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

To this end, CEPF is supporting civil society efforts to analyze development policies, plans and programs, evaluate their impact on biodiversity, communities and livelihoods, and propose alternative development scenarios and appropriate mitigating measures where needed (Investment Priority 6.1). CEPF is also supporting efforts to integrate the biodiversity and ecosystem service values of priority corridors into government land-use and development plans at all levels and promote effective implementation and monitoring of these plans (Investment Priority 6.2), and to develop protocols and demonstration projects for ecological restoration that improve the biodiversity performance of government programs in the forestry and other natural resource sectors (Investment Priority 6.3). These initiatives are being assisted by efforts to engage the media as a tool to increase awareness and inform public debate on mainstreaming biodiversity into development planning (Investment Priority 6.4). As well as seeking to influence public policy and development planning, CEPF investment under this strategic direction also aims to promote update of biodiversity-friendly practices by the private sector, by piloting models for biodiversity-friendly production, including certification and eco-labelling (Investment Priority 6.5) and integrating the biodiversity and ecosystem service values of priority corridors into financial decision making by governments, private investors and development banks (Investment Priority 6.6).

Twenty-five large grants and nine small grants have been contracted under Strategic Direction 6, with one more small grant in the pipeline. These 35 grants aim to mainstream biodiversity into 16 development plans, policies and programs, spread across three of the four priority corridors identified in the ecosystem profile plus Myanmar. The one priority corridor that is not addressed by any of these grants is Hainan Mountains. Very few suitable applications were received from this corridor, with most interest coming from organizations based elsewhere in China but with limited local presence, despite efforts by the RIT to reach out to local civil society on Hainan island. With hindsight, it may have been over-ambitious to include Hainan Mountains as a priority corridor for CEPF investment, and a more limited program of outreach and capacity building to local civil society organizations there may have been more appropriate. Nevertheless, the grant portfolio under Strategic Direction 6 addresses all six investment priorities, while all targets in the portfolio logframe either have been met or are expected to be met (Annex 1).

Highlights from the grant portfolio under Strategic Direction 6 include: promotion of the "Mae Chaem Model Plus" for integrated land, forest and water resources management, leading to its adoption by district and provincial authorities in the upper Mae Chaem basin in Thailand; promotion of public debate of environmental issues in the Vietnamese media, which triggered responses by the concerned government bodies, such as suspension of harmful mining activities by the Bac Kan provincial authorities; and studies on the geology and biodiversity of the valley of the Nu River (one of the last remaining major undammed rivers in Asia), which contributed to a climate in which the central and provincial governments adopted positions in favor of

environmental protection, at least in the short term. Specifically, China's 13th Five-year Plan (2016-2020) did not include plans to develop hydropower on the Nu River, and the provincial government announced a moratorium on small hydropower projects on the Nu River's tributaries, as well as approving the designation of the Nu River Grand Canyon National Park.

Strategic Direction 8

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

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

To date, nine large grants and 47 small grants have been awarded under Strategic Direction 8, with an additional 15 small grants in the pipeline. The preponderance of small grants under this strategic direction shows how important a tool they are for building the capacity of national and grassroots civil society organizations. The 71 grants that will make up the grant portfolio under Strategic Direction 8 aim to strengthen the capacity of more than 100 civil society organizations across the hotspot, and to establish or strengthen more than 20 civil society networks. In this way, most grants focus on the first two investment priorities, with only two grants addressing clearing house mechanisms under Investment Priority 8.3: one of these had to close early, without achieving its objectives, while the other is a pipeline grant that has not yet begun. Nevertheless, all targets in the portfolio logframe either have been met or are expected to be met (Annex 1).

Highlights from the grant portfolio under Strategic Direction 8 include: strengthening of a network of civil society organizations and individuals to monitor Thailand's Important Bird Areas network; official establishment of Zhanjiang Bird Watching Society, a local NGO working on the conservation of migratory shorebirds in China's Guangdong province; and support to the Save Wildlife in Trade Coalition to coordinate collaboration between civil society groups working on wildlife crime issues and enforcement agencies in China. The work of the coalition helped Chinese civil society to engage in the development of national wildlife protection policy in a coordinated manner, most notable with regard to the domestic ivory ban in December 2017.

Strategic Direction 11

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

Priority 11.2). As previously described, these grants are being implemented by IUCN, in partnership with KFBG and MERN.

Collaboration with CEPF Donors

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

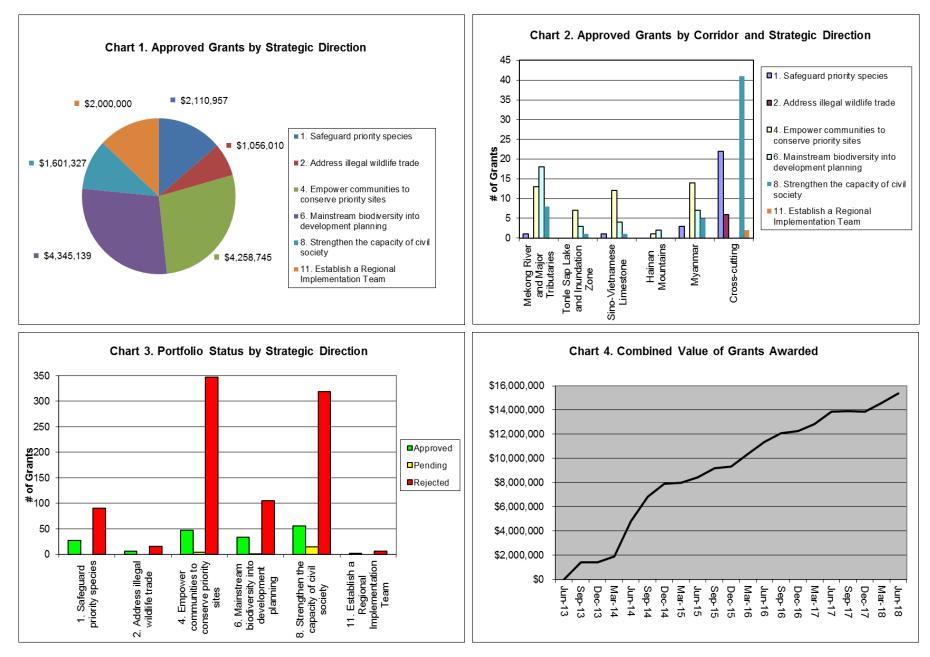
In November 2017, CEPF Secretariat and RIT staff participated in a joint site visit to grantees in Myanmar with representatives of two regional donors to CEPF in the hotspot: the Margaret A. Cargill Foundation; and the Helmsley Charitable Trust. This visit included a round-table meeting in Yangon with CEPF grantees and other conservation actors to exchange information on freshwater conservation in the Ayeyarwady Basin.

Conclusion

The current CEPF investment phase in the Indo-Burma Hotspot is now five years into an extended seven-year period. The RIT has performed very well, reaching out to many civil society organizations that had not previously been the recipients of CEPF funding, providing training and support, where needed, and allowing applications in local languages. This has resulted in a doubling of the share of the portfolio going to local organizations, in comparison to the previous investment phase, and concurrent increases in the quality of applications and the impact of activities. The sheer volume of applications and number of grants that have needed to be monitored and managed has kept the RIT firmly in a grant-making mode until now, although it is starting to transition to other functions, which will be critical if the impact of the grant portfolio is to be sustained and amplified, where possible through mainstreaming in public policy and private sector practice.

The grant portfolio itself is well balanced, with very few gaps (Investment Priority 1.4 on longterm financing mechanisms for species conservation and Investment Priority 8.3 on clearing house mechanisms to match volunteers to civil society organizations being the main exceptions). With around half of the grants in the portfolio closed, more than half of the targets in the portfolio logframe have already been met, while most of the remaining targets are anticipated to be met, based upon the expected results of the remaining active and pipeline grants. Thanks to the significant additional funding that has been leveraged from global and regional donors, many of the targets will be significantly exceeded.

Indo-Burma is the most populated and, arguably, most threatened of the world's 36 biodiversity hotspots. Threats to biodiversity are unlikely to diminish in the near future, and may even increase. Nevertheless, CEPF is playing an important part in empowering a diverse array of civil society organizations (110 and counting) to respond to these threats, individually and collectively. Along the way, species and ecosystems are being conserved, delivery of ecosystem services is being secured, and resilience to the impacts of climate change is being built.



Charts – CEPF Investment in the Indo-Burma Hotspot as of June 30, 2018

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

| Objective | Targets | Progress |
|---|---|--|
| Engage civil society in the conservation of globally threatened biodiversity through targeted investments with maximum impact on the highest conservation priorities | At least 50 civil society organizations, including at least 30 domestic organizations actively participate in conservation actions guided by the ecosystem profile. | 110 civil society organizations, including 85 domestic organizations have been awarded CEPF grants. Applications from a further 16 groups (all domestic) are in the pipeline. |
| | 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. | 14 alliances and networks have been formed among civil society organizations; examples include: Alliance for sarus crane conservation in the Mekong Delta, Cambodia. Grassroots civil society network in Anlong Veng district, Cambodia. Mekong Youth Network, Thailand. |
| | At least 25 KBAs targeted by CEPF grants have new or strengthened protection and management. | 26 KBAs have new or strengthened protection and management. A further 24 KBAs are targeted by ongoing grants. |
| | At least 5 development plans or policies influenced to accommodate biodiversity. | 3 development plans or policies have been influenced to address biodiversity: Spatial development plans for 12 villages in Savannakhet province, Lao PDR. The Mekong River Commission's Regional Procedures for Notification, Prior Consultation, and Agreement Process. National policy on domestic sale of ivory, China. Ongoing grants propose to influence a further 4 plans and policies. |
| | 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. | Grants have been awarded improving conservation and sustainable use of biodiversity within production landscapes in 4 conservation corridors plus Myanmar. Impacts have already been observed in 3 corridors (Mekong River and Major Tributaries; Tonle Sap Lake and Inundation Zone; and Sino-Vietnamese Limestone) plus Myanmar. |

| Intermediate Outcomes | Intermediate Indicators | Progress |
|--|---|---|
| Outcome 1: | | |
| Priority globally threatened | Pilot interventions for core populations | Long-term conservation programs have been put in place for core |
| species safeguarded by | of at least 20 priority species transformed | populations of 27 priority species. Ongoing grants are targeting |
| mitigating major threats | into long-term conservation programs. | populations of a further 6 species. |
| | At least 3 best practice approaches for conservation of highly threatened and endemic freshwater species developed. | Best practice approaches have been developed and demonstrated for 6 highly threatened and/or endemic freshwater species: 3 turtles; 2 fishes; and 1 crocodile. |
| | Knowledge of the status and distribution of at least 10 priority species improved through research. | Knowledge of the status and distribution of 7 priority species has been improved through research. |
| | Funding for the conservation of priority species in the hotspot from existing funds increased by at least 25 percent. | A study of non-traditional sources of funding for species conservation has been completed, and several potential sources have been identified. |
| Outcome 2: | | |
| Innovative responses to illegal trafficking and consumption of wildlife demonstrated | At least 1 high-level wildlife trade network unraveled by enforcement agencies employing global best practice with investigations and informants. | Intelligence on 2 high-level wildlife trade networks along the Lao- Vietnam-China trade route has been gathered and analyzed and relevant authorities have been pressed to act. |
| | At least 2 initiatives to reduce cross- border trafficking of wildlife piloted by enforcement agencies in collaboration with non-traditional actors. | 5 initiatives to reduce wildlife trafficking across the Cambodia-Vietnam, Lao PDR-Vietnam, Vietnam-China and Myanmar-China borders have been piloted. These have resulted in intelligence-led seizures of major shipments of ivory, pangolin scales and other illegally traded products. |
| | At least 5 private sector companies promote the adoption of voluntary restrictions on the international transportation, sale and consumption of wildlife. | 17 leading courier companies, accounting for around 95 percent of the market in China, have made public declarations of zero tolerance towards illegal wildlife trade. |

| | 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. | 5 communication programs to reduce consumer demand for wildlife and build public support for wildlife law enforcement have been implemented. These include hotlines to facilitate reporting of wildlife crime by members of the public in Cambodia and Vietnam, a smartphone app in China, and a social marketing campaign involving key opinion leaders in China and Vietnam. |
|--|--|--|
| Outcome 3: | | |
| Local communities empowered to engage in conservation and management of priority Key Biodiversity Areas | Awareness of biodiversity conservation legislation raised among target groups within at least 10 priority sites. | Awareness of conservation legislation has been raised among local communities and other target groups at 10 priority sites, comprising 5 in Cambodia, 4 in Vietnam, and 1 in Lao PDR. |
| | Community forests, community fisheries and/or community-managed protected areas piloted or replicated within at least 15 priority sites. | 12 priority sites have benefited from community-based approaches. Specifically, community forests have been established at 2 priority sites in Vietnam, community fisheries have been established at 4 priority sites in Cambodia, 1 in Lao PDR and 1 in Vietnam, and community-managed protected areas have been established at 4 priority sites in China. Ongoing grants are piloting similar approaches at an additional 7 priority sites. |
| | Co-management mechanisms that enable community participation in management of formal protected areas developed for at least 10 priority sites. | Protected area co-management mechanisms have been put in place at 5 priority sites, comprising 2 each in China and Vietnam and 1 in Cambodia. Ongoing grants are developing similar mechanisms for an additional 10 priority sites. |
| | 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. | KBA gap analyses have been conducted for the Chin Hills Complex, Rakhine Yoma Range and Western Shan Yoma Range Corridors, plus freshwater ecosystems in the upper Ayeyarwady Basin. 11 fish conservation zones have been established at Hponkanrazi and Indawgyi KBAs. Ongoing grants are piloting new, community-based models at other KBAs in Myanmar, |
| | At least 75 percent of local communities targeted by site-based projects show tangible well-being benefits. | 33 local communities targeted by site-based projects have received tangible well-being benefits, including improved land tenure, food security and access to ecosystem services. These comprise 100 percent of the communities targeted by these grants. |

| Outcome 4: | | |
|--|---|--|
| Key actors engaged in mainstreaming biodiversity, communities and livelihoods into development planning in the priority corridors. | 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. | 6 development policies, plans and programs have been analyzed for their impacts on biodiversity and ecosystem services, and mitigating measures have been proposed: Hydropower development on the Mekong mainstream. Hydropower development in the 3S Basin, Cambodia. Hydropower development on the Nu (Salween) River, China. Cement manufacture in limestone karst ecosystems, Myanmar. Tourism development at Xiaohai lagoon, Hainan, China. |
| | The biodiversity and ecosystem service values of at least 2 priority corridors integrated into land-use and/or development plans. | A model for integrated land, forest and water resources management has been adopted by district and provincial authorities in the Mae Chaem River Basin within the Mekong River and Major Tributaries Priority Corridor. Ongoing projects anticipate similar results in 2 priority corridors plus Myanmar. |
| | New protocols for ecological restoration demonstrated in the priority corridors and integrated into the national forestry programs of at least 1 hotspot country. | An ongoing project is demonstrating new protocols for ecological restoration of deciduous dipterocarp forest in Cambodia. |
| | Public debate and awareness of at least 3 key environmental issues increased through coverage in domestic media. | Public debate and awareness of 6 key environmental issues has been increased through coverage in domestic media: Hydropower development in the 3S Basin, Cambodia. Mining in the northern mountains of Vietnam. Impacts of upstream hydropower development on the Mekong Delta. Forest management and financing mechanisms in the Sino-Vietnamese Limestone Corridor. Tourism development on Son Tra peninsula, Vietnam. Environmental and social footprint of Thailand's overseas investment. |

| | *At least 3 pilot models for biodiversity- friendly production, including certification and eco-labelling established. *The biodiversity and ecosystem service values of at least 1 priority corridor integrated into financial decision making by governments, private investors and development banks | Ongoing grants aim to demonstrate 6 models for biodiversity-friendly production, including rice in Cambodia, aquaculture products and medicinal plants in China, and cement in Myanmar. Ongoing grants aim to integrate the biodiversity and ecosystem service values of 2 priority corridors into financial decision making. |
|--|--|--|
| Outcome 5: Civil society capacity to work on biodiversity, communities and livelihoods strengthened at regional, national, local and grassroots levels. | At least 5 civil society networks enable collective responses to priority and emerging threats. | 21 civil society networks have enabled collective responses to priority and emerging threats. Examples include: An alliance of civil society organizations responded to the threat of economic land concessions in northeastern Cambodia. A biodiversity and governance expert group analyzed the threat of hydropower development on the Nu (Salween) River. The Save Wildlife in Trade coalition coordinated joint responses to illegal wildlife trade by civil society organizations and government agencies in China. |
| | At least 20 domestic civil society organizations demonstrate improvements in organizational capacity. At least 1 clearing house mechanism established to match volunteers to civil society organizations' training needs. | 80 domestic civil society organizations have demonstrated improvements in organizational capacity, including grantees, sub-grantees and beneficiaries of capacity building activities. 1 pipeline grant aims to develop a clearing house mechanism to match volunteers to civil society organizations in Myanmar. |

| Outcome 6: A Regional Implementation Team provides strategic leadership and effectively coordinates CEPF investment in the Indo-Burma Hotspot. | At least 50 civil society organizations, including at least 30 domestic organizations actively participate in conservation actions guided by the ecosystem profile. | 110 civil society organizations, including 85 domestic organizations, have been awarded CEPF grants. Applications from a further 16 groups (all domestic) are in the pipeline. |
|---|---|--|
| | At least 80 percent of domestic civil society organizations receiving grants demonstrate more effective capacity to design and implement conservation actions. | Baseline and final civil society tracking tools have been completed by 41 domestic civil society organizations receiving grants or sub-grants. Among these, the scores of 29 organizations (71 percent) have increased over the period of CEPF support. A further 25 organizations have completed a baseline tool but not yet a final tool. |
| | At least 2 participatory assessments are undertaken and documented. | 1 mid-term assessment has been undertaken and documented. |

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