

Critical Ecosystem Partnership Fund

**Twenty-first Meeting of the Donor Council
Conservation International, Arlington, VA
11 June 2012
8 a.m. – 11 a.m. EST**

Selection of prioritized regions for CEPF Investment

Recommended Action Item:

The Donor Council is asked to approve two new hotspots from the prioritized list for CEPF investment and approve investment in at least one additional hotspot where CEPF has previously invested.

In regard to the issue of reinvestment, the Secretariat recommends that the Donor Council not only consider the prioritized rankings presented in this document, but also the following factors:

- The conclusion of the brief lessons-learned analysis of the consolidation program that follows the Prioritization Criteria section of this document, which states that consolidation should be redefined to move from simply securing the gains of the first five years of investment to identifying opportunities to further fulfill the strategies outlined in the ecosystem profiles, broadening the donor base for each hotspot and effectively and sustainably leveraging CEPF's investment.
- Hotspots where CEPF has more recently invested offer good opportunities to build on successes and momentum provided by prior investment, and also may require little or no update of the ecosystem profiles and the strategies within them.
- In Indo-Burma's case, an updated ecosystem profile has been prepared (with funding from the MacArthur, Margaret A Cargill and McKnight foundations). Reinvestment now would allow for seamless connection between funding phases, would leverage the funding of the three foundations that supported the profiling process and would keep momentum going.
- The Western Ghats and Himalaya hotspots hold particular appeal to the Indian government, which is currently considering an invited proposal from CEPF to become a \$25 million global partner.

Background:

During its 20th meeting, on February 6, 2012, the CEPF Donor Council approved a recommendation from the Secretariat to revise the process for prioritization and selection of new areas for investment. Specifically, the Secretariat was asked to work with the Working Group to develop criteria for analyzing the status of conservation efforts in new regions as well as those where CEPF has invested to date, and to apply these criteria to develop a prioritized list of hotspots for future investment.

The idea of revisiting regions for further investment is premised on the experience of conservation donors that short-term (1-5 years) funding support is rarely sufficient to ensure

sustained impacts or achieve amplification of innovative approaches that demonstrate promise at the pilot scale. This is particularly the case for a donor such as CEPF, which takes a programmatic approach that emphasizes building capacity and alliances among civil society groups and, at its best, gives momentum to local conservation movements.

While reinvesting in some regions where there are opportunities to build on successful results to date, is highly desirable, it is also important for CEPF to continue to expand its good work and allow for unique biodiversity located in hotspots that have not been yet selected for funding. Given the finite resources of the fund, it is then important to maintain a good balance between investing in new regions and reinvesting in previously approved hotspots.

During the 31st meeting of the Working Group held on 11 April 2012, the Working Group reviewed the criteria proposed by the Secretariat and the results of the prioritization process. The Working Group provided comments to the criteria up until the week of May 21. Comments from the World Bank and Government of Japan have resulted in minor alterations to the criteria. The GEF requested that complementary GEF investment in each region be considered in the analysis and to this end such information has been provided below. The Secretariat ran the analysis that resulted in the prioritized rankings that follow.

New Hotspots

Rank	Hotspot	Countries	GEF investment
1	Mountains of Central Asia	Afghanistan, China, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan	The GEF-5 Biodiversity STAR allocation for Afghanistan and Kazakhstan are about \$4 million to \$5 million, while allocations for Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan have been limited to about \$1.5 million. Under GEF-5, Afghanistan, China, Kazakhstan and Kyrgyzstan have developed new protected-area management projects.
2	Madrean Pine Oak Woodlands	Mexico	GEF-5 Biodiversity STAR allocation to Mexico is \$52.75 million. Mexico has invested GEF finance under both GEF-4 and GEF-5 on comprehensive protected area program at the national level. One or more protected areas that are covered under the project are within the hotspot.
3	Wallacea	Indonesia and Timor Leste	GEF-5 Biodiversity STAR allocation to Indonesia is \$54.17 million, while allocation for Timor Leste is \$1.5 million. Further research is required to determine investment in the Wallacea Hotspot.
4	Valdivian Forest	Chile	Under GEF-5, Chile's Biodiversity STAR allocation is \$18 million. The GEF invested in the Valdivian Forests in Chile through the following two projects: 1) Valdivian Forest

			Zone: Private-Public Mechanisms for Biodiversity Conservation (\$0.72m); and 2) Regional System of Protected Areas for Sustainable Conservation and Use of Valdivian Temperate Rainforest (\$4.7 million). The investment under GEF-4 also focuses on developing a comprehensive national system of protected areas in Chile.
5	Cerrado	Brazil	GEF-5 Biodiversity STAR allocation for Brazil is \$68.22 million. There are two GEF projects that specifically focused on the conservation initiative in Cerrado (all in Brazil): <i>Establishment of Private Natural Heritage Reserves in the Brazilian Cerrado Project (\$0.75m)</i> and the <i>Sustainable Cerrado Initiative (\$13m)</i> .

Hotspots where CEPF has previously invested

When considering areas where CEPF has previously selected as areas for new investments, the Working Group requested that the Secretariat to run the analysis with the criteria, and also provide to the Donor Council results from CEPF's experience consolidating the portfolios. The ranking of the hotspots with the reviewed criteria is listed below. The lessons from the consolidation portfolios are described at the end of this document.

Rank	Hotspot	Countries	Investment Status
1	Indo-Burma	Cambodia, China, India, Laos, Myanmar, Thailand and Vietnam	Closing April 2013
2	Madagascar and Indian Ocean Islands	Comoros, Madagascar, Mauritius, and Seychelles	Closing consolidation in December 2012
3	Mesoamerica	Belize, Costa Rica, Guatemala, El Salvador, Honduras Mexico, Nicaragua, , and Panama	Southern Mesoamerica in consolidation and closing in August 2012 Northern Mesoamerica closed in 2010
4	Guinean Forest	Benin, Cameroon, Côte d'Ivoire, Equatorial Guinea, Ghana, Guinea, Liberia, Nigeria, São	Closing consolidation in June 2012

		Tomé and Príncipe, Sierra Leone, and Togo	
5	Sundaland	Indonesia	Closed in 2008
6	Tropical Andes	Argentina, Bolivia, Chile, Colombia, Ecuador, Peru and Venezuela	Closing consolidation in FY13
7	Philippines	Philippines	Closed in 2008
8	Western Ghats and Sri Lanka	India and Sri Lanka	Closing April 2013
9	Himalaya	Bhutan, India and Nepal	Closed in 2010
10	Polynesia – Micronesia	Cook Islands, Fiji, Niue, Samoa, Tonga, Tuvalu, Federated States of Micronesia, Kiribati, Marshall Islands, Nauru and Palau. Also included are the French territories of Wallis and Futuna and French Polynesia, the New Zealand territory of Tokelau, the Chilean territory of Easter Island, the American territories of Guam and the Northern Mariana Islands, and the state of Hawaii	Closing April 2013

Prioritization criteria

The ranking above is the result of the application of the criteria discussed with the Working Group and included below. In order to facilitate transparent, repeatable and consistent application of the criteria, specific indicators are suggested. Each indicator would allow a score to be generated, which, once weighted and aggregated, would enable an overall prioritization of the list of hotspots.

No.	Potential criterion	Suggested indicator(s)
1	Practicality and sustainability of effective CEPF implementation	CEPF able to operate safely, legally and effectively within all or a significant part of the hotspot – YES/NO

2	Magnitude of threat to biodiversity	<p>(a) Percentage original habitat remaining: 0-5% = extreme (5) 6-10% = very high (4) 11-20% = high (3) 21-30% = medium (2) >30% = low (1) [by definition, no hotspot is low]</p> <p>AND</p> <p>(b) Number of CR and EX mammals, birds and amphibians: >50 = extreme (5) 31-50 = very high (4) 21-30 = high (3) 11-20 = medium (2)</p>
3	Shortfall between conservation needs and available funding from non-CEPF sources	<p>Qualitative assessment of the criterion, based on the following descriptors of the availability of conservation funding to civil society organizations:</p> <p>Almost none = extremely high (5) None in some countries, insufficient in others = very high (4) Insufficient = high (3) Insufficient in some countries, sufficient in others = medium (2) Sufficient = low (1)</p>
4	Opportunity to integrate biodiversity conservation into landscape and development planning	<p>Relative importance of land-use change and infrastructure development as causes of biodiversity loss</p> <p>One of these factors identified as the top driver of biodiversity loss = very high (4) One or both factors identified in the top three drivers of biodiversity loss = high (3) One or both factors identified in the top five drivers of biodiversity loss = medium (2) Neither factor identified in the top five drivers of biodiversity loss = low (1)</p> <p>AND</p> <p>Presence/absence of traditional or indigenous peoples as a proxy to the value of positive traditional management of landscapes and natural resources</p>

		Presence (high) (1) Absence (low) (0)
5	Need to increase conservation capacity of domestic civil society	<p>Qualitative assessment of the criterion, based on the following descriptors of domestic civil society engaged in biodiversity conservation:</p> <p>Limited or non-existent = medium (2) Few national NGOs with limited capacity; limited or non-existent local NGOs and CBOs = high (3) Significant number of effective national NGOs; limited or non-existent local NGOs + CBOs = high (3) Large number of effective national NGOs, complemented by emerging local NGOs and/or CBOs = medium (2) Large number of effective domestic organizations at national, local and grassroots levels, well coordinated through networks, with low dependence on external funding support = low (1)</p>
6	Value for money	<p>World Bank ICP Price Level Index (2005 data): 0-40 = high (3) 41-80 = medium (2) >80 = low (1)</p>
7	Opportunity to link with ongoing national initiatives	<p>Qualitative assessment of the criterion, based on the following descriptors of National Biodiversity and Action Plan (NBSAP)</p> <p>The target country's NBSAP has some description of this investment/region (5) The NBSAP has some description of hotspots (4) The target country has updated NBSAP based on the adoption of Aichi Biodiversity Target (3) The target country has updated NBSAP (2) The target country has developed NBSAP (1)</p>

8	Opportunity for ecosystem profiles to act as shared strategies	<p>Opportunity to coordinate CEPF investments with those of other funders:</p> <p>Tangible and immediate opportunities to coordinate CEPF investments with those of CEPF donors or other funders = high (3)</p> <p>Significant potential to coordinate CEPF investments with those of CEPF donors or other funders in future = medium (2)</p> <p>Limited potential to coordinate CEPF investments with those of CEPF donors or other funders in future = low (1)</p>
9	Potential to deliver human well-being benefits	<p>Level of economic development of the hotspot:</p> <p>Significant part (>50%) within low-income countries = very high (4)</p> <p>Significant part (>50%) within low-income or lower-middle-income countries = high (3)</p> <p>Significant part (50-80%) within upper-middle-income or high-income countries = medium (2)</p> <p>Very significant part (>80%) within upper-middle-income or high-income countries = low (1)</p>

Prioritization within hotspots

This document assumes that the unit of analysis for the prioritization exercise would be the hotspot. The rationale for this is that prioritization within hotspots would then take place during the process to prepare or update the ecosystem profile. There is a precedent for CEPF to focus its investment within a subset of a hotspot, following the profiling exercise (e.g. Sumatra within Sundaland, Western Ghats within Western Ghats and Sri Lanka), and it is proposed that this would remain an option for future investments. Moreover, it is proposed that regions within existing hotspots that have not received CEPF investment to date (e.g. Kalimantan and Sri Lanka in the above examples) are covered by updates to ecosystem profiles and considered as candidates for reinvestment. In many cases, however, the investment would cover the entire hotspot, and an existing ecosystem profile is already in place that could be adopted as is or updated within minimal time and effort.

Lessons from Consolidation

The Working Group recommended during its 31st meeting held on 11 April 2012 that lessons learned from the consolidation portfolio be a factor when making the decision for reinvestment in regions.

The Secretariat conducted an internal review of its consolidation portfolios and found these to be successful on the whole, at least in terms of securing the gains achieved during the initial five-year investment allocation. However, consolidation portfolios were by design limited to certain

types of activities, and this program seems in some cases to be too narrowly defined to allow CEPF to take best advantage of opportunities to further pursue the goals set out in the profiles. Lessons from consolidation, outlined in the following text, suggest a need to reconsider how CEPF chooses to reinvest in a region, as well as how long and how big the investment should be, and what its target outcomes should be.

Based on experience from 11 consolidation portfolios, the CEPF Secretariat views “success” as a function of the following factors, among others:

- The geographic size of a hotspot, where larger hotspots (e.g., the Tropical Andes) imply slower progress than smaller hotspots (e.g., Cape Floristic).
- The number of countries in a hotspot, where more political boundaries (and sometimes, languages) mean more difficulty for grantee engagement.
- The number of key biodiversity areas in a hotspot, and the number of prioritized KBAs in a hotspot. For example, even in a small hotspot like Maputaland-Pondoland-Albany, CEPF is working in only 19 out of 72 identified KBAs.
- The institutional context, particularly in places with low civil society capacity (e.g., Sierra Leone and Liberia) or government-controlled access to civil society (e.g., northeast India, Bhutan, China, Laos).
- The strategic directions defined by the stakeholders and contributors to the ecosystem profile.

Revised Understanding of Consolidation

The CEPF internal review shows conservation success and hotspot status vary greatly at the end of consolidation funding. The result is confusion among donors and hotspot partners about where CEPF – or the condition of the hotspot’s biodiversity and civil society – should be at the close of the consolidation phase. In many cases, despite success among the consolidation grants, important outcomes identified in the ecosystem profiles have still not been achieved because of the conditions found in the hotspot.

The cases below demonstrate the variety of hotspot status at the end of successful consolidation portfolios.

Unequivocal success; the role of CEPF is over. At the end of 2011, consolidation grants in the **Cape Floristic** region of South Africa and the **Atlantic Forest** of Brazil came to an end. For a fund like CEPF, investing an average of \$7.9 million, perhaps these hotspots are the standard of achievement. Of course, economic activity in the countries presents continued threats to biodiversity. However, the state of biodiversity and the threats are well known, civil society is vibrant and takes an active part in conservation, and the national economies (as measured by available public and private funds) can support continued conservation work. Note though, that South Africa and Brazil are different from the majority of CEPF countries. They are middle-income, with world-class research scientists and motivated partners throughout the civil service and elected leadership.

CEPF has been successful, but conditions have changed between Year 0 and Year 8.

As initial investments closed in **Madagascar** and the **Tropical Andes** hotspots, and as we designed consolidation portfolios, the outlook was bright. However, during that time, in Madagascar, a military coup stalled multiple efforts to promote conservation enterprises and build civil society. The result is that nascent success, in desperate need of “consolidation” support, was undermined by delays in funding and government action. Similarly, in Bolivia and Peru, where CEPF grants led to the creation of major protected areas during the initial investment phase, extreme pressures from road building and mining pressures that emerged due political and financial decisions during the last part of the initial investment have threatened to undermine our work. In conditions like these, if CEPF leaves, there is no guarantee that the respective investments and results will be sustained.

CEPF has been successful, but the challenges were enormous from the start, and remain so. Consider again the **Tropical Andes**, a hotspot covering over 1.5 million square kilometers and parts of seven countries. Faced with such a huge area and limited funds, CEPF designed its initial investment to address two geographic clusters—representing roughly 25 percent of the hotspot – followed by consolidation. This still leaves 75 percent of the hotspot to be addressed. Similarly, when CEPF began work in the **Guinean Forest**, two of the focal countries – Sierra Leone and Liberia – were still in the final stages of civil conflict. During CEPF’s investment, conflict erupted in Côte d’Ivoire and again in Liberia. There was virtually no local civil society engagement in conservation; virtually no government funding or leadership for conservation; and due to the interruption of years of conflict, no current science on biodiversity status or threats. Like many donors, CEPF struggled for traction, but the status of civil society in conservation today is in much better shape than it was when CEPF started. That said it is still on the opposite end of the spectrum from South Africa and Brazil.

Revising Consolidation

In 2008, the CEPF donors approved the Overview of Consolidation Approach (hereafter the “Approach”), which then allowed for a targeted three year investment in regions that previously received CEPF funding. This three-year funding would be guided by the portfolio-specific consolidation strategy. The Approach says the purpose of consolidation is “to reinforce and sustain the conservation gains achieved as a result of CEPF investments in the initial 5-year investment period.” In November 2010, the Secretariat evaluated its consolidation portfolios by two standards relevant to this discussion:

- 1) Performance of the individual portfolio against the purposes defined in the overarching Consolidation Approach.
- 2) Performance of the individual portfolio against its portfolio-specific consolidation strategy.

The CEPF Consolidation Approach states that consolidation grants should be mutually reinforcing, have influence that extends beyond the period of CEPF investment, focus on sustainable financing and leverage, and strengthen stakeholder networks that can replicate and expand past CEPF success. It precludes specific types of work, such as the creation of new protected areas and the funding of recurring costs. The Approach is clear in that it establishes

the baseline for the consolidation phase (i.e., Year 6 of investment) with whatever success had been achieved at the close of the first five-year investment window (i.e., Year 5).

Strategies are in place for the portfolios for each of the consolidation regions. These strategies reflect the aims and constraints of the Approach while internalizing the goals of the ecosystem profile and performance during the initial investment window. The strategies present a more hotspot-specific definition of “consolidation” success than the Approach, as each has its own set of investment priorities with corresponding sets of outputs. They make reference to current conditions and future goals, and unsurprisingly, these vary greatly by hotspot.

At the time of the Secretariat’s 2010 review, CEPF had awarded 45 individual consolidation grants. These grants fit within their respective portfolio strategies, which in turn fit within the Approach. By and large, the grants are performing well individually, as are the portfolios overall when measured against one of the primary goals of consolidation, which is continuation of key successes achieved in the initial investment period.

Consolidation grants to date have not attempted to fill in the remaining gaps from the ecosystem profiles, or to address new issues not identified in the profiles. CEPF does not use the ecosystem profiles or the objectives in these as the baseline for measuring Consolidation Portfolio performance. A consolidation portfolio may perform well but overlook significant work that remains to fulfill the goals set in the ecosystem profiles.

The Secretariat’s recommendation is for CEPF to redefine the Consolidation Approach, moving beyond securing the gains during the first five years of investment and identifying opportunities to fulfill the strategies outlined in the ecosystem profiles, broadening the donor base for each hotspot and effectively and sustainably leveraging CEPF’s investment. As suggested by the Working Group, the approach for each hotspot should be analyzed on a case-by-case basis looking carefully at the opportunity to work with other donors.