

# CEPF Investment Strategy and Programmatic Focus in the Eastern Afromontane Hotspot



**CRITICAL** | **ECOSYSTEM**  
PARTNERSHIP FUND

# About CEPF

Established in 2000, the Critical Ecosystem Partnership Fund (CEPF) is a global leader in enabling civil society to participate in and influence the conservation of some of the world's most critical ecosystems. CEPF is a joint initiative of Agence Française de Développement (AFD), Conservation International, the European Union, the Global Environment Facility (GEF), the Government of Japan, the MacArthur Foundation and the World Bank. CEPF is unique among funding mechanisms in that it focuses on high-priority biological areas rather than political boundaries and examines conservation threats on a landscape scale. From this perspective, CEPF seeks to identify and support a regional, rather than a national, approach to achieving conservation outcomes and engages a wide range of public and private institutions to address conservation needs through coordinated regional efforts.

Cover photos, left to right:

Ethiopian red hot poker (*Kniphofia foliosa*), Bale Mountains National Park, Ethiopia. © Robin Moore/iLCP

Highland boy, Ethiopia. © Rod Mast

*[This text is included in chapter 12 of the Ecosystem Profile]*

**The Critical Ecosystem Partnership Fund (CEPF) will focus its investment in the Eastern Afromontane biodiversity hotspot on the following six corridors and additional sites:**

- The Itombwe-Nyungwe Landscape comprises four terrestrial KBAs in DRC, Burundi and Rwanda. The Itombwe Mountains, by far the largest KBA of the corridor (820,000 hectares), are also an important catchment area for Lake Kivu, a priority freshwater KBA.
- The Northern Lake Niassa Mountain Complex comprises seven high-priority KBAs of small to medium size in Malawi, Tanzania and Zambia, all sites being important catchments for Lake Malawi, the highest priority freshwater KBA within the hotspot.
- The western part of the Kaffa and Yayu Coffee Biosphere Reserve comprises only one high-priority KBA at the present time, but this region of Ethiopia is still under- explored (and underinvested by the international community). Several forest patches in this corridor appear to be very important in terms of biodiversity as well as water management (for example, these are sources of the floodplains of the Gambella complex).
- The Lake Tana Catchment, which comprises four terrestrial and three freshwater (one high-priority) KBAs, is a highly populated area where the link between development and conservation is particularly critical. Three other small KBAs of high biodiversity value are just outside the corridor but are within the same state, and these are contained in an area called the Amharic Escarpment.
- The Arabian Peninsula Highlands, with six priority KBAs, are facing a unique situation within the hotspot in terms of significant threats and unrealized civil society potential. This corridor would benefit from specific interventions that aim primarily at developing civil society and the knowledge base.
- The Chimanimani-Nyanga Mountains have an incredibly high biodiversity value within the hotspot, while at the same time having almost no investment at all at present. Therefore, the Chimanimani Mountains (shared by Mozambique and Zimbabwe) and the five smaller KBAs in Zimbabwe have been retained for specific interventions to enhance the knowledge base and develop much needed conservation action. The three KBAs comprising the Montane Islands of Mozambique are associated with this corridor and are subject to similar conditions.
- Three sites outside of the priority corridors are regarded as being of utmost importance and therefore have been included as a focus for CEPF investment. These are LaLuama-Katanga-Mount Kabobo, Greater Mahale and the Imatong Mountains. LaLuama-Katanga-Mount Kabobo in DRC and Greater Mahale in Tanzania present great opportunities for developing sustainable financing schemes in particular and are in need of urgent support, the latter being also a key catchment area for Lake Tanganyika. The last site, Imatong Mountains in South Sudan, is relatively unknown but is likely to have extremely high biodiversity. Further, it could be an important site to help support the emergence of civil society in South Sudan.

The list of corridors and KBAs is presented Table 1, and freshwater KBAs are listed in Table 2. These tables also indicate the eligibility of each site for CEPF investment in each strategic direction and investment priority. Restrictions on eligibility for an investment priority are due to the need to ensure that CEPF investments are focused both thematically and geographically. The priority sites and corridors are presented in Figure 1.





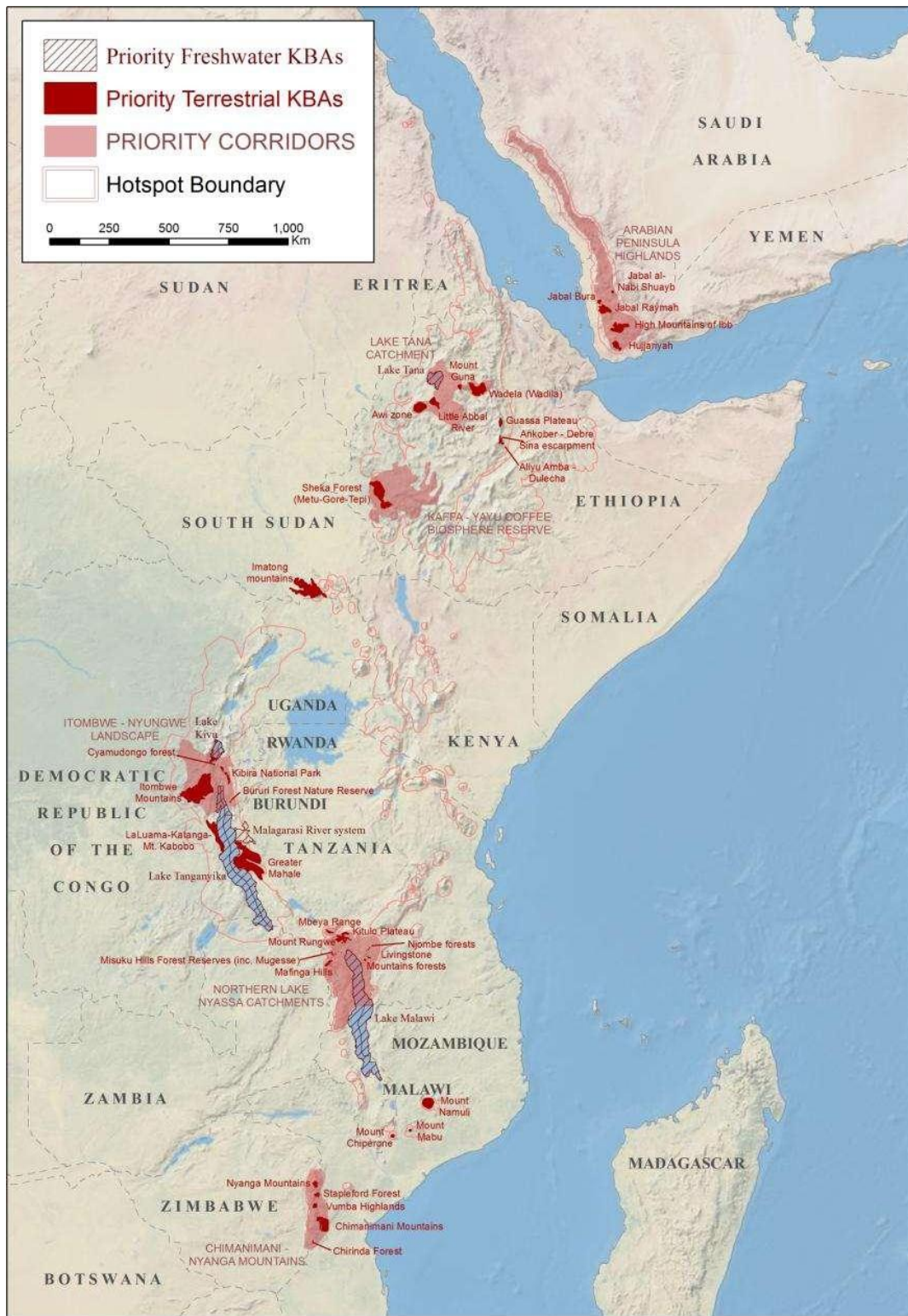


**Table 2. CEPF Priority Freshwater Key Biodiversity Areas**

<b>KBA #</b>	<b>KBA Name</b>	<b>Corridor</b>	<b>Country</b>	<b>Size (ha)</b>	<b>Protection Status</b>	<b>Threatened Species</b>
FW24	Lake Tana	Lake Tana Catchment Landscape	Ethiopia	305,499	Unprotected	12
FW32	Malagarasi River	Greater Mahale Landscape	Tanzania	356,285	Partial	5
FW17 and FW18	Lake Kivu	Itombwe-Nyungwe Landscape	DRC and Rwanda	268,186	Unprotected	17
FW19 and FW20	Lake Malawi (Lake Niassa)	Northern Lake Niassa Mountain Complex (in part)	Malawi and Mozambique	685,997	Partial	109
FW25, FW26, FW27 and FW28	Lake Tanganyika	Itombwe-Nyungwe Landscape	Burundi, DRC, Tanzania and Zambia	3,275,047	Partial	21



Figure 1. Map of CEPF priority sites and corridors







Four strategic directions will guide the CEPF investment. These strategic directions and their associated investment priorities were determined through an intensive consultative process with stakeholders and reflect the views of civil society in the hotspot.

**Table 3. Strategic Directions and Investment Priorities**

Strategic Directions	Investment Priorities
<p>1. Mainstream biodiversity into wider development policies, plans and projects to deliver the co-benefits of biodiversity conservation, improved local livelihoods and economic development in priority corridors.</p>	<p>1.1. Enhance civil society efforts to develop and implement local government and community-level planning processes to mainstream biodiversity conservation, and leverage donor and project funding for livelihood activities that explicitly address causes of environmental degradation in and around priority KBAs in priority corridors.</p>
	<p>1.2. Promote civil society efforts and mechanisms to mainstream biodiversity conservation into national development policies and plans, and into territorial planning in priority corridors and countries.</p>
	<p>1.3. Support civil society to build positive relationships with the private sector to develop sustainable, long-term economic activities that will benefit biodiversity and reduce poverty in priority corridors.</p>
<p>2. Improve the protection and management of the KBA network throughout the hotspot.</p>	<p>2.1. Increase the protection status (via creation or expansion of protected areas) and/or develop, update and implement management plans for terrestrial priority KBAs.</p>
	<p>2.2. Support the role of civil society organizations in the application of site safeguard policies and procedures, including the strengthening of environmental impact assessment implementation in order to address ongoing and emerging threats to priority KBAs, including freshwater KBAs.</p>
	<p>2.3. Advance the identification and prioritization of KBAs in Africa and the Arabian Peninsula.</p>
<p>3. Initiate and support sustainable financing and related actions for the conservation of priority KBAs and corridors.</p>	<p>3.1. Support civil society organizations to develop forest carbon partnerships and projects that advance biodiversity conservation in priority KBAs in Africa.</p>
	<p>3.2. Support civil society organizations to develop partnerships and projects for non-carbon payment for ecosystem services schemes and other market mechanisms in priority KBAs in Africa, particularly priority freshwater KBAs that influence freshwater biodiversity, livelihoods and health.</p>
	<p>3.3. Support training for civil society organizations in fund-raising and project management, especially training such organizations at all levels with respect to emerging opportunities for sustainable financing for KBAs in Africa.</p>
	<p>3.4. Support the institutional development of civil society organizations in Eritrea, South Sudan and Yemen, and their role in the conservation of KBAs in their respective countries.</p>
<p>4. Provide strategic leadership and effective coordination of CEPF investment through a regional implementation team</p>	<p>4.1 Operationalize and coordinate CEPF's grant-making processes and procedures to ensure effective implementation of CEPF's strategy throughout the hotspot.</p>
	<p>4.2 Build a broad constituency of civil society groups working across institutional and political boundaries toward achieving the shared conservation goals described in the ecosystem profile.</p>

## **Strategic Direction 1:**

### **Mainstream biodiversity into wider development policies, plans and projects to deliver the co-benefits of biodiversity conservation, improved local livelihoods and economic development in priority corridors.**

This strategic direction recognizes that the most important root cause of threats to biodiversity identified in the local and regional consultations is poverty, aggravated by population growth. It is also aligned with the top priority given to rural development in almost all the development strategies of the hotspot countries, and with achievement of the Millennium Development Goals throughout the region (notably goals 1. Eradicate extreme poverty and hunger; 7. Ensure environmental sustainability; and 8. Develop a global partnership for development). There are also strong synergies among improved agricultural practices, utilization of sustainable energy and Smart REDD+, while the diversification of livelihood options strengthens resilience against climate change.

The link between poverty and biodiversity loss is complicated, and neither poverty nor population growth necessarily leads to environmental degradation. But it is clear in the hotspot that poverty, increasing populations and lack of alternative options underlie two of the most devastating threats identified at site level: the increasing transformation of biodiversity habitats into farmland and forest degradation through fuelwood and charcoal extraction. These activities undermine the long-term future for communities and the wider interests of society at large, especially with respect to ecosystem services.

While there is an urgent need, CEPF resources are insufficient to finance livelihood programs on a large scale. This strategic direction will therefore support activities that seek to influence governments and local authorities' actions and planning, and to integrate with and/or capitalize on existing and proposed development projects and plans. This will help mainstream and build a justification for biodiversity conservation at priority KBAs as part of wider development agendas in the priority corridors. In the context of this wider development planning, it will also support livelihood initiatives at priority KBAs that aim to demonstrate new approaches to the integration of livelihood and biodiversity conservation or that help facilitate the scaling-up and/or transfer of well-tested approaches that have already demonstrated the co-benefits of integration.

This strategic direction builds on a solid foundation of civil society experience and interest in the hotspot, where support for livelihoods and the integration of conservation and development has long been a key area of intervention by civil society organizations. It focuses on three key livelihood needs where synergies with biodiversity conservation have considerable potential: (i) affordable and sustainable energy, and the need to manage fuelwood resources and develop alternatives; (ii) food security and the need to enhance agricultural productivity to support local needs; and (iii) disposable income to help the breakaway from a subsistence lifestyle and develop local economies. All three are fundamental requirements for human livelihood and well-being, and will need to be advanced in order for conservation priorities to be addressed. This strategic direction will also provide civil society organizations with the opportunity to link their conservation expertise with existing and future development and investment initiatives, in order to make a lasting change in how these initiatives are perceived, planned and implemented. This strategic direction also builds on the recognition of the growing importance of the private sector in the hotspot and in Africa, its role in economic development and its potential impact on biodiversity. In countries experiencing double-digit growth and witnessing important foreign investments, the private sector appears as a clear stakeholder for improving conservation in the hotspot.

***Investment Priority 1.1: Enhance civil society efforts to develop and implement local government and community-level planning processes to mainstream biodiversity conservation and leverage donor and project funding for livelihood activities that explicitly address causes of environmental degradation in and around priority KBAs in priority corridors.***

The region is the theater of important investments in local development activities by local and international NGOs, with funding from government or, more often, from institutional donors and foundations. At the community level, these investments are not necessarily planned in advance, and when participatory planning exercises are undertaken, they rarely consider biodiversity conservation activities.

At the same time, a holistic approach of future development paths at the local level is necessary. Agricultural productivity in the hotspot is notoriously low, resulting in the waste of a resource (arable land) that is becoming increasingly scarce as populations grow and more land is degraded. This can lead directly to demands for the degazettement of protected areas and resistance to the expansion of the protected area network. Forested land that is perceived as particularly fertile because it has not had the nutrients leached out of it by poor farming methods is especially vulnerable to such pressures. The high demand for wood to meet domestic needs is one of the most pressing issues in the hotspot and is of common concern to development and conservation communities.

The consultation process made it clear that there is a need for identifying and implementing projects that promote integration of biodiversity into local planning and policies, and in particular to ensure that such plans and policies take into consideration the long-term sustainable benefits of biodiversity conservation as a means to reduce poverty, improve livelihoods and achieve health and food security.

This investment priority aims to encourage existing and incoming development projects with a focus on rural energy and food production, and the government agencies that invite and or approve their presence, to include activities that contribute to the conservation of KBAs and adjacent areas.

Under this investment priority, CEPF will finance activities that support:

- É Involvement of environmental civil society in existing local development planning process to ensure a better integration of biodiversity in priority KBAs;
- É Initiation of local development planning process in priority KBAs, bringing together development and environment NGOs. The plans would address in an integrated way the most important issues for livelihoods and biodiversity such as agricultural production, forest (and natural areas) protection, water resources preservation, energy production, alternative livelihood activities and health; the plans would take into account the adaptation (and potentially mitigation) of climate change.
- É Advocacy activities to contact donors (government, institutional donors, foundations, NGOs) to establish the different components of local plans.
- É Direct support to activities that have a direct and measurable impact on biodiversity, such as alternative livelihood options, better natural resources management, etc.
- É Components related to biodiversity protection in livelihood activities supported by other donors (such as monitoring biodiversity).
- É Activities to scale up and disseminate the working methodologies and projects in relation to Investment Priority 1.2.

**List of eligible corridors and sites for 1.1:**

- Northern Lake Niassa Mountain Complex
- Itombwe-Nyungwe Landscape
- Western part of Kaffa and Yaya Biosphere Reserve (from Sheka westward)
- Lake Tana Catchment Landscape and sites from the Amharic Escarpment



***Investment Priority 1.2: Promote civil society efforts and mechanisms to mainstream biodiversity conservation into national development policies and plans, and into territorial planning in priority corridors and countries.***

Building on the previous investment priority, which focuses on the community/local level, this priority focuses on the need to engage directly with the wider development agenda. The emphasis here will be on supporting projects that are linked to wider development plans and agendas that are being advanced in relation to the priority corridors and KBAs. Civil society organizations will be supported to pursue links and integration of biodiversity into these development and investment programs through a variety of innovative mechanisms.

A key objective of this investment priority is to ensure that KBA conservation is integrated into national/district land use and development plans by providing the opportunity for civil society to engage with planning processes led by government and donors. Civil society organizations will be supported to provide information to decision makers in a form useful for planning, for example decision support tools. Civil society organizations will also be supported to develop alliances and partnerships in particular with stakeholders from the development world in pursuit of joint planning objectives with other stakeholders (for instance, when there is the potential to secure benefits through planning for both biodiversity and livelihoods). Funding could also support civil society organization participation in the preparation of large-scale strategic environmental assessments (SEAs) that aim to integrate with specific sectors (such as mining, biofuels), and to enable civil society organizations to put environmental considerations into policies, plans and programs (see also link with site safeguard action in investment priority 2.2 for urgent threats to KBAs).

This investment priority allows CEPF to build on the large body of eco-regional landscape planning work done previously by WWF, ARCOS and others, and that is available for the Albertine Rift, Eastern Arc (excluded from investment in this profile), Ethiopian coffee forests, Lake Malawi, and Mounts Mulanje, Kilimanjaro, Kenya and Elgon.

In this hotspot, with numerous patches of habitat and small, often highly fragmented KBAs, a focus on habitat restoration or compatible land uses within production landscapes and other areas around the priority sites will be critical. Watershed management is especially relevant to development planning. For instance, habitat conservation and restoration in upper catchment areas can greatly reduce dam siltation and thereby increase long-term energy provision. Also, KBAs can function in a wider landscape context to limit the spread of invasive alien species, particularly for freshwater habitats.

This investment priority is particularly significant in relation to climate change and national and regional plans and initiatives for climate change adaptation and mitigation. In the context of climate change, maintaining natural ecotones across altitudinal gradients and connectivity among terrestrial and freshwater habitats and sites (KBAs) in the hotspot will be especially important for biodiversity and the conservation of ecosystem services. Civil society organizations will be supported to develop partnerships and contribute to mitigation and adaptation strategies within the hotspot (including national adaptation strategies under the UNFCCC and the UNDP African Adaptation Program).

Under this investment priority, CEPF will fund activities that support:

- É Advocacy work at the policy level, with national authorities or major donor agencies (institutional or foundation) to ensure integration of biodiversity concerns in high-level planning. These activities would focus specifically on policies that might have a high impact on biodiversity in the concerned countries, such as agriculture, energy or fisheries.
- É Engaging civil society organizations in land-use/territorial planning processes at national/district scale in priority corridors to ensure KBA conservation needs are taken into account.

- Strengthening or creating networks, platforms or alliances bringing together environmental civil society organizations or bridging environmental and development organizations for a better integration of biodiversity and development.
- Participation of environmental civil society in the development of regional/national climate change policies and plans to ensure mainstreaming of biodiversity.
- Mainstreaming biodiversity at landscape level planning, such as for reforestation, creating buffer areas around protected areas through agroforestry, controlling invasive alien species and watershed management.
- Improving (and disseminating) knowledge of baseline data and monitoring of change and impacts, especially in relation to forest cover at landscape levels or variation in fish stocks for freshwater KBAs in concerned corridors.
- Developing tools and trainings for decision makers to enhance their comprehension of biodiversity and how to take its conservation into account in development planning.
- Pooling and sharing experience within and between priority corridors in the development and implementation of biodiversity conservation and livelihood projects to learn from and facilitate the transfer or scaling-up of best practices.
- Where regulatory and legal frameworks are barriers to implementation or integration, projects to support creation of an appropriate legal, regulatory, institutional, rights-based environment at the local level and directly linked to priority KBAs.
- Participation of civil society in strategic environmental assessments when they are tied to policies that could impact KBAs and biodiversity in the concerned corridors.

**List of eligible corridors for 1.2:**

- Northern Lake Niassa Mountain Complex
- Itombwe-Nyungwe Landscape
- Western part of Kaffa and Yayu Biosphere Reserve (from Sheka westward)
- Lake Tana Catchment Landscape and sites from the Amharic Escarpment

**List of eligible countries (for national policies):**

- Ethiopia
- Burundi
- Rwanda
- DRC
- Tanzania
- Zambia
- Malawi

***Investment Priority 1.3: Support civil society to build positive relationships with the private sector to develop sustainable, long-term economic activities that will benefit biodiversity and reduce poverty in priority corridors.***

The private sector is becoming increasingly important with regard to its role in economic development and poverty reduction. This investment priority aims to reduce the negative impact of this sector and to enhance its potential to have a positive impact on biodiversity. As foreign investments grow, it is extremely evident that the private sector must be regarded as a key stakeholder that can contribute to improving conservation in the hotspot.

This investment priority will support civil society organizations in their role of advisors to the private sector. Under this investment priority, private sector enterprises could also receive grants directly for nonprofit activities, following the CEPF regulations for granting to the private sector.

One of the main goals is to mainstream biodiversity conservation in productive landscapes, in particular for export products with high added value. This could naturally be the case for large estates, such as tea or coffee plantations in Malawi or Uganda that host important biodiversity areas

or could serve as biological corridors for surrounding sites if better managed. Other situations include areas slated for biofuel production, or landscapes dominated by small-scale, family-owned plantations that, in spite of the multiplicity of their owners, are in contact with one or a small group of buyers and could improve their management to better care for biodiversity. Certification and labels have proved useful for improving biodiversity management in such situations, and the region offers multiple opportunities to develop schemes with co-benefits for local communities and biodiversity, with traditional cash crops (such as coffee and tea) or more innovative products depending on local market opportunities.

Factors that have limited and/or led to the demise of biodiversity and livelihood ventures in the hotspot will get particular attention. The investment will support actions that address governance and user rights to access resources (including practices that avoid elite capture of benefits) and will apply strict selection criteria to ensure that requisite skill sets are available or will be acquired through project implementation (with adequate civil society organization support) to ensure high quality products, supportive value chains and the establishment of sustainable enterprises to limit the risk of market failure at the end of projects.

Another important activity that could be developed with the private sector is tourism. This ecosystem profile has revealed that the mountain ecosystems are at present underrepresented in the range of tourism options available to most countries – apart from a few key examples such as trekking on Kilimanjaro or Mount Kenya. Most countries have put an emphasis on ecotourism in their development plans. Linking with the private sector could be catalytic to bring direct revenues from conservation to communities and create jobs, in particular when the population density is still compatible with conservation. Naturally, this could be done only in sites with a specific potential. Particular attention will be given to long-term sustainability of the proposed activities. In countries where such a potential exists for protected areas, CEPF could support activities to facilitate long-term management concessions with the private sector (Zambia, DRC, Ethiopia).

Finally, the potential for using local private corporate responsibility funding has been raised as an opportunity that merits exploration. At present, in countries where it exists, this private sector funding opportunity has been used in most of cases for social activities. But the potential exists to drive a portion of the funds available to pay for biodiversity actions. Small grants would be made available to local civil society for specific, targeted actions aiming at leveraging this underestimated but potentially sustainable source of funding.

Under this investment priority, CEPF will fund activities that support:

- Development of standards and labels for biodiversity-friendly production of high added-value export products. This could comprise – but is not limited to – coffee, tea or timber.
- Identification and implementation of sustainable economic activities engaging private sector and communities, in order to bring direct economic benefits to communities to engage in conservation. Such activities would help civil society organizations link with the private sector in developing additional appropriate ecotourism ventures that exploit the many similar attractions and opportunities in the hotspot, channel benefits to local communities, and build political support for KBA conservation (in particular in Ethiopia). Non-timber forest products can also be targeted for alternative livelihoods funding if they are extracted according to a sustainable management plan and any additional local agreements and management mechanisms.
- Projects that investigate the potential for corporate responsibility programs with local private sector entities.

**List of priority corridors and sites for 1.3:**

- Northern Lake Niassa Mountain Complex
- Western part of Kaffa and Yayu Biosphere Reserve (from Sheka westward)
- Lake Tana Catchment Landscape and sites from the Amharic Escarpment



## **Strategic Direction 2:**

**Improve the protection and management of the KBA network throughout the hotspot. The ecosystem profile describes six major weaknesses in the current protection and management of KBAs:**

1. First, with some notable exceptions, most protected KBAs in the hotspot are chronically under-resourced and either lack sound management plans or suffer from their inadequate implementation. A widespread weakness is the lack of baseline data and monitoring of biodiversity and management effectiveness.
2. Existing regional protected area networks (including all the standard IUCN categories and other forms of reserves) fail to cover all the KBAs, even those that are biologically the most important. At least 38 percent of recognized KBAs currently have no legal protected status of any kind, and an unknown number of candidate or potential IBAs are also completely unprotected.
3. Even well managed protected areas are isolated islands of habitat, providing very little connectivity between KBAs. A lack of connectivity means that ecological processes such as migration and gene flow may not be sustained and biodiversity will inevitably decline. In this montane hotspot, maintaining connectivity across altitudinal gradients is particularly important, especially in the face of climate change.
4. Freshwater KBAs are very poorly covered by the protected areas network, and there is very little integration between the management of freshwater and terrestrial ecosystems. This is of particular concern given the urgent need to step up measures to address alien invasive species and avoid species extinctions in these KBAs.
5. Despite recognition and in many cases legal protection, many KBAs are threatened, some by projects with powerful interests and without adequate planning, impact assessments or regard for existing legal and policy safeguards. In some cases this involves proposals for removal of protected area designation (Chapters 6, 7 and 8 in the Ecosystem Profile).
6. There are believed to be a significant number of potential KBAs that are currently unrecognized, or treated in this profile as candidate KBAs, as a result of gaps in biodiversity knowledge, as well as sites whose true conservation importance is not realized because the IUCN threat status for many groups has yet to be assessed (Chapters 4 and 10 in the Ecosystem Profile). This is severely hindering objective, priority-driven conservation planning.

All consultations identified better protection and management of the protected area network as a major priority. However, addressing these issues in full demands a level of funding that is well beyond the resources currently available to CEPF. CEPF investment will therefore need to be carefully targeted geographically and in particular support projects that can play a catalytic role by increasing public and donor concerns for their future.

***Investment Priority 2.1: Increase the protection status (via creation or expansion of protected areas) and/or develop, update and implement management plans for terrestrial priority KBAs.***

This investment priority will target terrestrial priority KBAs in the hotspot, particularly KBAs that are currently unprotected or only partially protected. Funding will be available to prepare proposals and advocate for their designation with appropriate national protected area status. Funding will be available to civil society organizations and government-civil society partnerships to advance the necessary technical and legal processes to achieve legal recognition. Particular attention will be given to sites where there is already a commitment to advance protection (for example, where sites are included in national biodiversity strategies and action plans or national commitments in the implementation of the Convention on Biological Diversity program of work on protected areas) and where proposals to CEPF are backed up by strong support for a civil society role from the relevant government authorities.

Additionally this investment priority will provide funding to develop and implement new (if none exists) or improved management plans. Funding will be available to support collaborative ventures between civil society organizations and government authorities. Particular attention will be given to planning for sites where protected area management arrangements already exist, where there is considerable added value to civil society involvement, and where authorities have a track record of success in the development and implementation of management plans. The highest priority for CEPF will be to support planning that aims to address particularly urgent threats to a KBA. Approaches to the development of management plans will need to be consultative, involving local communities adjacent to protected areas, and could include the exploration of options for comanagement and benefit-sharing or development of alternative livelihoods for communities. Support may also be provided for the development of monitoring schemes for biodiversity within the protected area and the application of GEF's Management Effectiveness Tracking Tool. This investment priority will also enable the granting of seed funding to initiate the implementation of management plans, focusing on components that are particularly urgent and link clearly to the conservation of globally threatened biodiversity.

**List of eligible sites for 2.1:**

All priority KBAs (see Table 1)

***Investment Priority 2.2: Support the role of civil society organizations in the application of site safeguard policies and procedures, including the strengthening of environmental impact assessment implementation in order to address ongoing and emerging threats to all terrestrial KBAs (including freshwater KBAs).***

As the economy in the region develops, KBAs are coming under increasing threat from development proposals. Environmental impact assessment legislation is in place in all the countries in the hotspot. Yet enforcement and implementation are weak everywhere, and there are cases of flagrant disregard for environmental legislation. The capacity to conduct environmental impact assessments is limited, and the standards are often low. Given their scientific and conservation expertise, and the political space for independent action in most hotspot countries, civil society organizations can play an important role in bridging the gap between good law and bad practice. Further, civil society advocacy and alliances can support government agencies to maintain and perform their legal mandates to protect biodiversity and ensure that environmental safeguards are applied. This is an emergent role for civil society in the hotspot, and it represents a clear niche for CEPF when funding is not available from other donors and when an ability to respond rapidly is frequently required.

Alongside national environmental impact assessment legislation, a number of financing institutions use one or more KBA criteria in the application of site safeguard policies in order to avoid or minimize/mitigate the impacts of projects on critical biodiversity habitats. These include the World Bank (through its Natural Habitats Policy), the International Finance Corp. (through Performance Standard 6), as well as more than 100 private sector banks (which have adopted the Equator Principles and follow International Finance Corp Standards). Other tools for protecting KBAs and biodiversity in relation to various developments include existing and emerging certification and accreditation schemes (such as those relating to fair trade and sustainability in production of commodities, and the development and implementation of carbon finance projects as applied by the Climate, Community and Biodiversity Alliance). Civil society organization input can ensure that biodiversity safeguards and standards are effectively applied, and that government and industry are aware of them before they commit to investments that could be environmentally damaging.

Advocacy and technical input to environmental impact assessments, review of such assessments, support for consultations with local stakeholders, the building of alliances across different interest groups, and the development of economic alternatives are all interventions that may be supported by CEPF in response to any KBA coming under threat. Projects under this investment priority will draw on lessons learned from previous efforts (such as those documented by the African Environmental Law & Policy program of the Environmental Law Institute). A learning by doing approach will be followed, with external supporting expertise availed as needed.

**List of eligible sites for 2.2:**

All 261 terrestrial KBAs (see list in Appendix 2 to the Profile) and the five priority freshwater KBAs (see Table 2). Priority will be given to sites under an identified and urgent threat.

**Investment Priority 2.3: Advance the identification and prioritization of KBAs in Africa and the Arabian Peninsula, including those that have irreplaceable plant diversity.**

The knowledge of globally threatened biodiversity and its distribution is far from adequate for ensuring comprehensive biodiversity conservation in the hotspot. This problem exists across all taxa that have been used to trigger the identification of KBAs in the hotspot (though information for birds, mammals and amphibians is more comprehensive). It is particularly acute for sites in Yemen, Ethiopia, Eritrea, South Sudan, Somalia, DRC and Mozambique, where the areas involved are (variously) especially large and/or inaccessible, the biodiversity especially rich, or where research efforts have been restricted by a lack of security, capacity and resources. These uncertainties have resulted in a large number of potential KBAs that could be considered candidates, and by KBAs that are scored at a lower biological importance (3 or 4) than what may be deserved.

In particular, efforts are needed to categorize plants, reptiles and invertebrates according to their conservation status and IUCN Red List categories; the absence of such assessments greatly hinders planning and prioritization of action in the hotspot. During the current profiling exercise, a major challenge was to incorporate the hundreds of plant species that are endemic to a single site or are restricted to very few localities (a trigger for KBA status according to the irreplaceability criterion).

Climate change vulnerability of species has also been assessed for all birds, amphibians and some plants under the IUCN Red List program. This work is ongoing and provides a biologically meaningful way to model the impacts of climate change on the rare, threatened and endemic species in the hotspot. Linking updates of the Red List to climate change vulnerability assessments in hotspot countries would be a major contribution to conservation in the hotspot by CEPF.

There are also discoveries of new species and new species location records occurring all the time, especially among amphibians and reptiles but also among relatively well-studied groups like birds and mammals. The loss of biodiversity due to lack of knowledge about its distribution and vulnerability undermines conservation efforts in the hotspot.

This investment priority will therefore support highly targeted field surveys and/or desk-based Red List/vulnerability assessments to fill gaps in biological knowledge. In particular, and in relation to Investment Priority 2.2, it will support fieldwork when a site is threatened and there is an urgent need for information, and status and vulnerability assessments when an urgent case can be made to advance the identification and prioritization of KBAs.



### **List of priority eligible countries and sites for 2.3:**

- Portions of the Eastern Afromontane Hotspot in Yemen, Eritrea, Ethiopia, South Sudan and southeastern DRC
- Sites of the Chimanimani-Nyanga Mountains corridors and adjacent Montane Islands of Mozambique
- Sites of the Northern Lake Niassa Mountain complex

### **Strategic Direction 3:**

#### **Initiate and support sustainable financing and related actions for the conservation of priority KBAs and corridors.**

A variety of sustainable financing mechanisms for biodiversity conservation are now on the table, the most promising of which spring from the relatively recent recognition of the values of ecosystem services. These have the potential to contribute toward management costs and also provide incentives for local stakeholders. Within this hotspot, ecosystem service values are massive, and potentially many opportunities exist for the sustainable financing of KBAs under PES schemes. Options include forest carbon projects such as REDD+, which specifically target carbon sequestration for combating climate change, or watershed PES (in which downstream water users pay upstream land managers in mountain regions to manage forest and farmland to maintain water flow and quality). This strategic direction will assist civil society to exploit these opportunities. Ecosystem-service-based funding mechanisms have the potential to provide sustainable financing to KBAs and corridors, but are unlikely to do the same for national civil society organizations. This strategic direction will therefore also support efforts to improve institutional (civil society) fundraising and financial and project management, recognizing that adequate financing underpins the survival of most civil society organizations in the hotspot and is critical for their continued efforts to achieve conservation in the hotspot.

Investment Priority 3.1: Support civil society organizations to develop forest carbon partnerships and projects that advance biodiversity conservation in priority KBAs in Africa. Various sustainable financing mechanisms are based on forest carbon. The REDD /REDD+ initiative is the best known and has generated a great deal of enthusiasm and interest after being endorsed by the 2005 COP11 in Montreal. It offers an obvious and cost-effective strategy for combating climate change and achieving other potential benefits (poverty reduction, conservation of biodiversity and maintenance of other ecosystem services that depend on forests, such as pollination, water provision and purification). However, there are serious practical constraints on the ground. The REDD initiative is new, and the mechanisms by which it can be implemented and monitored are largely untested. Institutional capacity for forest management in most countries in the hotspot is weak. Poverty and underdevelopment are often extreme in communities adjacent to forests, and institutional frameworks for delivering REDD benefits to them are fragmented or absent. REDD also has to be implemented in broader national contexts in which legal frameworks for dispute resolution are lacking and the history of effective delivery from the public sector is also poor.

This investment priority will therefore be pragmatically targeted toward forest carbon financing in general, including voluntary carbon trading involving avoided deforestation and the private sector. It will provide financial and technical support for civil society to contribute toward ongoing forest carbon initiatives or the planning of new ones in priority KBAs. Particular attention will be given to

funding civil society involvement in early-stage feasibility assessments, forging partnerships with the private sector, building biodiversity conservation components (including safeguards) into forest carbon schemes, and leveraging private sector funding for the preparation of project design documents and accreditation and certification schemes (such as standards from the Climate, Community and Biodiversity Alliance). CEPF funds may also be used to facilitate the pooling and sharing of experience in relation to forest carbon finance and biodiversity conservation within and between priority corridors.

**List of corridors and sites eligible for 3.1:**

- Northern Lake Niassa Mountain Complex
- Itombwe-Nyungwe Landscape
- Western part of Kaffa and Yayu Biosphere Reserve (from Sheka westward)
- Greater Mahale KBA
- Mount Kabobo-Margungu Highlands KBA

**Investment Priority 3.2: *Develop partnerships and projects for noncarbon PES schemes and other market mechanisms at priority KBAs in Africa, particularly priority freshwater KBAs that influence freshwater biodiversity, livelihoods and health.***

PES involves mutually beneficial contracts between consumers and suppliers of ecosystem services. Under PES agreements, a service provider (such as a farmer or land owner) or person/organizations whose activities impact a service (such as a local community) is paid by, or on behalf of, beneficiaries of the same service (a corporate entity or public agency) for practices that provide marginal improvements in service delivery (increase in service beyond what would have been provided without the payment). PES schemes are thus voluntary transactions in which a well- defined ecosystem service (or land use likely to secure that service) is bought by at least one ecosystem service buyer from at least one ecosystem service provider. Within the hotspot, PES schemes are most likely to be an opportunity for KBAs that provide water for the irrigation of cash crops, hydropower and operations such as mining.

This IP will support actions which recognize and seek to address the challenging issues that have arisen in advancing PES projects to date in Africa. In order to be successful PES projects require major investments and need to be designed carefully for the particular socio-economic, political, and environmental contexts in which they are set, underpinned by good science (spatial analysis, data, and ecological understanding) and sound business plans (with realistic valuation protocols and compensation payments). Difficulties include the lack of formal property rights, poor monitoring capacity, and information asymmetries that place local communities, national CSOs, and even government agencies at a disadvantage relative to potential buyers of Ecosystem Services. There are also problems arising from knowledge gaps and scientific uncertainty, e. g. in defining the boundaries of the socio-ecological systems that determine the context for PES implementation, or in understanding how the resource system actually works. PES schemes for water are plagued by a lack of sufficient historical, seasonal and current data on water flows and extraction, with most water users not having gauges to measure the amount of water they use.

There are further uncertainties re attribution of damage to services, e. g. in understanding how changes in land use affect water supplies and at what scale they do so, and in the related difficulty of identifying the actual providers of the ecosystem service who should be the beneficiaries of PES schemes.

These reasons might place PES schemes beyond the individual capacity of any civil society organization in the hotspot. Civil society organizations do, however, have an important role to play in the development of PES as a sustainable financing mechanism for biodiversity conservation in the hotspot. CEPF funding to civil society organizations might include the preparation of early- stage feasibility assessments, the development of appropriate partnerships and strategic alliances

with government agencies and the private sector, the exploration and/or development of PES opportunities with direct or combined biodiversity benefits, the facilitation of community involvement, and the development of business plans. Finally, there may be opportunities for small-scale PES schemes with potential livelihood benefits such as direct payments for biodiversity conservation in areas adjacent to eco-lodges, or via corporate social responsibility programs of private sector companies that may be primarily motivated by altruism and public relations interests. CEPF funds may also be used to facilitate the pooling and sharing of experience in relation to ecosystem-service finance and biodiversity conservation within and between priority corridors to build on work in this area to date.

**List of corridors and sites eligible for 3.2:**

- Northern Lake Niassa Mountain Complex
- Lake Tana Catchment
- Itombwe-Nyungwe Landscape
- Greater Mahale KBA (in relation to the Malagarasi River system)

***Investment Priority 3.3: Support training for civil society organizations in fundraising and project management, especially with respect to emerging opportunities for sustainable financing of KBAs in Africa.***

This investment priority addresses the need for enhanced capacities in project fund-raising and management within civil society organizations involved in biodiversity conservation in the hotspot. Capacity assessments show that a high proportion of grassroots community organizations have not managed projects before, cannot implement small projects without support, and lack technical/financial reporting and proposal writing skills. Even for larger organizations, which implement a high proportion of environmental initiatives in the hotspot (either individually or in partnership with governments), there are core fundraising and capacity constraints.

This investment priority will train recipients in project management, proposal writing and fund-raising through learning by doing. Examples of this include on-the-job management support to community-based organizations that are implementing CEPF grants; through fund-raising workshops that produce funding proposals for identified donor agencies as a key output; and by supporting long-term mentoring schemes between larger NGOs/civil society organizations and community-based organizations. This investment priority will also allow for the development, production and dissemination of capacity development tools such as project management and fund-raising handbooks and for sharing of best practices and lessons learned. Collaboration will be sought with the Conservation Leadership Programme, a partnership between Conservation International, BirdLife International, Fauna and Flora International, and the Wildlife Conservation Society, which provides targeted project management and fund-raising training/mentoring programs and a small-grants conservation projects scheme.

Particular focus will be given under this investment priority to civil society organizations involved in the design and development of carbon finance and PES schemes since they represent a major challenge and opportunity to provide sustainable financial and biodiversity benefits to communities and community-based organizations in or adjacent to priority KBAs.

**List of countries eligible for 3.3:**

All African countries of the hotspot, with the condition that benefiting NGOs and projects are linked with conservation of Eastern Afrotropical ecosystems.



**Investment Priority 3.4: Support the institutional development of civil society organizations in Eritrea, South Sudan and Yemen, and their role in the conservation of KBAs in their respective countries.**

The profile has highlighted the limited development of civil society in relation to biodiversity conservation in Eritrea, South Sudan and Yemen – a situation in stark contrast to other parts of the hotspot. CEPF will support the early-stage development of civil society conservation organizations in these countries and their involvement in KBA conservation initiatives at an appropriate scale. Support will depend on a more detailed opportunity and needs assessment, but may involve support for start-up of new organizations and the development of existing bodies, and may cover assistance with purely institutional issues such as governance and management of NGOs, as well as direct small-scale funding support for conservation work. Considerable prospects exist for supporting partnering and mentoring between emerging civil society in these three countries and well-established organizations in North and East Africa (such as Ethiopia) or the adjacent Mediterranean Basin Hotspot, where investment will shortly be under way.

**List of countries eligible for 3.4:**

- Yemen
- Eritrea
- South Sudan

[the following Strategic Direction applies to the Regional Implementation Team only]

**Strategic Direction 4:**

**Provide strategic leadership and effective coordination of CEPF investment through a Regional Implementation Team (RIT).**

In every hotspot approved for investment as of July 2007, CEPF will support a RIT to convert the plans in the ecosystem profile into a cohesive portfolio of grants that exceeds in impact the sum of its parts. Each regional implementation team will consist of one or more civil society organizations active in conservation in the region. For example, a team could be a partnership of civil society groups or could be a lead organization with a formal plan to engage others in overseeing implementation, such as through an inclusive advisory committee.

The regional implementation team will be selected by the CEPF Donor Council based on an approved terms of reference, competitive process and selection criteria available at [www.cepf.net](http://www.cepf.net). The team will operate in a transparent and open manner, consistent with the CEPF mission and all provisions of the CEPF Operational Manual. Organizations that are members of the RIT will not be eligible to apply for other CEPF grants within the same hotspot. Applications from formal affiliates of those organizations that have an independent board of directors will be accepted and will be subject to additional external review.

The regional implementation team will provide strategic leadership and local knowledge to build a broad constituency of civil society groups working across institutional and political boundaries toward achieving the conservation goals described in the ecosystem profile. The team's major functions and specific activities will be based on an approved terms of reference. Major functions of the team will be to:

- É Establish and coordinate a process for proposal solicitation and review.
- É Manage a program of small grants (less than \$20,000).
- É Provide reporting and monitoring.

- ÉCoordinate and communicate CEPF investment, build partnerships and promote information exchange in the hotspot.
- ÉBuild the capacity of grantees.

These functions are regarded as being distinctly administrative, or distinctly programmatic. As these functions are very different, they are assigned to separate investment priorities.

***Investment Priority 4.1: Operationalize and coordinate CEPF's grant-making processes and procedures to ensure effective implementation of CEPF's strategy throughout the hotspot.***

This investment priority covers the three terms of reference that are administrative in nature:

- ÉEstablish and coordinate a process for proposal solicitation and review.
- ÉManage a program of small grants (less than \$20,000).
- ÉProvide reporting and monitoring.

Administrative costs are those expenses incurred by the RIT to support the various aspects of managing CEPF small and large grant contracts. The RIT assumes significant administrative responsibilities as manager of CEPF's small grants, including budgeting, processing proposals, and drafting and monitoring contracts. For large grants, RITs assist grantees and the CEPF Secretariat in receiving and processing grant applications, ensuring compliance with CEPF policies, and facilitating on-time and accurate grantee and portfolio reporting and monitoring.

In particular, the regional implementation team has a very important role to play in solicitation of proposals and their review. The activities span a wide range, from sending out calls for proposals to establishing review committees to making final recommendations for approval or rejection. While much of this work is labeled as being administrative, it does have a sound foundation in program, as grants need to be strategic and of high quality. As such, the activities covered under this investment priority include evaluation of applications and making recommendations on which projects to support. These tasks require technical expertise, knowledge of strategy, and the ability to understand that all selected projects will make a unique contribution to the achievement of CEPF's objectives.

This investment priority also covers the management of a small grants program. Small grants play an extremely important role in the CEPF portfolio. These grants can address themes or geographic areas of importance, can serve as planning grants, or they can play a supporting role to achieving objectives in a particular corridor. The strategic role that these grants should play cannot be underestimated. Therefore, although most of the activities pertaining to this function are administrative, two very important ones must be highlighted: a) conduct strategic oversight of the small grants portfolio to ensure coherence with the overall grant portfolio, CEPF donor partners and others active in the region, and b) decide on the award of all grant applications.

It is essential to realize that without these activities, both of which ensure that small grants are integrated and strategic, the small grants program would not be able to contribute to the achievement of CEPF's objectives. Nonetheless, this function is regarded as primarily administrative.

This investment priority also covers reporting and monitoring. This entails collecting data on portfolio performance, ensuring compliance with reporting requirements, ensuring that grantees understand and implement safeguards policies, and reviewing reports. It also includes visits to grantees and may lead to follow-up capacity building. This will ensure effective project implementation and monitoring, and requires technical expertise to be performed and for it to be effective in adaptive management. However, this function is also regarded as primarily administrative.

**Investment Priority 4.2: Build a broad constituency of civil society groups working across institutional and political boundaries toward achieving the shared conservation goals described in the ecosystem profile.**

This investment priority covers the two terms of reference that are programmatic in nature:

- É Coordinate and communicate CEPF investment, build partnerships and promote information exchange in the hotspot.
- É Build the capacity of grantees.

These regional implementation team activities include programmatic duties that directly support strategic development of the portfolio and contribute in their own right to the achievement of critical conservation results that yield portfolio-wide benefits. Such activities may include facilitating learning exchanges between grantees and stakeholders, identifying leverage opportunities for CEPF, or collaborating with other donors and their conservation projects. Programmatic activities require the RIT to maintain in-house conservation expertise to ensure that CEPF funds are strategically channeled to optimize the achievement of its conservation objectives.

This investment priority also covers capacity building, a function that is regarded as being at core of RIT responsibilities. It places the RIT at the head of the strategy by making it responsible for coordination, communication, collaboration, and liaison with donors, partners, governments and others. It also puts the RIT in charge of assuring that the CEPF portfolio is geared to meeting the objectives laid out in the ecosystem profile. It includes the promotion of synergy between CEPF's objectives and local, national and regional initiatives.

This function includes all aspects of capacity building. It is a cornerstone of CEPF's work, ensuring that partners have the institutional and individual ability to design and implement projects that are essential to achievement of CEPF's objectives. This is not capacity building for the sake of capacity building; rather, it is targeted specifically to appropriate strategic stakeholders and ensures delivery of our conservation objectives through improved projects and higher quality implementation. History has shown that these capacity building efforts are essential to ensuring good projects that are integrated into a wider hotspot strategy and a common conservation vision.

CRITICAL | ECOSYSTEM  
PARTNERSHIP FUND