

## **An Overview of CEPF's Portfolio in the Philippines Hotspot: Creating Corridors and Alliances**

The Philippines is made up of more than 7,000 islands, some of which hold more unique animal and plant species than entire countries. Unfortunately, its species-rich forests have been reduced to only 3 percent of their original extent. The main threats to biodiversity are mining, logging, and conversion of forests for industrial, agricultural, and urban development, all of which are exacerbated by a rapidly growing human population. Fortunately, a recently decentralized system of governance in the Philippines opened up opportunities for the Critical Ecosystem Partnership Fund (CEPF) to support civil society in protecting what remains of the country's magnificent biodiversity.

Priorities for CEPF funding are based on the results of an 11-month biodiversity priority-setting process for the whole of the Philippines led by the Philippines government, the University of the Philippines, and Conservation International-Philippines. Additional stakeholder consultations with 85 representatives of local, provincial, and national governments, local nongovernmental organizations (NGOs), and academia identified a CEPF niche focused on building the alliances and civil society capacity necessary to achieve conservation of the country's three most intact forest corridors as well as the large number of threatened species that live outside those three corridors. The CEPF Philippines ecosystem profile specifies these four areas for investment:

- The Sierra Madre Mountains of northeastern Luzon;
- Palawan (the entire island);
- Eastern Mindanao; and,
- Key Threatened and/or Endangered species outside the three corridors (primarily on Cebu, Mindoro, Negros, Panay, Sibuyan and Tawi-Tawi).

Within these geographic priorities, CEPF supports civil society to:

1. ***Improve the linkage between conservation investments to multiply and scale up benefits on a corridor scale in the Sierra Madre, Palawan, and Eastern Mindanao.***

This strategic direction funds civil society groups in working with key stakeholders to plan and conserve forest corridors. Grants support coordination of planning processes and capacity building among different stakeholders at various levels (from the community level to the municipal, provincial, and regional levels up to the national level).

2. ***Build civil society's awareness of the myriad benefits of conserving corridors of biodiversity (in the Sierra Madre, Palawan, and Eastern Mindanao).***

This strategic direction focuses on raising conservation awareness of key stakeholders. To survive and truly be successful, a conservation landscape

requires that society-at-large recognize how the landscape's ecological functions contribute to improving their lives. Grants are focused on stimulating broad support for corridor-scale conservation.

3. ***Build capacity of civil society to advocate for better corridor and protected area management and against development harmful to conservation (in the Sierra Madre, Palawan and Eastern Mindanao).***

This strategic direction supports work with stakeholders from the site to the national level to ensure legal designation for new and expanded protected areas, and also supports the development and implementation of functioning management regimes for these key areas.

4. ***Establish an emergency response mechanism to help save Critically Endangered species.***

This investment track focuses solely on building the capacity of civil society to save Threatened endemic species and their habitats outside the three CEPF focal corridors.

### **Coordinating CEPF Grantmaking on the Ground**

CEPF began funding projects in the Philippines in January 2002. As a result of its leadership role in conservation in the Sierra Madre and Palawan corridors, CEPF engaged Conservation International – Philippines to serve as CEPF's local coordination unit for those corridors. Finding a lead organization to take this role on the ground in Eastern Mindanao proved problematic, since no single NGO took a discernable leadership role there. The Haribon Foundation, the Philippines affiliate of BirdLife International, was requested to manage a small grants program directing CEPF's investments for threatened species conservation outside the three big corridors.

Today, CI Philippines serves as CEPF's coordination unit across all three corridors, providing technical, financial, and high-level policy support to partners. The program is home to CEPF's Philippines grant manager, who works with the CI Philippines Senior Management Team to provide strategic advice to CEPF in making and managing grants within the three focal corridors. The Haribon Foundation continues to take the lead in building the capacity of local civil society to save Threatened species and their key habitats outside the Sierra Madre, Palawan, and Eastern Mindanao corridors.

### **CEPF Grantees Leading by Alliance**

Civil society operating within the three focal corridors is at very different levels of sophistication in terms of ability to develop conservation plans and implement focused and effective projects. As a result, the rate of grantmaking and the types of grants made vary substantially among the three corridors. For example, in the Sierra Madre Corridor CEPF was able to benefit from the Sierra Madre Biodiversity Corridor plan developed by CI Philippines with funding from USAID. The plan provided guidance for identifying priority projects and key implementers. Many of the CEPF-supported projects there revolve around establishing, expanding, and strengthening the management of protected areas. Critical geographic areas had been identified in the USAID-supported corridor scale conservation plan, which already had broad acceptance among civil society and local government.

In contrast, the majority of CEPF funding for Palawan to date has supported creation of a stakeholder-driven corridor conservation plan, which is just now beginning

implementation. The situation on Eastern Mindanao was even more difficult. With no clear lead organization or corridor-scale plan, spending in this corridor has been very slow. This is only now changing with the approval of a series of complementary grants to CI Philippines, the Mindanao Environment Forum (MEF) and the Philippine Eagle Foundation, Northern Mindanao Institute of Science and Technology, and the University of the Philippines in Mindanao. In late 2004, these partners came together to develop a set of projects that will complement and reinforce each other. Meanwhile, the spending rate for support of Threatened species interventions outside the corridors was unexpectedly low due to the meager capacity among local civil society to even plan a site-based conservation project. These differences will be discussed below in more detail.

Three years into its five-year presence in the Philippines, CEPF has funded 42 projects costing \$5.76 million (see Charts 1 and 2 at the end of this overview). These grants range in size from \$3,000 to \$1,000,000, with the average grant size being \$137,250 and the median \$22,754. The full status of the portfolio to date and the timeline of grants awarded are illustrated in Charts 2 and 3 (below).

The following four sections summarize grantmaking in the focal areas and highlight notable CEPF-supported initiatives and challenges within each.

### ***The Sierra Madre Mountains of northeastern Luzon***

The Sierra Madre Mountains runs along the northeastern portion of Luzon Island. The biodiversity conservation corridor identified by CEPF encompasses 1.4 million hectares and spans nine provinces north of Manila. It is the largest contiguous block of forest remaining in the Philippines. The corridor is home to hundreds of endemic species, including the majestic Philippine eagle, and contains half (400,000 hectares) of the Philippines' last primary forests.

CEPF's grantmaking in the Sierra Madre Biodiversity Corridor has been guided by a detailed corridor-scale plan for conserving the region's threatened species and their habitat. This strategy was designed by CI Philippines and its partners under a five-year grant from USAID that began in 1999. The primary goal of CEPF's investments has been to support implementation of this strategy by enabling civil society to contribute to conserving the corridor's cornerstone high-biodiversity forests. CEPF support was critical to the 118,000-hectare expansion of the Penablanca Protected Landscape and Seascape (PPLS) and declaration of the new 175,000-hectare Quirino Protected Landscape (QPL). Grants have just been approved that will 1) support demarcating boundaries and multiple-use zones and installing billboards in strategic locations of PPLS and QPL in accordance with the NIPAS Act and 2) assist local communities in agroforestry development that will result in a more diverse and productive buffer zone.

In addition, CEPF is supporting efforts to garner the public and government support necessary to declare 240,000 hectares in northeastern Cagayan as a new protected area. This forest tract is just north of the already-expanded Penablanca Protected Landscape and Seascape. A planned CEPF grant will support a drive to expand the Aurora Memorial National Park, which will anchor the corridor's southern end.

CEPF grantees have banded together to support the addition and expansion of protected areas within this huge corridor and assist in managing them more effectively. Sustainable financing for management of these additions to the overall protected area

network in the Philippines is a substantial concern. Government financial support for protected areas is entirely inadequate for addressing the scale of the biodiversity crisis in the Philippines. Our grantees have been effective in building local government and private sector support for certain management activities within the protected areas CEPF is supporting and in many cases have secured financial commitments from them. In Eastern Mindanao, for example, the CEPF coordination unit has been very effective in developing financing partnerships with municipal governments and water companies that support watershed management in priority areas.

The larger issue of financing for conservation, particularly protected areas, in the Philippines will require the conservation community at large to work together to ensure adequate funding for biodiversity conservation with the government's budget priorities. It will also require donors like CEPF to more effectively coordinate their funding for government and civil society to maximize impact.

### ***Palawan***

When CEPF became active in the Philippines, there was no corridor-scale plan for protecting Palawan's natural treasures. This is why CEPF chose to support a local stakeholder process to agree on priority sites and a concerted suite of crucial actions to protect those sites. To address immediate threats and opportunities that would not wait for completion of the planning process, CEPF simultaneously funded a small number of other Palawan-based projects.

One of these initial interventions enlists civil society in addressing the lack of enforcement needed to stop illegal timber harvest, forest clearing, and hunting, all of which pose severe threats to Palawan's rich but diminishing biodiversity. This three-year project, run by the Philippines-based Environmental Legal Assistance Center, is building the capacity of village police, citizens' watchdog groups and village leaders to stop illegal loggers, slash-and-burn farmers, and wildlife smugglers through the use of Philippines laws allowing citizen's arrest. To date, the project has trained 140 paralegals, resulting in 23 citizen's arrests, confiscations of more than 100 chainsaws used for illegal logging, and 69 prosecutions. At the same time, the project has an alternative livelihoods component that trains villagers in organic farming and other means of generating income from legal activities that do not destroy forests and wildlife.

Another opportunity deemed too important to await the end of the corridor planning process was groundwork to protect southern Palawan's Mantalingahan Range Forest and adjacent lowlands, which form a cornerstone for protecting Palawan's biodiversity. This area is home to most of the threatened and restricted-range birds of the Palawan Endemic Bird Area and, remarkably, its protection has the support of all of the five municipal governments it falls within. Conservation International's Global Conservation Fund (GCF) has joined CEPF in funding the actions necessary for local and national protected area declarations for the Mount Mantalingahan area. In addition, GCF is interested in supporting a sustainable funding mechanism for the area's long-term protection and management.

At the end of 2004, the corridor-scale plan for saving Palawan's biodiversity was agreed by local government and nongovernmental stakeholders. During the coming two years, CEPF will support a stakeholder alliance to help make this conservation plan a reality on the ground.

### ***Eastern Mindanao***

One of the largest remaining blocks of dipterocarp forest in the Philippines is found in the eastern portion of Mindanao. In fact, 75 percent of the country's timber extraction comes from this area. These forests are home to at least 22 threatened species including the Philippine eagle, the Philippine cockatoo, the golden-crowned flying fox and the Philippine crocodile, as well as exceptional numbers of other indigenous plants and animal species.

Several factors, including a small NGO community and a rebel insurgency occupying key forest tracts, have hampered conservation efforts in Eastern Mindanao. Initial CEPF support focused on building the capacity of local NGOs to organize them to take coordinated action. This approach is proving effective but has taken time to develop. As mentioned previously, a series of complementary grants to CI Philippines, the Mindanao Environment Forum (MEF) and the Philippine Eagle Foundation, Northern Mindanao Institute of Science and Technology, and the University of the Philippines in Mindanao have recently been made or are pending final approval. These partners have worked together to develop a set of projects that will complement and reinforce each other. The conservation impact of this CEPF investment in Eastern Mindanao will likely be subtle but important. It is a long-term investment designed to create several key conditions necessary for effective corridor conservation, i.e. local-conservation related technical capacity; mechanisms to coordinate efforts among stakeholders; and a policy environment that favors conservation. We believe there will be short-term successes at the protected area-level in Eastern Mindanao as we make moderate incremental investments in areas where local commitment to conservation is already strong.

Another emphasis for CEPF investments in Eastern Mindanao is the Philippine eagle, as this corridor is thought to be the eagle's last stronghold (along with the Sierra Madre Biodiversity Corridor). CEPF is supporting the Philippine Eagle Foundation and Haribon Foundation in researching the behavior and habitat needs of eagles at key nest sites, as well as training relevant government personnel in techniques for monitoring the status of eagles and eagle habitat. However, what is perhaps most interesting about both of these projects is the commitment of the grantees to recruit and train local people to watch the eagles and their nests. Experience has shown that non-experts, with a bit of training, can help gather reliable data. Enlisting their help also engenders local support for saving the eagle.

### ***Threatened Species Outside the Big Three Corridors***

CEPF has granted the whole of this portion of the portfolio (\$1 million) to the Haribon Foundation for regranting in a new initiative for empowering local people to protect unique Threatened species found on small islands outside the three major corridors. Concentrating on Cebu Mindoro, Negros, Panay, Sibuyan and Tawi-Tawi, Haribon's Threatened Species Program (TSP), supports community-based species conservation initiatives that involve urgent interventions at priority sites.

The TSP yielded interesting lessons early on. After Haribon staff visited each of the target islands to solicit project proposals from local civil society, they returned home to find that very few applications were submitted. Local capacity proved so weak that potential grantees could not even conceptualize projects to help resident Threatened species, let alone muster the courage to apply for small grants. As a result, Haribon had to revise its workplan and return to the islands to conduct a series of in-depth workshops on the basics of conservation, project planning, and applying for grants. Progress

continues to be slow however due to both issues of capacity with potential grantees and staff changes within Haribon.

The TSP has made 18 subgrants ranging in size from \$700 to \$16,000. This small-grants portfolio includes projects on fruit bats, tamaraw, crocodiles, hornbills, and other Threatened species, with activities ranging from documenting population ecology to habitat restoration to measuring the effects of construction activities on wildlife's habitat use.

In addition to helping grantees plan, implement and troubleshoot conservation interventions in their area, Haribon is ensuring that project executants present their project results to other conservationists and scientists at annual meetings of the Wildlife Conservation Society of the Philippines. Haribon hopes to nurture a cadre of local conservationists who can both protect nature and help others in the Philippines learn from their successes.

Another important output of this project is Haribon's exploration of long-term financing options for continuing the TSP after the end of CEPF funding in December 2006. This program, under Haribon's leadership, fits nicely into an envisioned national alliance (see section below entitled "Leveraging Grantee Alliances").

### **Livelihoods and Indigenous People**

Nearly every grant in CEPF's Philippines portfolio involves enlisting civil society at the local level to support conservation outcomes while also exploring some aspect of biodiversity-friendly economic opportunities. Some of the smaller grants in the portfolio specifically aim to improve local livelihoods and strengthen indigenous people's rights while protecting biodiversity. Highlights among these include:

- In Eastern Mindanao, a local NGO is teaching the indigenous Manobo people to use agroforestry methods in protecting a watershed that is part of their ancestral domain and important to Philippine eagles as well as people who live downstream.
- A project on Palawan put high school dropouts to work restoring forests. In addition to forest restoration and rehabilitation of disenfranchised youth, this project established a hardwood nursery and nature park, for use as a training facility and as a tool for building awareness of Palawan's conservation needs among local visitors and tourists.
- A "forest gardens" project in the Sierra Madre Conservation Corridor is helping farmers increase production through silviculture methods that approximate forests in form and ecological function. The goal of this project is to contain agricultural encroachment of high biodiversity forests while ensuring local livelihoods are enhanced.
- Also in the Sierra Madre, a Philippine NGO is identifying several high-biodiversity locations with potential for attracting tourists to learn about local natural and human history. Local communities will be trained not just to protect these areas but to profit economically by serving as co-managers, tourist guides, caterers, souvenir makers, forest rangers, and other types of service providers.

In addition to the livelihood-focused activities incorporated into CEPF projects described above, the portfolio includes examples of innovative partnerships where our support for conservation activities has leveraged substantial non-CEPF investment in complementary development activities. Perhaps the best example of this is in the Penablanca Protected Landscape and Seascape where CEPF has not only shown how its investments can create “clusters” of grantees with each focusing on its particular expertise – in this case CIP works on building protected area management capacity, Counterpart International supports agroforestry efforts, and RARE is implementing an environment education campaign – but also leverage significant amounts of additional funds for conservation. CEPF investment in conservation activities has leveraged close to \$100,000 in development assistance from Philip Morris. This investment includes \$56,000 for school building construction that has been awarded to the municipality of Penablanca and the Department of Education and \$26,000 for shallow well development to support reliable and efficient irrigation of local farms close to the protected area.

CEPF’s grantmaking and leveraging approach in Penablanca is not only a success in its own right, but may also represent a promising new approach to the Integrated Conservation and Development project concept. Rather than a donor making a large grant to a single organization to implement a wide range of interventions meant to yield conservation and development benefits, CEPF has shown the value of being able to disburse focused funding to a number of specialized civil society groups all working together towards a common set of objectives. In the case of Penablanca, the biodiversity conservation goal was consistent with watershed management objectives that were closely tied to local agricultural productivity. Our grantees ability to demonstrate this link and actively seek out development support in collaboration with local government means that our conservation goals are now embraced and actively supported by both the development community and, critically, local government. Accomplishing this was only possible through CEPF’s focused and flexible grantmaking and our ability to harness the knowledge of on-the-ground NGO leaders whose sophisticated understanding of local context made this approach successful.

### **Leveraging Grantee Alliances**

#### ***Uniting to save a flagship***

One of CEPF’s greatest challenges has been encouraging the Philippines’ often competitive and independent NGOs to work together to scale up biodiversity outcomes centers around the flagship Philippine eagle. From the outset, CEPF received proposals for expansive and expensive projects aimed at saving the eagle and its nesting sites, which are primarily found in the Sierra Madre and Eastern Mindanao corridors. Upon sending these proposals out for review among the handful of Philippine eagle experts, it became apparent that the applicants were not working in collaboration and, in some cases, may have been working at cross purposes.

In September 2003, CEPF called the applicants together in Manila with other relevant experts to explain its mandate of encouraging civil society to work in alliance in order to achieve greater cumulative conservation outcomes. CEPF informed the group that it would prefer to fund projects that had demonstrated synergies, avoided duplication of effort, and were tied in some tangible way to a national effort to save the Philippine eagle. This meeting marked the beginning of what is now called the Philippine Eagle Alliance. Members include BirdLife International, CI Philippines, the Haribon Foundation, WWF Philippines and the Department of Environment and Natural Resources, which is

the keeper of the Philippines national strategy to save the eagle in the wild. CEPF is now funding (or is on the verge of approving) several collaborative eagle projects vetted by alliance members. These projects work in concert with one another and with the government's national plan. The Alliance is currently discussing how it can create a sustainable funding mechanism for ensuring these and other eagle conservation initiatives are supported over the long term.

### **Leveraging Donor Alliances**

CEPF has been quite successful in its objective of catalyzing the creation and expansion of protected areas in the Philippines. However, that success will be short-lived if sustained public and private funding is not secured. CEPF and its partners are now working aggressively to find new sources of funding and better focus existing sources.

Discussions in this regard are underway with GCF and the Foundation for the Philippines Environment (FPE), a \$22 million trust fund, to create donor partnerships that coordinate investments on agreed conservation priorities (potentially CEPF's ecosystem profile). With this sort of donor alliance in mind, CEPF and FPE are already co-financing a project in the Sierra Madre. Meanwhile, GCF has expressed strong interest in committing \$1 million over five years to jointly fund projects with a donor consortium. As this partnership becomes operational, the group hopes to bring the Tropical Forest Conservation Fund (TFCF) – \$8.2 million to be spent down over 14 years – into the funding alliance.

Meanwhile, CEPF has had success in securing significant added support from the private sector for individual projects. This success is due, in part, to a CEPF grant to First Philippines Conservation, Inc., which sits within the Lopez Group of Companies and aims to generate new corporate support for biodiversity conservation.

Leveraging to date demonstrates CEPF's success in helping grantees access additional funds from non-traditional donors such as local governments and the business sector. Government funding signifies political buy-in to CEPF-supported projects and could lead to sustainability of long-term recurring costs of protected area management. After nearly two years of wooing the private sector toward supporting conservation, FPCI with CEPF and CI Philippines are beginning to see significant corporate interest.

CEPF's Philippines coordination team also has met with the GEF Focal Point for the region about potential co-funding opportunities under a new GEF initiative to fund projects related to mitigating climate change. The GEF representative suggested that CEPF-supported projects to protect watersheds and expand protected areas may fit well under this new fund's criteria.

### **Conclusion**

The Philippines portfolio serves as an excellent example of how CEPF can catalyze local conservation action and partnerships, as well as leverage funding to scale up these efforts and alliances. Based on our assessment of CEPF's impact and the co-funding we have generated in our first three years in the Philippines, we are optimistic that CEPF will make significant and tangible headway in building alliances and civil society capacity essential for the success of conservation across wide geographic areas. CEPF is confident that its legacy after five years of investments in this hotspot will include new areas under protection and effective collaborative management, as well as new partnerships for conservation such as the Philippine Eagle Alliance, the First Philippine



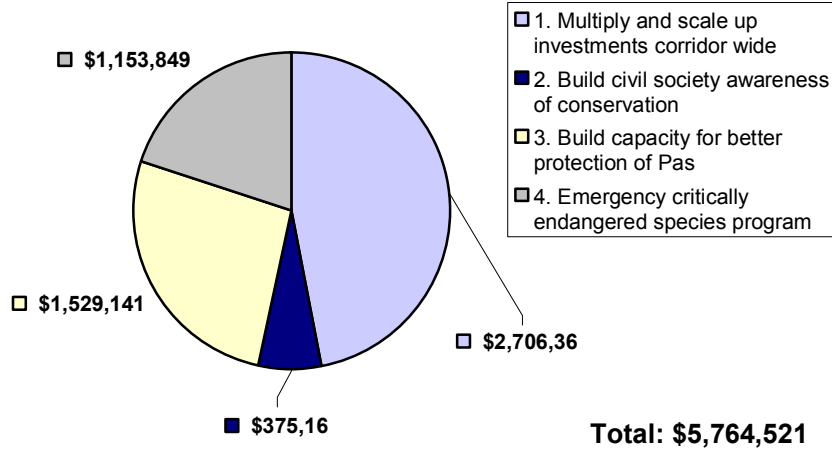
Conservation, Inc., with its new corporate conservation supporters, and, perhaps, a Philippine donor alliance that is better focused and more effective.

*- June 2005*

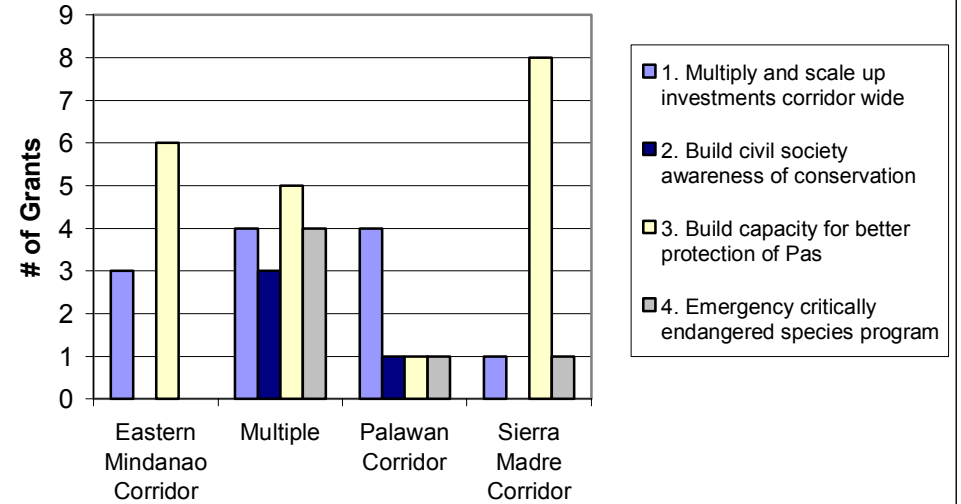
\* Prepared for: Improving Linkages Between CEPF and World Bank Operations, Asia Forum, Medan, Indonesia, June 23-25, 2005.

## Charts through May 2005: Philippines Hotspot

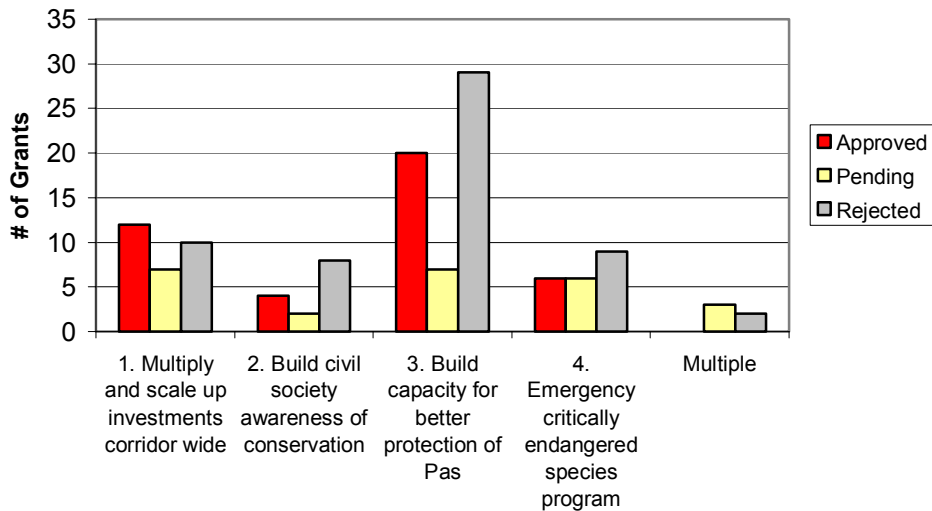
### Chart 1. Approved Grants by Strategic Direction



### Chart 2. Approved Grants by Corridor and Strategic Direction



### Chart 3. Portfolio Status by Strategic Direction



### Chart 4. Combined Value of Grants Awarded

