

Annual Portfolio Overview

Madagascar and the Indian Ocean Islands Biodiversity Hotspot

July 2022 – June 2023

1. Introduction

The Madagascar and the Indian Ocean Islands (MADIO) Biodiversity Hotspot includes Madagascar, the Mascarenes (Réunion*, Mauritius and Rodrigues), the Comoros (including Mayotte*), Seychelles and the Scattered Islands*. The land area of the hotspot is 600,461 km², of which 95 percent consists of the island of Madagascar alone.

Figure 1: Boundaries of the Madagascar and the Indian Ocean Islands Biodiversity Hotspot



The MADIO hotspot is home to biodiversity with an exceptional rate of endemism, testifying to distinct evolutionary mechanisms linked to the isolation of these islands. The evolution of a diversity of fauna and flora with a very high rate of endemism at the level of species, genera, and even families, is indeed striking on Madagascar. The country has five families of vascular plant, four families of bird and five families of primate found nowhere else in the world. The global importance of the hotspot is particularly high for mammals, plants and reptiles, with, for example, about 15,000 plant species, of which more than 12,000 are

* Not eligible to receive CEPF funding.

found nowhere else on Earth. Madagascar alone possesses more than 11,866 endemic vascular plant species. The terrestrial biodiversity of the other archipelagos is closely linked to that of Madagascar. Despite covering a much smaller land area, the other island groups of the western Indian Ocean contribute much to the biological diversity of the hotspot, with high rates of endemism with African influences marked in the biota of the Comoros, and Asian influences evident in the Seychelles.

Although the hotspot is defined in terms of its importance for terrestrial biodiversity, its marine biodiversity is also exceptional, both in terms of levels of endemism (corals, coastal species and marine trenches) and in terms of the international importance of populations of certain widely distributed species, such as cetaceans and marine turtles.

The MADIO hotspot covers a set of extremely varied habitats, resulting from climatic variability linked to latitude, altitude and steep relief, which concentrates precipitation on the eastern slopes of the massifs. The geological and pedological differences add to the diversity of habitats. These habitats support ecosystems that have exceptional biodiversity and provide important ecosystem services to more than 31 million people, in particular provision of food, supply of fresh water and prevention of natural disasters.

In terms of extent of original natural vegetation, the MADIO hotspot ranks tenth among the 36 biodiversity hotspots globally and eighth in terms of remaining intact habitat (between 10 to 12 percent of the initial area) though. The significant environmental challenges that threaten the ecological functions and ecosystem services that ensure the hotspot's well-being and socio-economic development of its populations are largely attributable to the increased demographic, economic, social and environmental pressures. Ecosystems are threatened by the degradation of natural areas, land and coastal erosion, accelerated depletion of natural resources, and disappearance of endemic species, all due to mining, illegal logging, invasive species, overfishing, fire, pollution, land clearance, or the use of wood as energy source. Because the rate of exploitation largely exceeds the capacity for regeneration, the ecosystems' resilience and capacity to provide the essential services necessary for people to adapt to climate change are diminishing. This further exacerbates the vulnerability of the four hotspot countries to climate change. Like all island states, their populations, agricultural land and infrastructure are highly exposed to climate change with sea level rise and the increased frequency and severity of extreme weather events.

This Annual Portfolio Overview (APO) aims at providing an update on progress of CEPF's investment strategy. It covers progress in the MADIO Hotspot from July 2022 to June 2023, and draws on experience and lessons learned thus far as part of the current 5-year CEPF investment strategy (2022-2027).

2. Niche for CEPF Investment

2.1 Overview

With funding from the Green Climate Fund (GCF) made available to CEPF for the hotspot through l'Agence Française de Développement (AFD) as an accredited entity to the GCF, the CEPF investment niche for 2022-2027 is to integrate the fight against climate change (mitigation and adaptation) into conservation approaches. This investment of US\$14.1 million as grants is part of a 10-year [Ecosystem-based Adaptation in the Indian Ocean program](#). The goal of this program is to reduce the vulnerability of island populations to climate change by ensuring the essential ecosystem services they need to be resilient.

The program has three components:

- Component 1: Development of strategic plans for ecosystem-based adaptation in the small island biodiversity hotspot that are well aligned with national climate change strategies;
- Component 2: Support for ecosystem-based adaptation activities through grants to CSOs;
- Component 3: Ensure long-term sustainability and replication of success through knowledge products and tools for ecosystem-based adaptation.

Ecosystem-based adaptation (EbA) actions have been identified as a high priority in the climate change strategies of all four hotspot countries. Despite their potential to play an effective role in implementing EbA, civil society organizations (CSOs) are generally underutilized, undervalued and underfunded.

In this context, and based on the analyses presented in the [updated Ecosystem Profile](#), CEPF will mobilize CSOs as per the strategic directions presented in Table 1. CEPF grant making will support EbA actions to restore and improve the management of 70 Key Biodiversity Areas (KBAs; 30 in Madagascar, 10 in the Comoros, 10 in Mauritius and 20 in the Seychelles) that make the greatest contribution to the delivery of ecosystem services important to local populations (Strategic Direction 1). CEPF funds will also mainstream the integration of the EbA approach and ecosystem resilience into public and private sector decision-making (Strategic Direction 2), while building the adaptive capacities of CSOs to analyze climate risks and plan and implement required actions to reduce exposure to these risks (Strategic Direction 3). Moreover, CEPF funding will be targeted at research that improves knowledge of the role of ecosystem services in helping local communities adapt to climate change, and the effectiveness of EbA actions (Strategic Direction 4). To convert the investment strategy of the Ecosystem Profile into a coherent portfolio of grants, CEPF will rely on a regional implementation team (RIT) to provide strategic leadership and effective coordination of CEPF investment across the hotspot (Strategic Direction 5).

The implementation of the CEPF 2022-2027 investment strategy started in July 2022 with the contracting of the funds for Strategic Direction 5 to a consortium of five nongovernmental organizations (NGOs) to act as the RIT and coordinate a small grants (under US\$50,000) mechanism. Coordinated by IUCN NL, the RIT involves SAF/FJKM for Madagascar, ID for Comoros, FORENA for Mauritius and SeyCCAT for Seychelles (see section 2.2 below). These five organizations are now working with CEPF to implement the five-year investment strategy for the hotspot and to build local civil society capacities.

The 2022-2027 investment strategy has an approved spending authority of US\$14.1 million. Of this total, 50 percent is allocated to Madagascar and the remaining 50 percent is equally allocated among Comoros, Mauritius and Seychelles.

Table 1: CEPF Strategic Directions and Investment Priorities in the Madagascar and the Indian Ocean Islands Biodiversity Hotspot

Strategic direction	Investment priorities
<p>1- Empower communities and civil society to implement actions to improve the resilience of species, ecosystems, and human populations to climate change in priority KBAs</p>	<p>1.1 Implement EbA actions, including agroforestry, “climate smart agriculture”, eradication of invasive alien species (IAS), restoration of degraded watersheds and coastal ecosystems (including wetlands, mangroves, reefs and seagrass beds), and promotion of sustainable management of coastal and terrestrial ecosystems. Priority will be given to the following approaches:</p> <ul style="list-style-type: none"> i. Promoting resilient agroforestry and developing “Climate Smart Agriculture”; ii. Promoting the sustainable management of freshwater, wetlands, and marine and coastal ecosystems (mangroves, coral reefs, seagrass beds); iii. Strengthening management of intact watershed forest ecosystems through the implementation of protected area management plans in collaboration with local communities; iv. Enhancing resilience and adaptation of ecosystems; v. Restoring degraded coastal ecosystems (wetlands, mangroves, coral reefs, sea grass beds); vi. Restoring degraded watershed forest ecosystems; vii. Promoting control and eradication of invasive alien species; viii. Strengthening the capacity of local communities in participatory ecological monitoring of KBA target species and their habitats.
	<p>1.2 Support the establishment and development of economic models that improve the resilience of local communities to climate change and support value chains for natural products, while strengthening ecosystem services that contribute to EbA</p>
<p>2- Support local communities and civil society to strengthen the integration of the EbA approach, ecosystem resilience and biodiversity conservation into political and economic decision-making processes and education</p>	<p>2.1 Develop engagement strategies with private sector actors for the integration of EbA into their activities, and also for the conservation and sustainable use of biodiversity and renewable natural resources</p>
	<p>2.2 Support civil society to disseminate information and influence political and economic decision-making processes in favor of biodiversity conservation priorities, ecosystem services and EbA</p>
	<p>2.3 Support civil society in the development and implementation of disaster risk reduction measures</p>
<p>3- Strengthen the capacities of local communities and civil society at regional and local levels to enhance adaptive capacity and reduce exposure to climate change risks</p>	<p>3.1 Strengthen the technical, administrative and financial capacities of local CSOs with missions related to the environment and the fight against climate change</p>
	<p>3.2 Promote exchanges and partnerships (at the national and regional levels) among CSOs working in priority KBAs, to strengthen technical, organizational, management and fundraising capacities</p>

Strategic direction	Investment priorities
	3.3 Support the emergence of a new generation of conservation professionals and organizations specializing in biodiversity conservation, ecosystem services and climate change by supporting, with small grants, technical and practical training and exchange visits
4- Support research and ensure the dissemination of results for the promotion and improvement of knowledge on EbA actions and related good practices	4.1 Support applied research activities that improve understanding of the role of specific ecosystems and test the effectiveness of promising EbA techniques
	4.2 Support research activities that measure and verify the impact of the grant portfolio on ecosystem services
	4.3 Support civil society to promote public awareness and education on biodiversity, conservation priorities, climate resilience, ecosystem services and EbA
5- Provide strategic leadership and effective coordination of CEPF investment across the hotspot through a regional implementation team	5.1 Build a broad constituency of civil society groups that work across institutional and political boundaries to achieve the shared conservation goals outlined in the Ecosystem Profile
	5.2 Improve operational and monitoring processes and coordination of CEPF grant resource allocation to ensure effective implementation and strategic guidance in an accountable and transparent manner that is fit for purpose on a country-by-country basis

2.2 Coordinating CEPF Grant Making

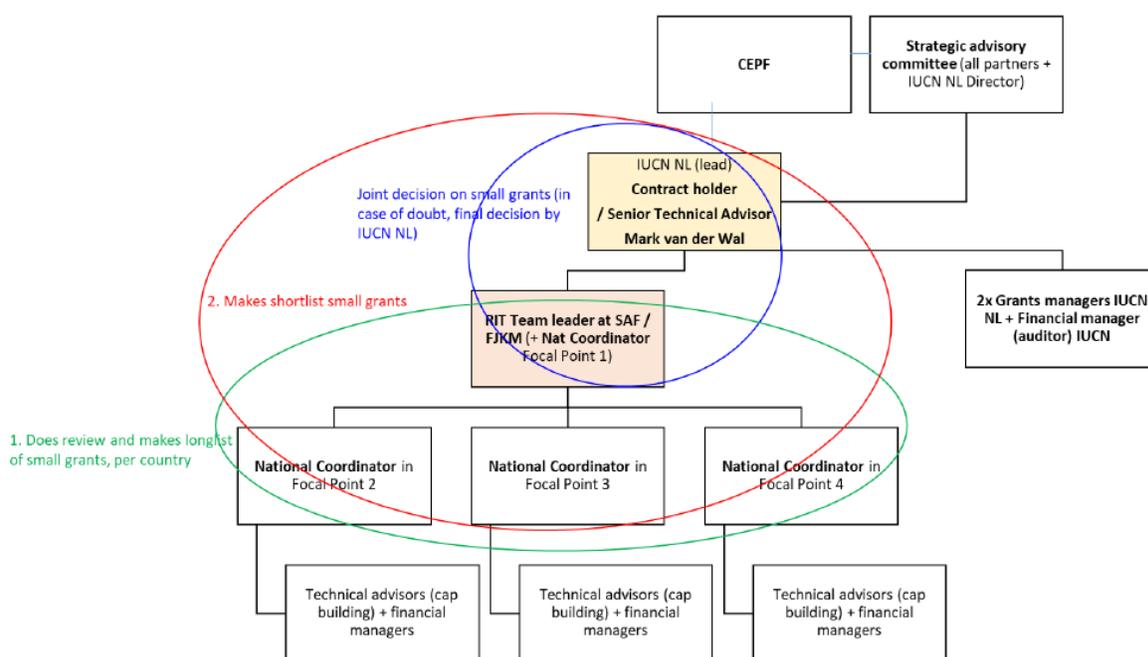
Through an open and competitive procurement process launched on 17 November 2021, and concluded on 15 December 2021, CEPF selected the consortium coordinated by IUCN NL as the RIT to oversee the strategic development of the grant portfolio and ensure delivery of the CEPF investment in the MADIO Hotspot. The consortium includes:

- **SAF/FJKM** is the focal point for Madagascar and host of the consortium’s leadership. It has been a national NGO since 2007 and was a CEPF grantee in the past, giving it a good understanding of the grant process. SAF/FJKM has experience in creating and collaborating in networks and platforms, and is anchored at the community level, promoting the community approach across Madagascar, with 59 units, 12,000 volunteers and over 200 staff.
- **Initiative Développement (ID)** is the focal point for Comoros. It was created in 1994 as an NGO under the 1901 French Association Law. ID has been present in the Union of the Comoros since 1996, making it one of the most lasting NGOs to operate in the islands. ID in Comoros already manages small grants for the French Embassy (ranging between US\$50,000 to US\$100,000 per CSO).
- **FORENA (Fondation Ressources et Nature)** is the focal point for Mauritius. It is a Mauritian NGO created in 2008 with the aim to unite people who are concerned about biodiversity, the environmental cause and the relationship between Man and Nature. FORENA acts as a platform that facilitates match-funding for conservation including public and private funding and can create synergy with both these sectors (at a regional level).

- **SeyCCAT (Seychelles Conservation and Climate Adaptation Trust)** is the focal point for the Seychelles. It is a conservation trust fund established as an independent public-private trust, governed by the Conservation and Climate Adaptation Trust Act (2015) in the country. Working with blended finance and their own Blue Grants Fund for Ocean Conservation, SeyCCAT is an active, operational trust fund, which provides funding to many local organizations.

A cooperation contract was set up between the coordinating organization, IUCN NL, and the focal points in July 2022. It sets out all the operational requirements, financial reporting requirements and lines of authority between the RIT member organizations. Coordinated by IUCN NL, the consortium is led by SAF/FJKM as the regional team lead as per the structure presented in Figure 2.

Figure 2: Structure of the Regional Implementation Team



The role of the RIT is overarched by Strategic Direction 5 as a means of supporting the delivery of the full suite of strategic directions for this investment phase in the hotspot. The RIT operationalizes and co-ordinates CEPF’s grant-making processes and procedures, while building a broad constituency of civil society groups working across institutional and political boundaries to achieve the shared conservation goals described in the ecosystem profile. The RIT also improves operational and monitoring processes and coordination of CEPF grant resource allocation on a country-by-country basis. To deliver on these general objectives, the RIT’s logical framework is structured around eight components as summarily presented in Annex 1.

3. Portfolio Status to Date

The first call for proposals for both small (up to US\$50,000) and large grants (above US\$50,000) was launched on 15 November 2022. Its publication had to wait for the

approval of the updated Ecosystem Profile, which was only obtained in November 2022. The deadline for submitting Letters of Inquiry (LOIs) was 23 December 2022 for large grants and 2 February 2023 for small grants. LOIs for small grants had to be submitted by email, while LOIs for large grants had to be submitted via CEPF's online system: ConservationGrants. All relevant documents, including the LOI template, were in French and English. The call was also in Malagasy for small grant applications. The following investment priorities were eligible for this call: Investment Priority 1.1 for all four countries for both small and large grants; Investment Priority 1.2 for Comoros and Seychelles for large grants and only Seychelles for small grants; and Investment Priority 3.1 for Madagascar for small grants. The eligible geographies were all 10 priority sites for Comoros, all 30 priority sites for Madagascar, all 10 priority sites for Mauritius and 11 of the 20 priority sites for Seychelles (located in the inner and outer islands, as per SeyCCAT's preference). Applications were accepted in both French and English for both small and large grants.

The call was widely disseminated by the RIT and CEPF, including in local mass media and social media. It was accompanied by two online information sessions on 25 November 2022 (in French and English). The RIT also received questions from potential applicants on a regular basis via a dedicated email address. For transparency purposes, all questions and the answers that were provided were published on the RIT member organizations' websites in English and French, and were regularly updated throughout the call. Additionally, several information sessions were held by RIT member organizations in local languages in various areas (e.g., in Comoros, sessions took place on three islands, attracting 80 participants).

A total of 138 LOIs were received for the small grant application process. The majority of which (117) were from Madagascar, while 12 were submitted for projects in Comoros, six for Mauritius, one for the Seychelles and two for regional projects. A total of 41 LOIs were ineligible. This represents 30 percent of the applications for small grants. This percentage is considered to be quite high. It was noticed by the RIT that the summarized content of the call on the website should have been more specific instead of relying exclusively on the details provided in the separate document of the call itself. This was corrected for the second call for proposals for large grants and will remain a practice for subsequent calls.

For the remaining 97 LOIs, they were reviewed by three members of the RIT, and submitted to an external reviewer if needed. Following the reviews, 14 were shortlisted (eight in Madagascar, three in Comoros, two in Mauritius and one in Seychelles). All rejected applicants were provided with individual feedback, which was aimed at helping them improve their capacities and future applications, thus reducing the number of ineligible applications moving forward. Additional information was requested on the shortlisted LOIs, such as a workplan and a detailed budget. The RIT accompanied applicants throughout this process. By 30 June 2023, no small grant had yet been contracted.

For large grant, 61 LOIs were received with 32 for Madagascar, 12 for Comoros, six for Mauritius, eight for Seychelles and three for regional projects. Six LOIs were ineligible. Applicants were informed about the reasons and invited to apply as part of future calls after careful consideration of the eligibility criteria. The remaining 55 LOIs were each reviewed by at least three members of the RIT and one member of the CEPF Secretariat. A total of 17 LOIs were pre-shortlisted and requested to prepare a one-pager to present to the CEPF Consultative Committee (CCC - see section 5 below). One project in Seychelles was withdrawn straightaway by the applicant (one which had two shortlisted projects). Therefore, 16 pre-shortlisted projects were presented to the CCC on 18 April 2023. The remaining 38 eligible LOIs were rejected, and applicants were subsequently provided with individual feedback and invited to apply under future calls. Following the CCC, the pre-shortlisted list of projects was confirmed. Consequently, all 16 projects were shortlisted and

invited to the full proposal stage, taking into account the reviewers' and CCC members' comments.

A Masterclass for the shortlisted large grant applicants took place on 21 and 23 March 2023, in English and French respectively. All 16 organizations attended. One applicant, from Madagascar, failed to submit its revised proposal by the agreed deadline later on. This meant that 15 applicants are in line to receive large grant under the first call for proposals, comprising eight from Madagascar, one from Comoros, two from Mauritius and four from Seychelles.

Out of these, three large grants had been countersigned by 30 June 2023. Of the others, five were assessed as potentially falling into Category B for environmental and social risks. These included one of the two projects in Mauritius and all four projects in the Seychelles. All five applicants were informed that their application process would take more time, because of the additional due diligence required to address these potential risks. A workshop on environmental and social safeguards was provided to them on 2 June 2023. During this workshop, and after the review of documents, it was determined that one project from Seychelles did not justify a Category B risk rating, because mitigation measures were already in place. However, during the proposal review stage of the other large grants, one of them, in Madagascar, was determined to justify a Category B rating. Due to the high number of Category B projects in Seychelles, the RIT and CEPF decided to carry out the second supervision mission of the fiscal year 2023 (FY23) in that country, to best coordinate and assess the safeguards with applicants (the first mission was for the RIT training which took place in September 2022 in Madagascar). This supervision mission was postponed until July 2023 to provide applicants with more time to work on their safeguard documents and to allow the RIT to make the necessary logistical arrangements.

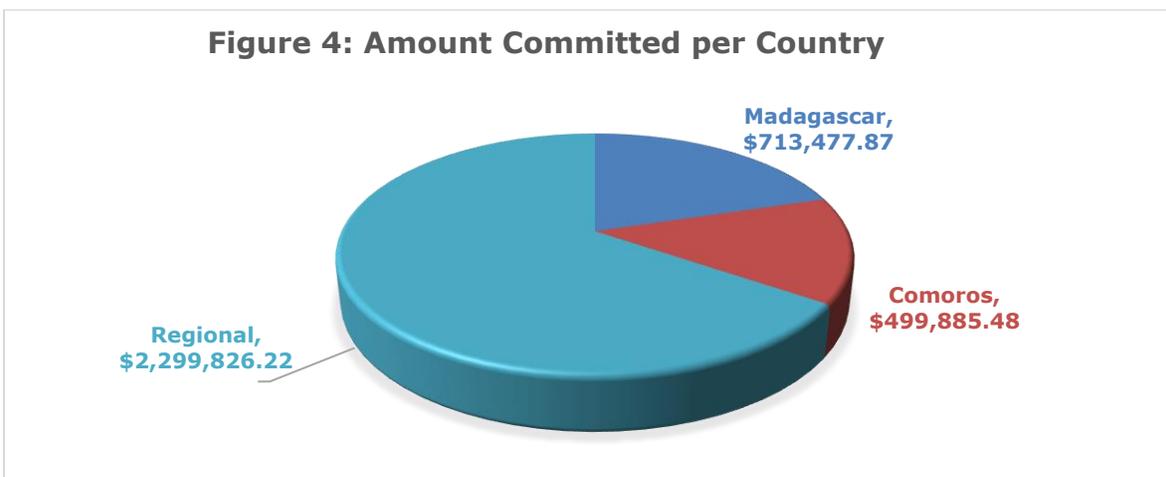
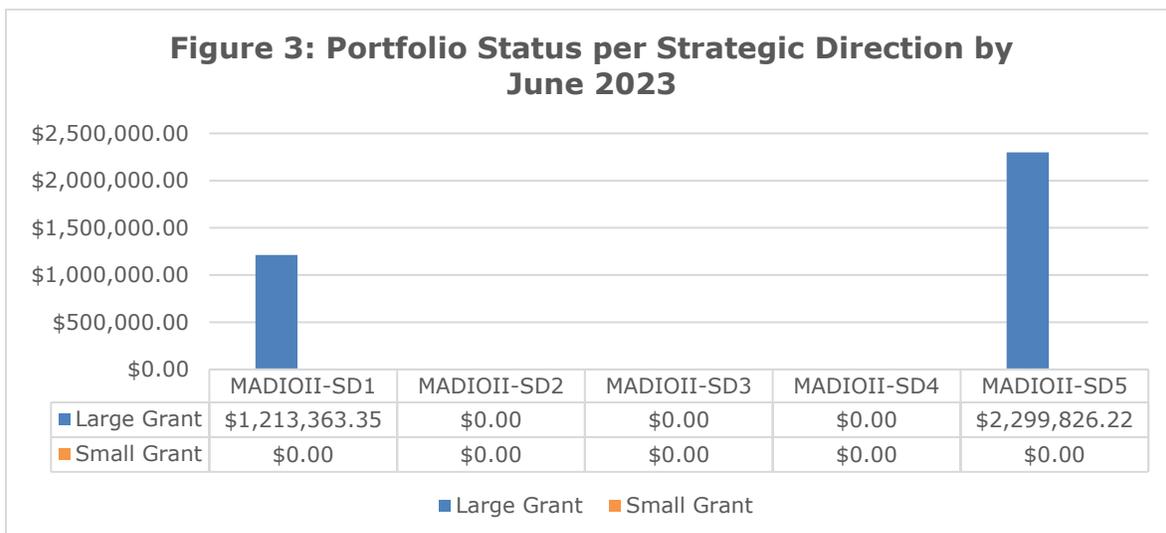
A second call for proposals, covering large grants only, was published on 6 June 2023 with a deadline of 1 August 2023. This call was opened to all four countries and regional projects addressing Investment Priorities 3.1, 3.2 and 4.1. It was widely disseminated in both French and English.

Table 2 below presents the grant-making status by end of June 2023, per strategic direction, small versus large grant applications, with budget allocation (as per spending authority) and budget balance.

Table 2: Grant-making Status by Strategic Direction, June 2023

Strategic Direction	Budget Allocation	Contracted Grants			Budget Balance	% Awarded
		Total Amount (US\$)	No. of Large Grants	No. of Small Grants		
SD1 - Implementing EbA	8,200,000	1,213,363	3	0	\$6,986,637	15
SD2 - Mainstreaming EbA	800,000	0	0	0	\$800,000	0
SD3 - Building Capacity	1,200,000	0	0	0	\$1,200,000	0
SD4 - Researching EbA	1,600,000	0	0	0	\$1,600,000	0
SD5 - RIT	2,300,000	2,299,826	1	0	\$174	100
TOTAL	14,100,000	3,513,190	4	0	\$10,586,810	25

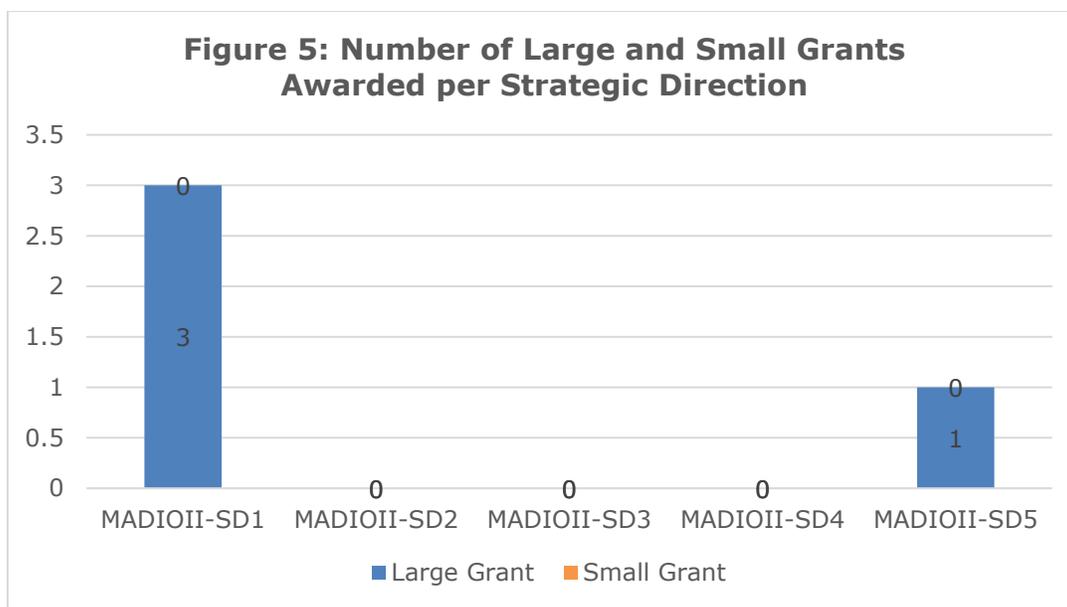
By June 2023, \$3,513,190 had been awarded, including the RIT grant. This amount represents 25 percent of the spending authority. There are still 26 applications from the first call (12 large and 14 small grants) that are being considered for a grant, representing an additional US\$3.5 million. Figure 3 below presents the breakdown of the four active grants per grant type and strategic direction. Figure 4 presents the amounts committed per country with, so far, no grants awarded in either Mauritius or Seychelles.



4. Performance of CEPF Investment

4.1 Assessment

The CEPF investment in the Madagascar and the Indian Ocean Islands Biodiversity Hotspot has been under implementation since June 2022. Apart from the RIT grant, the three other awarded grants are all large grants (Figure 5) and have just been contracted. Consequently, the assessment is limited and focused only on the expected results of these three large grants by the end of the CEPF investment period (Annex 2).



4.2 Portfolio Investment Highlights by Strategic Direction

This section provides a few examples of the expected performance of CEPF’s investment at grant level, by giving one to two case studies per strategic direction, where possible.

Strategic Direction 1

CEPF investment under this strategic direction aims to empower communities and civil society to implement EbA actions to improve the resilience of species, ecosystems, and human populations to climate change in priority KBAs. The three large grants awarded in June 2023 were under this strategic direction (Annex 3). The first one was awarded to Dahari in Comoros, to refine a community-based marine conservation model in Pomoni and Moya Key Biodiversity Areas on Anjouan island, and to support the resilience of populations and ecosystems to climate change by establishing a locally managed marine area, building the management capacity of fishermen's and fisherwomen's associations, while proving alternative economic incentives to improve their livelihoods and ensure the sustainability of the model. The second grant was for Madagascar Fauna and Flora Group, to empower local communities around Betampona Integral Nature Reserve to carry out native forest restoration and agroforestry, and to increase the buffer zone around remaining forest fragments for protection against climate change-related cyclones, tropical storms and wildfires. The last grant was awarded to Association pour le Développement de l'Energie Solaire Suisse-Madagascar, to reduce the vulnerability of the populations of southwestern coastal Madagascar to the risks of climate change by conserving and restoring the forest ecosystem of the lower Onilahy basin. The grantee hopes to improve the livelihoods of communities and promote understanding of the importance of healthy forest ecosystems in the face of climate change.

Strategic Direction 5

CEPF investment under this strategic direction is to coordinate the implementation of the investment strategy of CEPF in the hotspot through an RIT. As previously discussed, and described, IUCN-NL has been selected as the RIT to coordinate a consortium made of

SAF/FJKM in Madagascar, ID in Comoros, FORENA in Mauritius and SeyCCAT in Seychelles. No additional grants are expected under this strategic direction for the remainder of the investment phase.

5. Collaboration with CEPF's donors and other funders

In February 2023, the CEPF Secretariat and the RIT initiated the creation of a CEPF Consultative Committee (CCC) for its investment in the hotspot. The primary role of the CCC is to contribute to a credible, transparent, impartial and quality evaluation of LOIs, in accordance with CEPF objectives and policies, and thereby help guide the RIT and the CEPF Secretariat's decision-making. The CCC is composed of representatives of CEPF donors, the GCF National Designated Authorities (NDAs) for the four countries and selected partners in the hotspot.

In March 2023, a presentation of CEPF and its investment strategy was organized with the potential representatives of the CCC. The meeting was also an opportunity to explain the grant-making process and the expected role of the CCC. By May 2023, the Terms of Reference of the CCC (Annex 4) were agreed upon and representatives of AFD (for all four countries), the European Union (for all four countries), the Global Environment Facility (GEF; for Comoros), the United Nation Development Program-managed GEF Small Grant Program for Mauritius and Seychelles, VARUNA (see below; for Madagascar and hotspot-wide), the Embassy of Japan (for Mauritius), the World Bank (for Mauritius and Seychelles) and the NDAs in each of the four countries confirmed their interest in being part of the CCC.

In April 2023, the CCC members were consulted for the first time to review the shortlisted LOIs, provide their general appreciation of the applications and propose any recommendations to address potential shortcoming or foster collaboration or alignment with other initiatives. To this end, shortlisted applicants were requested to prepare a one-pager with a project summary, key expected results, brief project approach, as well as integration of gender and synergies with other actors. All the comments and recommendations provided by the CCC members were then integrated into the letters sent to applicants inviting them to the full proposal stage (for large grants) or the workplan stage (for small grants).

In addition to the above, CEPF is a member of the VARUNA program steering committee along with its seven program operators, AFD, the Indian Ocean Commission, l'Office français de la biodiversité (OFB), and the Terres australes et antartiques françaises (TAAF). The Varuna program aims to contribute to halting biodiversity loss of in the MADIO Hotspot, for the benefit of the inhabitants of the region, through awareness raising, capacity building and the pooling of efforts of all public, private and civil society actors. Financed by AFD for a total of EUR 10 million, the Varuna program has been implemented by Expertise France since January 2022. It has seven technical partners, which are CAP Business Océan Indien, CIRAD, IRD, Naturalistes de Mayottes, Réserves Naturelles de France, l'Université des Mascareignes, and the University of Mauritius.

Being part of the steering committee allows CEPF to be informed of and contribute to the calls for proposals launched by the program, as well as inform the partners of its own calls for proposals. It is also an opportunity for CEPF to update itself on the progress of each of the seven technical partners of VARUNA, to consider with them potential synergies, to share information on shortlisted projects and/or applicants, and to provide inputs to some technical documents, such as a questionnaire for CSOs working on "Private Sector and Biodiversity".

The CEPF Secretariat also has ongoing discussions with AFD and the European Union for potential additional funding for the investment phase, which would form part of the co-financing obligation under the GCF program.

6. Conclusion

Regarding the management and organizational structure of the RIT, some gaps in communication and leadership were identified during the year. There is a need for stronger leadership and increased support from the consortium's coordinating entity, IUCN NL. Nevertheless, while the work on the internal governance of the RIT is still needed, the team has demonstrated a good learning curve. It now wants to initiate its reflections on the community of practices approach that it will take/develop and that the thematic hubs that the team could consider to best support grantees.

Overall, CEPF and the RIT were impressed with the quality of the large grant applications received under the first call. This is reflected in the relatively high percentage of shortlisted LOIs (28 percent). The relatively low percentage of ineligible LOIs for large grants is also encouraging and does not particularly require any specific additional actions for future calls.

However, for the small grant applications, the high percentage of ineligible LOIs (30 percent), as well as the low selection rate (10 percent) reflect the need for climate change to be better highlighted in the call, in order to help applicants understand that CEPF has shifted away from purely species/biodiversity conservation projects to focus more on improving the resilience of ecosystems and communities to climate change. Additional efforts from the RIT, particularly in Madagascar where most LOIs came from, should be made with the upcoming release of the second call for small grants planned for August/September 2023 to clearly communicate on the eligible activities and candidates.

CEPF and the RIT will also consider issuing separate calls per country for small and, potentially, large grants, to help applicants focus on the country-specific details of the calls. However, this will be further examined as country-specific calls may detract from the regional approach that the current investment is aiming at promoting in the region.

After only one call and one year of implementation, an obligated budget of 25 percent is reasonable. The rate of grant making is projected to increase in the coming two years, before declining, to leave years 4 and 5 with little to no granting, and more focus on accompanying grantees with technical support. The main increase will need to come from Madagascar, considering its higher budget allocation.

Annexes

Annex 1: The MADIO RIT's Logframe

#	Component Description	#	Deliverable Description
1	Coordinate the CEPF investment in the hotspot	1.1	CEPF's donors & other funders regularly updated on CEPF investment
		1.2	Support and technical guidance provided to the MADIO hotspot
		1.3	Synergy and coordination calls held with the CEPF Secretariat
2	Support the integration of biodiversity and EbA into public policies and private sector business practices	2.1	National RIT Focal points pro-actively promote integration of EbA into both public and private sectors
		2.2	At least six CEPF projects in Madagascar and three in the other Indian Ocean Islands featured at relevant business fora and biodiversity platforms and/or political bodies in those countries
3	Communicate the CEPF investment throughout the hotspot	3.1	Communications strategy developed and implemented
		3.2	Key materials, including the Executive Summary of the Ecosystem Profile, translated into all four languages of the hotspot
		3.3	At least 20 stories featuring the small grants developed and published on the IUCN NL website and social media platforms
		3.4	At least five short videos featuring CEPF projects produced and shared via IUCN's website and social media platforms
		3.5	Other communications products developed as needed to fulfil the objectives of the Communications Strategy
		3.6	Subject to budget availability, at least one exchange visit with another RIT organized
4	Build the capacity of civil society	4.1	Strengthened institutional capacity of 30 grantees through on-the-job coaching, training workshop and peer-to-peer exchanges
		4.2	At least 40 applicants for CEPF grants receive assistance in designing projects and complying with environmental and social safeguards through master classes and hands-on guidance
		4.3	Technical capacity of at least 30 grantees enhanced among others through peer-to-peer exchange
5	Support the CEPF Secretariat process for solicitation and review of proposals for large grants (above a threshold amount of US\$50,000)	5.1	Support with schedule of calls for proposals coordinated with the Grant Director
		5.2	Large grant call for proposals distributed via RIT communication channels
		5.3	All large grant LOIs received are evaluated, and technical reviews completed where necessary
		5.4	Additional support provided to the CEPF Secretariat as required
		5.5	Agreement reached with the CEPF Secretariat on the award of large grants
6	Manage a program of small grants (up to a threshold amount of US\$50,000), in compliance with CEPF's operational manual	6.1	Written schedule of calls for small grants developed and updated as needed
		6.2	Small grant call for proposals distributed via RIT communications channels
		6.3	Applications reviewed and final shortlist developed
		6.4	Contracts issued to all successful applicants and funds disbursed
		6.5	Small grants supported and monitored effectively

#	Component Description	#	Deliverable Description
		6.6	Grantee progress reports received and reviewed and uploaded to ConservationGrants
		6.7	Small grants closed in a timely fashion
7	Monitor and evaluate the impact of large and small grants	7.1	Annual report produced on the contributions made by the MADIO portfolio towards the CEPF global monitoring indicators
		7.2	Assistance provided as needed to grantees with the use of CEPF's / IUCN NLs standardized tracking tools
		7.3	Mid-term assessment workshop held
		7.4	Final assessment workshop held
		7.5	Provide CEPF with advice on long-term granting strategy impact through impact report
8	Support the CEPF Secretariat to monitor the large grants portfolio and ensure compliance with CEPF funding terms	8.1	Assistance with large grant monitoring provided by the RIT to the CEPF Secretariat (supervision missions)
		8.2	Assistance with large grant monitoring provided by the RIT to the CEPF Secretariat (site visits)

Annex 2: Expected Results against Objective and Outcomes in the Portfolio Logframe

Objective	Targets	Expected Results (based on awarded grants as of 30 June 2023)
<p>Engage civil society in conserving biodiversity and enhancing resilience to climate change through targeted investments that impact the most important sites for biodiversity and ecosystem services.</p>	<ul style="list-style-type: none"> - At least 60 CSOs, including at least 40 national organizations actively involved in conservation actions guided by the ecosystem profile. - 22,000 women and 22,000 men benefit from the adoption of climate-resilient diversified livelihood options (including fishing, agriculture, tourism, etc.). - 915,000 hectares of ecosystems protected and enhanced in response to climate variability and change. - Five grants in the CEPF global portfolio incorporate EbA techniques developed under the program (e.g., climate-resilient agroforestry, assisted regeneration of denuded watersheds with native species, coral reef restoration with seeding units, etc.). 	<ul style="list-style-type: none"> - 34 CSOs actively involved in conservation actions guided by the ecosystem profile. - 874 women and 855 men benefit from the adoption of climate-resilient diversified livelihood options (including fishing, agriculture, tourism, etc.). - 107,055 hectares of ecosystems protected and enhanced in response to climate variability and change. - No grants in the CEPF global portfolio yet incorporate techniques developed in MADIO.

* Not eligible to receive CEPF funding.

<p>Outcome 1: Civil society is empowered to implement EbA actions at priority KBAs.</p>	<ul style="list-style-type: none"> - 16,500 women and 16,500 men with increased income as a result of ecosystem-based livelihood activities (sustainable fishing, nature-based tourism, harvesting natural products, etc.). - 152,500 women and 152,500 men with non-monetary benefits other than formal training, as a result of strengthened ecosystem service delivery. - 20 economic models to improve the resilience of local communities to climate change developed and implemented. - 610,000 hectares of intact coastal ecosystems with enhanced management. - 300,000 hectares of intact watershed forest ecosystems with enhanced management. - 2,000 hectares of degraded coastal ecosystems restored. - 1,000 hectares of degraded watershed forest ecosystems restored. - 1,000 hectares of climate-resilient agroforestry systems implemented. - 1,000 hectares of small island ecosystems where invasive alien species have been eliminated or reduced. 	<ul style="list-style-type: none"> - 314 women and 355 men with increased income as a result of ecosystem-based livelihood activities (sustainable fishing, nature-based tourism, harvesting natural products, etc.). - 10,256 men and 10,256 women with non-monetary benefits other than formal training, as a result of strengthened ecosystem service delivery. - 4 economic models to improve the resilience of local communities to climate change developed and implemented. - 500 hectares of intact coastal ecosystems with enhanced management. - 13,300 hectares of intact watershed forest ecosystems with enhanced management. - 450 hectares of degraded coastal ecosystems restored. - 225 hectares of degraded watershed forest ecosystems restored. - 80 hectares of climate-resilient agroforestry systems implemented. - No grants yet awarded address invasive alien species.
<p>Outcome 2: Civil society has improved ability to support the integration of the EbA approach into political and economic decisions.</p>	<ul style="list-style-type: none"> - Six government, private sector and/or civil society actors formally adopt KBAs critically important for ecosystem services as priorities for EbA. - 12 communities, businesses and/or public sector institutions use EbA tools, techniques and/or instruments developed under CEPF grants. - Two strategies for engagement with private sector actors for mainstreaming EbA into business practices are prepared. - Three knowledge products (manuals, videos, etc.) on the theme of ecosystem services and/or EbA prepared and disseminated in the region. 	<p>No grants contributing to this outcome had been awarded by the end of FY23.</p>

<p>Outcome 3: Civil society capacity is strengthened.</p>	<ul style="list-style-type: none"> - 5,500 women and 5,500 men from local CSOs have benefited from technical, administrative or financial capacity building. - 12 local CSOs with an institutional capacity score of 80 percent or higher on the CEPF Civil Society Tracking Tool. - Seven CSO training courses and/or exchange visits carried out at the national or regional level. 	<p>No grants contributing to this outcome had been awarded by the end of FY23.</p>
<p>Outcome 4: Research on the EbA approach is conducted and results are disseminated.</p>	<ul style="list-style-type: none"> - Two research activities conducted to better understand the role of ecosystems in climate change adaptation and to test the effectiveness of EbA actions. - Two research activities conducted to measure and verify the impact of the grant portfolio on ecosystem services. - Two public awareness and education events held on biodiversity, conservation priorities, climate resilience, ecosystem services and EbA. 	<p>No grants contributing to this outcome had been awarded by the end of FY23.</p>
<p>Outcome 5: A Regional Implementation Team provides strategic leadership and effective coordination of CEPF investment in the hotspot.</p>	<ul style="list-style-type: none"> - 95 projects receive CEPF funding in the hotspot. - 60 CSOs receive CEPF funding in the hotspot. - One regional civil society network on EbA is operational and active. 	<ul style="list-style-type: none"> - 95 projects receive CEPF funding in the hotspot. - 60 CSOs receive CEPF funding in the hotspot and at least 40 applicants for CEPF grants receive assistance in designing projects and complying with environmental and social safeguards. - One regional civil society network on EbA of at least 30 grantees is operational and active.

Annex 3: Grants Awarded to Date

No .	Organization	Country	Obligated Amount	Project Title	Start Date	End Date
Strategic Direction 1						
1	Association pour le Développement de l'Energie Solaire Suisse-Madagascar	Madagascar	\$271,545	Hazo Aina- les arbres la vie - ou les communautés qui restaurent les écosystèmes forestiers des bassins versants dans le sud-ouest de Madagascar	7/1/2023	10/31/2026
2	Dahari	Comoros	\$499,885	A climate-resilient community-based reef conservation model for the Comoros	7/1/2023	12/31/2025
3	Madagascar Fauna and Flora Group	Madagascar	\$441,933	Building Community Capacity for Climate Resilience around Betampona Reserve, Madagascar	7/1/2023	12/31/2026
Strategic Direction 5						
4	IUCN National Committee of the Netherlands Foundation	Regional	\$2,299,826	Madagascar and Indian Ocean Islands Hotspot Regional Implementation Team	7/1/2022	6/30/2027

* Not eligible to receive CEPF funding.

Annex 4: Terms of Reference - CEPF Consultative Committee

The primary role of the CEPF Consultative Committee (CCC) is to contribute to a credible, transparent, impartial, and quality evaluation of the Letters of Inquiry (LOIs) in accordance with CEPF objectives and policies by helping the Regional Implementation Team (RIT) and the CEPF Secretariat guide its decision-making.

Composition

The CEPF Secretariat is coordinating the composition of the CCC. The CCC is composed of representatives of CEPF donors, the National Designated Authorities (NDAs) for the four countries under consideration and selected partners in the hotspot. These representatives do not participate in an individual capacity.

Responsibilities

The CCC is solicited to play a role in ensuring that selected projects address national priorities and present synergies of action at local, national and regional levels in alignment with the ecosystem profile that defines the CEPF program's investment priorities.

After each call for proposals (two to three per year), the RIT and the CEPF Secretariat will carry out the selection of LOIs received. The RIT will provide the CCC with the shortlisted LOIs considered for CEPF funding. The CCC will be asked to review these shortlisted LOIs based on six aspects:

1. Provide a general appreciation of the applicant organizations (previous experience with the organization, reputation, institutional and technical capacities); if so desired by the CCC, the appreciation can be marked as confidential and access or sharing by the RIT and the CEPF Secretariat will be on a need-to-know basis.
2. Mention any potential synergy and/or any potential duplication of effort of any proposed LOI with other funded initiatives in the hotspot; if so the CCC is asked to elaborate on this synergy or this duplication of effort and, whenever possible, assist with contacts between the stakeholders.
3. Assess the alignment of the proposed LOIs with the countries' environmental and climate change priorities.
4. Indicate when any local, regional and/or international "treaties, policies, laws or regulations could negatively affect or prevent the implementation of any of the proposed LOIs.
5. Flag any potential shortcoming in any of the proposed LOIs which should be addressed before grant making.
6. Assess opportunities for CSOs to contribute to public policy and opportunities for partnerships with the private sector.

The RIT, for small grants, and the CEPF Secretariat, for large grants, will then consider CCC's inputs and promote their inclusion into the projects' full proposals before grant making and /or foster collaboration between the organizations and other stakeholders. The final selection of proposals will be the responsibility of the CEPF Secretariat (for large

grants) and of the RIT (for small grants). The RIT will submit to the CCC a report with the results of each call for proposals at the close of the process.

During the subsequent implementation of the grants, the RIT will carry out regular site visits and the CEPF Secretariat will perform at least two supervision missions a year, including site visits. The CCC will be informed in advance of these visits by the RIT or the CEPF Secretariat. Participants of the CCC may take part on a voluntary basis in site visits and/or virtual follow-up meetings on the progress of projects, and/or meetings with key stakeholders.

Costs associated with the participation of NDAs of the four countries in site visits and in-person meetings will be covered by CEPF in accordance with CEPF global expense policies.

The CCC will also be invited to participate in annual meetings to jointly review progress towards the objectives of the investment strategy, as well as the mid-term and the final assessment of the current 5-year investment phase.

The RIT is responsible for communicating with the CCC and promoting internal CCC communications.

Mandate and Conflict of Interest

The mandate of the individuals representing CEPF donors, the NDAs for the four countries and selected partners in the CCC runs until June 2027 (end of the current 5-year investment phase) and is given by their organization which are free to send an alternative representative to meetings or a replacement, if the individual is absent, leaves or changes position. Participation in the CCC is on a voluntary basis and as a pro-bono contribution without any form of compensation (except NDAs' participation in site visits and in-person meetings).

A conflict of interest arises when a CCC participant has interests that could, or could reasonably be perceived to, improperly influence the impartiality of the CCC review and/or CEPF call for proposal process (e.g., a CCC member or their family member is an employee, officer, director or other governance member of a project proponent (paid or unpaid)). CCC participants must promptly disclose any conflict of interest with the respect to the LOI or project proponent to the RIT, follow any conflict mitigation instructions issued by the RIT or the CEPF Secretariat and recuse themselves from the process of the respective LOI.

CCC participants are not eligible for compensation, consulting fees or grants under any CEPF project under consideration or approval and may not request or accept any sort of monetary compensation or other material benefits from the project proponents/beneficiaries during the proposal or implementation stage. However, CCC participants may advise project proponents and/or beneficiaries on a pro bono basis during the project design and implementation stages, provided that the CCC participant promptly informs the CCC and the RIT of such advice.

In the event of a violation of the conflict of interest procedure by a CCC participant (as determined by the CEPF Secretariat), their participation in the CCC is automatically revoked. In addition, in such case, the CEPF Secretariat will immediately inform the General Counsel's Office of Conservation International (as the host of the CEPF Secretariat), who will investigate the matter and determine any necessary action regarding the project at issue.