

Annual Portfolio Overview: CEPF Investment in the Atlantic Forest Region

November 2009

Introduction

The Atlantic Forest once stretched along Brazil's coastline, from the northern state of Rio Grande do Norte through to Rio Grande do Sul. Reduced from its original 1.4 million square kilometers to less than 8 percent of its original cover, Brazil's Atlantic Forest contains impressive biodiversity gradients with extraordinary levels of biodiversity spread across a variety of landscapes and socioeconomic contexts. While possessing high levels of vertebrate and plant diversity and endemism, the region is under tremendous human pressure, is home to approximately 120 million people, and is known as Brazil's "cradle of the environmental movement."

Two regions of particular biological significance are the Central and Serra do Mar corridors. The Central Corridor, which covers approximately 12 million hectares across almost the entire state of Espírito Santo and southern Bahia, holds an exceptional number of woody plants, with up to 458 tree species found in a single hectare of forest in southern Bahia. The 12.6 million hectare Serra do Mar Corridor, which extends from Rio de Janeiro to Paraná, contains the largest remaining block of Atlantic Forest (dense ombrophilous forest), formed by slopes and mountain tops typical of the Serra do Mar and Serra da Mantiqueira, and adjacent flat lowlands.

Although near to Brazil's two largest metropolitan areas (the cities of São Paulo and Rio de Janeiro), these forests remain well-preserved largely due to their steep slopes which are unsuitable for agriculture, and represent a more favorable prospect for the long-term survival of native species than any other portion of the Atlantic Forest. Studies conducted in the Serra do Mar further indicate that the region is a mini-hotspot for passerine birds with 101 species or 81 percent of all endemic birds found in the Atlantic Forest. Beyond their biological significance, the two corridors were also identified as top conservation priorities by the Ecological Corridors Project developed by the Brazilian Ministry of Environment and the Pilot Program to Conserve the Brazilian Rain Forests (PPG-7).

The threats to the hotspot are unsurprising given the large population in the region and its history of colonization and occupation. Threats include deforestation, logging, intensive land use, urban expansion and industrialization, fuelwood harvesting, slash-and-burn clearing, subsistence agriculture, palm heart poaching, degradation of mangroves and *restingas* (estuaries, shoals, and mudbanks), poaching and animal trading, infrastructure, mining, dams, tourism development and introduction of alien species.

At the start of investment in 2002, the Critical Ecosystem Partnership Fund (CEPF) entered an important funding niche by stimulating landscape management initiatives led by civil society in the Central and Serra do Mar corridors, improving management of existing and future public protected areas through targeted civil society efforts, increasing the number of private protected areas through civil society efforts, and promoting research and actions for protecting threatened species. CEPF is a joint initiative of l' Agence Française de Développement, Conservation International, the Global Environment Facility, the Government of Japan, the John D. and Catherine T. MacArthur Foundation and the World Bank. A fundamental goal is to ensure civil society is engaged in biodiversity conservation.

By the completion of the initial five-year investment, CEPF had contributed to the creation of private reserves, expansion of knowledge on IUCN Red-listed species and improvement of civil society capacity and stakeholder networks. It had also leveraged more than \$7.1 million. The corridor concept remains strong in the hotspot today, as represented by PPG-7.

Consolidating gains and providing sustainability for results requires continued work on two related themes: (1) Atlantic Forest conservation network capacity building and (2) protected areas management improvement.

Niche for CEPF Investment

Overview

The ecosystem profile for the region was formally approved in December 2001, and over the subsequent five years, through December 2006, CEPF awarded 50 grants for \$8 million. Two organizations — Conservação Internacional do Brasil and Fundação SOS Mata Atlântica — joined forces as the Alliance for the Conservation of the Atlantic Forest and served as the coordination unit for the CEPF portfolio. The five-year assessment report was completed in March 2007, and by early 2009, all initial five-year investment period grants were completed. As described below, CEPF has awarded four consolidation grants for a total of \$2.4 million. The three-year investment period started in August 2008 and will be completed in June 2011.

The consolidation grants fall within two investment priorities, which themselves build on the strategic directions identified in the 2001 ecosystem profile: landscape management in the corridors; improving public protected areas; and strengthening private protected areas. The investment priorities are each split into outcomes, as follows:

- Investment Priority 1. Capacity building for local institutions in the biodiversity corridors
 - Outcome 1. Involvement of local stakeholders increased and their capacity for planning/ implementation of conservation actions strengthened as means to implement the micro-corridors of the Central Corridor and their networks of protected areas.
 - Outcome 2. Local capacity in the Serra do Mar Biodiversity Corridor strengthened to increase the forest landscape resilience through the promotion of connectivity among key protected areas.
- Investment Priority 2. Improve the management effectiveness of protected areas
 - Outcome 3. New legal benefits and management instruments for private reserves developed and implemented.

- Outcome 4. Effective management, protection, and long-term sustainability of key public protected areas within the Atlantic Forest biodiversity corridors ensured.

Portfolio Status

Through a targeted and rapid award of grants from 20 to 35 months in duration, CEPF has committed the entire allotment of funds for consolidation in the region. There are four grants to four organizations, as shown in Table 1.

Table 1 represents the portfolio for consolidation. At this time, the Secretariat has no intention of allotting more funds or issuing further calls for proposals. That said, three of the grants — for Outcomes 2, 3, and 4 — each contain significant sub-grant elements for a combined amount of more than \$700,000.

Table 1. Atlantic Forest Consolidation Grants by Organization

| Organization | Grant | Amount | Active Dates |
|---|--|--------------------|--------------------------|
| Instituto de Estudos SocioAmbientais do Sul da Bahia (IESB) | Conservation Network: Linking Social and Environmental Experiences, and Developing Competencies and Organizational Capacities in the Atlantic Forest Central Biodiversity Corridor | \$250,000 | August 2008 – March 2011 |
| Associação Mico-Leão-Dourado (AMLD) | Institutional Strengthening in the Serra do Mar Corridor | \$550,000 | August 2008 – June 2010 |
| Fundação SOS Pró-Mata Atlântica (SOSPMA) | Consolidating Private and Public Protected Areas in the Atlantic Forest Hotspot Biodiversity Corridors | \$934,457 | August 2008 – June 2011 |
| Conservação Internacional do Brasil | Consolidating Biodiversity Conservation Action in Atlantic Forest Corridors | \$665,543 | August 2008 – June 2011 |
| Total | | \$2,400,000 | |

Funds from the Fundação SOS Mata Atlântica and Conservação Internacional do Brasil grants are used for more than one outcome, as shown in Table 2.

Table 2. Atlantic Forest Consolidation Grants by Outcome

| Outcome | Contributing Grants | Total |
|--|---|--------------------|
| Outcome 1. Involvement of local stakeholders increased and their capacity for planning/ implementation of conservation actions strengthened as means to implement the micro-corridors of the Central Corridor and their networks of protected areas. | IESB: \$250,000 | \$250,000 |
| Outcome 2. Local capacity in the Serra do Mar Biodiversity Corridor strengthened to increase the forest landscape resilience through the promotion of connectivity among key protected areas. | AMLD: \$550,000 CI-Brazil: \$300,000 | \$850,000 |
| Outcome 3. New legal benefits and management instruments for private reserves developed and implemented | SOSPMA: \$300,000 | \$300,000 |
| Outcome 4. Effective management, protection, and long-term sustainability of key public protected areas within the Atlantic Forest biodiversity corridors ensured | SOSPMA: \$634,457 CI-Brazil: \$365,543 | \$1,000,000 |
| Total | | \$2,400,000 |

Coordinating CEPF Grantmaking

Consolidation programs do not have formal coordinating entities or regional implementation teams beyond the U.S.-based grant director. However, in this region, the Alliance for the Conservation of the Atlantic Forest, composed of Conservação Internacional do Brasil and Fundação SOS Pró-Mata Atlântica, continues to support the general CEPF strategy and its specific actions. Specifically, during the consolidation phase, Conservação Internacional do Brasil is responsible for ensuring the engagement of local stakeholders and building their capacity for planning and implementing conservation activities. This consolidates existing gains, and promotes institutional cooperation in corridors, connectivity among forest remnants, and adoption of economic activities compatible with biodiversity conservation. This large and challenging effort necessitates good communication and collaboration with nongovernment and government partners, a task for which CI is well suited.

Performance Assessment

In relation to the outcomes and targets listed in the logical framework (Annex 1), performance to date is slow overall. The slow pace of progress is reflected in the overall spending rate by the grantees: about 30 percent of funds at a time when closer to 50 percent might have been expended, with similar slow disbursements of small grant funds. However, the pace of work is explained by several factors, the primary one being delays in the conclusion of agreements between the Brazilian Ministry of Environment (MMA/PPG-7) and the local partners in the Central Corridor. The development of the projects under MMA/PPG-7 is crucial for the IESB project with CEPF. Further, we must consider the nature of consolidation activities themselves, which have broad constituencies and ambitions to institutionalize conservation approaches — work which is not expected to yield results within a year.

Progress is not uniformly slow, of course. In the Serra do Mar Corridor, many of the protected area managers and the organizations that work in the mosaics are engaged in project activities. Meanwhile, in the Central Corridor, the pace should increase as agreements will soon be signed.

Portfolio Investment Highlights by Outcome

Outcome 1: Involvement of local stakeholders increased and their capacity for planning/implementation of conservation actions strengthened as means to implement the micro-corridors of the Central Corridor and their networks of protected areas.

This investment priority seeks to build capacity and support on-the-ground conservation activities to improve management in 18 forest corridors along key expanses of the Central Corridor, specifically in the states of Espírito Santo and Southern Bahia. The grantee, IESB, has been involved in the Ecological Corridors Project (Brazilian Ministry of Environment / Pilot Program to Conserve the Brazilian Rainforests – PPG-7) since 2000. Currently, IESB is coordinator of the subcommittee for the south region, covering three micro-corridors. During the first phase of CEPF investment, IESB led the Institutional Strengthening Program for the Mata Atlântica Central Corridor, in which small NGOs received grants for capacity development and conservation activities. In total, 31 NGOs from Bahia and Espírito Santo received grants, and 49 participated in capacity-building events. Based on this experience, IESB is well placed to continue this work.

Highlights to date:

- Twenty-five participants from 18 organizations held a planning workshop. Thirty participants met to develop a structure for the NGO and mosaic network.
- IESB led the preparation of a manual on good management procedures and distributed it to 50 organizations.
- IESB met with the Ecological Corridors Project to facilitate formal endorsement and finalization of ECP-supported project agreements.

Outcome 2: Local capacity in the Serra do Mar Biodiversity Corridor strengthened to increase the forest landscape resilience through the promotion of connectivity among key protected areas.

This investment priority seeks to build capacity and stimulate integrated management in four mosaics comprised of 69 protected areas in the Serra do Mar. The grantee, AMLD, coordinated the small grants program in the Serra do Mar Corridor during the first five years of CEPF investment. During that time, AMLD created an integrated database with institutional information and satellite imagery on land use, protected areas, Atlantic Forest remnants and priority areas for conservation. AMLD conducted training courses on capacity building and project management for 33 groups. AMLD is now consolidating that work via a partnership with Valor Natural and The Nature Conservancy.

Highlights to date:

- AMLD facilitated priority-setting meetings with the councils of each of the four mosaics and has collected formal minutes.
- In Rio de Janeiro in August 2009, 142 representatives from the four mosaics gathered to attend courses on Conservation Biology, Communication and Environmental Legislation, Project Elaboration and Conflict Management.
- Conservação Internacional do Brasil, AMLD, Valor Natural and other partners have participated in discussions with government and nongovernmental groups on a national policy for mosaics.

Outcome 3: New legal benefits and management instruments for private reserves developed and implemented.

SOSPMA, one of the largest environmental NGOs in Brazil, in partnership with Conservação Internacional do Brasil, has been supporting private natural heritage reserves (RPPN) since 2003 through funding from CEPF and the Brazilian Bradesco Bank. This was the first program of its kind in the country, where a private donor contributed to the costs of creating and managing private protected areas. The Nature Conservancy (TNC-Brazil) joined the program in 2005, expanding its reach. This program also improves the capacity of RPPN associations and supports legal and financial instruments to promote the long-term sustainability of private reserves.

Highlights to date:

- SOSPMA formalized its partnership with Fundação Toyota do Brasil, leading to more funds for public and private reserves.
- In December 2008, at the 8th Inter-American Congress of Private Conservation, RPPN association members led discussions on conservation easements as a tool for landowners.

They also led discussions on laws supporting payment for ecosystem services, financial support for protected areas, and ICMS Ecológico, the system using tax revenues to reward municipalities for maintaining green space.

- A capacity building plan has been developed for the RPPN associations and other institutions that work on private reserves. It will be implemented in the next year.

Outcome 4: Effective management, protection, and long-term sustainability of key public protected areas within the Atlantic Forest biodiversity corridors ensured.

Based on their experience on the RPPN Program, the same partners (Conservação Internacional do Brasil, SOSPPMA and TNC) have created the Atlantic Forest Protected Areas Initiative (AFPPI) to support the development of critical and complementary actions toward leveraging public funds and to assure that key public protected areas are effectively managed and protected. This is critical for long-term maintenance of these areas in the Atlantic Forest corridors.

This effort follows from the 10-year-long successful collaboration of Fundação SOSPPMA and Conservação Internacional do Brasil in their Alliance for the Atlantic Forest Conservation.

Highlights to date:

- AFPPI completed an operations manual in Portuguese and English, thus becoming eligible for funding from the Conservation International-managed Global Conservation Fund.
- AFPPI initiated a priority-setting study for protected areas needing the most urgent investment.
- CI and partners have established formal agreements with the state government of Rio de Janeiro to expand its protected areas system.

Collaboration with CEPF Donors

CEPF consolidation grantees collaborate explicitly with two CEPF donors, the GEF and World Bank, on three separate efforts. In the first, CI-Brazil is a partner with the Agriculture Secretariat of Rio de Janeiro on the GEF's Rio Rural Project. This project supports agricultural production and environmental management in 270 "micro-catchments" in 59 communities throughout the state, many of which are in the Serra do Mar target area. This project is benefiting more than 36,000 rural households. In a second GEF-funded effort, CI is working in the central/southeast of the state of Espírito Santo, within the Atlantic Forest Central Corridor. CI is supporting the protection and restoration of watersheds within the Jucu and Santa Maria da Vitória river basins, which are the water source of nine municipalities, including the capital city Vitória, with 1.2 million residents. This project is promoting implementation of a payment for ecosystem services law and "Water Producer Program."

Lastly, CEPF is ensuring collaboration between its grantees and the Ecological Corridors Project, which has been receiving World Bank support since 2002.

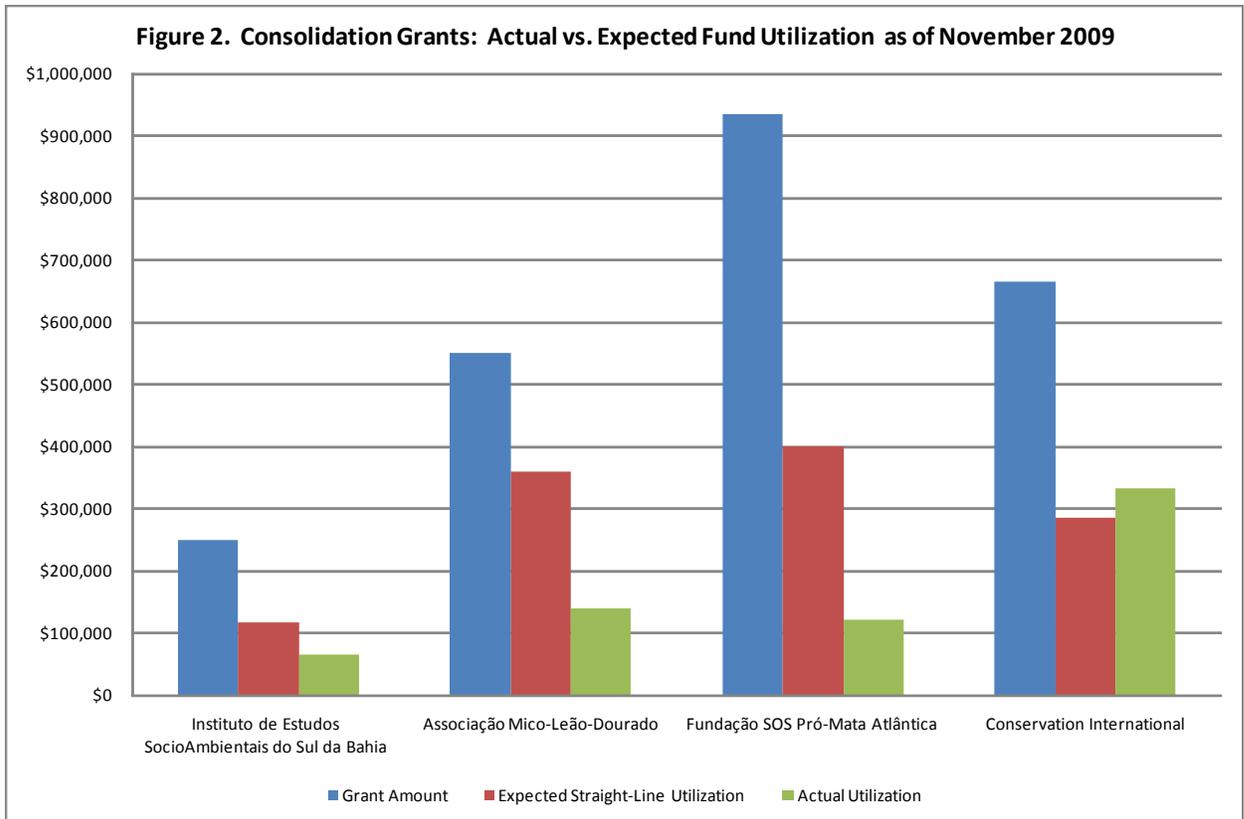
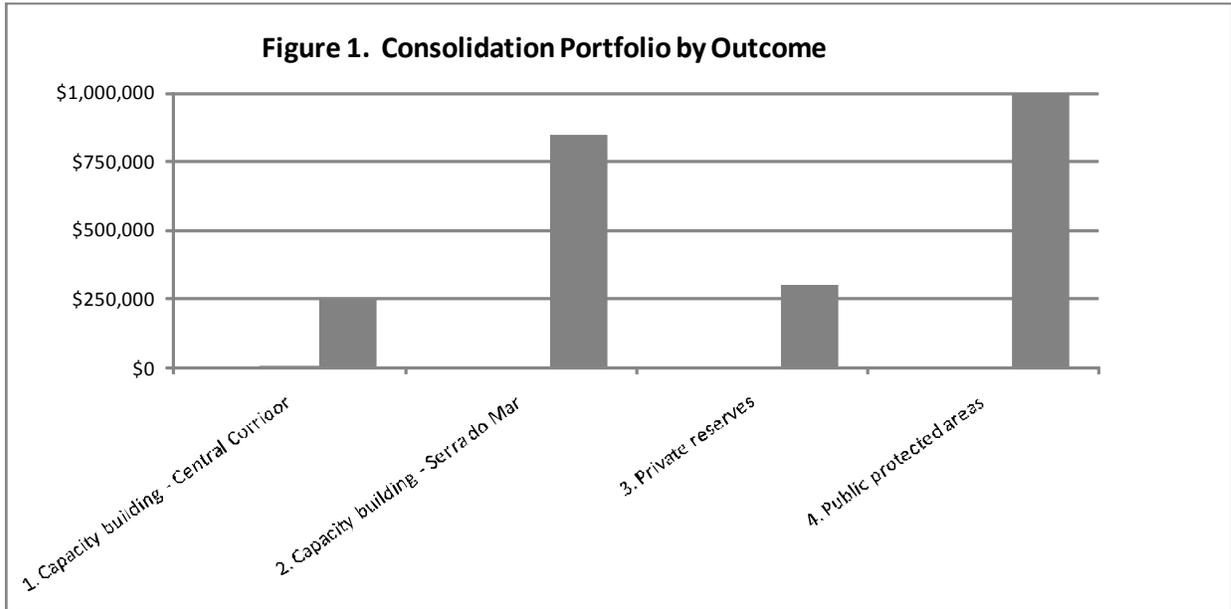
Conclusion

Three of the four consolidation grants are proceeding as planned. Although they have had delays, these are not extraordinary and do not jeopardize program success.

One grantee, IESB, has faced serious challenges, however, because it has been dependent on progress by the Ecological Corridors Project. While the Ecological Corridors Project has

approved 12 grants for a combined \$5 million over three years for promotion of forest mini-corridors, there have been bureaucratic delays preventing grant inception. Three small grantees have rescinded their applications due to these delays. Hopefully, there now appears to be progress suggesting the project will award the grants in 2010. In the meantime, CEPF is working with the grantee to revise its outputs and mitigate against future delays.

Figures: CEPF Investment in the Atlantic Forest Hotspot



Annex 1. Atlantic Forest Region Logical Framework for Consolidation

| Objective | Targets | Progress |
|--|---|----------|
| Reinforce and sustain the conservation gains achieved as a result of previous CEPF investment in the Atlantic Forest Region. | At least 60 civil society actors, including NGOs and the private sector, actively participate in conservation programs guided by the Atlantic Forest ecosystem profile and Program for Consolidation. | |
| | At least 22 protected areas (1.2 million hectares) with strengthened protection and management. | |
| | The Atlantic Forest Protected Areas Initiative implemented and operative. | |
| | 50% of targeted communities involved in sustainable use projects demonstrate tangible socioeconomic benefits. | |

| Intermediate Outcomes | Targets | Progress |
|--|---|--|
| <p>Outcome 1. : Involvement of local stakeholders increased and their capacity for planning/implementation of conservation actions strengthened as means to implement the micro-corridors of the Central Corridor and their networks of protected areas.</p> <p>\$250,000</p> | <p>Network of about 80 local institutions for the sharing of experiences for consolidation of Atlantic Forest Central Corridor.</p> | <p>A “virtual” electronic group has been created to foster communication among participants and consolidate the micro-corridors. Participation is modest to date, due to delays in implementation of the sub-projects of the Ecological Corridors Project.</p> |
| | <p>Capacity development plan established to assist the leading institutions of each micro-corridor (18 to 20 institutions).</p> | <p>No progress to date as the sub-projects to implement the micro-corridors have not started.</p> |
| | <p>Monitoring program implemented to help the development of 10 subprojects for micro-corridors supported by the Ecological Corridors Project of the Brazilian Ministry of Environment/PPG-7.</p> | <p>No progress to date as the sub-projects to implement the micro-corridors have not started.</p> |
| <p>Outcome 2. : Local capacity in the Serra do Mar Biodiversity Corridor strengthened to increase the forest landscape resilience through the promotion of connectivity among key protected areas.</p> <p>\$850,000</p> | <p>Four mosaics of protected areas, affecting 69 protected areas, strengthened and in process of implementation.</p> | <p>All activities planned for the four mosaics are on course.</p> |

| Intermediate Outcomes | Targets | Progress |
|---|---|---|
| | Actions promoted for increased institutional capacity involving 200 individuals. | Council members were consulted on themes for institutional capacity courses, leading to a course with four modules (Conservation Biology, Communication and Environmental Legislation, Project Elaboration, and Conflict Management). Each subject comprised a 20-hour class module, with members free to choose a module per their needs. All mosaic council members were invited, and a total of 109 attended. |
| | Councils of the four mosaics operating properly. | Projects to support the mosaic councils and actions to promote integrated management have been developed for each mosaic. NGOs indicated by the councils coordinate the projects. |
| | Eight small grants provided leading to connectivity among key protected areas. | The councils in each of the four mosaics identified organizations to be included in the call for proposals to promote the connectivity of the natural landscape within their territories. Out of the 24 proposals received, eight were selected (two for each mosaic) for funding. These projects address issues such as surveying potential areas for restoration, establishing forest nurseries, social mobilization for the restoration, and planting of seedlings/saplings. |
| <p>Outcome 3. New legal benefits and management instruments for private reserves developed and implemented.</p> <p>\$300,000</p> | Legal and financial mechanisms developed to improve management and sustainability of public and private reserves. | Stakeholders agreed on three lines of action: (1) Support one state in the implementation of ICMS Ecológico, considering the refund to RPPNs. (2) Support one state to implement Articles 47 and 48 of the protected areas national law, which create incentives for payments to protected areas that provide watershed services. (3) Advocate and support elaboration and approval of the national law for payments for environmental services. |

| Intermediate Outcomes | Targets | Progress |
|---|---|---|
| | Plans developed and implemented to build capacity of state associations of Private Natural Heritage Reserves (RPPNs) and NGOs which work with private reserves, leading to improved management of the reserves. | A capacity building program was developed. Approximately 30 participants will attend a program in early 2010 addressing planning and monitoring and evaluation of private lands for conservation. |
| | At least five sub-grants provided to increase the institutional capacity for private reserves management. | These sub-grants will be selected after completion of the first capacity building course. |
| <p>Outcome 4. Effective management, protection, and long-term sustainability of key public protected areas within the Atlantic Forest biodiversity corridors ensured.</p> <p>\$1,000,000</p> | Atlantic Forest Protected Areas Initiative (AFPAl) logistical structure implemented. | An operations manual for AFPAl was prepared in Portuguese and English, making AFPAl eligible for funding from the Global Conservation Fund and other donors. AFPAl is physically located within the main offices of Fundação SOS Mata Atlântica in São Paulo and personnel have been hired. |
| | Based on study of management status of protected areas, investment priorities plan established for the Atlantic Forest Protected Areas Initiative (AFPAl). | A consultant completed a study defining baseline conditions and investment priorities in 26 protected areas falling under a "strict protection" regime. |
| | Small grant projects developed, networks promoted, and results disseminated. | Small grants have been released to strengthen mosaic councils and promote forest connectivity in the mosaic territories. A grant also funded the institutional capacity event as a means of "networking" council members. |