

Annual Portfolio Overview: Atlantic Forest Region

August 2010

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, the region has 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 pressure from a human population of 120 million and the country's two largest metropolitan areas, the cities of São Paulo and Rio de Janeiro.

Two regions of particular biological significance are the Central and Serra do Mar corridors. The Central Corridor, covering 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 the slopes and mountain tops of the Serra do Mar and Serra da Mantiqueira and adjacent flat lowlands. Beyond their biological significance, the two corridors have also long been identified as conservation priorities by the Ecological Corridors Project of the Brazilian Ministry of Environment and the Pilot Program to Conserve the Brazilian Rain Forests (PPG-7).

The threats to the hotspot, first identified by CEPF in 2001, remain today and are unsurprising given the large population in the region: deforestation, intensive land use, urban expansion, industrialization, subsistence agriculture, degradation of mangroves and coastal areas, mining, dams, and introduction of alien species. While these threats have hardly abated, conditions for conservation success in the Atlantic Forest are much higher than in many countries: large amounts of public and private funding, strong civil society organizations, several well-managed protected areas that are the "anchors" of larger corridors, and a tradition of private land ownership that allows for the use of economic incentives and law to affect large amounts of land.

CEPF has now completed its second year of consolidation grants in this region. In total, the portfolio attempts to strengthen public and private protected areas while deepening capacity in the two priority corridors. In this final year of CEPF investment in the region, the priority is to further strengthen the institutions which ensure conservation of the Atlantic Forest.

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 a 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 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 35-month grants, 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, Figure 1, and Figure 2. Table 1 represents the entire portfolio for consolidation; CEPF investment in the Atlantic Forest will be effectively over in June 2011. At this time, the Secretariat has no intention of allotting more funds or issuing further calls for proposals. That said, three of the grants 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 – June 2011
Associação Mico-Leão-Dourado (AMLD)	Institutional Strengthening in the Serra do Mar Corridor	\$550,000	August 2008 – June 2011
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

Considering geographic scope of the work and total volume of CEPF funds, overall performance has been good, with noted success in Outcomes 2, 3, and 4 by AMLD, SOSPMA, and CI/Brasil. From a technical perspective, work is on pace, as shown in the logical framework (Annex 1).

This is despite the fact that SOSPMA and AMLD were spending less than expected. This relative under-spending has been due more to internal organizational issues than to implementation constraints.

Unfortunately, for Outcome 1, as stated in this report last year, there have been continuing implementation constraints in the Central Corridor. IESB's original proposal had been to work with local partners to leverage funds from the Ecological Corridors Project (MMA/PPG7). Unfortunately, procedural constraints from state and federal agencies in Brazil will prevent those funds from flowing within the time period of the CEPF grant. Thus, subsequent to a visit in March 2010, the Grant Director invited IESB to revise its proposal to use the \$250,000 of CEPF funds to directly strengthen local partners in advance of a period when they could, in fact, access Government of Brazil money. The IESB grant has been revised, but in the interim, the organization went through senior staffing changes. For these reasons, progress has been modest, although the leadership team at IESB has reiterated its commitments to CEPF and local partners.

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 was well placed to continue this work, at least as originally conceived.

However, as stated above, there have been both implementation challenges from PPG-7, and organizational challenges within IESB. The result has been limited progress over the course of July 2009 through June 2010.

Highlights to date:

- In response to the problems accessing PPG-7 funds, IESB led a workshop with representatives from 17 local partners on how to register with the governmental database system for accessing federal funds. Local NGOs must be registered with this system, known by its Portuguese acronym, "SINCOV," and then use it to receive disbursements.
- IESB held a workshop for local partners on payment for environmental services as applied within micro-corridors.
- IESB organized four separate meetings with 260 landowners on "legal reserves." (A legal reserve is privately held land which an owner agrees to maintain in its native vegetative state.) Based on these meetings, the stakeholders presented recommendations to the government of Bahia on how to simplify the process of recognizing legal reserves. The government adopted the recommendations.

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 *mosaicos* comprised of 69 protected areas in the Serra do Mar. In this context, the term “mosaic” has both a geographic and an organizational meaning. The mosaic is a corridor of contiguous pieces of land under some form of protection, including national, state, municipal, or private protected areas. CEPF supports four such mosaics: the Central Fluminense, Bocaina, Mantiquiera, and Mico Leao Dourado. Visualizing these on a map is the relatively easy part of the equation. More complicated is the organizational effort to bring together each of the separate land managers (e.g., the national park ranger, the state game reserve manager, the city forest manager, the individual ranch owner) to have them cooperate for mutual benefit on such tasks as demarcation, patrolling, and public outreach.

One of the grantees, 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. AMLD engages sub-grantees in each of the four mosaics, who in turn build the capacity of individual members so that they can contribute to biological connectivity.

The second grantee, CI/Brasil, has an organizational mission that includes providing policy advice to the national government on the role of mosaics in Brazil’s conservation efforts. Specific to CEPF, CI engages sub-grantees in each of the four mosaics, who in turn provide organizational support to actually coordinate the many members.

The sub-grantees, listed by mosaic, are:

1. **Central Fluminense** (295,723 hectares)
Coordinator: Instituto BioAtlantica
Connectivity: Inhatus, Regua
2. **Bocaina** (233,710 hectares)
Coordinator: Caminhos de Cunha
Connectivity: Instituto de Permacultura e Ecovilas da Mata Atlântica, Sociedade Angrense de Proteção Ecológica
3. **Mantiquiera** (445,600)
Coordinator: Crescente Fertil
Connectivity: Amanagua, Dispersors
4. **Mico Leao Dourado** (209,000)
Coordinator: AMLD
Connectivity: Gama, Consorcio Intermunicipal Lagos São João

The pace of work is, as might be expected, not uniform across the four mosaics. The Central Fluminense mosaic is a clear leader, anchored by two well-funded national parks (Serra dos Orgãos, upstream, and Guapimirim, downstream) with park directors who are highly motivated to make the mosaic function as an organization. The others are moving forward, but face the challenges typical of any cooperative effort: differing levels of financial and human resources among members, differing personal or organizational agendas; transaction costs such as travel to

meetings. Nonetheless, the coordinators (the four sub-grantees) are working successfully to overcome these challenges.

Highlights to date:

- The four coordination sub-grantees have each established secretariats, initiated mosaic council meetings, and begun communication strategies.
- The eight connectivity sub-grantees have developed small projects with mosaic members on such activities as land regeneration and demarcation.
- The Central Fluminense Mosaic has completed its strategic plan and is serving as a model for mosaics elsewhere in the country.

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.

SOSPMA has not used CEPF financial resources as quickly as expected, primarily due to not hiring as many personnel at as high a salary as initially planned. However, as a large organization with multiple funding sources and programs, they were able to make up for this labor “shortage” and are applying the saved money to more CEPF programmatic elements.

Highlights to date:

- SOS provided 50 hours of training to representatives from 30 organizations covering strategic planning, fund raising, and communication regarding private reserves.
- SOS made sub-grants to six organizations, who in turn, provide direct assistance to private reserve owners.
- SOS and CI, working together via the RPPN Program, supported a formal technical meeting between the federal and state agencies responsible for private reserves to discuss administrative procedures for creating and managing RPPNs.
- Viva a Mata 2010, an annual event created by SOS to raise awareness of the Atlantic Forest, featured workshops for RPPN owners and how to manage their reserves.
- SOS released a scholarly publication, “RPPN and biodiversity: the role of private reserves in the protection of Atlantic Forest biodiversity,” available in Portuguese at http://www.cepf.net/resources/publications/Pages/atlantic_forest_documents.aspx

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, SOSPMA and TNC) have created the Atlantic Forest Protected Areas Initiative (AFPAI) 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 SOSPMA and CI/Brasil in their Alliance for the Atlantic Forest Conservation.

Highlights to date:

- Partially as a result of sustained CEPF investment in the Atlantic Forest since 2001, the Brazilian government created new protected areas and expanded a national park in the Central Biodiversity Corridor with a combined total of over 65,070 hectares.
- CI completed a study, the “Investment Priorities for Atlantic Forest Protected Areas Initiative,” that profiles each priority area. (The document is available in Portuguese at http://www.cepf.net/resources/publications/Pages/atlantic_forest_documents.aspx)
- A legal team began work on a formal policy framework on payment for environmental services for the state of Rio de Janeiro. The framework will include specific economic incentives for ensuring the sustainability of protected areas.

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 Vitoria 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.

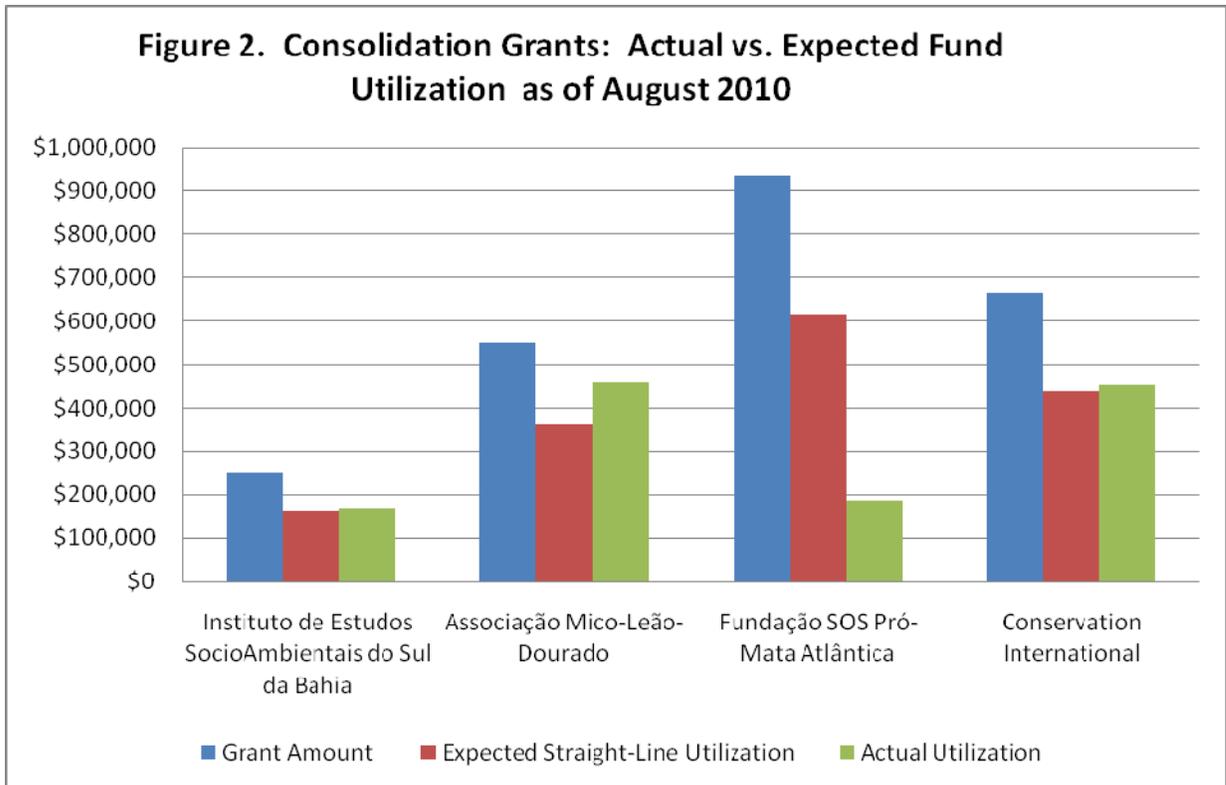
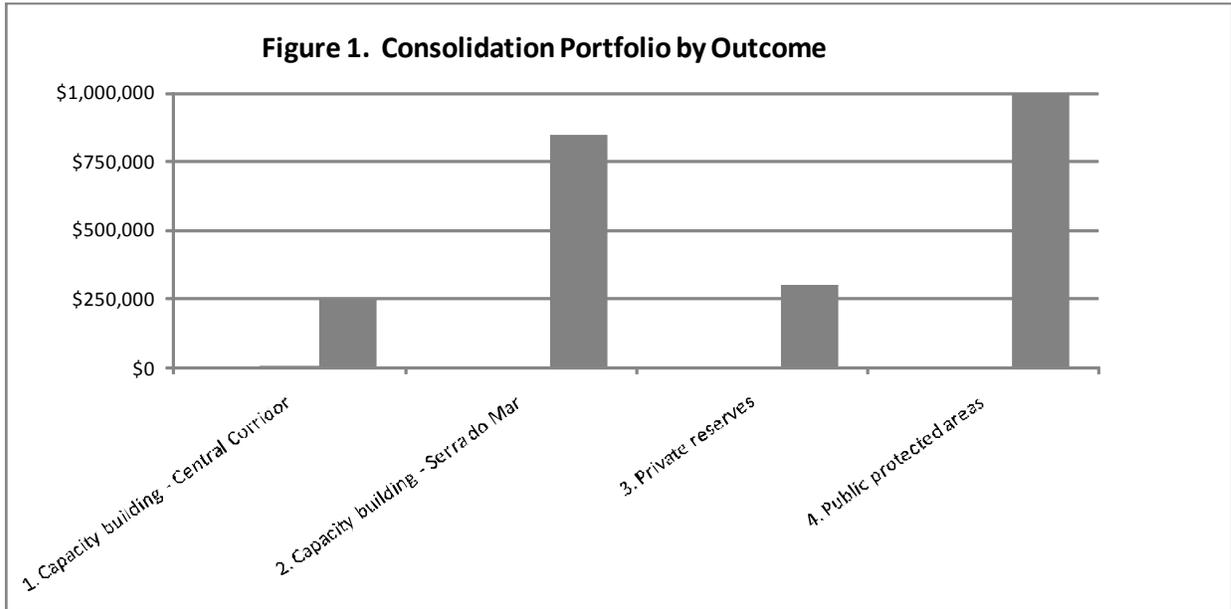
Conclusion

During the second year of CEPF-s three year consolidation program in the Atlantic Forest, grantees succeeded in pushing forward initiatives on public and private protected areas and on building capacity in the Serra do Mar corridor. Taken together, these efforts, which create and strengthen RPPNs, bring them into meaningful landscape mosaics, and enable local organizations to participate in conservation, are ensuring the sustained results of CEPF’s first five years of investment. In the coming year, we expect all four mosaics to be functioning independently and expect the number of private land owners participating in the RPPN program to grow.

As noted, CEPF’s contribution to capacity building in the Central Corridor was limited due to constraints from the Brazilian government and because of organizational changes within the grantee, IESB. In the coming year, CI/Brasil’s lead coordinator will give extra attention to IESB to ensure that both IESB is on solid footing and that CEPF funds provide at least a small benefit to several local NGOs working in micro-corridors.

We currently expect all grants to come to an end in June 2011, bringing to a close ten years of CEPF investment in the region. The Secretariat and the three strong partners in the region – CI/Brasil, SOSPMMA, and AMLD – will conduct an analysis to determine if progress toward CEPF-identified conservation outcomes will continue after CEPF funds stop flowing.

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.	36 local civil society organizations (CSOs) are participating in mosaic councils in the Serra do Mar Corridor. 17 CSOs are participating in micro-corridor conservation in the Central Corridor. 30 CSOs are supporting individuals or associations of private reserve owners.
	At least 22 protected areas (1.2 million hectares) with strengthened protection and management.	Via support to the four mosaics in the Serra do Mar, 60 different protected areas have strengthened protections/management. These protected areas include national parks, state reserves, municipal parks, and privately held land formally designated as protected. These four combine to 1,184,033 hectares: Central Fluminense: 295,723 ha Bocaina: 233,710 ha Mantiquiera: 445,600 ha Mico Leao Dourado: 209,000 ha A further 65,070 hectares were created due to the expansion of one national park and creation of new protected areas in the Central Corridor.
	The Atlantic Forest Protected Areas Initiative (AFPAI) implemented and operative.	AFPAI now has an operational manual, helping to establish itself as a legal entity. AFPAI has published a guide on investment priorities and begun discussions with the state of Rio de Janeiro.
	50% of targeted communities involved in sustainable use projects demonstrate tangible socioeconomic benefits.	Target no longer considered applicable.

Intermediate Outcomes	Targets	Progress
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. \$250,000	Network of about 80 local institutions for the sharing of experiences for consolidation of Atlantic Forest Central Corridor.	A "virtual" electronic group has been created to foster communication among participants and consolidate the micro-corridors. Participation continues modest due to delays in implementation of the sub-projects of the Ecological Corridors Project. Some sub-projects are now starting their activities.

Intermediate Outcomes	Targets	Progress
	Capacity development plan established to assist the leading institutions of each micro-corridor (18 to 20 institutions).	<p>IESB held two workshops: one about the governmental system for registering and monitoring projects financed by the Brazilian government (SINCOV) for staff from 17 CSOs; and another on payments for environmental services.</p> <p>260 participants attended four workshops on establishment of legal reserves, with recommendations made to the Bahia state government. The government adopted the recommendations.</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.	This target is no longer applicable due to government constraints on accessing PPG-7 funds.
<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>	Four mosaics of protected areas, affecting 69 protected areas, strengthened and in process of implementation.	All activities planned for the four mosaics are on course, and lessons from these four are being replicated to other mosaics around the country.
	Actions promoted for increased institutional capacity involving 200 individuals.	The four mosaics encompassing 69 protected areas in turn engage at least as many government agencies, CSOs, or RPPN associations, or individual land owners, which in turn encompass thousands of people. At least 200 individuals are participating directly in the four mosaic councils.
	Councils of the four mosaics operating properly.	Each council has an operational secretariat and communication strategy.
	Eight small grants provided leading to connectivity among key protected areas.	The eight projects are on course.
<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.	Legal experts are development a framework on payment for environmental services for the state of Rio de Janeiro.
	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.	Representatives from 30 organizations attended 50 hours of training on strategic planning, fund raising, and institutional communication.
	At least five sub-grants provided to increase the institutional capacity for private reserves management.	Six sub-grants have been made.

Intermediate Outcomes	Targets	Progress
<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>	<p>Atlantic Forest Protected Areas Initiative (AFPAL) logistical structure implemented.</p>	<p>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.</p>
	<p>Based on study of management status of protected areas, investment priorities plan established for the Atlantic Forest Protected Areas Initiative (AFPAL).</p>	<p>The study "Investment Priorities for Atlantic Forest Protected Areas Initiative" was concluded. 24 protected areas were surveyed in the following states: Alagoas (1), Bahia (7), Espírito Santo (2), Minas Gerais (3), Paraná (3), Rio de Janeiro (3), Santa Catarina (2), and São Paulo (4) (Bocaina National Park includes the states of Rio de Janeiro and São Paulo). The study includes a profile and investment priorities for each protected area.</p>
	<p>Small grant projects developed, networks promoted, and results disseminated.</p>	<p>Three small grants will be supported to help the management of three protected areas surveyed by the study mentioned above. These grants will begin in the second semester of 2010.</p>