

**Critical Ecosystem Partnership Fund**  
No Objection Approval Pursuant to Section 4.1 of the Operational Manual

May 17, 2021

**Long-term Vision for the Cerrado Biodiversity Hotspot**

**Recommended Action Item:**

The Donor Council is asked **to endorse on a no-objection basis** the long-term vision for the Cerrado Biodiversity Hotspot.

The deadline for no-objection endorsement is **31 May 2021**.

**Background**

At its 24<sup>th</sup> meeting, on 28 January 2014, the CEPF Donor Council approved the strategic framework for Phase III of CEPF. The new strategy proposed taking CEPF to a scale where it can have a transformational impact on reversing biodiversity loss in the hotspots. To this end, four key outcomes were agreed for the new phase, including:

*Long-term strategic visions developed and implemented for at least 12 hotspots, facilitating the development of credible, effective and well-resourced civil societies, and delivering improved biodiversity conservation, enhanced provision from healthy ecosystems of services important to human wellbeing, and greater alignment of conservation goals with public policy and private sector business practices.*

Unlike an ecosystem profile, which outlines investment priorities for CEPF grant-making over five years, a long-term vision is meant to be a guide for both CEPF and other actors (e.g., host-country government, private sector, donors and NGOs from the economic development community) on how to positively influence conservation in a region over a longer time period. A long-term vision is built around five conditions for graduation from CEPF support, which address issues of: conservation priorities; civil society; financial resources; the enabling environment; and the ability to respond to new issues.

Since the start of the investment in the Cerrado Hotspot in 2016, CEPF has supported civil society to promote the adoption of best practices in agriculture, support the expansion and effective management of protected areas, develop sustainable supply chains, and support the protection of threatened species in the hotspot. These efforts have been supported and made more sustainable by complementary investments in the capacity of civil society organizations and tools to integrate biodiversity data into decision-making processes. Local support to the program is provided by the Regional Implementation

Team (RIT) at Instituto Internacional de Educação do Brasil (IEB). To date, more than 60 grants have been awarded, totalling more than \$7 million.

The long-term vision for the Cerrado Hotspot was developed by the RIT, with inputs from CEPF grantees and other local experts. The consultation and drafting process began during the mid-term assessment in May 2019 and was completed in July 2020.

The draft long-term vision was reviewed by the CEPF Working Group at its 65<sup>th</sup> meeting, on 4 March 2021. Following the meeting, the document was revised to address comments from the Working Group. The final long-term vision and a matrix summarizing the responses to the Working Group's comments are enclosed as Attachments 1 and 2.

## **Response to Working Group Comments on the Cerrado Long-Term Vision Working Group meeting, 4 March 2021**

This document reflects the comments made by Working Group members and the key informants they had invited to join the 65<sup>th</sup> CEPF Working Group meeting, during which the Long-Term Vision for the Cerrado Hotspot was presented. Comments are grouped by topic.

<b>Working Group Comment</b>	<b>CEPF Secretariat Response</b>
<b>Geographic scope</b>	
<b>1- To avoid dispersing the limited funds, consider reducing the geographic scope to focus on one region of the Cerrado</b>	<p>The geographic scope now appears in a new section on “Geographic Considerations” (pp45-47).</p> <p>Considering the geographic scope of the investment, we may roughly divide the Cerrado into two parts. The central-northern part of the hotspot is where the agricultural frontier is expanding, and there are not many consolidated agriculture investments considering best management practices or the adoption of responsible landscape management practices. Here we can find the most pristine areas in this part of the hotspot, and this is also where the states need more assistance to implement the forest code or other pieces of legislation helping to enforce good landscape management. This northern part of the hotspot was also highlighted as the most severe deforestation front in the Cerrado by WWF’s global study on deforestation fronts.</p> <p>Considering the above, we suggest that the future CEPF investment focus on the four priority corridors of the current phase plus: (i) the Araguaia corridor, to improve conservation efforts in this transition region between the Cerrado and the Amazon; and (ii) the RIDE DF – Paranaíba – Abaeté corridor. In all these areas, agriculture depends a lot on the Cerrado's water resources which is a focus of the proposed long-term vision.</p> <p>This proposed geographic scope ensures that future CEPF investment will concentrate on just half of the area covered by the current investment phase. The geographic scope includes three major river systems: the Parnaíba river flowing from the Cerrado to the north and northeast, with its</p>

	<p>headwaters impacted by large soy production; the Araguaia river supporting agriculture in its upper basins and biodiversity in one of the priority areas; and the Paranaíba basin flowing to the Paraná state, and supporting the coffee supply chains. It excludes the southern part of the hotspot, which is dominated by consolidated agriculture, and where most of the pristine ecosystems are already lost.</p> <p>Despite this contraction in geographic scope, it is proposed that the work on species conservation and the management of their habitats should remain at hotspot level, due to a lack of other dedicated funds for species conservation in the Cerrado.</p> <p>Note that the geographical scope of the project supported by the European Union in the Cerrado with WWF and ISPN is different. It focuses only on the MATOPIBA (four states) region with ISPN and the state of Mato Grosso do Sul with WWF.</p>
<p><b>Strength of CSOs</b></p>	
<p><b>2- Due to the current perspectives related to the impacts of COVID-19 and of the unfavorable political context for CSOs, consider:</b></p> <p><b>a- continuing with a strong capacity building element for CSOs;</b></p>	<p>A clear statement for the need to keep a strong focus on the strengthening of CSOs has been added in “Proposed Changes to Strategic Direction 6” under Section 2.3 “Thematic Considerations” (p55).</p> <p>Many of the targets of the graduation criteria were defined to address the needs of CSOs supported by CEPF during the current investment phase. Strategic Direction 6, which is about strengthening the capacity of CSOs to promote better management of territories and of natural resources and to support other investment priorities in the hotspot, encompasses three targets from graduation condition 2 (Civil Society Capacity) directly aiming at strengthening civil society actors:</p> <ul style="list-style-type: none"> <li>• 2.1 By 2025, the major conservation organizations in the Cerrado are being strengthened, including on the international agenda, and some collective responses to conservation threats are emerging.</li> <li>• 2.3 By 2025, at least four networks will be sustainability supported to encourage active participation of local CSOs.</li> <li>• 2.4 By 2025, five relevant local CSOs of the Cerrado have access to climate change related funding streams for the coming five years.</li> </ul>

	<p>This graduation condition, as well as graduation condition 3 (Sustainable Financing), have additional targets under Strategic Direction 6, which indirectly aim at providing enabling conditions for CSOs:</p> <ul style="list-style-type: none"> <li>• 2.5 By 2025, four out of eleven states located in the Cerrado incorporate policies designed with CSOs and supported by the private sector.</li> <li>• 3.1 By 2025, the public sector supports the fundraising efforts of at least 10 CSOs in the Cerrado.</li> </ul> <p>Taking a closer look at these targets, CSOs will certainly be one key focus of future CEPF investment in the Cerrado.</p>
<p><b>b- providing legal advice to CSOs on civil rights;</b></p>	<p>Additional details relating to the need for strengthening CSOs with regards to legal issues have been added in “Proposed Changes to Strategic Direction 6” under Section 2.3 (p55).</p> <p>Strategic Direction 6 encompasses one target from graduation condition 4 (Enabling Policy and Institutional Environment), which directly aims at strengthening CSOs’ legal capacities:</p> <ul style="list-style-type: none"> <li>• 4.2 By 2025, five CSOs have legal advisors within their team to monitor and engage in the public policy arena at state or federal level.</li> </ul> <p>The need to provide dedicated support to CSOs on legal requirements from the fiscal, tax, and labor perspectives is now highlighted more clearly. This need for legal support is in response to the declarations and actions from the government, which have targeted CSOs and reduced their presence in participatory bodies and committees, while reinforcing controls over their operations.</p>
<p><b>c- having stronger support of indigenous and traditional people;</b> <b>d- strengthening the sustainability of small and medium enterprises (as already proposed in the strategy);</b></p>	<p>We appreciate the shared perspective on supporting indigenous and traditional people, as well as the small and medium enterprises.</p> <p>Considering that Strategic Direction 3, with its three targets listed below, is solely dedicated to supporting investment in sustainable small and medium enterprises to give traditional people and indigenous populations income generation opportunities linked to conservation, no changes were made to the long-term vision. This strategic direction addresses the following targets from graduation conditions 2 and 3:</p>

	<ul style="list-style-type: none"> <li>• 2.2 By 2025, local civil society groups are trained and possess new management skills to address the need for impactful investment and monitoring</li> <li>• 3.2 By 2025, additional revenue streams are mapped for the CSOs and at least 5 business plans are developed.</li> <li>• 3.4 By 2025, public and private funding for conservation should start increasing in the priority corridors.</li> </ul> <p>In addition, it is worth noting that activities under Strategic Direction 2 (Support the creation/ expansion and effective management of protected areas in the Cerrado and sustainable landscape protection) will also specifically focus on indigenous and traditional people by providing them support and recognition for spatial planning, thereby addressing the following target:</p> <ul style="list-style-type: none"> <li>• 1.4 By 2025, at least one new land management concept (like TICCA) is explored to strengthen good spatial planning.</li> </ul>
<p><b>e- downscaling some of the graduation criteria which may be overly ambitious.</b></p>	<p>Several targets for the graduation criteria have been reduced in Section 2.4 “Strategies and graduation conditions” (pp56-58), in response to this comment.</p> <p>We agree that some targets should be revised to be more realistic, considering that the long-term structure responsible for the coordination of the future investment should also invest substantial time in establishing and nurturing long-lasting relationships with CSOs, some of which are currently supported by CEPF. This idea of scaling down the future portfolio in terms of number of grants was already reflected in Section 2.5 “Operational Considerations” with the following statement: “Furthermore, the RIT should consider providing grants to CSOs for a longer period and working with fewer organizations overall” (p58).</p> <p>The revision of targets was also informed by the new (more focused) geographic scope of the long-term vision. The following targets were downscaled:</p> <ul style="list-style-type: none"> <li>• 2.3: Two rather than four networks encouraging active participation of local CSOs will be targeted as part of the impacts of the future investment phase.</li> <li>• 2.4: Three rather than five relevant local CSOs of the Cerrado will have access to climate change related funding streams for the coming five years.</li> </ul>

	<ul style="list-style-type: none"> <li>• 2.5: Two rather than four states will incorporate policies designed with CSOs and supported by the private sector.</li> <li>• 3.2: Three instead of five business plans with additional revenue streams will be targeted.</li> <li>• 4.2: Two instead of five CSOs will monitor and engage in the public policy arena thanks to their legal advisors.</li> <li>• 5.1: Instead of training all 11 states of the Cerrado and their major municipalities, only five states will be targeted.</li> </ul>
<b>Conservation strategies</b>	
<p><b>3- Fire issue has attracted international attention. Has integrated fire management been considered in the proposed strategy?</b></p>	<p>Additional details relating to integrated fire management have been added to the section on “Proposed Changes to Strategic Direction 5” (pp54-55).</p> <p>Integrated fire management and fire monitoring is an aspect that is already part of the current investment under the umbrella of landscape management (Strategic Direction 5).</p> <p>The concept of integrated fire management presumes that the work is done with local people. We had a small grant where this approach was tested but it was not a success due to particular circumstances with the community. A grant was recently awarded for a fire monitoring project carried out by the Federal University of Rio de Janeiro using the Laboratory for Environmental Satellite applications. This project will track fires in the Cerrado on a much higher frequency allowing fire brigades to react faster and public persecutors to identify criminal behavior quickly.</p> <p>Support to this type of projects could continue at least under two targets:</p> <ul style="list-style-type: none"> <li>• 1.4 By 2025, at least one new land management concept (like TICCA) is explored to strengthen good spatial planning.</li> <li>• 5.4 By 2025, the important public policy indicators will be presented to decision makers and widely discussed at state or national level.</li> </ul>

	<p>Both of these targets fall under the new Strategic Direction 2, which focuses on the creation/expansion and effective management of protected areas in the Cerrado and sustainable landscape protection.</p>
<p><b>4- Ecosystem services for water provision is going to be important especially for cities and agriculture. What could be the possibilities to pay for ecosystem services?</b></p>	<p>Additional background was added to the section on “Proposed Changes to Strategic Direction 1” (pp50-52).</p> <p>The possibility of financing ecosystem services as delivering public goods came a little closer to reality, as a new law recognizing the existence of ecosystem services was passed at the beginning of 2021. Unfortunately, a lot still has to be regulated, which is why the RIT suggested linking the payment of ecosystem services directly to the benefiting supply chains and commodities producers, as is being tested in the coffee industry with a current large grant, or indirectly through beneficiaries promoting the payment of voluntary carbon credits. In both cases, the RIT is not counting on governmental investments.</p>
<p><b>5- From an agribusiness perspective, there are lots of initiatives, but it seems difficult to demonstrate them. Have you thought at potential private sector value chains with a big multiplier effect?</b></p>	<p>Additional background was added to the section on “Proposed Changes to Strategic Direction 1” (pp50-52).</p> <p>Our current pilot work with the coffee supply chain has a potential to involve 55 municipalities, covering 235,000 hectares, and reach 4,500 coffee farmers. It is important to note that 80% of this production is exported. Under the current phase, CEPF has supported a pilot initiative consisting of working with specific producers at a smaller scale, establishing a consistent and close-to-farmer process to define smart agriculture indicators for the coffee sector. Based on this successful approach, it is now time to expand the work to the rest of the area. This solid background already opened the doors for additional funding with Rabobank and a major regional development bank to support the expansion of the project in the region.</p> <p>CEPF and selected grantees could make a difference in accelerating change, disseminating restoration processes, implementing best management practice protocols in new areas, working on irrigation techniques, empowering CSOs to participate in watershed committees, and contributing to better landscape and biodiversity management. Even boosting communication with the consumer is a possibility that would have positive environmental outcomes. This direct link to the consumer is</p>

	a much stronger connection than the connection of soy, cotton, beef, ethanol, or sugar supply chains and would be the way to show how an established and traditional supply chain, such as coffee, adapts and paves the way to more sustainable production.
<b>Overall program implementation and cooperation</b>	
<b>6- Importance of communication vis-à-vis the emphasis given to the Amazon and the need for fundraising.</b>	<p>A clear statement for the need to support, and benefits of having, communication has been added under Section 2.5 “Operational Considerations” (pp58-59).</p> <p>The CEPF Secretariat agrees with the need to invest more in communication. The operational considerations were already stating that “more emphasis should be given to communication”, which is why a specific budget for this activity should be allocated within the budget of the long-term structure, together with a staff member responsible for communication.</p> <p>This section was further edited to emphasize that: “This should not be delegated to a consultant. This issue was raised during the mid-term assessment meeting with experts, which emphasized the need for proactive communication to promote a positive narrative about the role of the Cerrado in terms of ecosystem services provision and the wider contributions of CSOs to sustainable development. They also highlighted that audiences outside Brazil should be targeted for conservation aspects in the Cerrado, and the material to satisfy this audience needs to be prepared. Strong communication could reinforce some messages and highlight what CEPF is achieving with its grantees as a network.”</p>
<b>7- Avoid duplications of efforts with other donors.</b>	The RIT and the CEPF Secretariat have relentlessly looked for possible cooperation with other organizations working in the region. Section 2.6 “Financing Plan” (pp59-62) includes a series of paragraphs on the outcomes of this work, including Figure 11, which presents major common themes among donors. Regrettably, no concrete cooperation with a large/ international donor emerged, including with Conservation International.

However, the RIT and the Secretariat were successful in creating an alliance, the Cerrado Alliance, with national entities. Together, members of the alliance are co-financing a large grant aiming at building the capacity of 40 CSOs.

Section 2.6 also contains a brief overview of several programs in the hotspot. Undoubtedly, any type of cooperation with any donors which could result in conservation successes should continue to be considered with great interest. Support from the Working Group members in this regard would greatly help. The RIT and the CEPF Secretariat look forward to building further cooperation with other programs of CEPF's donors in the hotspot.