

## **Annual Portfolio Review: Southern Mesoamerica Region**

**March 2010 to December 2011**

### **Introduction**

The Mesoamerica hotspot ranks as among the most biologically diverse regions in the world. Encompassing all subtropical and tropical ecosystems from central Mexico to the Panama Canal, the hotspot is home to the highest diversity of reptiles in the world and is second in diversity for amphibians, birds, mammals and non-fish vertebrates. Furthermore, three of the hemisphere's four migratory bird routes converge in the region. This biological diversity is mirrored by high cultural diversity, as the region is home to 32 distinct ethnic and indigenous groups.

Several factors underlie this exceptional diversity. Forming a land bridge between continents, the hotspot features species representative of North and South America. In addition, the Pacific and Caribbean coastal-marine ecosystems and the second largest reef in the world border the region. Inland, extensive mountain chains reach up to 4,211 meters. A series of geologically isolated highlands are considered evolutionary islands encouraging wide speciation. And finally, annual average rainfall varies widely from 500 to 7000 mm.

Within the hotspot, the southern region of Nicaragua, Costa Rica, and Panama contains the most extensive and best protected cloud and montane forests and many globally threatened species. The Talamanca – Bocas del Toro Corridor along the Costa Rican – Panamanian border is home to an estimated three percent of the planet's species and provides habitat to 75 percent of the hemisphere's migratory birds.

CEPF entered the Southern Mesoamerica region in 2002 at a particularly important time. Several protected areas were in crisis due to rampant hunting, forest fires, colonization, and agricultural encroachment. In addition, major funding agencies such as USAID and the MacArthur Foundation were reducing their biodiversity budgets for the hotspot, leaving large funding gaps.

To address the needs and priorities of the region, CEPF's aimed to strengthen management in priority protected areas and to create sustainable livelihoods and land management practices in buffer zone communities. Through CEPF's investment from 2002 to 2006, significant management gains were achieved, especially in three of the most biologically important protected areas: Indio Maiz Biological Reserve in Nicaragua, Corcovado National Park in Costa Rica, and La Amistad Biosphere Reserve in Costa Rica and Panama. The portfolio benefited 150 communities, many of indigenous and Afro-Caribbean origin, through the introduction of such sustainable development activities as conservation coffee, ecotourism, and agroforestry. The program also helped leverage new resources, most notably by funding technical studies, management plans, and staff who were instrumental in securing a \$26 million debt swap in Costa Rica.

While CEPF and its partners achieved important gains, challenges to conservation continued and threatened to undermine the sustainability of CEPF achievements, particularly in Nicaragua and Panama. For example, Rama

and Kriol indigenous people of Southeast Nicaragua lacked land tenure, making them powerless to defend themselves against colonization which introduced unsustainable land-use practices that degraded connectivity within the Mesoamerica Biological Corridor. In Panama, the construction of a series of dams in the La Amistad Biosphere Reserve caused significant social tension as the schemes displaced indigenous communities and threatened to cause encroachment into core zones of the reserve. Compounding these problems were general capacity limitations within the Panamanian and Nicaraguan environmental ministries. Under CEPF, local NGOs grew, but they continued to demonstrate organizational and financial management weaknesses. Securing sustainable funding for future conservation activities was a major concern.

Given these challenges, CEPF proposed a consolidation program targeting high priority needs in Nicaragua and Panama aimed at building local capacity within civil society, strengthening environmental governance in strategically located areas, and establishing mechanisms for financial sustainability. Costa Rica was not included in this consolidation program because key sites had access to sustainable funding through the debt swap.

This document is the second annual portfolio review for the consolidation program for this region, covering the period of March 2010 to December 2011.

## **Niche for CEPF Investment**

### **Overview**

During its first phase of grant making from 2002 to 2006, CEPF awarded 74 grants for \$5.5 million. Grant making was guided by the Southern Mesoamerica Ecosystem Profile and centered on priority sites in southeast Nicaragua, Costa Rica and western Panama. Conservation International's Southern Mesoamerica Regional Office served as the coordination unit. CEPF completed its final portfolio assessment in April 2007 and found performance to be very strong.

Given continuing challenges, CEPF embarked on a consolidation phase in 2008 with an approved budget of \$1.675 for Nicaragua and Panama. The consolidation strategy addresses high priority needs in Indio Maiz Biosphere Reserve and its buffer zones in Nicaragua, and in La Amistad Biosphere Reserve in Panama. It contains four inter-dependent investment priorities:

1. Support civil society participation in development planning and implementation, focusing on infrastructure development.
2. Strengthen local governance structures and management capacity in critical areas, focusing primarily on indigenous reserves along the Caribbean.
3. Build local capacity within the civil society sector.
4. Support the establishment of sustainable financing mechanisms.

## **Portfolio Status**

Consolidation investment commenced in Southern Mesoamerica with the first grant starting on October 1<sup>st</sup>, 2008. As of December 2011, CEPF committed \$1,644,382 million through six grants. Grants were awarded based on the specific geographic expertise and the ability of each applicant to deliver on all investment priorities presented in the consolidation strategy.

In Nicaragua, Fundación Amigos del Río San Juan (FUNDAR) took responsibility for implementing CEPF's priorities in Indio Maiz Biological Reserve and its western buffer zone and for establishing a sustainable funding mechanism for southeast Nicaragua. The Universidad de las Regiones Autónomas de la Costa Caribe

Nicaragüense (URACCAN) joined in a sub-grant with the Asociación de Desarrollo y Promoción Humana de la Costa (ADEPHCA) to focus on the northern buffer of Indio Maiz, which includes Cerro Silva and Punta Gorda nature reserves and the Rama-Kriol indigenous territory. In Panama, Fundación Para el Desarrollo Integral, Comunitario y Conservación de los Ecosistemas en Panamá (FUNDICCEP) assumed responsibility for the Pacific side of La Amistad Biosphere Reserve, while Asociación de Profesionales y Técnicos Ngöbe Bugle (APROTENG) assumed responsibility for the Caribbean side of the reserve, location of the Naso and Ngöbe – Bugle indigenous territories. Conservation International (CI) assumed responsibility for supporting institutional capacity building and policy dialogue in CEPF priority sites in Nicaragua and Panama.

As of December 2011, four grants were in implementation, one grant was terminated, and another grant had been closed, as presented in Table 1. Further explanation of the grant suspension is provided in the March 2010 annual portfolio overview.

**Table 1. Southern Mesoamerica Consolidation Grants, December 2011**

Organization	Title	Amount	Active Dates
<i>In Implementation</i>			
Conservation International (CI)	Consolidating Local Conservation Capacity in the Biosphere Reserves of Southeast Nicaragua and La Amistad in Panama	\$319,382	October 2008 – December 2011
Fundación Amigos del Río San Juan (FUNDAR)	Consolidating Key Management Actions in Indio Maiz Biological Reserve, Nicaragua Phase II	\$300,000	March 2011 – July 2012
Fundación Para el Desarrollo Integral, Comunitario y Conservación de los Ecosistemas en Panamá (FUNDICCEP)	Consolidating Civil Society Participation in the Conservation of the La Amistad Biosphere Reserve	\$595,000	April 2009 – July 2012
Sub-grants to Fundación Natura and Asociación de Profesionales y Técnicos Ngöbe Bugle (APROTENG)			
Universidad de las Regiones Autónomas de la Costa Caribe Nicaragüense (URACCAN)	Consolidation of the Conservation Actions and Management of Biodiversity in Cerro Silva and Punta Gorda Reserves	\$300,000	June 2009 – June 2012
Sub-grant to Asociación de Desarrollo y Promoción Humana de la Costa Atlántica (ADEPHCA)			
<i>Terminated</i>			
Asociación de Profesionales y Técnicos Ngöbe Bugle (APROTENG)	Consolidating the Financial, Institutional and Social Sustainability of the La Amistad Biosphere Reserve, With a Focus on the Indigenous Territories of the Caribbean	\$30,000	April 2009 – October 2009
<i>Closed</i>			
Fundación Amigos del Río San Juan (FUNDAR)	Consolidating Key Management Actions in Indio Maiz Biological Reserve, Nicaragua	\$100,000	June 2009 – May 2010
<b>Total</b>		<b>\$1,644,382</b>	

### Coordinating CEPF Grant making

Consolidation programs do not have formal coordinating entities or regional implementation teams beyond the U.S.-based Grant Director. All CEPF grant management functions are conducted by the CEPF Secretariat.

## Performance Assessment

Based on grantee financial reports, the portfolio-level spending rate is slightly less than planned expenditures as determined by the budgets presented in their respective proposal, which are disaggregated by year. As of December 2011, grantees spent a total \$1,346,598, which equals 82% of the \$1,644,382 million committed. Based on proposal budgets, grantees had planned to spend \$1,456,423 by December 2011. There is a difference of \$109,825.00 between planned spending and actual spending, which is seven percent less than planned. Figure 1 in Annex 1, which provides a graph of project-level spending rates, shows that two of the six grants – projects executed by FUNDAR and FUNDICCEP – are chiefly responsible for the under-spending.

Several factors influenced performance in 2010 and 2011.

- URACCAN suspended its sub-grant with ADEPCHA in October 2011 after a project audit found that the procurement of a profession service contract did not follow CEPF policy. As a result of the finding, CEPF disallowed expenses associated with the professional service contract and amended the grant to give URACCAN direct responsibility for achieving those products originally planned under the ADEPHCA sub-grant.
- The strong pro-development and anti-environmental policies of Panama President Martinelli, who was elected after CEPF's projects were approved, proved to be a critical factor impacting the portfolio. The president put in place plans to expand mining in Ngöbe – Bugle territory and to construct new hydroelectric infrastructure in La Amistad Biosphere Reserve and its buffer zone. Simultaneously, the Panama park service ANAM experienced sharp budget and personnel cuts, significantly hampering the protection activities in La Amistad. Environmental and indigenous rights groups pursued measures to ensure that environmental protection and biodiversity conservation remained a priority for the country. In 2011, clashes between Ngöbe protesters and the government in the Caribbean resulted in Panamanian forces killing several Ngöbe protesters. The political challenges meant that several key assumptions identified during CEPF's consolidation planning phase regarding the government's collaboration in meeting several products failed to materialize, and as a result, several CEPF targets were not achieved as planned. Indeed, the definition of success under the new administration in Panama needed to be reconsidered in its entirety, as the environmental and indigenous community worked hard just to stop the back sliding of conservation gains made in the last three decades.
- In Southeast Nicaragua, as in other parts of Mesoamerica, the Ford Foundation and public donors from Denmark, Germany and Spain closed their programs. The environmental community expressed strong concern about the departure of the most important conservation donors since these agencies funded virtually all government park management personnel and operations in the Southeast. The departure of these major donors created concerns about how the government would cover basic park management costs for the protected areas of the region.

## Portfolio Investment Highlights by Investment Priority

### **Investment priority 1: Support civil society participation in development planning and implementation, focusing particularly on infrastructure projects in southeast Nicaragua and La Amistad in Panama**

This investment priority supports a network of local NGOs in Nicaragua and Panama to strengthen participatory environmental management and monitoring systems as needed to mitigate threats emerging from current and future roads and ports in Nicaragua and from dams in Panama. CEPF supports constructive dialogue, information sharing, training, public education and impact monitoring within civil society in areas of influence. Components within grants to CI, FUNDAR, FUNDICCEP, and URACCAN support this investment priority.

## Highlights

### Nicaragua

- The World Bank decided not to finance the construction of a road connecting the town of Rama with Bluefields due to lack of agreement by local communities on several environmental and social issues, including how to mitigate the potential impacts of the roads on the region's indigenous territory and protected areas. The government of Nicaragua continued to advance the Canal Seco project, which calls for constructing a train line and port to transport international cargo between the Atlantic and Pacific Oceans, as a competitor to the Panama Canal, although obtaining financing for the project proved difficult with the global economic downturn. As a result of these two developments, CEPF grantees no longer dedicated their efforts to this investment priority.

### Panama

- FUNDICCEP, APROTENG, and their partners actively engaged in ensuring that social and environmental considerations are integrated into planning and implementation of a series of large infrastructure projects in the La Amistad Biosphere Reserve and buffer zone, including 63 actual and planned hydroelectric dams, a major copper mine which allegedly contains the third largest copper deposit in the world, and highway to run through a core zone of the protected area. Many of the arguments made by the local partners were based on a CEPF-financed policy assessment of the threats to La Amistad, with a particular focus on hydroelectric development.
- CEPF partners conducted outreach through meetings, news articles, and radio programs to various stakeholder groups to keep them apprised on the latest developments related to the planning and construction of the dams, the copper mine, and highway through core areas of La Amistad. As one example of the activities undertaken, APROTENG sponsored a forum on mining and water in the Ngöbe – Bugle territory that was attended by more than 300 people. The program has supported many other smaller outreach meetings throughout La Amistad Biosphere Reserve.
- Members of ADATA, the coalition of community groups dedicated to supporting the sustainable development of La Amistad and its buffer zone, formed part of a 16-member alliance of local organizations of farmers, environmentalists, producers and religious and social welfare groups that submitted an official complaint to The World Bank's Office of the Compliance Advisor/Ombudsman (CAO) in January 2010. Their complaint focused on the IFC-financed Pando and Mote Lirio hydroelectric power project on the Chiriqui Viejo River. The complaint highlighted a variety of environmental and social concerns, including the lack of participative consultation process with communities during project planning and the failure to include downstream environmental impacts in the EIA process. In June 2010, ADATA members participated in a series of consultations with a CAO team dedicated to assessing the validity of the complaints. In February 2012, the CAO team found that IFC planning process was indeed in compliance with Bank policies, although it did also note that there was a deficiency of information on such important issues as the cumulative impact of the development of the entire Chiriquí Viejo River basin.
- The same 16-member alliance also submitted a formal complaint to Inter-American Development Bank's (IDB), which co-funded the Pando and Mote Lirio hydroelectric power project. The IDB undertook a similar assessment of the project that involved consultations with CEPF partners. While IDB's findings remained pending mid-2012, preliminary information indicates that the process identified potential violations of its safeguard policies.

**Investment priority 2: Strengthen local governance structures and management capacity in critical areas of the Corridor, focusing primarily on indigenous reserves along the Caribbean.**

CEPF investments in the Rama - Kriol and Ngöbe – Bugle indigenous territories and in the Pacific corridor of La Amistad – Panama have helped local communities to pursue a plan for development that maintains the health of their forests and preserves their cultural heritage. Under this strategic direction, CEPF supports projects to ensure the sustainability of CEPF investments by strengthening local management. In the Rama – Kriol Indigenous Territory in Nicaragua, CEPF supports efforts required for government-funded land demarcation and help to develop and implement land-use plans that allow them to successfully manage their lands. CEPF grantees also facilitate dialogue between the Rama, Kriol, and mestizo populations to find common ground on land management concerns. In the Ngöbe – Bugle Indigenous Reserve in Panama, CEPF grantees have worked with communities to improve environmental awareness and investment for sustainable development. Grants to CI, FUNDICCEP and URACCAN contain components dedicated to this investment priority.

**Highlights**

Nicaragua

- The Nicaraguan Government approved management plans for Cerro Silva and Punta Gorda nature reserves, which are co-located in the Rama - Kriol territory. CEPF grantees URACCAN and FUNDAR played an important role to ensure that local civil society and communities were consulted and agreed with the management plans. The approval of the management plans provides an important foundation for pursuing conservation and sustainable development in the region.
- CEPF’s support of the Southeast Nicaragua Cocoa Strategic Plan through FUNDAR has permitted 1,500 smaller holder farmers to export organic cacao to the Ritter Sport company in Germany, while sustainably managing 50,000 hectares in the Indio Maiz Reserve buffer zone. CEPF was directly responsible for the certification of over 200 farmers and the technical and institutional strengthening of the local cocoa association.
- Based on CEPF partner success in obtaining formal land title for the Rama – Kriol indigenous reserve, URACCAN, CI, and FUNDAR worked with Rama Governing Council and local government agencies to provide a series of training workshops in land stewardship for over 30 leaders of Rama, Kriol, and mestizo communities. As part of local capacity building and community empowerment efforts, CEPF partners and stakeholders identified community conservation “promoters” to lead conservation activities in 20 ethnic and mestizo communities.
- A series of training sessions and facilitated discussions between the Rama, Kriol, and mestizos under the URACCAN grant helped to diffuse tensions that arose earlier in the land titling process by clarifying a series of sensitive issues. For example, mestizos who had colonized parts of the territory decades ago incorrectly assumed that they would be removed from the land they had occupied. Through a series of meetings, such incorrect assumptions were clarified and local communities report that tensions have been decreased as a result.

Panama

- FUNDICCEP achieved an important milestone with the Park Service’s rejection of a proposal from a private hotel developer to degazette approximately 2,000 hectares of the Volcan Baru National Park. FUNDICCEP conducted a series of outreach meetings and public campaigns against the degazetting, as the group viewed the potential loss of the area to development interests as a dangerous precedent for the nation’s other protected areas, which are under many threats and remain legally weak as they were

established by ministerial decree rather than by national law. The victory in Volcan Baru was viewed very positively in terms of maintaining the integrity of the nation's protected areas.

- To improve local governance in Panama, FUNDICCEP engaged in a dialogue with the La Amistad park service to promote the establishment of the La Amistad Biosphere Reserve Management Committee to serve as the formal vehicle for local consultation on decisions related to the protected area's development and management objectives. Progress remained slow, however, due to the government's resistance to providing a venue for public input in the management and development of the biosphere reserve.

### **Investment priority 3: Build local capacity within the civil society sector**

This investment priority seeks to build the capacity of four NGOs and three stakeholder alliances in strategic zones of the Southern Mesoamerica Corridor to help them assume true leadership roles as local conservation advocates and practitioners. This investment priority is led by Conservation International in collaboration with all grantees.

### **Highlights**

#### Regional

- To promote the sustainability of CEPF's efforts to foster greater collaboration among environmental NGOs across political boundaries, CI led an effort to establish the tri-national International Foundation for Sustainable Conservation (FINCOS) alliance, which is made of 67 current and former CEPF grantees from Nicaragua, Costa Rica and Panama. The alliance aims to foster the collaboration and sustainability of conservation efforts between CEPF partners. CEPF partners from Nicaragua and Panama conducted two exchange visits to CEPF project sites in the three countries of Southern Mesoamerica, allowing them to share their experiences and expertise and form regional-level collaborations.
- CEPF consolidation phase grantees made significant advances in forging alliances in response to CEPF portfolio requirements that grantees and partners jointly plan, implement, and monitor their activities within a corridor-level perspective. This new corridor-level emphasis enabled grantees to meet quarterly and jointly plan and monitor their activities with key stakeholder groups. This collaborative approach is a departure from the past when project implementers lacked the funds, contacts, and the mandate to work as part of a broader alliance. As a result, CEPF partners along the Caribbean and Pacific border regions of La Amistad now have an integrated vision of the reserve and take a more coherent and unified approach to respond to the challenges. Similarly in Nicaragua, efforts to plan activities inside Indio Maiz and its western border area are now integrated with activities to the north.

#### Nicaragua

- FUNDAR reports that its score on CEPF's civil society tracking tool increased by 65% from its 2008 baseline. It has developed a five-year institutional strategic plan, financial management and operations manual, financial sustainability strategy, and communications plan, which were complemented by training in organizational development. These advances strengthened its administrative and programmatic operations with impressive results: FUNDAR reports that its internal management systems are significantly better and its project budget has doubled since CEPF first funded the group in 2003. Furthermore, it has earned a reputation as one Nicaragua's leading conservation groups. FUNDAR has assumed leadership roles representing civil society groups in national-level consultative bodies.

- The Nicaragua alliance COCBIO received training in proposal preparation, monitoring, and fund raising. It also developed a strategic plan. While COCBIO made some progress, several weaknesses persisted, and it was not able to produce a work plan to implement CEPF-funded activities.

### Panama

- APROTENG worked closely with 10 Naso and Ngöbe environmental and sustainable development groups along the Caribbean coast to establish RECAP, a new environmental alliance that brings together for the first time different local ethnic communities who historically have not worked together. RECAP members received training in a variety of fund raising and organizational development skills. They report that the improved collaboration has been an important milestone for the environmental and sustainable development community in the Caribbean.
- The ADATA alliance, which is made up of 13 local groups along the Pacific side of La Amistad, developed and implemented its long-term strategic plan. Members attended a series of workshops and meetings led by CI to build capacity for fund raising. Panamanian groups also met with conservation organizations that form part of Quercus, an alliance of Costa Rican NGOs, to discuss how to strengthen their collaboration with respect to bi-national management priorities, improved exchanges, and fostering eco-friendly agriculture along the border area.
- CEPF grantees sponsored exchange visits between members of RECAP of the Caribbean and ADATA of the Pacific, which resulted in greater cooperation between the different groups and the dissemination of new ideas for fostering sustainable development in the Caribbean. In short, collaboration between environmental, indigenous, and sustainable developments groups increased significantly with CEPF support.
- CEPF support to FUNDICCEP has helped to elevate the group as one of the strongest environmental NGOs not only in the La Amistad region, but throughout the country. FUNDICCEP has earned a reputation for its competency and leadership in environmental issues in La Amistad.

### **Investment priority 4: Support the establishment of sustainable financing mechanisms**

This investment priority aims to establish a variety of sustainable financing mechanisms to ensure CEPF-supported results are sustained. It is important to note the region continued to experience a decrease in international attention, with Conservation International's closure of its Southern Mesoamerica office and TNC's significant downsizing. The departure of the two major international NGOs in Southern Mesoamerica was matched by the departure of major European and private foundation donors in the region, and particularly in Southeast Nicaragua, which has created a gap in conservation funding.

### **Highlights**

#### Nicaragua

- FUNDAR undertook a series of activities dedicated to establishing a tri-national funding mechanism for Southern Mesoamerica, to complement the work undertaken by FINCOS. The funding mechanism, which supports site-specific funding windows, relied on consultation meetings with local civil society organizations, municipalities, the national government, and private businesses. Experts from Costa Rica in trust fund development facilitated the process, which is expected to result in the formal establishment of the trust fund in mid-2012. To complement these planning efforts, FUNDAR contacted several potential donors, including a water distributor and the airline company that services the region, and expressed optimism that several local enterprises would make initial contributions.



## Panama

- FUNDICCEP and ADATA developed and implemented fund raising strategies geared toward ensuring their long-term sustainability. FUNDICCEP now owns and manages two small farms whose proceeds help to cover the organization's operational costs. FUNDICCEP borrowed money from a local bank to buy land and begin construction of a new office. So far, one floor has been built. When the building is completed, FUNDICCEP will rent out office space and sleeping quarters to diversify their income.
- FUNDICCEP worked closely with eight local environmental groups to fund 19 projects valued at \$674,000 from 2009 to 2011. These projects range from a \$2,000 grant to promote best practices in the adoption of sustainable coffee practices, to a \$199,750 grant for management activities and studies for Volcán Barú National Park. The Embassy of Japan to Panama provided \$96,000 to promote organic agriculture. Further, FUNDICCEP outreach to the GEF Small Grants Programme (SGP) helped convince the donor to open up funding to La Amistad. FUNDICCEP then helped six local groups prepare their proposals for the SGP, of which three were approved in 2011 and the remaining were expected to be approved in 2012.
- APROTENG was able to leverage \$96,000 through four projects from three new donors (including the GEF's Mesoamerica Biological Corridor Project) to promote agroforestry in Ngöbe - Bugle territory. This leveraging represents an important milestone for APROTENG since it previously depended exclusively on CEPF for funding. APROTENG reports that CEPF-financed training in fund raising and proposal writing enabled it to learn how to write successful proposals.

## **Collaboration with CEPF Donor Partners**

Several opportunities for collaboration were pursued with the GEF, The World Bank, and the Embassy of Japan in Panama. A similar level of collaboration did not materialize in Nicaragua during the period of this report due to a lack of donor presence in CEPF priorities sites.

In Panama, CEPF projects laid a foundation by which grant beneficiaries have obtained new funding from CEPF donor partners. Most notably, FUNDICCEP outreach to the GEF Small Grants Programme in Panama City proved instrumental in opening up new funds for the La Amistad region. Not only did FUNDICCEP provide technical arguments for adding La Amistad to the SGP's portfolio, but it also worked closely with six local groups to prepare their proposals.

Also in Panama, APROTENG and two other local groups obtained a total of \$95,000 from the Mesoamerican Biological Corridor project, which is financed by The World Bank and GEF, to promote agroforestry, ecotourism, and organic fertilizer production. AMIPILA received \$95,000 from the Government of Japan to build infrastructure for organic fertilizer production.

Several CEPF partners formed part of a broader consultation process undertaken by The World Bank's Office of the Compliance Advisor/Ombudsman (CAO) in response to a formal complaint filed in January 2010 by 16 local organizations regarding the environmental and social impacts of the IFC-financed Pando and Mote Lirio hydroelectric power projects on the Chiriqui Viejo River. CEPF partners participated in a series of consultations with a CAO team assessing the complaint.

## **Conclusion**

CEPF partners have made important strides in advancing their agendas of conservation and sustainable development since 2008.

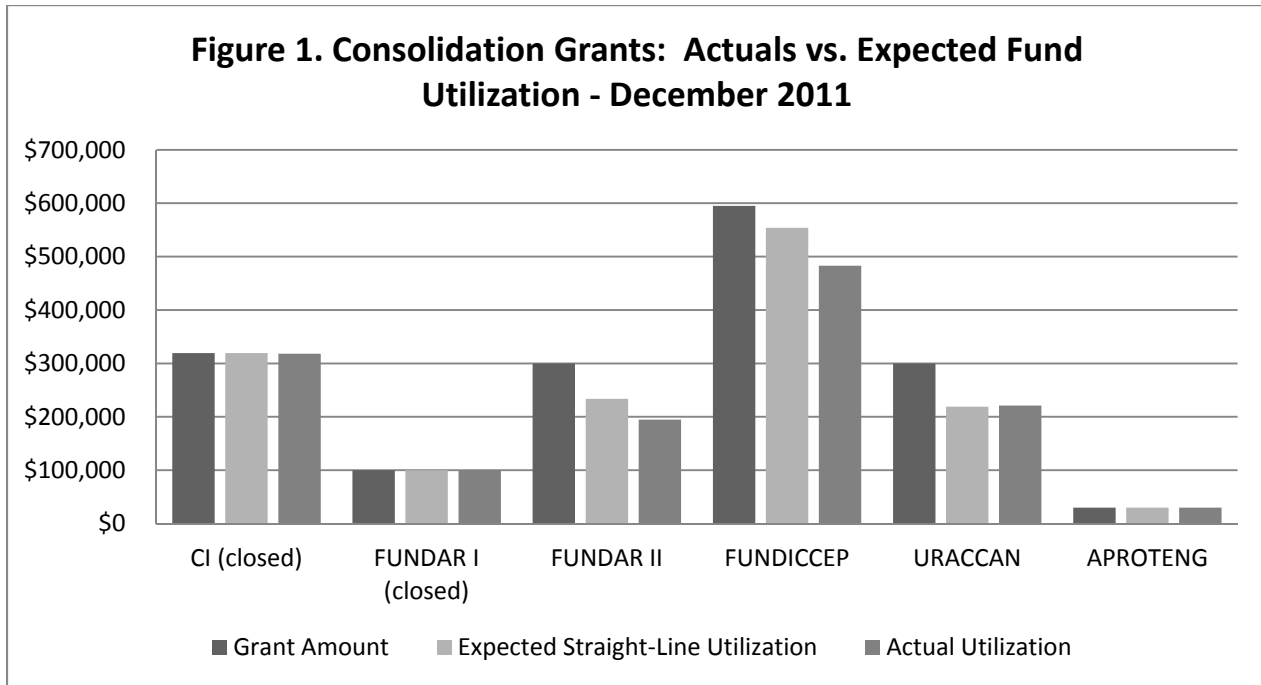
In Nicaragua, pressures on land, indigenous populations, and protected areas have been significantly reduced from the baseline year of 2003. Today, the Rama and Kriol people have title to their territory and have developed stronger capacity for land management. Mestizo populations who settled the region in recent decades have been engaged in the process of land titling and capacity building, and understand that they, too, play an important role in the region's future. Social tensions between the ethnic groups have decreased. CEPF has helped to build an economy based on sustainability through organically certified cacao in 50,000 ha in the western buffer zone of Indio Maiz. Furthermore, the NGO community, which previously had virtually no interaction with each other, has formed strategic alliances and has collaborated closely with governmental partners and with each other. CEPF partners have significantly stronger institutional and fund raising capacity.

In Panama, significant progress achieved in CEPF's first phase also continued forward in several respects. For the first time along the Caribbean coast of La Amistad, indigenous environmental and development NGOs have been established, have built their institutional capacity, have collaborated with each other despite past ethnic tensions, and have diversified their funding sources. Collaboration between environmental groups in the Caribbean and Pacific has grown significantly. And, CEPF partners have built their capacity to attract new donors for their activities. This is a significant step forward from the baseline in 2003 when very little environmental presence existed. In the La Amistad region more generally, CEPF has helped local groups to work through coalitions to develop well-thought out and collaborative campaigns to respond to threats from large-scale development interests.

While progress has been made in both countries, the goals of full sustainability and consolidation of CEPF's results remain partially unfulfilled. In Panama, the Government of President Martinelli assumed power after the portfolio was designed and grants were approved. Success for CEPF has needed to be redefined: Success today is ensuring that the many conservation strides achieved over the last three decades do not slide backwards. The energy that could have been devoted to advancing the country's environmental agenda through innovative approaches was instead directed to mitigating the environmental and social impacts of large infrastructure projects. In Nicaragua, the overall operating framework has improved significantly from the baseline in 2003, but it is important to recognize that the baseline capacity for conservation in the civil society sector was practically non-existent when CEPF entered the region. CEPF's partners have achieved a great deal in the region to turn the tide of degradation, although it remains clear that more needs to be done to help the region realize its full potential for developing an economy based on its natural capital.

As the CEPF portfolio in Southern Mesoamerica enters its last year of consolidation in 2012, the aim will be to bring to conclusion the those key building blocks required for the sustainability of the results achieved to date, such as the full establishment of the trust fund, consolidation of institutional capacities and alliances, and leveraging of new funds for future conservation activities.

**Annex 1. CEPF Investments in Southern Mesoamerica**



## Annex 2 – Update of the Logical Framework for CEPF Investment in Southern Mesoamerica

Objective	Targets	Progress
Reinforce and sustain the conservation gains achieved as a result of previous CEPF investment in the Southern Mesoamerica Conservation Corridor, specifically in the biosphere reserves of Southeast Nicaragua and La Amistad in Panama	609,980 hectares located in key biodiversity areas with strengthened protection and management.	277,980 ha under improved management: In Indio Maiz Reserve, remote sensing data reveals no net loss of habitat. In Volcan Baru, the government rejected a proposal to degazette parts of the reserve.  In Panama, plans to expand dam construction, mining concessions, and road development remain key impediments to achieve CEPF targets in La Amistad and Palo Seco.
	1,014,300 hectares in production landscapes with improved management for biodiversity conservation	457,000 hectares in Rama Kriol indigenous territory officially titled, organic cacao grown in Indio Maiz buffer zone, and Punta Gorda and Cerro Silva nature reserves have approved management plans.  Planned and actual infrastructure projects threaten the achievement of this target.
	\$750,000 leveraged	\$745,000 leveraged from 2009 to 2011 by ten local NGOs in Panama through 22 projects.
Intermediate Outcomes	Targets	Progress
<b>Outcome 1.</b> Conservation and human welfare considerations are fully incorporated into infrastructure and development plans for areas in the corridor under immediate threat in southeast Nicaragua and the La Amistad Biosphere Reserve in Panama.  \$300,000	Four policies influenced as a result of CEPF grant consolidation, including six individual infrastructure projects and development plans.	In Panama, several advances made: <ul style="list-style-type: none"> <li>i. Proposal to degazette sections of the Volcan Baru National Park is rejected.</li> <li>ii. CEPF grantees in Panama engage in IDB and World Bank consultations related to safeguard policy compliance of their loans for dam construction.</li> <li>iii. Outreach to key decision makers and stakeholders conducted regarding hunting, dam development, and mining.</li> </ul> In Nicaragua: <ul style="list-style-type: none"> <li>i. Financing of Canal Seco to open a transportation link between the Atlantic and Pacific Oceans has not been forthcoming due in part to the global economic downturn.</li> <li>ii. The World Bank rejected a loan to build a road between the towns of Rama and Bluefields on environmental and social grounds.</li> </ul>
	Four projects enable effective stewardship by indigenous and local communities for biodiversity and ecosystem conservation.	Three projects achieved their targets to enable effective stewardship by indigenous and local communities: <ul style="list-style-type: none"> <li>i. URACCAN – conducted training of Rama, Kriol and mestizos leaders for sustainable development and facilitated dialogue between Rama, Kriol, and mestizos resulting in greater</li> </ul>

		<p>collaboration on land management.</p> <p>ii. FUNDAR – Technical support to the Rio San Juan Cacao Commission and farmers association resulted in member training and strategic planning. This assistance resulted in the expansion of organic cacao certification into new areas of the Indio Maiz buffer zone.</p> <p>iii. FUNDICCEP – New funds secured for sustainable agriculture and ecotourism for La Amistad buffer zone communities through ADATA. APROTENG won several new grants to promote sustainable agriculture.</p>
	<p>Three sub-corridors under improved governance for sustainable development through achievement of key conservation milestones.</p>	<p>In Nicaragua, collaborative work programs developed and implemented for the SE conservation corridor between local NGOs and ethnic communities. As one indicator, a process of dialogue and conflict resolution over land tenure has resulted in reduction of conflicts over land.</p> <p>In the two sub-corridors of Panama, NGO collaboration has improved significantly. In the Caribbean, new indigenous sustainable development groups were established. The RECAP alliance has brought together for the first time leading local indigenous and environmental NGOs work collaboratively on sustainable development objectives. Furthermore, NGOs from the Caribbean and Pacific side of La Amistad are also collaborating for the first time.</p> <p>Due to the political difficulties in Panama, several governance goals remain stalled, such as the establishment of a community management committee for La Amistad.</p>
<p><b>Outcome 2.</b> Governance and management structures and plans improved in over 1.4 million hectares in Southeast Nicaragua and La Amistad Biosphere Reserve in Panama. \$775,000</p>	<p>Four KBAs demonstrate improvements in their protection and management</p> <ol style="list-style-type: none"> <li>1. Indio Maiz Biological Reserve (263,980 ha)</li> <li>2. La Amistad International Park, Panamá (207,000 ha)</li> <li>3. Palo Seco Forest Reserve (125,000 ha)</li> <li>4. Volcan Baru National Park (14,000 ha)</li> </ol>	<p>263,980 ha - Indio Maiz Reserve experienced no net loss of habitat.</p> <p>14,000 ha – Volcan Baru was saved from de-gazement to tourism interests.</p> <p>125,000 ha (Palo Seco) and 207,000 ha (La Amistad) are not under improved management, as mining, hydropower development, and road building remain as strong threats.</p>
	<p>Over one million hectares in production landscapes with improved management for biodiversity conservation.</p> <ol style="list-style-type: none"> <li>1. 54,900 ha – Punta Gorda Nature Reserve</li> <li>2. 339,400 ha – Cerro Silva Nature Reserve</li> <li>3. 10,000 ha – Naso</li> </ol>	<p>About 457,000 ha under sustainable production and management improvements:</p> <p>407,000 hectares in Rama-Kriol indigenous territory, which overlap with Punta Gorda and Cerro Silva nature reserves, officially titled. Capacity building targets achieved. 54,900 ha (Punta Gorda Nature Reserve) and 339,400 ha (Cerro Silva Nature Reserve) now have approved management plans.</p>

	<p>indigenous territory</p> <p>4. 600,000 ha – Ngöbe – Bugle indigenous territory</p> <p>5. 10,000 ha – La Amistad Pacific Buffer Zone</p>	<p>50,000 ha under sustainable cocoa production in the Indio Maiz buffer zone.</p> <p>Other targets continue threatened by mining, road, and hydropower development in Panama.</p>
	<p>100% of targeted communities involved in sustainable use projects demonstrate tangible socioeconomic benefits.</p>	<p>Planned targets achieved as expected.</p> <p>In Nicaragua, community promoters selected to serve as local conservation leaders and capacity building modules for sustainable development implemented. Cacao farmers continue to expand their sustainable production.</p> <p>In Panama, funding secured for environmentally compatible agriculture and ecotourism in buffer zone communities.</p>
	<p>Four projects located outside protected areas integrate biodiversity conservation in management practices.</p>	<p>Progress on three projects as planned.</p> <p>FUNDAR – Support to cacao farmers to improve corridor-level connectivity.</p> <p>FUNDICCEP – Support conservation agriculture and ecotourism for connectivity. New funds secured for sustainable production.</p> <p>URACCAN – Capacity building of Rama, Kriol, and mestizos to ensure the sustainable development of their territory for maintaining hotspot-level connectivity.</p>
<p><b>Outcome 3.</b> Four civil society partners and three stakeholder alliances demonstrate requisite organizational and program management capacity in order to undertake effective, well coordinated conservation actions in the future.</p> <p>\$300,000</p>	<p>Four local civil society groups demonstrate improved institutional capacity to foster sustainability</p>	<p>Institutional scorecards completed to determine baselines and identify capacity building priorities. Strategies and work plans developed and in implementation.</p> <p>FUNDAR completes its strategic plan, achieves targets in financial management strengthening, communications plan, and overall institutional management. Success in attracting new funds.</p> <p>FUNDICEPP undertakes four activities to achieve sustainability: i. purchase and commencement of construction of their office; ii. Strengthened outreach to donors in Panama City, particularly the GEF small grants; and iii. Purchase two farms for income generation.</p> <p>APROTENG undergoes significant capacity building and secures new projects to build its sustainability. ADATA completes its strategic planning and continues to secure new projects.</p>

	Eight stakeholder networks strengthened to support long-term conservation action by replicating and scaling up CEPF successes.	AADATA, COCBIO, RECAP, Quercus, FINCOS, San Juan Cacao Farmers Association, and La Amistad network, continue to engage in various institutional strengthening efforts, including development of collaborative work plans, training sessions, strategy development, and fund raising.
<p><b>Outcome 4:</b> Stable funding mechanisms are operational in support of priority management needs in southeast Nicaragua and La Amistad – Panama.</p> <p>\$300,000</p>	Three sustainable financing mechanisms established and/or strengthened with initial capital secured.	<p>In Nicaragua, plans for a regional trust fund advanced through consultations with stakeholders, outreach to potential donors, and development of operational designs for the trust fund.</p> <p>Organically certified cocoa for export to Europe continues to expand to new areas.</p> <p>In Panama, agreement signed with Fundación Natura to design sustainable financing mechanism did not advance due to a change in Natura’s management, which decided not to focus on La Amistad.</p>