

## **Annual Portfolio Review: Tropical Andes Region**

January 2011 to December 2011

### **Introduction**

Known as the “Global Center of Biodiversity,” the Tropical Andes biodiversity hotspot is the most diverse region on the planet in terms of species endemism and richness. The hotspot stretches along the eastern slopes of the Andes from northwestern Venezuela to the northwestern corner of Argentina, covering 150 million hectares. It is shaped by steep altitude gradients between snow-capped peaks, complex valleys, and a piedmont zone above 500 meters. Below is the vast wilderness of Amazon rain forest.

Given its high importance, the Tropical Andes was among the first three regions selected by CEPF to receive funding, from 2001 to 2006. CEPF and its partners adopted an ambitious landscape-scale agenda that called for strengthening the Vilcabamba-Amboró Corridor, a 30-million hectare swath of forest containing 16 large protected areas in Bolivia and Peru. CEPF’s investment strategy was developed through two multi-stakeholder workshops where consensus emerged on the need to create a mega-corridor for management as a cohesive and integrated unit, to be characterized by a mosaic of protected areas and reserves under sustainable management. To achieve this vision, CEPF aimed to expand coverage of protected areas; strengthen management in existing areas; reduce threats, particularly from colonization, logging, agricultural encroachment, and mining; and achieve greater coordination between various stakeholders.

CEPF’s total investment of \$6.13 million through 31 grants yielded impressive achievements. More than 4.0 million hectares were brought under new protection. Sixteen protected areas covering more than 20 million hectares benefited through a variety of management improvements, including the preparation of management plans, establishment of local co-management committees, and development of eco-enterprises for local communities.

Although many important objectives were achieved, several significant threats remained and new ones emerged. Under the South American Infrastructure Integration Initiative (IIRSA), the corridor started to undergo dramatic change, as road, petroleum, mining, hydroelectric, canalization, and other infrastructure projects expanded their operations significantly. The most imminent threats emerged from the construction of the Southern Inter-Oceanic Highway in Peru and the Northern Corridor Highway in Bolivia. The Inter-Oceanic Highway would be the first paved roadway connecting the Atlantic and Pacific Oceans in South America. While many economic opportunities were expected to arise, road upgrading also would fuel migration, deforestation, land invasion and speculation, hunting and mining. Given these challenges, CEPF approved the consolidation program in late 2008 to target high priority needs in the Tambopata - Pilon Lajas sub-corridor to mitigate the expected environmental impacts produced through the road upgrading.

This report covers progress in the Tropical Andes consolidation program from January 1, 2011 to December 31, 2011. The information and analysis provided are based on grantee progress and final reports and a field visit conducted by the Grant Director in January/February 2012.

### Niche for CEPF Investment

CEPF embarked on a consolidation phase in 2008 with an approved budget of \$2.185 million. The consolidation strategy aimed to address high priority needs in the eight protected areas considered to be most vulnerable to the potential threats introduced by the new roads. It contained four mutually-dependent investment priorities:

1. Support civil society participation in development planning and implementation for the Vilcabamba-Amboró Conservation Corridor, focusing on the Southern Inter-Oceanic and Northern Corridor highways.
2. Support management improvements to mitigate the adverse impacts arising from improved road access in the eight most vulnerable protected areas.
3. Support the establishment of sustainable financing mechanisms.
4. Support productive projects that maintain forest cover in areas of strategic value for corridor-level connectivity.

### Portfolio Status

The consolidation Tropical Andes portfolio completed its third year in 2011. All consolidation funding was committed to seven projects as presented in Table 1. Similar to CEPF's strategy during its first investment phase, the consolidation portfolio joined forces with national conservation funds in Peru and Bolivia to achieve nearly a 1:1 match: Fondo de las Americas del Peru (FONDAM), Fundación Para El Desarrollo Del Sistema Nacional de Áreas Protegidas (FUNDESNAPE) in Bolivia, and Fundación Protección y Uso Sostenible del Medio Ambiente (PUMA) in Bolivia. These partnerships provided 14 sub-grants to local organizations.

**Table 1 - CEPF Grantees in Peru and Bolivia**

Organization	Title	Amount	Active Dates	Performance Assessment
<b>Conservation International (CI) – Bolivia and Peru</b> Subgrantees: - La Molina Agricultural University – Conservation Data Center.	Fostering Stakeholder Collaboration and Monitoring the Impacts and the Conservation Actions Around Infrastructure Projects in the Vilcabamba-Amboró Conservation Corridor	\$250,000	January 2009 – June 2012	On track
<b>Fondo de las Américas del Perú (FONDAM), Peru</b> Subgrantees: - Conservación Ambiental y Desarrollo en el Perú CAMDE - Asociación Caritas Madre de Dios, - Asociación Agricultura Ecológica (AAE)	Strengthening Connectivity Along Peru's Inter-Oceanic Highway in Madre de Dios through the Sustainable Use of Natural Resources and Economic Development (FONDAM II) <sup>1</sup>	\$235,000	January 2009 – December 2011	Mixed performance for sub-grants: On track - Accion Agraria Missed targets – CAMDE and Caritas Suspended – AAE

<sup>1</sup> CEPF refers to FONDAM's first grant from 2005 to 2008 as FONDAM I, and its two consolidation grants as FONDAM II and III.

Organization	Title	Amount	Active Dates	Performance Assessment
- Asociación para el Desarrollo Económico y Social del Agro – ACCION AGRARIA				
<b>Fondo de las Américas del Perú (FONDAM), Peru</b> Subgrantee: - Association for Research and Integrated Development (AIDER).	Strengthening of the Management and Financial Sustainability of Key Protected Areas along the Southern Inter-Oceanic Highway in Madre de Dios, Peru (FONDAM III)	\$102,232	July 2009 – December 2012	Generally on track with minor delays.
<b>Fundación Para El Desarrollo Del Sistema Nacional de Áreas Protegidas, Fundación Protección y Uso Sostenible del Medio Ambiente (FUNDESNA), Bolivia</b> Subgrantees: - Instituto de Ecología (IE) - Consejo Regional Tsimane Mosestén (CRTM): - Federación de Asociaciones Municipales (FAM) - World Wildlife Fund - Bolivia	Mitigating the Potential Environmental and Social Impacts Generated by the Northern Corridor Road Construction Project in Bolivia	\$655,000	January 2009 – June 2012	Mixed performance for sub-grants: On track - WWF and IE; Delayed - CRTM; Suspended – FAM.  Mixed performance on FUNDESNA components with delays in implementation.
<b>Fundación Peruana para la Conservación de la Naturaleza (PRONATURALEZA), Peru</b>	Promoting Civil Society Participation and Field-Level Monitoring to Mitigate the Environmental and Social Impacts of the Peruvian Inter-Oceanic Highway in the Vilcabamba–Amoró Conservation Corridor	\$493,453	January 2009 – December 2012	Generally on track with minor delays.
<b>Fundación Protección y Uso Sostenible del Medio Ambiente (PUMA), Bolivia</b> Sub-grantees: - Asociación Económica de Productores y Acopiadores de Cacao - Centro Experimental de Asistencia Técnica Agropecuaria CEATA - Turismo Ecológico Social TES - Programa de Implementación de sistemas Agroforestales PRISA - Fundación ECOTOP	Impact Mitigation for Biodiversity Conservation in High Risk Areas of the Northern Corridor Highway in Bolivia	\$250,000	November 2008 – June 2012	Generally on track with minor delays.
<b>Asociación para la Investigación y Desarrollo Integral, Perú</b>	Preparing Peru's Madre de Dios Region for REDD+	\$199,315	August 2011 – December 2012	Generally on track with minor delays.

CEPF realized the following amendments and contracts in 2011:

- In July 2011, CEPF signed an amendment to reduce the scope and budget by \$362,768 of FONDAM III after the project did not identify sub-granting organizations to implement components associated with sustainable financing and protected areas strengthening. Although FONDAM had issued two calls for proposals in 2010 and 2011, it was only able to identify and contract work for one of three targeted protected areas, that of

Tambopata National Reserve to AIDER. As a result, no organizations were identified or contracted for Alto Purus and Bahuaja Sonene. Furthermore, despite significant attention devoted to identifying suitable sub-grantees and sites under the sustainable financing component, efforts were unsuccessful for reasons detailed in the 2010 Annual Portfolio Overview. Due to these problems, CEPF and FONDAM agreed to remove these components and associated budgets from this grant, allowing CEPF to contract these components directly to Pronaturaleza and AIDER as detailed in the next two bullets.

- In August 2011, CEPF amended an existing grant to Pronaturaleza to integrate one of the FONDAM III components, that of promoting the social and economic sustainability of Bahuaja Sonene National Park. CEPF identified Pronaturaleza as the best option for assuming responsibility for CEPF's strategy in Bahuaja Sonene based on the organization's longstanding experience in the park and on the existence of a highly complementary project funded by the Government of Belgium in Pronaturaleza's portfolio. The amendment expanded the Pronaturaleza project to support the strengthening of local civil society and community participation in decision making related to the park's management through the local management committee, improved border protection and community monitoring in sites vulnerable to gold mining, and support for the updating of the management plan. The amendment added \$163,453 to the grant and extended its end date to December 2012.
- In August 2011, CEPF awarded the Asociación para la Investigación y Desarrollo Integral (AIDER) a grant for \$199,315 to promote REDD+ as a mechanism for sustainable conservation financing in Madre de Dios. The grant aims to increase the understanding and technical capacity of local stakeholders for REDD+, targeting local and regional governments, grassroots conservation groups, agricultural producers, indigenous communities, and protected areas management committees. It also calls for promoting consensus on a deforestation map to serve as a baseline and the development of a participatory REDD+ strategy for Madre de Dios.
- In Bolivia, FUNDESAP had dedicated several months in 2010 to redesign several parts of its grant, which resulted in an amendment in January 2011. The need for the amendment was based on several factors. Discussions with the Government of Bolivia found that significant donor investments were planned for REDD projects, thus making CEPF's small investment for REDD+ not a strategic priority. As a result, FUNDESAP decided to dedicate more attention to promoting the sustainable funding of high priority protected areas. Another change involved replacing a sub-granting organization designated to implement the component for strengthening management in Madidi and Manuripi, from the local group Herencia to WWF-Bolivia. In December 2011, CEPF signed another amendment extending the grant by six months.
- In January 2011, CEPF signed an amendment with Conservation International to realign several budget line items and to extend the project. No changes were made to the components or impacts.

## 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

As Table 1 shows, one of CEPF's seven grants achieved its 2011 targets as planned (Conservation International); four grants performed on target but encountered minor delays in implementing individual products (FONDAM III, Pronaturaleza, PUMA, and AIDER); and two grants missed several significant targets (FONDAM II and FUNDESAP). Implementation of grant components pursuing investment priorities 1 (civil society engagement) and 2 (protected areas strengthening) experienced the strongest performance. Components dedicated to achieving targets under investment priority 4 (connectivity) missed some targets, while targets under investment priority 3 (sustainable financing) were slower than expected. Several factors weighed into the achievement of 2011 targets:

- In Peru, illegal gold mining in the buffer zone of Tambopata National Reserve consumed a significant amount of time and energy of local civil society groups, time that could have been spent on achieving other conservation outcomes. The gold boom has resulted in significant deforestation, social conflict, water pollution, and inflation. Its impact for the sub-grants was that local labor costs skyrocketed, making it hard for project beneficiaries to hire seasonal help, particularly for sub-grants promoting agroforestry. Furthermore, the region has experienced a drought in 2011, which caused fires and made farming difficult.
- In Bolivia, several beneficiary groups in the FUNDESAP project participated in a series of protests surrounding the TIPNIS Project, in which Amazonian indigenous communities rallied against government plans to build a highway through the Isiboro Secure Indigenous Territory and National Park. As a result, the FUNDESAP project encountered delays.
- In August 2011, FONDAM suspended its sub-grant to the Asociación de Agricultura Ecológica (AAE) due to poor programmatic and financial performance. FONDAM noted that the project encountered difficulties after the project's technical director passed away. Despite FONDAM's efforts to provide technical and administrative assistance to the project, the lags persisted.
- In November 2011, FUNDESAP suspended its sub-grant to the Federación de Asociaciones Municipales (FAM) due to poor performance. FUNDESAP noted that FAM had undergone management changes months earlier, and that the new administration failed to dedicate sufficient attention to the project, which resulted in significant delays. Although FUNDESAP made several attempts to address the problems, FAM continued to demonstrate little interest in the project. As a result, FUNDESAP suspended the sub-grant and entered into discussions with CEPF about re-assigned selected grant products within the project.

The impact of these delays was that the portfolio fell behind in projected spending rates. Since portfolio inception to December 2011, grantees spent a total \$1,398,424, which equals 86% of the \$1.629 million that was programmed to have been spent by December 2011, as determined by projected expenditures in grant proposals. (See Annex 1 for details on spending rates.) This spending rate represents an improvement from 2010, when the rate equaled 69%, or \$840,027 of the \$1.2 million that was programmed to have been spent by December 2010.

The improved performance and spending rates can be attributed to a series of amendments and contracts that were secured in both 2010 and 2011 to address implementation bottlenecks. Many factors that lead to the delays were addressed by the end of 2011, which should put the portfolio on a strong footing for results achievement in 2012, the last year of implementation.

## **Portfolio Investment Highlights by Investment Priority**

### ***Investment priority 1: Support civil society participation in development planning and implementation for the Vilcabamba - Amboró Conservation Corridor, focusing on the Inter-Oceanic and Northern Corridor highways.***

This investment priority aims to support a network of local civil society groups and citizens in Peru and Bolivia to strengthen participatory environmental management and monitoring systems as needed to mitigate the threats emerging from the two highways. Components within grants to CI, FUNDESNAPE, and Pronaturaleza support this investment priority.

#### **2011 Highlights for Investment Priority 1**

##### **Peru**

- Pronaturaleza continued support to the Working Group of Civil Society (known by its Spanish acronym GTSC) and its three regional chapters in Cuzco, Madre de Dios, and Puno, the three regions to be most directly impacted by the Inter-Oceanic Highway. The GTSC is comprised of 56 grassroots and national NGOs, universities, businesses, and individuals dedicated to promoting the environmental and social sustainability of infrastructure projects. Through this support, local civil society groups engaged in dialogue and technical assistance on a range of issues that impacts the entire corridor, including threats from gold mining, proposal to build the Inambari Hydroelectric Dam, declaration of new protected areas in the region, consultations on a new forestry and wildlife law, as well as mitigation of the impacts stemming from the Inter-Oceanic Highway.
- Pronaturaleza and AIDER enabled grassroots civil society groups representing conservationists, local residents and farmers to engage actively in efforts to combat illegal gold mining in the buffer zone of Tambopata National Reserve. These local groups played a lead role in Madre de Dios' Regional Environmental Commission and engaged closely with national government efforts to control the mining.
- Through support from CI and Pronaturaleza, local civil society participated actively in consultations to review past experience in mitigating the social and environmental impacts of the Southern Inter-Oceanic Highway, as financed by the Andean Development Bank (CAF), and to provide input into the design of a new three-year, \$27 million program. Pronaturaleza reports that the Ministry of Economy and Finance adopted many of the recommendations made by CEPF partners into designs for the new CAF project.

- Analysis of the impacts of the road in Madre de Dios has generated a wealth of socio-economic and environmental data which was extensively disseminated for local planning to municipal, regional, and national agencies. The analysis filled an important gap since data on development and environmental trends in Madre de Dios. The monitoring provided a tool to the Madre de Dios regional government officials, who showed very strong interest in the information, for development planning.
- Pronaturaleza worked closely with local communities to develop two proposals for consideration for funding by regional governments – one proposal for Madre de Dios requests support to continue monitoring of the environmental and social impacts of the highway, and the other proposal seeks to address the problem of solid waste in Puno.
- CI and the CDC La Molina issued a final report and a web-based tool on historical deforestation in Madre de Dios. CI also compiled a report on initiatives dedicated to conservation in Madre de Dios to promote improved coordination among key conservation decision makers and actors.

### **Bolivia**

- Representatives from local communities, municipalities, universities, protected areas staff, and national public and private groups established local committees to monitoring the environmental and socio-economic impacts of two sections of the Northern Corridor highway project: one for the Yucumo - Rurrenabaque segment financed by Inter-American Development Bank which runs along the eastern border of Pilón Lajas, and the other for the San Buenaventura – Ixiamas segment financed by The World Bank which runs along the eastern border of Madidi National Park. All municipalities located along the roads were actively engaged in the local monitoring committees. The committee dedicated to the Yucumo - Rurrenabaque segment conducted four site visits where construction has commenced and identified a series of lapses in implementing measures contained in the road's official environmental impact assessment. Based on these trips, the local committee produced three reports in 2011 with their findings, which were presented to appropriate authorities, including the ministries responsible for the environment and transportations and the country's ombudsman. FUNDENSAP reports that as a result of these reports and presentations, authorities met with members of the local monitoring committees to discuss their concerns and began to address several of them.
- The Regional Council of the Tsimane Mosen (CRTM), an indigenous group with co-management responsibilities for Pilón Lajas Biosphere Reserve, has undergone several institutional strengthening exercises related to its administrative and organizational capacity. The signing of the CEPF sub-grant represents the first time in Bolivian history that an indigenous group is a direct beneficiary of such international donor funds. The CRTM has grown in the country as a leader within the indigenous community of Bolivia.
- In close collaboration with local communities, the Institute of Ecology finished designing a monitoring program to assess the social and environmental impacts of the road project for the Yucumo – Rurrenabaque road segment. It worked closely with these communities to develop the plan and to gather the baseline data. This initiative has attracted new funding.
- CI issued an analysis of deforestation from 1976 to 2010 of the area to be impacted by the Northern Corridor project. It has disseminated the analysis to local decision makers.

***Investment priority 2: Support management improvements to mitigate the adverse impacts arising from improved road access in the eight most vulnerable protected areas.***

This strategic direction seeks to mitigate the impacts of improved road access through strengthening of civil society participation in protected areas management, mainly by establishing and strengthening community management committees and improving patrolling in target areas. In the course of implementation, priorities now focus on the five protected areas considered to be most affected by the roads, which together cover over 7 million hectares:

<b>Lead Grantee / Sub-Grantee</b>	<b>Protected Areas</b>
FUNDESAP - Regional Council of the Tsimane Mosen (CRTM) -	Pilón Lajas Biosphere Reserve
FUNDESAP - WWF – Bolivia	Madidi National Park Manuripi Amazonian National Wildlife Reserve
Fundación Peruana para la Conservación de la Naturaleza (PRONATURALEZA)	Bahuaja Sonene National Park
FONDAM - Association for Research and Integrated Development (AIDER)	Tambopata National Reserve

**2011 Highlights for Investment Priority 2**

**Peru**

- Under FONDAM’s sub-grant to AIDER, efforts focused on strengthening the Tambopata local management committee, which is comprised of the reserve director and local stakeholder groups. AIDER helped the committee develop a five-year strategic plan through a highly participatory approach that involved consultation with 120 people. AIDER also identified and fund raised to purchase land to build a new office for the management committee. The management committee has been particularly active in addressing gold mining in the buffer zone of Tambopata. By carrying out a series of consultations and outreach efforts with communities and government authorities in Madre de Dios and in Lima, the management committee kept the problem at the forefront of the government’s priorities.
- AIDER strengthened a community park guard volunteer program that engaged local people in patrolling and monitoring Tambopata, thus strengthening efforts to stop encroachment in sensitive areas of the reserve. The project developed and implemented a training plan, and provided volunteers with equipment and supplies for patrolling.
- Under the grant to Pronaturaleza, the management committee for Bahuaja Sonene National Park was reactivated and reorganized to better alignment with the park’s geographic sectors and cultures. Pronaturaleza also conducted a threats analysis of the national park, focusing on illegal mining and logging, in anticipation of the updating of the area’s management plan in 2012. Based on the analysis and consultations with the park director and communities, Pronaturaleza identified target sites for establishing of a volunteer community patrolling program to be financed by CEPF.

## **Bolivia**

- Under FUNDENSAP's sub-grants to the CRTM and WWF, patrolling and protection plans were completed and implemented collaboratively with local communities and the park service for Pílon Lajas, Madidi, and Manuripi, which together cover more than 3 million hectares. As co-managers of Pílon Lajas, CRTM received basic equipment to improve protection actions. For Madidi, WWF refurbished a guard station and purchased basic equipment to aid in patrolling vulnerable sites. Data shows that patrolling increased by 30% in the most vulnerable sites with the project.
- An overflight of Pílon Lajas Biosphere Reserve revealed new settlements, access routes, and agricultural encroachment into the protected area along the Northern Corridor Highway. The information was used to update the protected area's patrolling and protection plan.

### ***Investment priority 3: Support the establishment of sustainable financing mechanisms.***

This investment priority originally called for promoting sustainable financing in six protected areas – Alto Purus, Apolobamba, Bahuaja Sonene, Madidi, Pampas del Yacuma, Pílon Lajas and Tambopata – by supporting the creation and consolidation of various sustainable financing mechanisms. In the course of implementation, CEPF and its partners decided to focus more on those opportunities that showed the greatest promise of generating sustainable income. Therefore, the sites under this investment objective now target four protected areas – Madidi, Manuripi, Pílon Lajas and Tambopata – and the entire Peruvian department of Madre de Dios. This investment priority is implemented by FONDAM, FUNDESAP, AIDER, and CI.

### **2011 Highlights for Investment Priority 3**

## **Peru**

- AIDER established a formal agreement with GOREMAD (the environmental authority within the regional government of Madre de Dios) to provide technical assistance for building REDD+ readiness for the entire department. Tasks included developing a deforestation baseline for the region, building a regional REDD+ strategy, and improving capacity of key local stakeholder groups. AIDER established its office inside the natural resource management office of GOREMAD. Early project activities included support to a regional roundtable on environmental services and REDD+ to foster stakeholder collaboration. To help build the REDD+ strategy for Madre de Dios, AIDER collected data and developed a comprehensive list of projects and organizations working on REDD+.
- AIDER also worked with the Tambopata management committee and reserve director to design a volunteer naturalist program in which foreign volunteers pay to work on such activities as wildlife monitoring inside the reserve. Modeled after similar programs in the region, the program calls for having the volunteers live for several months with park guards in their outposts, thus helping to pay for maintenance of these posts while carrying out critical protected areas management activities. The program is expected to begin in 2012 and attract as many as 200 volunteers in the first year.

## **Bolivia**

- CI and FUNDESAP received preliminary approval from The World Bank office for a \$2.2 million project entitled Integrated Community-Driven Territorial Development for Remote Communities in the Amazon Project, to be funded by the Japan Social Development Fund (JSDF) and managed by the World Bank. This project forms part of the World Bank's

National Roads and Airport Infrastructure Project, which was approved in May 2011 for \$109.5 million to upgrade a local airport and dirt road that runs from the towns of San Buenaventura to Ixiamas in the buffer zone of Madidi National Park. To complement the World Bank's infrastructure project, JSDF agreed to support small-scale sustainable development projects and participatory municipal land-use planning along the road. The World Bank office in Bolivia selected FUNDESAP and Conservation International – Bolivia to implement the JSDF project based on several factors, including their CEPF experience working in the same sites with indigenous and multicultural communities on sustainable development in conjunction with road projects.

- FUNDESAP completed its financial assessments and sustainability action plans for the following protected areas: Pilón Lajas, Madidi, Manuripi, Los Santos Reyes and Pampas del Yacuma. Several financing schemes were identified as priorities for CEPF support in 2012, including establishment of dedicated trust funds for individual protected areas and supporting a newly established entrance fee system for tourists to finance park operations and community development in Madidi and Pilón Lajas.
- To raise funds to implement these action plans, FUNDESAP developed three proposals and organized eight events with the participation of local park directors targeting a variety of private and public donors. These events included outreach to existing donors in La Paz, as well as a trip to the US to meet with other donors.

***Investment priority 4: Support productive projects that maintain forest cover in areas of strategic value for corridor-level connectivity.***

This investment priority aims to maintain sustainable land-use practices in areas where the roads traverse biologically important parts of the Castaña and Malinowsky conservation sub-corridors, which are comprised of protected areas and tracts under sustainable land-use activities such as Brazil nut cultivation. It is important to note that no other donor or government agency is working in the sectors where CEPF has invested. Local communities feel abandoned by their government, making the investment by CEPF and its partners all the more important.

Nine sub-grants under grants to FONDAM and PUMA supported this investment priority. Performance of this investment priority was mixed. In Bolivia, PUMA reports that of the five sub-grantees, 60% of all the project objectives have been achieved satisfactorily, while 40% had been delayed. They note that 90% of the targets have been achieved related to the installation of agroforestry parcels and environmental stewardship.

In Peru, FONDAM reports that three of the four sub-grants supported under FONDAM II did not achieve their targets. The one satisfactory sub-grant was executed by the NGO Accion Agraria, which established a community-based association of small cattle ranchers located along the Inter-Oceanic Highway. The sub-grant introduced agroforestry, improved infrastructure for livestock, and improved cattle stock and grazing practices.

The other three FONDAM III sub-grants achieved some of their targets. FONDAM suspended the sub-grant to the Asociacion de Agricultura Ecologica (AAE) in August 2011 due to poor programmatic and financial performance, which was attributed in part to management difficulties following the death of the organization's president. A sub-grant to the CAMDE, which supported the Brazil nut processing plant, also encountered difficulties due to design flaws related to a processing plant, which impeded the association's ability to obtain the needed sanitary

certifications. A sub-grant to Caritas also ran into problems related to the logistics of entering the isolated project site and then maintaining beneficiary engagement.

### **2011 Highlights for Investment Priority 4**

#### **Bolivia**

- PUMA sub-grants were designed to promote land-use practices that provide economic incentives to small-scale migrant farmers to maintain forest connectivity in an area that lies between the Northern Corridor Highway and the protected areas of Pilón Lajas and Madidi. The goal of these projects was to offer local communities economic incentives to adopt agroforestry systems that maintain forest cover and connectivity as an alternative to having these farmers convert their lands for less environmentally sustainable activities. Three of the five projects promote cacao production, while the other two project support the cultivation of copoazu (a special variety of white cacao produced in the Amazon) and jipijapa (a fiber used to make souvenirs for sale to tourists). The five sub-grantees, which are community-based groups, undertook several activities building on their efforts the previous year, including receiving training to build their institutional capacity, establishing tree nurseries, building necessary infrastructure, and establishing agroforestry plots.
- A total of 288 poor families in 31 communities, who together own 32,448 hectares along the Northern Corridor Highway, have directly benefitted from the PUMA project. Forest cover through the adoption of agroforestry techniques expanded on 174.5 hectares.
- PUMA reports that sub-grantees earned about \$20,000 from new sales under their CEPF project. They participated in five marketing expos in Bolivia.
- In 2011, beneficiaries harvested their cocoa and successfully marketed their products for the first time to the Bolivian chocolatier El Ceibo, which exports fine organic chocolates internationally. Highly sought native “criollo” cocoa beans garnered significant more money than non-native varieties.
- A women’s community enterprise that produces high quality baskets and other handicrafts from the Jipijapa fiber reports that members not only increased their income significantly, but the work allowed them to stay at home to care for their children, while also meeting with other women in their communities to build their business skills.
- Five community-based organizations demonstrated significant progress in building their institutional capacity for agroforestry, adopting improved land management practices, and business development. Furthermore, the project’s environmental education efforts have created understanding of the importance of environmental stewardship in the targeted communities.

#### **Peru**

- FONDAM’s grant to support four sub-grantees implemented community-based agroforestry projects in biologic strategic locations along the Inter-Oceanic highway came to a conclusion in December 2011. FONDAM reports that 29 sites experienced improved land management and agroforestry practices, directly benefiting 135 families. Three projects worked directly with local communities on agroforestry projects, supporting soil restoration, reforestation, sustainable cattle ranching, and the production of cacao, bananas, and various fruits. The fourth project supported the CASAL Brazil nut association to improve their production and post-harvesting procedures. Several factors weighed into performance in 2011. Most notably, a gold boom in Madre de Dios became an

unexpected yet significant threat to several important areas in the department. It caused a shortage of low cost seasonal labor.

- Seven new grassroots groups were legally established, including one private firm, to promote sustainable agriculture for the restoration, management, and conservation of key areas of the conservation corridor.
- Years of FONDAM and CEPF support for agroforestry in Madre de Dios led to the creation of an informal alliance of organizations working in agroforestry. One tangible outcome of alliances was been the adoption of an agroforestry strategy for the entire Madre de Dios department.

### **Collaboration with CEPF Donor Partners**

Positive collaboration has emerged in Bolivia between the local CI office, FUNDESAP, and The World Bank. CI, FUNDESAP, and the Bank held several meetings in 2010 and 2011 related to mitigating the impacts of the Bank's road upgrading project between the towns of San Buenaventura and Ixiamas. CI accompanied Bank staff to the field to help identify opportunities for community development based on conservation. As detailed in the highlights section of investment priority 3, CI and FUNDESAP received preliminary approval of a \$2.2 million project to be financed by the Japan Social Development Fund and managed by the Bank.

### **Compliance with CEPF Safeguards Policies**

An assessment of all grants and sub-grants determined that two grants triggered CEPF's safeguards policy. FUNDESAP's sub-grant to Consejo Regional Tsimane Mosestén (CRTM) triggered the Indigenous Peoples safeguard based on its plans to strengthen Pilon Lajas Biosphere Reserve, which is classified as indigenous territory. All safeguard requirements have been fulfilled. The Involuntary Resettlement safeguard policy was triggered under two additional sub-grants: (i) FUNDESAP's sub-grant to WWF-Bolivia, which aims to strengthen protection activities in Madidi National Park and Manuripi Amazonian National Wildlife Reserve, and (ii) FONDAM III's sub-grant to AIDER which aims to engage in community monitoring in Tambopata National Reserve. Both sub-grantees developed their involuntary resettlement frameworks to ensure full compliance with the safeguards.

Based on a review of program reports and site visits, CEPF is satisfied that safeguard guidelines and activities remain in compliance. No complaints have been received to warrant concern.

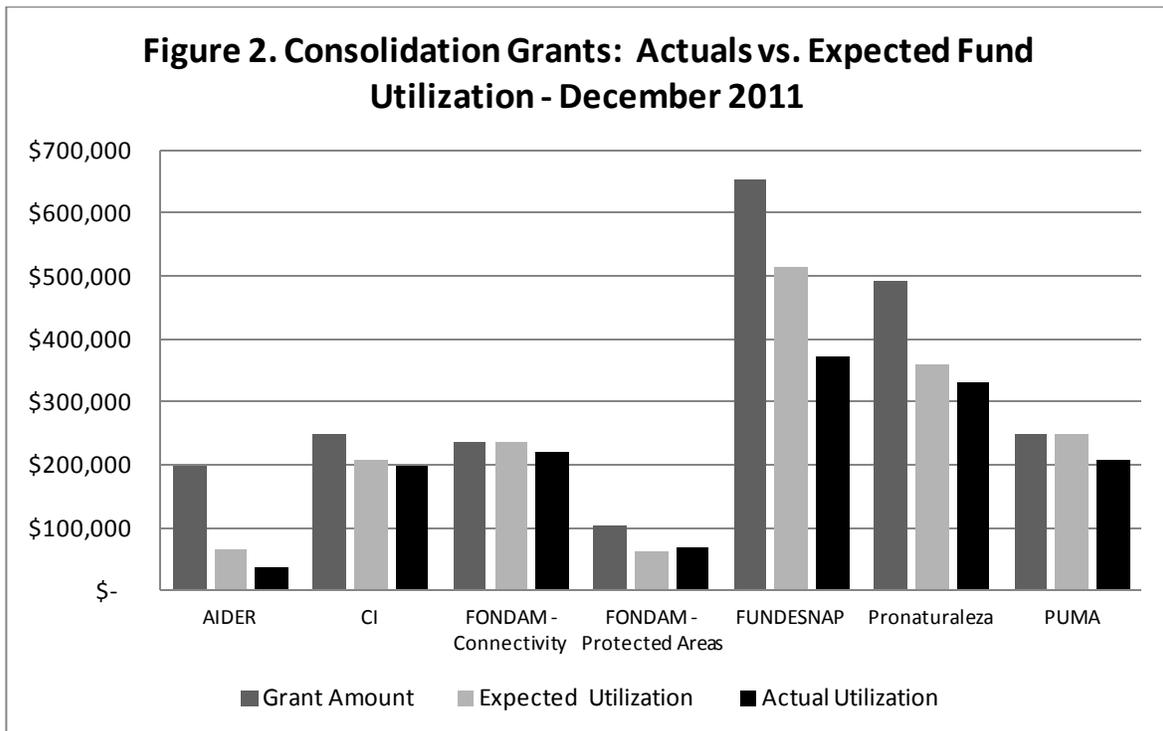
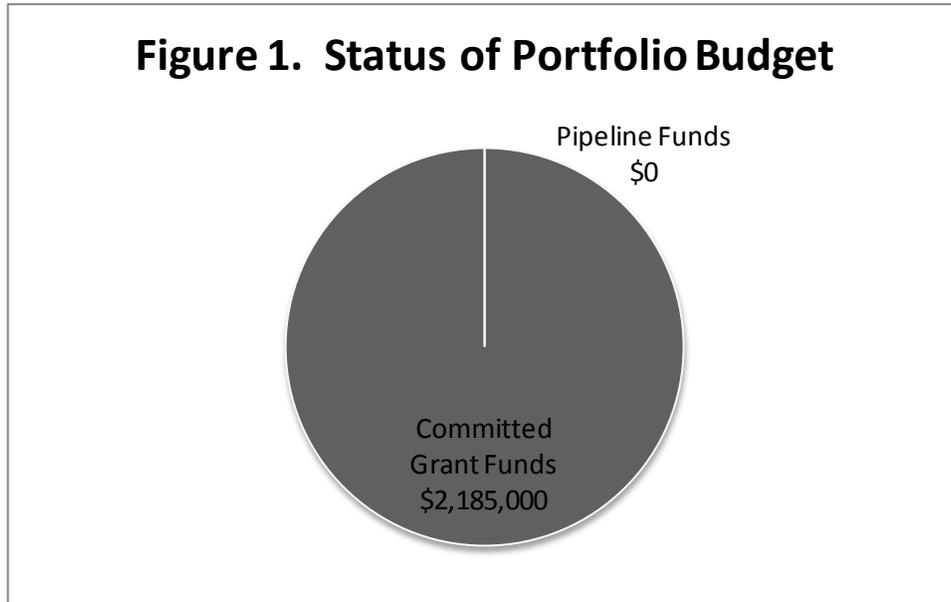
### **Conclusion**

In its third year of consolidation, the Tropical Andes portfolio experienced several contractual modifications and a number of set-backs within a challenging operating milieu. At the same time, the portfolio demonstrated significant contributions to secure long-term conservation and development goals by strengthening local community and civil society engagement in protected areas management and rural development, while mitigating potential environmental impacts from road upgrading projects.

Under consolidation, CEPF's greatest contribution in Peru and Bolivia has been its ability to help local people become active participants in determining the future of their communities and natural resources. In Peru, CEPF has helped local people work closely with government entities to deal with the rapid expansion of gold mining in fragile lands and to monitor their protected areas to prevent their degradation. In Bolivia, well-informed local communities are actively engaged in monitoring the construction of road upgrading and in negotiating with governmental entities regarding their development. In both countries, green enterprises are growing and providing economic incentives for good environmental stewardship. Furthermore, protected areas themselves are being improved, by engaging communities and by building a stronger financial base for their management.

As CEPF enters 2012, the last year of its engagement the region, several priorities for consolidation will be pursued to strengthen financial sustainability and community engagement. The portfolio stands in a good position to achieve many of the conservation outcomes sought in 2008.

**Annex 1. CEPF Investments in Tropical Andes, December 2010**



## Annex 2 – Update of the Logical Framework for CEPF Investment in the Tropical Andes

Objective	Targets	Progress
Reinforce and sustain the conservation gains achieved as a result of previous CEPF investment in the Vilcabamba – Amboró Conservation Corridor.	12.3 million ha located in key biodiversity areas with strengthened protection and management.	Four protected areas covering 6.1 million have documented management improvements. Another protected area covering 1.1 million hectares is in the process of being improved. Due to changes related to grants promoting sustainable financing, achievement of improved management in the entire 12.3 million ha is not feasible.
	\$2,000,000 leveraged	Total = \$1,072,517  FONDAM – CEPF Match - \$337,232 PUMA – CEPF Match - \$250,000 FUNDESNAP Match - \$485,285  By the end of CEPF’s portfolio, grantees will leverage at least another \$2.2 million.
	28,400 hectares in production landscapes with improved management for biodiversity conservation	21,731 hectares under direct management improvements lying within a production landscape measuring 54,179 of farmland and Brazil nuts concessions through eight community-based agroforestry sub-grants.
	Twelve stakeholder networks strengthened to support long-term conservation action by mitigating threats from road construction, and replicating and scaling up CEPF successes.	To date, seven networks have been strengthened: Peru – Civil society working group to mitigation the impacts of the Inter-Oceanic road (national, Puno y Madre de Dios), and Madre de Dios agroforestry network.  Bolivia- Two local environmental monitoring committees, community-based conservation enterprises. One network of PUMA cocoa producers
Intermediate Outcomes	Targets	Progress
<b>Outcome 1:</b> A. Conservation and human welfare considerations are fully incorporated into infrastructure and development plans for the	Eight policies influenced as a result of CEPF grant consolidation in order to mitigate the environmental and social impacts of the Inter-Oceanic Sur and Northern Corridor road construction projects.	Seven local and regional policies have been influenced by civil society groups, and one policy is in progress:  Peru- • The new environmental project

<p>VACC, particularly in areas impacted by the two highways. B. Donor collaboration and coordination achieved to fulfill conservation goals.</p>		<p>funding by CAF incorporated recommendations by local civil society;</p> <ul style="list-style-type: none"> <li>• Approval of Inambari hydroelectric dam is delayed pending environmental conditions;</li> <li>• Government in close consultation with local civil society regarding addressing illegal gold mining in Madre de Dios</li> <li>• Madre de Dios agroforestry policy based on CEPF and FONDAM sub-grants.</li> <li>• Improved patrolling of target protected areas to mitigate the impacts of the road.</li> <li>• Progress made in developing a REDD+ strategy for Madre de Dios.</li> </ul> <p>Bolivia</p> <ul style="list-style-type: none"> <li>• ABC (Bolivian road construction ministry) responded to concerns expressed by local management committees related to mitigating the impacts of road upgrading.</li> <li>• Improved patrolling of target protected areas to mitigate the impacts of the road.</li> </ul>
	<p>One public-private partnership between road construction company, government, and civil society to mainstream biodiversity into road construction and maintenance.</p>	<p>Collaboration with CONRISA– Pronaturaleza – CI has not proceeded as planned.</p>

<p><b>Outcome 2:</b> Management effectiveness improved in the eight protected areas, covering over 12.3 million hectares, that are the most vulnerable to new threats introduced by improved road access: Tambopata, Amaraeri, Bahuja Sonene, Alto Purus, Pilón Lajas, Madidi, Apolobamba, and Manuripi.</p>	<p>Eight KBAs demonstrate improvements in their protection and management:</p> <p>2,746,900 ha – Tambopata National Reserve  402,335 ha -Amarakaeri Communal Reserve  1,091,416 ha -Bahuja Sonene National Park  2,510,694 ha - Alto Purus National Park  400,000 ha - Pilón Lajas Biosphere Reserve  1.895.750 ha - Madidi National Park  483,743 ha – Apolobamba Integrated Management Natural Area  1,884,375 ha - Manuripi Amazonian National Wildlife Reserve</p>	<p>Grantees achieved important management targets in four KBAs:</p> <p>Tambopata National Reserve, Pilón Lajas Biosphere Reserve, Madidi National Park, Manuripi Amazonian National Wildlife Reserve.</p> <p>Management improvements are in progress in Bahuja Sonene National Park.</p> <p>No METT1s are outstanding for the region.</p> <p>Grantees did not engage in: Apolobamba Integrated Management Natural Area, Alto Purus National Park, and Amaraeri Communal Reserve.</p>
	<p>100% of targeted communities involved in sustainable use projects demonstrate tangible socioeconomic benefits.</p>	<p>29 communities through eight agroforestry sub-grants promoted sustainable resource use. Seven of the nine sub-grants have achieved local socio-economic benefits.</p>
	<p>Five projects enable effective stewardship by indigenous and local communities for biodiversity and ecosystem conservation.</p>	<p>Five grants (FONDAM II and III, FUNDESAP, PUMA, Pronaturaleza) have increased the capacity of local communities to serve as effective stewards of their ecosystems.</p>
<p><b>Outcome 3:</b> Stable funding mechanisms are operational in support of priority management needs in six protected: Tambopata, Bahuja Sonene, Alto Purus, Pilón Lajas, Madidi, and Manuripi.</p>	<p>Three sustainable financing mechanisms established and/or strengthened with initial capital secured.</p>	<p>Sustainable financing analysis completed for five protected areas in Bolivia.</p> <p>Grantees are establishing and/or strengthening sustainable financing activities in four KBAs: Tambopata National Reserve, Pilón Lajas Biosphere Reserve, Madidi National Park, Manuripi Amazonian National Wildlife Reserve.</p>
<p><b>Outcome 4:</b> Forest cover is maintained in strategic locations in the Castaña and Malinowsky Conservation Corridors.</p>	<p>Two sub-corridors under improved governance and management for sustainable development through achievement of key conservation milestones.</p>	<p>Seven of nine agroforestry projects have resulted in improved management in the two targeted sub-corridors to foster improved governance and management.</p>
	<p>Two projects located outside protected areas integrate biodiversity conservation in management practices.</p>	<p>Two projects (FONDAM II and PUMA) have integrated biodiversity conservation into land management practices.</p>