

Critical Ecosystem Partnership Fund

No-Objection Approval Pursuant to Section 2.03(c) of the Financing Agreement
2 February 2015

Ecosystem Profile for the Tropical Andes Biodiversity Hotspot

Recommended Action Item

The Donor Council is asked to approve on a no-objection basis the ecosystem profile for the Tropical Andes Biodiversity Hotspot. Similarly, the Donor Council is asked to increase CEPF's spending authority by \$10 million for the implementation of this profile.

The deadline for the no-objection approval is 18 March 2015.

Background

The ecosystem profile for the Tropical Andes Biodiversity Hotspot was prepared from September 2013 to September 2014, following Donor Council approval for reinvestment on 18 December 2012. Led by NatureServe in partnership with Ecuador-based EcoDecisión, the profiling process entailed consultation with more than 200 people representing civil society, government, and donors from all seven hotspot countries: Venezuela, Colombia, Ecuador, Peru, Bolivia, Chile and Argentina.

CEPF shared the full version of the ecosystem profile and a technical summary with the Working Group on 18 November 2014. Following Working Group discussion on 11 December 2014, CEPF incorporated all comments and recommendations into the final version of the profile as well as the technical summary. As a result, the investment strategy has a stronger focus on improving management of indigenous territories, mainstreaming biodiversity conservation into private sector ventures, and ensuring close collaboration with other conservation donors and Andean conservation trust funds. Further, following Working Group guidance, the profile has dedicated separate investment priorities for capacity building of indigenous groups and includes specific guidance on approaches that CEPF will support for private sector engagement. In addition, the profile has specific sections dedicated to the linkages between CEPF's previous investments and the new investment phase.

CEPF investment in the Tropical Andes, 2001 to 2013

The current profile builds on the results achieved and lessons learned from CEPF's previous investments in the Tropical Andes, which spanned two investment periods: Phase I took place from 2001 to 2006, and Phase II, the consolidation phase, took place from 2009 to 2013. Phase I investments totaled \$6.13 million and targeted the Vilcabamba-Amoró conservation corridor of southern Peru and northern Bolivia, a 30-million hectare swath of forested landscape that covers almost 20 percent of the hotspot area, where conservation actions were still largely nascent at the time of the investment. Several seminal achievements resulted:

- More than 4.4 million hectares were brought under legal protection through the declaration of nine new national parks, indigenous reserves, private protected areas and Brazil nut concessions.
- Seventeen protected areas covering nearly 10 million hectares experienced management improvements through the development and implementation of management plans and actions.
- Grassroots development projects in ecotourism, Brazil nuts and cocoa demonstrated to indigenous and mestizo communities how economic incentives can be generated from biodiversity conservation.

Phase II investments totaled \$1.79 million and targeted the smaller Tambopata-Pilón Lajas sub-corridor between Peru and Bolivia. The objective was to support local civil society groups to mitigate the expected impacts to arise from the upgrading of two major roads—the Southern Inter-Oceanic Highway in Peru and the Northern Corridor Highway in Bolivia. While economic opportunities were expected to emerge from the projects, road upgrading also was expected to fuel migration, deforestation, land invasion, hunting and mining. In the course of Phase II

implementation, the sub-corridor experienced a significant rise in illegal mining and deforestation. At the same time, CEPF investments helped to lay a foundation for mitigating several worrisome potential impacts:

- The core areas of five protected areas covering 4.4 million hectares remained intact, withstanding strong pressure from gold mining, agricultural encroachment and logging.
- Capacity building of indigenous and mestizo communities and local environmental groups allowed them to proactively engage in road design planning and impact monitoring, and thereby, to successfully advocate for adherence to environmental and social safeguards. Cocoa and Brazil nut projects offered communities living next to the roads opportunities to maintain forest cover and increase their income.
- Support to 11 multi-stakeholder alliances and numerous local civil society groups helped to integrate environmental and social safeguards and conservation goals into eight regional and national policies related to highway and dam development, gold mining, private protected areas, sustainable financing, logging concessions and REDD+.

In both investment phases, CEPF collaborated closely with the Bolivian and Peruvian national environmental trust funds of FONDAM, FUNDESNA and PUMA, leveraging about \$2 million in additional funding for CEPF grantees.

Preparation of the new Tropical Andes Hotspot Ecosystem Profile

The new ecosystem profile builds directly from CEPF's previous experience and the lessons learned. It reflects the priorities and vision of Andean civil society groups throughout the hotspot, obtained through consultations with more than 200 individual stakeholders. In addition, 12 pre-eminent Andean conservation leaders and consultants provided strategic guidance through their participation in a Regional Advisory Committee.

The outcome of this consultative process is the Ecosystem Profile for the Tropical Andes Biodiversity Hotspot. The profile presents an overview of the hotspot in terms of its biological importance in a global context; its socioeconomic, civil society, economic development and policy context; major threats to and root causes of biodiversity loss, including a focus on climate change; and current conservation investments. Based on an analysis of the data and stakeholder consultations, the profile results in a common conservation vision for the hotspot and a five-year investment strategy for CEPF. This strategy comprises seven strategic directions. Its scope is expanded to include a total of 36 key biodiversity areas in seven conservation corridors in Colombia, Ecuador, Peru and Bolivia. The strategy emphasizes strengthening the capacity of indigenous and mestizo civil society groups and communities for conservation and sustainable development; mainstreaming biodiversity conservation into development policies and projects and private sector practices; and sustainable conservation financing.

The successful implementation of this ambitious, far-reaching, and important strategy will require CEPF to support multi-stakeholder alliances that seek innovative and constructive approaches to balance the economic development aspirations of the Andean people with the protection and stewardship of their biological diversity and vital ecosystem services. The strategy will rely heavily on building the capacity of local civil society groups to advance their engagement in development and conservation dialogue. The cooperation and common vision that have been achieved in CEPF's previous investments and through the ecosystem profiling process inspire confidence that such success will be achieved.