

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

January 2010 to December 2010

### **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 wildness 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 - Pilón Lajas sub-corridor to mitigate the expected environmental impacts produced through the road upgrading.

This document covers progress in the consolidation program for this region from January 1, 2010 to December 31, 2010.

## **Niche for CEPF Investment**

### ***Overview***

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 inter-dependent investment priorities:

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.
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 portfolio of the Tropical Andes completed its second year in 2010. All consolidation funding is committed to six projects (see Annex 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 (FUNDESNAP) in Bolivia, and Fundación Protección y Uso Sostenible del Medio Ambiente (PUMA) in Bolivia to achieve important matches which leverage CEPF's resources. These partnerships provide 14 sub-grants to local organizations to implement CEPF consolidation priorities.

### ***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, two of CEPF's six grants achieved their 2010 targets as planned (Pronaturaleza and FONDAM II), three grants missed their targets slightly (CI, FUNDESNAP, and PUMA), and one grant missed its targets significantly (FONDAM III). Strongest performance was achieved for investment priorities 1 and 4, as described in the next section. Performance under investment priorities 2 and 3 was more problematic, due to several reasons:

**Table 1. Overview of Tropical Andes Consolidation Grants, December 2010**

Organization	Title	Amount	Active Dates	Performance in Achieving 2010 Targets
<p><b>Conservation International (CI)</b></p> <p>Subgrantees:</p> <ul style="list-style-type: none"> <li>- La Molina Agricultural University – Conservation Data Center.</li> <li>- Noel Kempff Mercado Natural History Museum</li> </ul>	Fostering Stakeholder Collaboration and Monitoring the Impacts and the Conservation Actions Around Infrastructure Projects in the Vilcabamba-Amoró Conservation Corridor	\$250,000	January 2009 – December 2011	Slightly missed
<p><b>Fondo de las Américas del Perú (FONDAM)</b></p> <p>Subgrantees:</p> <ul style="list-style-type: none"> <li>- Conservación Ambiental y Desarrollo en el Perú CAMDE)</li> <li>- Asociación Caritas Madre de Dios,</li> <li>- Asociación Agricultura Ecológica</li> <li>- Asociación para el Desarrollo Económico y Social del Agro – ACCION AGRARIA</li> </ul>	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	Achieved
<p><b>Fondo de las Américas del Perú (FONDAM)</b></p> <p>Subgrantee:</p> <ul style="list-style-type: none"> <li>- Association for Research and Integrated Development (AIDER).</li> </ul>	Strengthening of the Management and Financial Sustainability of Key Protected Areas along the Southern Inter-Oceanic Highway in Madre de Dios, Peru (FONDAM III)	\$465,000	July 2009 – December 2012	Significantly missed
<p><b>Fundación Para El Desarrollo Del Sistema Nacional de Áreas Protegidas, Fundación Protección y Uso Sostenible del Medio Ambiente (FUNDESNAPE)</b></p> <p>Subgrantees:</p> <ul style="list-style-type: none"> <li>- Instituto de Ecología (IE)</li> <li>- Consejo Regional Tsimane Mosestén (CRTM):</li> <li>- Federación de Asociaciones Municipales (FAM)</li> <li>- World Wildlife Fund - Bolivia</li> </ul>	Mitigating the Potential Environmental and Social Impacts Generated by the Northern Corridor Road Construction Project in Bolivia	\$655,000	January 2009 – December 2011	Slightly missed
<p><b>Fundación Peruana para la Conservación de la Naturaleza (PRONATURALEZA)</b></p>	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	\$330,000	January 2009 – June 2011	Achieved
<p><b>Fundación Protección y Uso Sostenible del Medio Ambiente (PUMA)</b></p> <p>Subgrantees:</p> <ul style="list-style-type: none"> <li>- Asociación Económica de Productores y Acopiadores de Cacao</li> <li>- Centro Experimental de Asistencia Técnica Agropecuaria CEATA</li> <li>- Turismo Ecológico Social TES</li> <li>- Programa de Implementación de sistemas Agroforestales PRISA</li> <li>- Fundación ECOTOP</li> </ul>	Impact Mitigation for Biodiversity Conservation in High Risk Areas of the Northern Corridor Highway in Bolivia	\$250,000	November 2008 – December 2011	Slightly missed

<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.

- FONDAM II, FUNDESNAPE, and PUMA, which collectively manage 14 sub-grants, dedicated more time than planned to contracting a number of sub-grants. In the case of FUNDESNAPE and PUMA, CEPF partners worked closely with their sub-grantees, which are communities-based organizations and NGOs, to provide necessary capacity building, to negotiate the sub-grant designs and agreements, and to ensure compliance with CEPF safeguard policies.
- FUNDESNAPE dedicated several months in 2010 to redesigning its grant, which resulted in the signing of an amendment in January 2011, due to several reasons. Discussions with the Government of Bolivia revealed that significant donor investments were planned for REDD projects, thus making CEPF's small investment for REDD+ under the sustainable financing component not a high priority. As a result, FUNDESNAPE decided to dedicate more attention to promoting the sustainable funding of five high priority protected areas. In addition, the sub-grantee designated to implement the component for strengthening management in Madidi and Manuripi was changed from Herencia to WWF-Bolivia.
- FONDAM III encountered significant delays due to difficulties identifying sub-granting organizations to implement components for sustainable financing and protected areas strengthening. FONDAM issued two calls for proposals for the protected areas strengthening components, but only identified and contracted one organization to work in one of three targeted protected areas. 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 for the REDD+ under the sustainable financing component, efforts were to no avail for reasons detailed under investment priority 3 of this report. Due to these limitations, CEPF and FONDAM agreed to de-obligate funding for these targets to enable CEPF to seek alternative modalities for supporting these priority targets. An amendment between FONDAM and CEPF was signed in 2011.

The impact of these delays was that the portfolio fell behind in projected spending rates. Since portfolio inception to December 2010, grantees spent a total \$840,027, which equals 69% of the \$1.2 million that was programmed to have been spent by December 2010, as determined by projected budgetary expenditures in grant proposals. (See Annex 1 for details on spending rates.)

Fortunately, virtually all the causes of these delays were addressed by the end of 2010. PUMA secured all sub-grant agreements. FUNDESNAPE finalized all redesigns to its components for an amendment that was signed in January 2011. It signed three of its four sub-grants and implementation of these sub-grants proceeded on schedule. Under the sustainable financing and protected areas grant, FONDAM signed one sub-grant and agreed to de-obligate funds that could not be sub-granted. CEPF has identified alternative grants to assume responsibility for fulfilling these targets.

## **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, FUNDESAP, and Pronaturaleza support this investment priority.

In Peru, progress has been strong within this strategic direction. 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

### **2010 Highlights for Investment Priority 1**

#### **Peru**

- A total of 232 representatives from grassroots civil society groups, local and federal government, and donors attended public consultations in the cities of Puerto Maldonado, Cusco, and Puno 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.
- An active public dissemination campaign involving videos, books, articles, radio programs, a blog, and outreach meetings has raised local awareness of benefits and costs of associated with the road.
- The development of a baseline for monitoring the impacts of the road in Madre de Dios has generated a wealth of data that is being disseminated for local planning to municipal, regional, and national agencies.
- To stem the advance of gold mining in the site known as La Pampa, located in the buffer zone of Tambopata National Reserve, the GTSC worked with local communities to form the La Pampa Defense Group, to strengthen their capacity and collaboration with public authorities to halt the invasions and their destructive practices.

#### **Bolivia**

- In close collaboration with the Vice Ministry of the Environment, representatives from local communities, municipalities, and national public and private groups met twice to establish and structure Local Committees for Socio-Environmental Monitoring. These committees seek to ensure civil society concerns are factored into plans for upgrading several roads and to monitor the impacts of road upgrading during road construction and use.
- FUNDESAP and CI met with the director of the Bolivian Highway Administration, technical staff, and consultants to establish lines of communications related to road upgrading and mitigation of its social and environmental impacts in priority sites.
- The Regional Council of the Tsimane Mosen (CRTM), an indigenous group with co-management responsibilities for the Pilon Lajas Biosphere Reserve, has undergone several institutional strengthening exercises. 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.
- The Institute of Ecology started its field work to gather baseline data on its monitoring program to assess the social and environmental impacts of the road project.

strong threats from gold mining, the 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 CI worked closely with the Peruvian environment ministry and the Andean Development Bank (CAF) to help local civil society groups engage in consultations to mitigate the environmental and social impacts of the highway.

In Bolivia, several important advances were made under this investment priority, but not at the pace as had been planned during project design. Part of the delay was due to FUNDESAP's need to focus on the redesign of their grant. Also, the consultation process with local and national stakeholders required more time than had been expected. Despite slower than expected progress, the program has achieved several important milestones which position it well for 2011.

***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, local conservation projects, and improvements in patrolling target areas. Grants to FONDAM and FUNDESAP are dedicated to providing sub-grants to the following organizations to implement this investment priority:

Sub-Grantee	Protected Area
Regional Council of the Tsimane Mosenen (CRTM)	Pilon Lajas Biosphere Reserve
WWF – Bolivia	Madidi National Park Manuripi Amazonian National Wildlife Reserve
Federation of Municipal Associations (FAM)	Santos Reyes Nature Area Pampas del Yacuma Nature Area
Association for Research and Integrated Development (AIDER)	Tambopata National Reserve

In Peru, FONDAM worked closely with the Peruvian parks agency and Conservation International to prepare terms of reference to serve as the basis for a call for proposals in 2010 for three protected areas – Alto Purus, Bahuaja Sonene, and Tambopata. In 2010, FONDAM issued calls for proposals twice to implement the terms of reference. Despite the two calls, FONDAM was able to award a sub-grant for only one of the three protected areas targeted: Tambopata National Reserve. FONDAM did not receive proposals for Alto Purus or Bahuaja Sonene. As a result, CEPF and FONDAM agreed to de-obligate funding that was allocated for these two protected areas, to enable CEPF to seek an alternative option for these protected areas.

In Bolivia, FUNDESAP signed sub-grants in 2010 and implementation commenced as planned.

CEPF grantees have prepared baselines for the GEF 's Protected Areas Management Effectiveness Tracking Tool (METT 1) for all six protected areas which currently receive or are scheduled to

receive CEPF funding: Tambopata National Reserve, Pilon Lajas Biosphere Reserve, Madidi National Park, Manuripi Amazonian National Wildlife Reserve, Santos Reyes Nature Area, and Pampas del Yacuma Nature Area. No METT1s are outstanding for the region.

### **2010 Highlights for Investment Priority 2**

#### **Peru**

- FONDAM signed a sub-grant with AIDER to strengthen management in Tambopata National Reserve.

#### **Bolivia**

- FUNDESAP signed sub-grants to the Federation of Municipal Associations (FAM) and Regional Council of the Tsimane Mosen (CRTM) to execute this investment priority.
- Patrolling and protection plans were completed for Pilon Lajas Biosphere Reserve, Madidi National Park, and Manuripi Amazonian National Wildlife Reserve.
- An overflight of Pilon 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.
- As co-managers of Pilon Lajas, CRTM received basic equipment to improve protection actions.

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

This investment priority calls for promoting sustainable financing for six protected areas – Alto Purus, Apolobamba, Bahuaja Sonene, Madidi, Pampas del Yacuma, Pilon Lajas and Tambopata. CEPF aims to support the creation and consolidation of sustainable financing mechanisms. This investment priority has been led by FONDAM, FUNDESAP, and CI.

In Peru, this investment priority proved to be the most challenging to execute. Significant discussion, analysis, and consultation between FONDAM, CI-Peru, CEPF, and local stakeholders focused on the possibility of supporting a REDD+ project in Amaraeri Communal Reserve. However, after several months of examination, the team concluded that the pre-conditions for CEPF and FONDAM engagement to support such a project did not exist due to competing plans for development in the reserve.

The analysis also revealed that many CEPF priority sites were already included in REDD+ proposals led by local and international NGOs and private firms. During the formulation of this investment priority, CEPF could not have predicted that 12 REDD+ proposals would exist in Madre de Dios and that those sites not included in a REDD+ scheme lacked several critical elements requirements for success. Furthermore, key limitations to furthering REDD+ in the region were more institutional in nature, including weak capacity among local stakeholder groups to engage in REDD projects, lack of agreement on a common methodology to define the baseline for deforestation, and absence of a broader REDD+ strategy for Madre de Dios. Helping local stakeholders to address these limitations was determined to be a strategic niche for CEPF. Because FONDAM could only fund local NGOs for site-based conservation projects, CEPF and FONDAM agreed to de-obligate funds designated for REDD+ to allow CEPF to support efforts to overcome these key limitations.

In Bolivia, the sustainable financing component within the FUNDESAP underwent modification early in 2010 following a request from the Government of Bolivia to drop the REDD+ activities. Their justification was that over \$30 million was already designed to support REDD+ from The World Bank, UN, and German funding, and as a result, CEPF's significantly smaller resources was not considered strategic. Rather, discussions centered on channeling funds for building the financial sustainability of individual protected areas, targeting Pilon Lajas, Madidi, Manuripi, Santos Reyes, and Pampas del Yacuma. The amendment to FUNDESAP codified these changes in January 2011.

### **2010 Highlights for Investment Priority 3**

#### **Bolivia**

- CI traveled with representatives from The World Bank to identify potential projects for community development along the San Buenaventura – Ixiamas segment of the Northern Corridor Highway, location where the Government of Bolivia plans to pave the road with World Bank funds. The development projects would support communication-based ecotourism, with funds potentially originating from the Japanese Social Development Fund.
- FUNDESAP conducted a needs assessment for sustainable financing in five protected areas. It signed agreements with municipal governments to undertake an analysis of funding needs for municipal protected areas. Financial data gathering was completed for Pilon Lajas and Madidi, and preliminary conceptual frameworks were developed for the sustainable financing of all priority sites which contemplates various schemes under payment for ecosystem services.
- FUNDESAP met with a number of international donors to inform them of their project and to explore opportunities for their collaboration.

#### ***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 will 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. Nine sub-grants under grants to FONDAM and PUMA support this investment priority. Overall, performance of this investment priority was on-track, with only two sub-grants experiencing modest delays due to staffing and implementation issues. The remaining seven sub-grants implemented activities as planned.

In Bolivia, PUMA sub-grants are designed to promote land-use practices that provide economic incentives to small-scale 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 is to offer local communities economic incentives to adopt agroforestry systems that maintain forest cover and connectivity, rather than having these farmers convert their lands for less environmentally sustainable activities, such as cattle ranching. 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 in 2010, including receiving training to build their institutional capacity, establishing tree nurseries, building necessary infrastructure, establishing agroforestry



plots, and identifying potential avenues to market their products. Performance factors that delayed implementation include inclement weather and institutional weaknesses.

In Peru, FONDAM sub-grantees implemented community-based agroforestry projects in areas of strategic value due to their locations along the Inter-Oceanic highway and sites of high biological value, such as the buffer zones of Tambopata. 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 2010. The NGO Accion Agraria encountered delays when it changed technical directors. For the CAMDE sub-grant, a decline in Brazil nut production led to a decrease in profits for concessionaires and to a shortened harvesting season. A more generic performance factor has been the increase cost of labor for sub-grants in Madre de Dios due to the gold boom which has inflated local wages.

#### **2010 Highlights for Investment Priority 4**

##### **Bolivia**

- Sub-grantees are working with 288 families along the Northern Corridor Highway to introduce agroforestry, focusing principally on cacao production. These projects adopted land management practices that support connectivity. Four of the five sub-grantees have developed pre-agreements or firm agreements to market their products, including with the Bolivian chocolatier CEIBO which exports fine organic chocolates internationally.
- Five community-based organizations, including one women's group, demonstrated progress in building their institutional capacity for agroforestry and adopting improved land management practices.

##### **Peru**

- Improved land management and agroforestry practices have been adopted on 22,060 hectares in 29 sites in Madre de Dios, directly benefiting 135 families.
- 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's support for agroforestry in Madre de Dios, started under its first CEPF grant, has helped to create a critical mass of demonstration projects and actors throughout the region which coordinate actions through an informal alliance. Local stakeholders collaborate with each other to create synergies, which is resulting in efforts to maintain and improve connectivity along stretches of the Inter-Oceanic Highway.

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

Positive collaboration has emerged in Bolivia between the local CI office and The World Bank. CI and the Bank held several meetings in 2010 related to mitigating the impacts of a potential Bank project to fund the upgrading and paving of the San Buenaventura – Ixiamas segment of the

Northern Corridor highway, which parallels the eastern border of Madidi National Park. CI accompanied Bank staff to the field to help identify opportunities to conservation-based development project for communities.

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

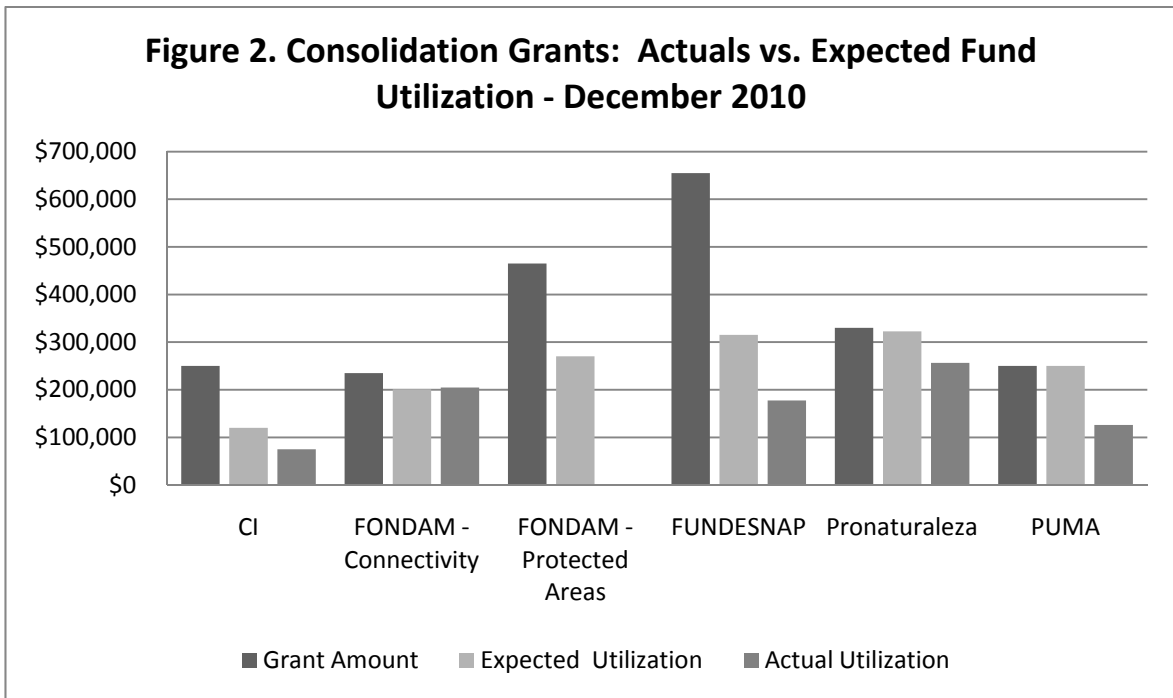
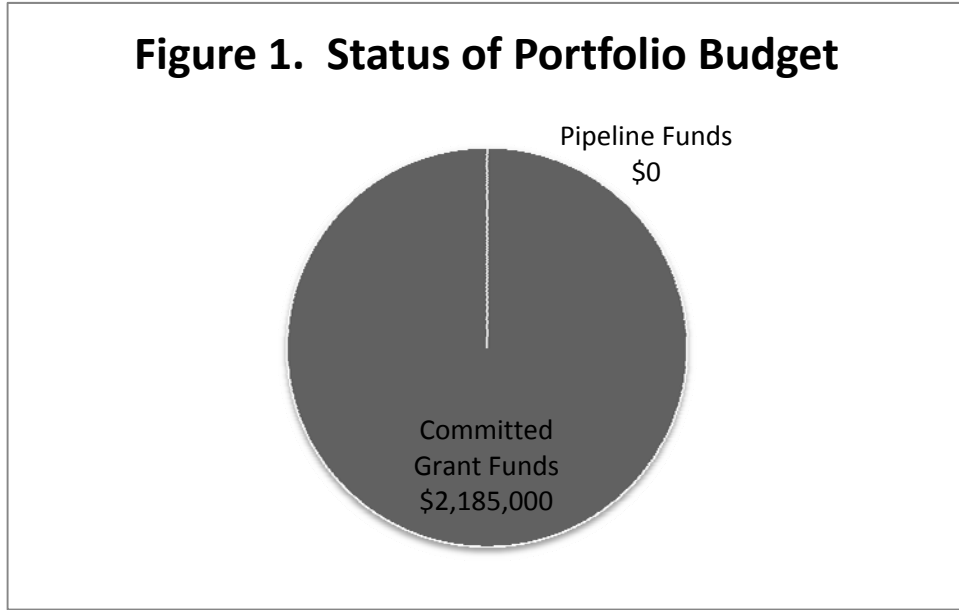
CEPF and grantees assessed whether grants and sub-grants trigger CEPF's safeguards policy and, if so, they ensured full policy compliance. To date, two grants have triggered the safeguards. FUNDESNA's sub-grant to Consejo Regional Tsimane Mose'tén (CRTM) triggered the Indigenous Peoples safeguard based 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 has been triggered under two additional sub-grants: (i) FUNDESNA'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 are developing their involuntary resettlement frameworks to ensure full compliance with the safeguards.

### **Conclusion**

During the second year of CEPF's consolidation program in the Tropical Andes, the portfolio achieved several important targets but also encountered several delays. Grantees made the most progress in strengthening local community and civil society engagement in the mitigation of expected environmental impacts produced by the Inter-Ocean Highway in Peru. They also successfully implemented nine community-based agroforestry project designed to provide incentives for farmers and Brazil nut collectors to keep their lands under forest cover. In addition, grantees conducted extensive outreach to key local stakeholder groups, including local communities and environmental authorities, to ensure strong collaborative as their projects progress.

However, the portfolio also encountered several delays related to difficulties securing sub-grantees and slower progress than expected in finalizing sub-grant designs. Much of 2010 was devoted to addressing these concerns so that performance in 2011 should be significantly improved.

**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.	Sub-grants prepared to support conservation in 7.2 million ha. Due to changes related to grants promoting sustainable financing, achievement of improved management in 12.3 million ha is not feasible.
	\$2,000,000 leveraged	Total = \$1,065,285  FONDAM – CEPF Match - \$330,000 PUMA – CEPF Match - \$250,000 FUNDESNAP Match - \$485,285
	28,400 hectares in production landscapes with improved management for biodiversity conservation	27,375 hectares within production landscapes are undergoing management improvements through nine 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 mitigate the impacts of the Inter-Oceanic road (national, Cusco, Puno y Madre de Dios), and Madre de Dios agroforestry network.  Bolivia- Local environmental monitoring committees, community-based conservation enterprises.
Intermediate Outcomes	Targets	Progress
<b>Outcome 1:</b> A. Conservation and human welfare considerations are fully incorporated into infrastructure and development plans for the VACC, particularly in areas impacted by the two highways. B. Donor collaboration and coordination achieved to fulfill conservation goals.	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.	Ten priorities have been targeted to enable local civil society engagement in the development of local and national policies and projects:  Peru- CAF II social and environmental mitigation project, socio-environmental monitoring of IOS highway, Inambari hydroelectric dam, gold mining, Madre de Dios agroforestry policy, Madre de Dios Regional Conservation System, Peru forestry and wildlife law.  Bolivia – World Bank funding for road improvement and community development, community and

		municipal engagement in road improvement, municipal strengthening of protected areas policy and management.
	One public-private partnership between road construction company, government, and civil society to mainstream biodiversity into road construction and maintenance.	Collaboration with CONRISA– Pronaturaleza – CI has not proceeded as planned.
<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, Amarakaeri, Bahuaja 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 -Bahuaja 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 are actively implementing programs to improve management in six KBAs, and another KBA to enter the portfolio for strengthening in 2011.</p> <p>CEPF grantees have prepared baselines for the GEF ‘s Protected Areas Management Effectiveness Tracking Tool (METT 1) for all six protected areas which currently receive CEPF funding: Tambopata National Reserve, Pilón Lajas Biosphere Reserve, Madidi National Park, Manuripi Amazonian National Wildlife Reserve, Santos Reyes Nature Area, and Pampas del Yacuma Nature Area. No METT1s are outstanding for the region.</p> <p>In 2011: Grantees to enter Bahuaja Sonene National Park</p> <p>Grantees will not engage in: Apolobamba Integrated Management Natural Area, Alto Purus National Park, and Amarakaeri Communal Reserve.</p>
	100% of targeted communities involved in sustainable use projects demonstrate tangible socioeconomic benefits.	29 communities through nine agroforestry sub-grants are promoting sustainable resource use. Seven of the nine sub-grants are yielding socio-economic benefits, and performance under the remaining two is demonstrating improvements for future socio-economic benefit generation.
	Five projects enable effective stewardship by indigenous and local communities for biodiversity and ecosystem conservation.	Five grants (FONDAM II and III, FUNDESNAP, PUMA, Pronaturaleza) are increasing the capacity of local communities to improve their stewardship over their ecosystems.
<p><b>Outcome 3:</b> Stable funding mechanisms are operational in support of priority management needs in six protected: Tambopata,</p>	Three sustainable financing mechanisms established and/or strengthened with initial capital secured.	<p>Sustainable financing analysis conducted for five protected areas in Bolivia.</p> <p>Sustainable financing components in</p>

Bahuaja Sonene, Alto Purus, Pílon Lajas, Madidi, and Manuripi.		Peru delayed.
<b>Outcome 4:</b> Forest cover is maintained in strategic locations in the Castaña and Malinowsky Conservation Corridors.	Two sub-corridors under improved governance and management for sustainable development through achievement of key conservation milestones.	Nine agroforestry projects are resulting in improved management in the two targeted sub-corridors to foster improved governance and management.
	Two projects located outside protected areas integrate biodiversity conservation in management practices.	Two projects (FONDAM II and PUMA) are integrating biodiversity conservation into land management practices.