



PROJECT TYPE: Full-sized Project
TYPE OF TRUST FUND: GEF Trust Fund

GEF-6 Project Identification Form (PIF)

PART I: PROJECT INFORMATION

Project Title:	Sustainable Development of the Ecuadorian Amazon: integrated management of multiple use landscapes and high value conservation forests		
Country:	Ecuador	GEF Project ID:	tbd
GEF Agency(ies):	UNDP	GEF Agency Project ID:	5606
Other Executing Partner(s):	Ministry of the Environment (MAE)	Submission Date:	March 12, 2015
GEF Focal Area(s):	Multifocal	Project Duration (Months)	72
Integrated Approach Pilot	IAP-Cities <input type="checkbox"/> IAP-Commodities <input type="checkbox"/> IAP-Food Security <input type="checkbox"/>	Corporate Program: SGP	<input type="checkbox"/>
Name of parent program:	SFM	Agency Fee (\$)	1,121,630

A. INDICATIVE FOCAL AREA STRATEGY FRAMEWORK AND OTHER PROGRAM STRATEGIES

Objectives/Programs (Focal Areas, Integrated Approach Pilot, Corporate Programs)	Trust Fund	(in \$)	
		GEF Project Financing	Co-financing
BD-4 Program 9 Managing the Human –Biodiversity Interface : Increased area of production landscape that integrates conservation and sustainable use of biodiversity into management	GEFTF	6,952,220	26,295,724
LD-3 Program 4 Integrated Landscapes : Scaling up Sustainable Land Management through the Landscape Approach	GEFTF	1,356,147	6,596,513
SFM-1 Maintained Forest Resources : Reduce the pressure on high conservation values forest by addressinhg the drivers of deforestation	GEFTF	4,154,183	16,446,113
Total Project Cost		12,462,550	49,338,350

B. INDICATIVE PROJECT DESCRIPTION SUMMARY

Project Objective: Catalyze the transformation of land use planning and management in the Ecuadorian Amazon (CTEA) by building a governance and sustainable production framework based on a landscape approach and optimizing ecosystem services and livelihoods

Project Components	Financing Type	Project Outcomes	Project Outputs	Trust Fund	(in \$)	
					GEF Project Financing	Co-financing
1. Strengthened multi-level governance framework for sustainable management and production in multiple use landscapes (MUL) and high value conservation forests (HVCF) in the Special Amazonian Territorial	TA	Strengthened multi-level governance framework and capacities for management of multiple use landscapes (MUL) maintains the supply of ecosystem services (including conservation of biodiversity, soils, water resources and carbon sequestration) in 1,000,000 hectares of MUL housing high value conservation forests (HVCF); and provides avoided carbon	1.1 National multi-sectoral coordination & policy strengthened to support sustainable production in MULs by: a) facilitating the implementation of coordination mechanisms foreseen in the Constitution; b) strengthening regulations on forest conservation and land use to mainstream guidance for sustainable production of non-timber forest products (NTFP) and deforestation free production of palm, coffee, cocoa in HVCFs; c) strengthening of national capacities for regulation enforcement. 1.2 Decentralized institutional structures strengthened for management and surveillance of sustainable production in MULs: a) development of a multi-level governance model for MUL management involving provincial, cantonal (municipal) and	GEFTF	3,617,310	8,367,850
					BD 2,040,010	
					LD 395,300	
					SFM 1,182,000	

Circumscription (CTEA)		<p>emissions estimated at 11,601,774 /CO2eq¹.tbc. Indirect replication targets tbd in ppg. Reduced forest fragmentation (as measured by fragmentation index under development by MAE) improves conservation of endangered species</p> <p>Increase in area of fallow or degraded land converted into biodiversity rich agroforestry systems (means of measurement, baselines and targets tbd in PPG)</p> <p>Improved institutional capacities for SFM and SLM in MULs, measured through the UNDP capacity scorecard.</p> <p>Management effectiveness of community and indigenous lands increases by at least 20% as measured through METT and similar tools for ICCAs (baseline tbd in PPG)</p>	<p>parrochial levels; b) capacity building of local governments, regional divisions of the Ministries of Environment and of Agriculture, Livestock, Aquaculture and Fisheries- (MAE and MAGAP) for an integrated landscape approach to land use planning; and c) capacity building of local governments to support sustainable deforestation-free production (early warnings systems on deforestation, monitoring and surveillance linked to the national forest monitoring system, equipment, GIS, land-use reports.</p> <p>1.3 <u>Land-use planning strengthened with multi-sectoral dialogue & decision-making mechanisms</u> (a) establishment of territorial dialogue roundtables for stakeholder coordination in land use planning; (b) local/provincial and national planning strengthened to mainstream a landscape approach and environmental criteria, and interlink the different government and community levels, through: b-i: application of decision making tools in support of sustainable production (UNREDD existing studies on deforestation and opportunity costs assessments of land-uses, and 3 Target Scenario Analyses to be developed (North, Center and South); b-ii. review of Land Use and Development Plans (LUDP) incorporating specific guidelines (production systems, forest categories, land degradation level); and b-iii coordination mechanisms between indigenous peoples' Life Plans and LUDPs; and (c) sub-regional platforms (coffee, cocoa, palm, livestock and biodiversity products) for dialogue and connecting buyers and producers.</p> <p>1.4. <u>Local surveillance and monitoring systems</u> strengthened to support enforcement of land use plans and sustainable agriculture, livestock and forestry regulations in the CTEA: (a) local participatory programme including capacity building of local authorities and communities, incentives to engage communities; strengthening local control infrastructure; grievance mechanisms to report illegal activities).</p> <p>1.5 <u>Knowledge management programme</u> for sustainable production and landscape management: a) knowledge networks (NGO, universities and communities) to document best practices and lessons; b) develop learning materials; c) linking Ecuadorian networks, particularly the INBIO-Ecuador with the Amazon Sustainable Development Solutions Network (SDSN).</p>			
2. Access to markets, credit and incentives for sustainable production of the	TA	Increase in incentives and other benefits at community level to mainstream conservation, restoration	2.1 <u>Policies and instruments for market access to deforestation free commodities</u> (coffee, cocoa, palm and livestock (north and south Amazon) : a) traceability models and systems linked to surveillance system in Component 1 (North:palm, coffee and cocoa;	GEF TF	3,607,268 BD 2,030,000 LD 395,268 SFM 1,182,000	11,070,500

¹Estimated 227,586 ha at risk of deforestation based on 2000-2008 rates. (98,580 ha Amazon basin and 129,006 ha Andes Eastern slopes). Carbon stored is estimated at 160 t/ha for the Amazon basin and 122 t/ha for the Eastern slopes giving 31,511,532 tons. Source: *Ministerio del Ambiente. 2012. Línea Base de Deforestación del Ecuador Continental* and *Ministerio del Ambiente.2014. Reporte de contenidos de carbono en las unidades de bosque definidas por la Evaluación Nacional Forestal*). The project is estimated to impact over 10% of the at-risk surface area (22,759 ha).TBC in PPG

main products in multiple use and high conservation value landscapes of the CTEA		<p>and sustainable production ensuring integrated management in community and indigenous peoples' lands in HVCF (300,000 ha)</p> <p>Increase in percentage of producers accessing credit for agriculture, forestry and use of biodiversity based on environmental sustainability criteria</p> <p>Increase in % of new cacao, coffee and palm oil crops located in areas complying with improved sector and land use planning (means of measurement, baselines and targets of these outcomes will be determined in the PPG)</p>	<p>South: livestock); b) tools to determine and promote the demand for products from deforestation free commodities (sourcing guidelines, business cases) ; d) connecting buyers of sustainable products (palm oil, coffee, beef, cocoa) with producers (linked to Output 1.4 platforms r and GEF Commodities IAP).</p> <p>2.2 Market access for non-timber products (NTFP) and biodiversity related products mainly in central Amazon: a) promote biodiversity products from HVCF (sharing success cases, market analysis, identification of buyers); b) development of value chain for NTFP as part of the bio-industry concept (feasibility studies); c) certification systems building on MAE's Green Point certification and in line with international standards and incentives.</p> <p>2.3 Incentives strengthened for SFM and SLM: a) strengthening systems and capacities to optimize the access to, and distribution of, Socio-Bosque community incentives; b) modeling income distribution systems for other SFM incentives including results-based incentives (eg REDD+).</p> <p>2.4 Credit systems for deforestation free production in HVCF. a) For <u>commercial producers of main commodities</u> (coffee, cocoa, palm, livestock): training programmes for key financial institutions (banks) to develop deforestation free investment portfolios and improve assessment of loans for sustainable production in HVCF or degraded areas; b) For <u>small producers and alternative products</u>: develop micro-credit schemes to support sustainable production eg NTFP; ecotourism</p>			
3. Landscape level implementation of sustainable practices in commercial production and livelihoods systems, aligned with the conservation and restoration of HVCF	INV	<p>At least 180,000 ha production in farms/plots managed according to landscape approaches conserving forest ES (this includes 100,000 ha with forest set-asides in farms; 50,000 with restoration processes underway; 30,000 under sustainable use (eg. agroforestry systems; forest management; silviculture systems).</p> <p>Improved capacities of at least 7,000 producers (small, medium and large) to implement best production for SFM/SLM to be measured by scorecards or special survey to be designed in PPG</p>	<p>3.1 Land use and management plans implemented in priority landscapes (3):</p> <p>a) North: best practices in cocoa, coffee and palm and conservation agreements with producers in areas critical for connectivity and ecosystem service provision (replicable to Center and South)</p> <p>b) Center: SFM, sustainable use of biodiversity including NTFP, and conservation agreements with communities and indigenous peoples</p> <p>c) South: best livestock practices and conservation agreements with producers; soil restoration, reforestation diversification of economy in mining areas; and strengthening of the Kutuku Shaimi Reserve (replicable to North and Center)</p> <p>3.2 Producers-support systems for upscaling at watershed level : a) strengthen extension services for sustainable production and landscape approach; b) training programmes for communities and small, medium and large producers on best practices and standards for market access; c) support to producers to access incentives and credits; d) support to producers to access inputs, technology and other services for production.</p>	GEF TF	<p>4,644,517</p> <p>BD 2,551,152</p> <p>LD 501,000</p> <p>SFM 1,592,365</p>	27,300,000
Subtotal					11,869,095	46,738,350
Project Management Cost (PMC)				GEFT	593,455	2,600,000
Total Project Cost					12,462,550	49,338,350

C. INDICATIVE SOURCES OF CO-FINANCING FOR THE PROJECT BY NAME AND BY TYPE, IF AVAILABLE

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Amount (\$)
National Government	Ministry of Environment	Grant	13,988,750
National Government	Ministry of Agriculture, Livestock, Aquaculture and FisheriesMAGAP	Grant	29,962,500
National Government	IKIAM	Grant	1,219,100
Private Sector	Bank etc tbd	Grant	3,168,000
GEF Implementing Agency	UNDP	Grant	1,000,000
Total Co-financing			49,338,350

D. INDICATIVE TRUST FUND RESOURCES REQUESTED BY AGENCY, COUNTRY; THE PROGRAMMING OF FUNDS

GEF Agency	Trust Fund	Country	Focal Area	Programming of Funds	(in \$)		
					a) GEF Project Financing	Agency Fee (b)	Total (c)=a+b
UNDP	GEFTF	Ecuador	Biodiversity	(select as applicable)	6,952,220	625,700	7,577,920
UNDP	GEFTF	Ecuador	Land Degradation	(select as applicable)	1,356,147	122,053	1,478,200
UNDP	GEFTF	Ecuador	Sustainable Forest Management	SFM	4,154,183	373,877	4,528,060
Total GEF Resources					12,462,550	1,121,630	13,584,180

E. PROJECT PREPARATION GRANT (PPG) IS PROJECT PREPARATION GRANT REQUESTED? YES

PPG AMOUNT REQUESTED BY AGENCY, TRUST FUND, COUNTRY AND THE PROGRAMMING OF FUNDS

Project Preparation Grant amount requested: \$215,000					PPG Agency Fee: \$17,820		
GEF Agency	Trust Fund	Country	Focal Area	Programming of Funds	(in \$)		
					PPG (a)	Agency Fee (b)	Total c = a + b
UNDP	GEFTF	Ecuador	Biodiversity	(select as applicable)	112,000	10,080	122,080
UNDP	GEFTF	Ecuador	Land Degradation	(select as applicable)	20,000	1,800	21,800
UNDP	GEFTF	Ecuador	Sustainable Forest Management	(select as applicable)	66,000	5,940	71,940
Total PPG Amount					198,000	17,820	215,820

F. PROJECT'S TARGET CONTRIBUTIONS TO GLOBAL ENVIRONMENTAL BENEFITS

Corporate Results	Replenishment Targets	Project Targets
1. Maintain globally significant biodiversity and the ecosystem goods and services that it provides to society	Improved management of landscapes and seascapes covering 300 million hectares	1,000,000 hectares
2. Sustainable land management in production systems (agriculture, rangelands, and forest landscapes)	120 million hectares under sustainable land management	480,000 hectares
3. Promotion of collective management of transboundary water systems and implementation of the full range of policy, legal, and institutional reforms and investments contributing to sustainable use and maintenance of ecosystem services	Water-food-ecosystems security and conjunctive management of surface and groundwater in at least 10 freshwater basins;	# freshwater basins NA
	20% of globally over-exploited fisheries (by volume) moved to more sustainable levels	% fisheries, by volume NA
4. Support to transformational shifts towards a low-emission and resilient development path	750 million tons of CO _{2e} mitigated (include both direct and indirect)	11,601,774 t/CO _{2e} q
5. Increase in phase-out, disposal and reduction of releases of POPs, ODS, mercury and other chemicals of global concern	Disposal of 80,000 tons of POPs	metric tons NA
	Reduction of 1000 tons of Mercury	metric tons NA
	Phase-out of 303.44 tons of ODP (HCFC)	ODP tons: NA
6. Enhance capacity of countries to implement MEAs (multilateral environmental agreements) and mainstream into national and sub-national policy, planning financial and legal frameworks	Development and sectoral planning frameworks integrate measurable targets drawn from the MEAs in at least 10 countries	# Countries: NA
	Functional environmental information systems to support decision-making in at least 10 countries	# of Countries: NA

PART II: PROJECT JUSTIFICATION

Project Description

Context and global environmental problem

1. The Republic of Ecuador has a surface area of 283,561 km² and a population of 14,306,876 inhabitants. The country has an extraordinary biological richness that makes it one of the 17 megadiverse countries in the world, hosting 8% of mammal species, 10% of amphibians, 18% of birds and 18% of orchids at a global level, in addition to being the country with the highest biodiversity per square meter in Latin America. It comprises four major geographical regions: Galapagos Islands, Coast, Highlands and Amazon. The **Amazon or Special Amazonian Territorial Circumscription** (CTEA from its Spanish initials) is the largest, with 116,588 km², which represents 41% of the total country's area and is the intervention area of the proposed project. The CTEA contains 80% of the country's total forest cover, which corresponds to approximately 10 million hectares (ha), and includes territories of six provinces (Sucumbios, Orellana, Napo, Pastaza, Morona Santiago and Zamora Chinchipe), 41 cantons and 206 parishes (see map 1).

2. Global and local values: The CTEA has important global and local values in regards to biodiversity, carbon storage, and water resources. The Amazon lowlands host the country's largest number of herpetofauna species: 4,857 (28%) of which 235 are endemic. The CTEA has more than 5,000 vascular plant species, equivalent to 35% of the total number of species described for Ecuador. In the area of the *Yasuni* National Park alone there are 1,762 species of trees and shrubs, more than 450 species of lianas and 313 species of epiphyte vascular plants. Ecuador has made significant efforts to bring under protection ecosystems of the CTEA, with 26.17% of the region (3 million hectares) under the State Natural Heritage Areas Sub-system (PANE from its Spanish initials). This includes some of the most important nature reserves in the country, e.g. Cuyabeno, Yasuni and Sumaco Napo-Galeras. Nearly 1 million additional hectares are designated as Protective Forest and Vegetation. Nevertheless, the majority of the high conservation value forests in multiple use landscapes are located in the productive landscape and indigenous peoples' lands. Ecuador stores an estimated 1.63 Giga tons of carbon, with the CTEA storing 36% of the total carbon, and 58% of the biomass carbon at pool level. Annex 1 includes more detailed information on CTEA global biodiversity and carbon values. Also the CTEA has the most important water resources in the country, covering eight watersheds (Napo, Putumayo, Tiger, Pastaza, Morona Santiago, Blanco and Zamora rivers). The average water volume in Ecuador is 12 times the global average, with 81% of this resource located in the Amazon. In addition to its natural values, the CTEA has an important cultural diversity. The indigenous population represents 33% of CTEA inhabitants (245,014 people) distributed in 10 of Ecuador's 17 indigenous nationalities (Achuar, Waorani, Kichwa, Siecopai (Secoya), A'i Cofan, Shiwiar, Shuar, Zapara, Andwa and Siona) (see map 2 for distribution of nationalities).

Demography and socio-economics: The CTEA's population is 739,814 (5.1% of the national population) with 61% living in rural areas (452,664 people). More than 71.2% of the population is poor and 35.6% is extremely poor as per Unmet Basic Needs². Social and economic growth in the CTEA has been traditionally based on the use of natural resources. In the CTEA, 64.8% of the land is owned or inhabited by indigenous communities. The Ecuadorian constitution guarantees the collective property and resource use rights of indigenous communities. It furthermore guarantees the right of indigenous people to conserve and practice their management practices for biodiversity and of their natural surroundings. However, sub-soil resources, like oil, are owned by the State, and a large degree of extractive activities in the CTEA (61%) are undertaken on indigenous land. Extractive and agricultural activities characterize the economy and the main land uses are summarized below:

Land use	Surface (ha)	%
Agriculture	887.835	7,6
Livestock production	1.164.512	10,0
Forests (with different degrees of intervention)	6.127.132	52,6
Protected areas (SNAP)	2.984.310	25,6
Other uses	480.328	4,1
Total	11.644.117	100,0

² MAGAP: Agenda de Transformación Productiva Amazónica. Reconversión Agroproductiva Sostenible en la Amazonía Ecuatoriana. Junio 2014. Pag.13 and Instituto Nacional de Estadísticas y Censos (INEC) 2010.

3. *Main economic activities:* The economically important sectors in the region are production and commercialization of oil, timber, minerals, agricultural production and, more recently, eco-tourism. However some such as extractive activities, especially oil, generate income but not necessarily for the local population, whilst other such as agriculture generate income to locals. More than half (56.1%) of the Economically Active Population-EAP-(182,148 people) is employed in the agriculture, livestock, hunting and forestry sector, covering small, medium and large producers. The oil industry, although economically more important employs skilled labor force mostly from outside the region thus resulting in a low employed EAP in this sector (5%). There are clear sub-regional differences. In **Northern Amazon** (Sucumbios, Orellana and Napo provinces), the largest income comes from oil extraction but there is growing commercial agriculture alongside livestock production and timber extraction; and, to a lesser extent, small-scale mining, tourism, trade and manufacturing. In **Central Amazon** (Pastaza, and north of the Morona Santiago province) livestock production is the main economic activity, followed by agriculture. Pastaza has been an exception; with a less intervention as indigenous peoples' lands and territories comprise approximately 90% of its territory. In **Southern Amazon** (Zamora Chinchipe province and south of Morona Santiago), the population is engaged mainly in agriculture and livestock production and to a lesser extent in mining and quarrying. Traditionally the economy of Amazonian indigenous peoples in all sub-regions has been based on hunting, fishing and gathering, and cultivating family gardens, often through migrant agricultural practices (agroforestry). With greater access to markets and the high poverty levels, they have shifted production practices to cover their own subsistence but also market supply. The main land uses and producers in each sub-region are summarized below:

Sub-region	Main land uses and productive stakeholders
North	African oil palm – large producers with access to capital, medium producers with some capital Livestock – small, medium and large producers Cocoa, coffee – small, medium and large producers Conservation – the main PANE protected areas (Yasuni, Cuyabeno, Sumaco-Napo-Galeras) are located here as well as important protective forests (Bosques protectores)
Center	Livestock –medium and large producers Cocoa, temporary crops – small producers Chakra system ³ – small producers Conservation – low representativity of PANE/SNAP protected areas (PA). There are numerous community lands under the Socio-Bosque Incentives Programme. The Achuar System of Conservation and Ecological Reserves (SACRE) has been designed.
South	Livestock –medium and large producers Agroforestry (coffee, yucca, maize, plantain) – small and medium producers Conservation – low representativity of PANE PAs. Recently the Kutuku Shaimi Reserve has been created (MAE& Shuar Nationality)

4. **Loss of global and local values:** Agricultural activities coupled with migration from other areas have driven the expansion of the agricultural frontier in the CTEA. In part because large areas of previously inaccessible forested areas were opened up by new roads to facilitate oil extraction and have led to human colonization and more recently expansion of African oil palm plantations, pastures, and other agricultural crops and mining. These activities are driving deforestation, habitat loss and ecosystem fragmentation with concomitant loss of global values. The level of each driver however varies throughout the CTEA as described below classified in Northern, Central and Southern sub-regions⁴.

- **Northern Amazon** (Sucumbios, Orellana and Napo): historically deforestation has been high in Sucumbios and Orellana largely as a result of the extensive road construction in both provinces in the 1980s for oil extraction and subsequent agricultural expansion: rates were 17,287 ha/year in 1990-2000 but fell to 9,140 ha/year in 2000-2008. Napo has experienced the opposite with increase in deforestation from 1,682 ha/year (1990-2000) to 2,735 ha/year (2000-2008). The agricultural sector is currently the main driver of deforestation, through cultivation of pastures for livestock, (increase of 49,100 has in 2000-2008) and cocoa and oil palm. Oil palm increased by 4,500 ha in the 2000-2008 period due to increasing international demand. The harvested area nationally increased 76% from 113,000 ha in 2000 to 199,000 ha in 2012. In 2013, Ecuador was the world's seventh palm oil exporter (213,000 tons), with Venezuela, Colombia and the

³ Traditional production system that combines the main crops (e.g. coffee and cocoa) with staple crops, trees for timber production (from natural regeneration) and medicinal plants, thus creating a special landscape of traditional agroforestry systems.

⁴ This classification has been adopted by the UNREDD+ Joint National Programme based on homogeneous deforestation zones in the CTEA.

Netherlands as its main buyers. Of the total harvested area in 2012 (240,333 ha), 11% or 25,547 ha was in Sucumbíos; representing 19% of national production (509,000 tons) due to high yields. As for cocoa, while Ecuador is the world's leading producer of fine aroma cocoa with more than 50% of global production, there is a growing trend toward monoculture of the CCN-51 variety due to its greater productivity and profitability, accounting for 50% of the total production in 2013. The cultivated area of cocoa in this sub-region increased by 16,600 ha in 2000-2008. Napo, Orellana and Sucumbíos account for 4% of national production (5,288 tons). Illegal timber extraction is another driver of deforestation and degradation. The opening of new frontiers to oil extraction in the Yasuni NP constitutes an emerging driver of deforestation, mainly in Orellana.

- **Central Amazon** (Pastaza, Northern Morona Santiago): Deforestation in this sub-region has historically been low, but has increased in the last decade. Pastaza registered the lowest deforestation rate of the six provinces with 2.432 ha/year between 1990-2000. However, deforestation almost doubled to 4.773 ha/year between 2000-2008. The pressures have been substantially lower than in the other two sub-regions, and this sub-region contains large expanses of still intact forests. However, there are emerging drivers that could increase deforestation. The proposal for expanding the oil extraction frontier into the Yasuni National Park would place pressure on the forests of the northern area of this sub-region. Within the 11th bidding round for new oil blocks, Pastaza has the largest tendered surface for oil extraction (1,471,141 ha). There are proposals for construction of roads to the west and south of Pastaza, with four transversal axes. Road construction and new settlements could increase illegal extraction of timber. During the 2000-2008 period cattle stock increased 9,500 heads, temporary crops increased 9,200 ha, and sugar cane increased 1,600 ha, while traditional farming systems decreased 1,400 ha.

- **Southern Amazon** (Morona Santiago and Zamora Chinchipe provinces): historically deforestation has been moderate but has significantly increased in recent periods, from 11,254 ha/year in 1990-2000 to 21,343 ha/year in 2000-2008. Expansion of the agricultural frontier and mainly livestock production, which experienced an increase of 23,700 ha (2000-2008), has been a significant driver of deforestation. Small, medium and large-scale mining is another significant driver (the greater number of concessions have been granted in this sub-region). New emerging drivers of deforestation include expansion of the road network in forested areas of high conservation priority in Morona Santiago, and new mining concessions (including three of the main national level projects).

5. Anthropogenic activities have historically generated impacts on the values of the CTEA and there are risks of continued loss of these values in the future if environmental sustainability is not secured. Amazonian soils have low agricultural aptitude (only 17.5% of the territory is adequate for agricultural and livestock production) and their intensive use could lead to significant ecological impacts. In the Northern Amazon provinces (Sucumbíos, Orellana and Napo) 53% of lands are overused, while in the Southern Amazon 80% are overused. These values could increase as a result of emerging development processes that continue deforestation and over use of cleared land. Soil erosion is the main form of land degradation followed by acidification, salinization and increase in chemical toxicity leading to loss of fertility. Soil erosion levels are already high in the headwaters of the Amazon watershed with 10-30 ton/ha/year on 12-25% slopes and 5 ton/ha/year on slopes lower than 12% (based on 2002 data). Moreover, vulnerability to degradation due to climate change (Regional Studies on Climate Change Economics) indicate that agricultural zones in highly fragile ecosystems, as in the CTEA, will be the most affected by degradation due to deforestation, agriculture, livestock and informal mining.

Baseline opportunities and GEF entry point

6. Ecuador has undertaken significant institutional changes in recent years, from a new political constitution including the rights of nature to decentralization development and land-use planning. This provides an opportunity to manage the CTEA through an effective decentralized system that could manage the heterogeneity of a complex system. However at the same time these opportunities pose challenges. National and local government levels must assume new challenges and responsibilities in their planning processes, including promoting coordination and strengthening of an agreed common vision for the governance of the natural resources in the CTEA. The government proposes a change in the country's production matrix that involves simultaneous and progressive changes of the current production models moving towards a diversified economy guided by knowledge and innovation. Given the vast wealth of ecosystem goods and services found in the Amazon the Government of Ecuador (GoE) has identified this region as having a great potential to contribute to this change, harmonizing development and conservation of global and local values. This includes addressing the challenges of decentralized governance; supporting ambitious programmes to transform agricultural production in the Amazon;

developing a national “vision” (programme for REDD+) and setting-up knowledge centres within the region (see baseline below). However, interventions in the CTEA are still characterized by their sectoral approach and lack of integration and production is still highly dependent on the use of natural resources (water, soil, air, biodiversity). The risk is continued and accelerated loss of global and local values seriously affecting ecosystem services necessary for human survival and improving livelihoods. Addressing these challenges represents the GEF entry point.

7. A baseline amount of US\$ 421 million has been identified for the six-year project period. This is described below grouped under three issues considered critical to address the challenge:

- **Land use planning and enforcement.** The baseline for this is US\$ 49.1 million comprising of : (i) the *Amazonian Productive Transformation Agenda* (ATPA) implemented by the Ministry of Agriculture, Livestock, Aquaculture and Fisheries (MAGAP). This will promote sustainable production by small, medium and large livestock producers and includes developing information and management mechanisms on land tenure and land use, land use map scale 1:100,000, comprehensive farm plans, georeferenced data base of beneficiary farms, and training technicians (US\$12.7m); (ii) The *National REDD+ Programme*, being developed since 2012, and to be adopted through public policies, has prepared thematic maps of the CTEA’s global values (eg. Biomass carbon, overlapping of HVCF with carbon biomass areas, deforestation risks) (US\$ 1m). Under the *REDD+ Early Movers Programme*⁵ an additional US\$ 11.4 m will be mobilized. (iii) the project Conservation and sustainable use of biodiversity, forests, soil and water to achieve good living in the province of Napo (the “*Napo project*”) implemented by the Government of Napo and the Ministry of Environment (MAE) through FAO to improve environmental governance in the province will mainstream environmental criteria in LUDPs, promote roundtables, develop an information management system and will build stakeholder capacities (US\$ 2.5 m not including GEF funding); (iv) The *Achuar Nationality* has designed the *Achuar System for Conservation and Ecological Reserves* (SACRE) (US\$ 0.4m). Nearly 27.1% of the Achuar territory (77 communities and 13 associations and 670,000 ha in Central Amazon has potential for protection; (v) Forest control is in the process of moving toward a traceability system for forest products (timber and wildlife) with some US\$ 3m invested over the project period; (vi) The German Development Bank (KfW)⁶ funded project *Forest Conservation and REDD+* supports the MAE in conservation of forests in 6 provinces, including Orellana, Napo and Morona Santiago in the CTEA, through a monitoring system of conservation forests and deforestation, establishment of new conservation areas, design of forest control models and SFM experiences (US\$ 5.5m) and (vii) UNDP’s *Territorial Articulation Programme* (ART) supports local governance and decentralization processes and promoting sustainable human development at local level. It has developed experiences and lessons in dialogue processes, conflict resolution and inter-sectoral roundtables in support of land use planning (US\$ 0.5m); and (viii) The IKIAM Amazonian Regional University established in 2013 to generate bio-knowledge, research potential uses of biodiversity and contribute to ecological remediation and restoration (US\$12.1m).
- **Financial systems (incentives and credits) for production.** The baseline is US\$ 100 million comprising the following: (i) The *ATPA* will strengthen organizations and establish micro-enterprises and commercialization spaces, implement a national campaign to promote consumption of Amazonian products, and strengthen 8 production chains (coffee, cocoa, fruits, medicinal plants, forest products, aquacultural products, beef and dairy products) (US\$ 35m); (ii) The *National Socio-Bosque Incentives Programme* of the MAE provides financial incentives to individual and community landowners who voluntarily commit to conservation of the native forests for a 20-year period. Its thematic areas include conservation, restoration, SFM, sustainable use of biodiversity and financial sustainability. It foresees 180,000 ha under restoration by 2017 (US\$ 11.4 m); (iii) Through UNDP the *UNREDD+ Programme* will invest US\$ 0.5m for a proposal of the financial architecture to implement Ecuador’s REDD+ vision; (iv) The *National Development Bank* (BNF) and the *National Financial Corporation* (CFN) are the public lending institutions to the productive sector, benefiting mainly medium and large-scale producers who are able to comply with the lending requirements. Estimated loans over the project period amount to US\$ 31.6m; (v) The “*Napo*” project will improve channeling and investment of resources from several incentive mechanisms in Napo and establish a sustainable development fund (US\$2.7 m non GEF); (vi) KfW’s *Forest Conservation and REDD+* project will support the establishment of a financial mechanism to incorporate new partners for forest conservation under the *National Socio-Bosque Incentives Programme* (US\$ 19.5m).
- **Transforming Production.** The baseline investment is US\$ 271 million comprising the following: (i) *ATPA* will establish 177,131 ha of agroforestry systems and 40 Technical Assistance Centers to support producers (US\$ 228 m); (ii)

⁵ Please note that according to public information from the Ministry of Foreign Affairs of Ecuador, German cooperation in Ecuador related to Environment is under review (see <http://www.cancilleria.gob.ec/ecuador-da-por-terminada-cooperacion-alemana-en-materia-ambiental/>).

⁶ *Ibid.*

MAE's Restoration Programme will support restoration in degraded forest landscapes in the CTEA (US\$ 38m); (iii) the "Napo" project will disseminate best practices for sustainable production in 1,720 ha (livestock, cocoa, coffee and naranjilla), conserve 1,764 ha of forests in farms, restore 2,500 ha through reforestation and/or natural regeneration, and promote community co-management of protective forests (US\$ 5m non GEF).

8. Baseline investment in the above three areas could enable progress towards optimizing ecosystem assets as the base for production and offer a foundation for the project's planned interventions and partly as co-finance. However, without GEF support, under the business-as-usual scenario, these programmes will continue to be implemented largely through a sector approach or at farm/plot level and will not be sufficient to enable a shift towards sustainable forest management through integrated landscape level planning and governance nor to launch incentive payments for sustainable land use at scales large enough to arrest deforestation of high conservation value forest, and contain land degradation sufficiently to protect the region's ecosystem goods and services. Thus, **the long-term solution** for sustainable forest and land management in the Amazon involves the development of a highly strategic landscape and ecosystem-based approach to territorial planning that is backed by a policy and legal framework and local and regional institutions with integrated decision making and oversight functions; and financial and incentive instruments to encourage the uptake of sustainable land uses within critical areas of forested landscapes and strengthened capacities of different producers and stakeholders for their implementation. Three barriers must be overcome to achieve the proposed long-term solution:

9. *Barrier 1: Weak multilevel governance for management and sustainable production within landscapes:* Ecuador has launched a Decentralized System of Environmental Management as laid down in the Constitution, the National Good Living Plan and the national legislation, which has not yet been fully implemented due to certain constraints. At national level several institutions share responsibilities on management of forests and lands: MAE, MAGAP, the National Planning Secretariat (SENPLADES), the Coordinating Ministry for Strategic Sectors (MICSE), ECORAE (see stakeholder table for more detail). Multi-sectoral coordination is weak, resulting in overlapping of responsibilities, lack of integrated policies and insufficient long-term planning. This situation is repeated at provincial, cantonal and parochial levels with coordination weaknesses between national institutions and decentralized autonomous governments (DAG) and among DAGs. Coordination between the national and local planning levels (eg. Land Use and Development Plans - LUDPs, indigenous peoples' Life Plans) still needs to be strengthened. At a decentralized level the DAGs have limited capacities to develop, and above all, implement the plans and regulations that harmonize development and conservation in the CTEA, thus contributing to conflicts in the use of the natural resources of the region. The LUDPs partially mainstream environmental sustainability criteria, but they are not adequately implemented. In some cases, mainstreaming of biodiversity and sustainable development are merely "academic" exercises to comply with formal requirements. The DAGs need to strengthen their capacities for land use planning and public and administrative management. Decentralized stakeholders have a low level of knowledge on the reforms and progress of the environmental and forest legal framework, hence enforcement capacities are low, and there is no mechanism to promote collaboration between local authorities and communities in monitoring and surveillance processes. Despite the existence of some roundtables aimed at promoting the participation of social stakeholders for improvement of production (e.g. coffee, cocoa, naranjilla and forestry roundtables in Napo, or the palm roundtable at national level) these are sectoral in nature and there is a lack of multi-sectoral and inter-institutional dialogue and decision-making mechanisms involving government and productive sector stakeholders to reach agreement and consensus on issues of common interest (eg. policies and regulations, land-use planning, incentives for the adoption of best practices), and to connect producers and buyers for market access. In regards to information and knowledge, universities, NGOs and other stakeholders have generated a significant amount of information and experiences, but these are dispersed and there is no mechanism to identify and disseminate knowledge and successful experiences related to the different stakeholders in the region, as well as to exchange such knowledge and lessons with the other countries of the Amazon basin.

10. *Barrier 2: Limitations in access to market, credit and incentives for sustainable production.* There are limitations to promote deforestation free value chains and market access for sustainable products be it from main commodities or NTFP. In part this is due to the low technological level of farms and institutional weaknesses, little value-adding, low yields and quality of products, but also it is due to weak coordination of the value chain links. Local institutions and individuals need to develop organizational and management capacities for sustainable production. More detailed market assessments are needed, including identification of requirements to access markets for sustainable products, buyers, best market practices for the main commodities, and potential for the implementation of certification schemes, among others.

There are no traceability systems for Amazonian products (agriculture, livestock, forestry, biodiversity) to help encourage sustainable production, optimize existing value chains or develop new chains, and promoting differentiated prices. In terms of incentives, the National Socio-Bosque Incentives Programme has succeeded in signing conservation agreements covering a large area of the CTEA and especially in community lands in Central Amazon. However limitations have been identified in planning and use of the incomes received by the beneficiary communities, with a lack of long-term projection for the distribution of funds in the community and optimization to support the conservation, restoration and sustainable production in appropriate areas of the community lands. In terms of credit, the main borrowers of loans are medium and large-scale producers (eg. oil palm) with the capacity to comply with the requirements of financial institutions. However, requirements to access loans do not mainstream environmental sustainability criteria to promote sustainable and deforestation free production. Communities and small-scale producers have difficulties to access credit services due to the inability in complying with the formal requirements and the long distances to urban centers, and borrowing modalities suited to the conditions of these stakeholders are not available. There are limitations in inter-institutional coordination for effective implementation of incentive mechanisms, promotion of organizations, and market access due to the limited experience on practical mechanisms to diversify incomes, reduce costs and increase sales prices, through partnerships between the governments, local communities and producers/forest owners.

11. *Barrier 3: Low capacities for sustainable production practices and focus principally at field and plot levels.* In general, the expansion of the agricultural frontier does not follow the LUDPs but rather support standardised interventions at farm level. Producers lack information of the impacts of their farm activities down stream and knowledge to adopt the best options for production for their location in the landscape. Nor are they fully aware of the benefits of forests and ecosystem services for agricultural production and the impact that non-sustainable activities have on them. Production is not undertaken with a value chain approach and there is little value adding at farm level. In the cases of coffee and cocoa, poor crop management practices are used (sowing density, use of low-yielding varieties, poor pest and disease management) hence the low productivity. In the case of cocoa there is increasingly widespread use of the CNN-51 variety linked expansion of production in forested areas. Oil palm is grown as a monocrop and requires large surfaces to be profitable; cultivation expands without planning and is often introduced in areas under some protection scheme. Livestock production lacks land use planning identifying the most adequate areas for this activity, and it is often undertaken in sloped areas, there is low use of best practices (eg. grass species that are not adapted or have low persistence). All these factors lead to a low productivity, which in turn lead to continue the expansion of production areas over forestlands. Landowners lack capacities for SFM hence the unsustainable use of forests and given the growing demand for timber, illegal extraction is encouraged. In addition, there are institutional shortcomings to provide technical assistance and support to producers for adoption of sustainable production practices, conservation and restoration, and to upscale experiences and lessons to the whole of the CTEA. This represents a major challenge to manage, control or reduce the expansion of the agricultural frontier, illegal and non-sustainable timber extraction, wildlife over-exploitation, increased damage to natural systems and the negative impacts of development projects.

Proposed alternative scenario: expected project outcomes and incremental reasoning

The **objective** of the proposed project is to catalyze the transformation of land use planning and management in the Ecuadorian Amazon by building a governance and sustainable production framework based on a landscape approach and optimizing ecosystem services and livelihoods. The Project will build on the baseline initiatives and especially the ATPA and optimize these by incorporating a landscape approach that will strengthen central and decentralized capacities to achieve the sustainable development priorities stated in the national and provincial development plans. To achieve this, the project intervention strategy will have a dual approach. Firstly, systemic interventions (national and sectoral levels) addressing the central and decentralized (provinces, cantons and parishes) government levels to strengthen the institutional stakeholders for developing the governance, financial and market frameworks for sustainable production and management of multiple use landscapes and delivery of global environmental benefits (Components 1 and 2). Secondly, field interventions in three priority landscapes of high conservation value in the North, Central and South Amazon to address the main drivers of deforestation in each sub-region and deliver multiple environmental benefits and improve the livelihoods of local populations (component 3). These will also generate experiences and lessons and replicable to the whole region facilitated through Component 1 and 2. In the Central sub-region where forest loss is still low emphasis will be placed on developing bio-industry approaches to develop alternative livelihoods and strengthen conservation in community lands whilst opportunity costs are low. This together with replication of best practices in cacao and coffee will provide alternatives to safeguard against the introduction of commercial agricultural expansion of palm oil plantations

from the north and large scale livestock from the south as road infrastructure development continues. To compensate opportunity costs the project aims to use incentive payments in the short term, increased income from new access to markets for certified produce in the medium term, and increased income from enhanced agricultural productivity in the long term, although use of these approaches will vary in each sub-region. Selection of the three priority landscapes will be based on CTEA hydrographic units and the following criteria 1) high conservation value; 2) biomass carbon concentration; 3) deforestation risk level; 4) stakeholder willingness; 5) co-funding amongst others.

12. *Component 1: Multi-level governance framework for SFM and SLM in multi-use landscapes and HVCF:* This will support mainstreaming of the landscape approach for multiple environmental benefits at different government levels (central, provincial, cantonal and parochial) coordinating national development objectives (e.g. Good Living Plan, Productive Transformation Agenda of the Amazon) with the objectives at different provincial levels (e.g. Land Use Plans and Life Plans). At central level, the project will support the implementation of the mechanisms foreseen under the Constitution and laws for multi-level coordination among the diverse public stakeholders with responsibilities in the sustainable development of the CTEA. This will allow for horizontal (between institutions of the same government level) and vertical (between national and territorial levels) coordination to optimize joint planning and coordinated implementation of public policies, thereby improving efficiency and effectiveness of government interventions in the CTEA under a landscape approach. The current regulations on forest conservation, land use and land use change will be revised to incorporate guidelines and specific regulations addressing sustainable productions of NTFP and of the main supply chains (palm, coffee and cocoa among others) in high conservation value landscapes.

13. At provincial level the project will promote mainstreaming of the landscape approach in several manners. The planning and management capacities of the DAGs will be strengthened based on a multiple use landscape approach by training of key staffs of the provincial, cantonal and parochial DAGs, and relevant stakeholders (e.g. ECORAE, MAE and MAGAP in the region and CSOs) in issues such as: land use planning, landscape approach, SFM and SLM, roles and responsibilities of decentralized structures, and legal frameworks. Moreover, strengthened coordination between local communities, governments and MAE will improve efforts in generating early warnings on deforestation, monitoring and surveillance linked to the national forest monitoring system, and to support sustainable deforestation free production. This will include supply of equipment, improving GIS, and publication of periodic land use reports.

14. With key stakeholders better prepared and organized the project will strengthen the dialogue and decision making mechanisms. This will include mainstreaming of the landscape approach and environmental sustainability criteria in land use planning and development in the six provinces. A multilevel governance model for managing CTEA landscapes will be developed involving the different government levels. Within this collaborative framework the sectoral policies related with the CTEA will be reviewed using decision making tools such as opportunity cost assessments (already developed through UN REDD) and new Target Scenario Analysis to be undertaken for each intervention area, comparing current land uses (business-as-usual) with alternative scenarios. The analyses will address coffee, cocoa and palm in the North, alternative uses of the forest (biodiversity, non-timber products, agroforestry) in the Center, and livestock and mining in the South. Results will serve as input for the adjustment of sectoral policies and LUDPs, incorporating guidelines and specific guidance on types and production models for different categories of forest (protection, production, private) and levels of land degradation (high, medium, low). Moreover, the project will support selected indigenous peoples' communities to mainstream the landscape approach in their Life Plans, for which dialogue roundtables between government stakeholders and communities will be established to agree the process and contribute to the coordination of the Life Plans with LUDPs and the National Good Living Plan.

15. Another aspect will be helping provincial and zone level mechanisms to link the national objectives with provincial, cantonal and parochial objectives stated in the LUDPs and Life Plans based on the landscape approach⁷. This will entail strengthening of existing roundtables in the provinces and zones and establishment of new roundtables where they do not exist. Three platforms will be established, one in each priority area (North, Center and South), closely linked with the Zone Boards to foster multi-sectoral and inter-institutional dialogue between government stakeholders and members of

⁷ Nine administrative zones have been established for devolving executive responsibilities to regions in Ecuador, 5 five are in the CTEA. The Zone Board (Gabinete Zonal) is in charge of territorial coordination using a "Zone Agenda" to link the Good Living Plan in each zone with the planning instruments of the DAGs to ensure consistency with national objectives and policies.

the value chains (coffee, cocoa, palm and biodiversity) for agreement and consensus on subjects of common interest e.g. policies and regulations affecting the CTEA, land use planning, incentives for adoption of best practices; and to link buyers and producers for economies of scale and market access, thereby ensuring transparency and building trust among the platform members, seeking to promote sustainable land and forest management. Establishment of the platforms will take into account the lessons learned by UNDP's ART (Territorial Articulation) Programme and Green Commodities Programme. Strengthening of the planning and enforcement framework under this component will help land-owners exercise their rights in terms of sustainable resource use, in effective coordination with other actors, specifically different levels of government.

16. A key component of the governance framework will be to ensure adequate enforcement of the environmental and forest regulations at local level. Thus the project will develop a participatory programme to promote SFM, local control and surveillance incorporating local participation in the enforcement of sustainable production regulations in the CTEA. This will include capacity building of local authorities and communities, incentives to engage communities, supply of local control infrastructure, and developing a grievance mechanism to report illegal activities. Also a knowledge management programme will be developed to support sustainable production and landscape management. This will include the establishment of knowledge networks among NGOs, universities and communities to document best practices and lessons for different types of production in different landscape conditions and locations (e.g. production systems, yields, sustainability); developing learning materials; and promoting links with other Amazonian countries by linking Ecuadorian networks with the Amazon Sustainable Development Solutions Network (SDSN) for exchange of lessons and experiences, and replication of best landscape governance practices.

17. *Component 2: Access to markets, credit and incentives for sustainable production of the main products in multiple use and HCVF of the CTEA.* This will seek to increase the demand of sustainable products and will support the development of financial and market mechanisms addressing conservation, restoration and sustainable production to ensure the long term protection of the forest ecosystems of the CTEA and the services they provide. It will strengthen the green products export policy lead by the MIPRO, enlarging and diversifying the potential exportable offer based on the sustainable production of the main commodities (coffee, cocoa, palm and livestock). It will support MAE's environmental regularization processes (e.g. licensing) to gradually mainstream sustainable environmental measures in the above value chains. It will also support the development and testing of traceability models and systems (palm, coffee and cocoa in the North; livestock in the South) linked to the monitoring and surveillance system under Component 1; development of tools e.g. sourcing guidelines business cases for selected products (cocoa, coffee, palm), including economic, social and environmental benefits and best market practices required by the global and domestic markets of the selected products; development of methods to assess and measure the increase in demand of sustainable products (e.g. number of companies, volume, purchase contracts). Linked to the platforms under Output 1.4 the project will connect buyers of sustainable products (palm oil, coffee, beef, cocoa) with producers. Improved market access will contribute to wider dissemination of sustainable forest and land management practices within production systems of the selected commodities.

18. In parallel the project will support the development of the MAE's bio-industry⁸ concept mainly in North and Center areas, linked to INBIO-Ecuador. This includes bio-trade and strengthens it in terms of promoting the structuring of the value chains from environmental goods, business and services models based on native biodiversity. It will promote market access for selected biodiversity products based on results of existing research in the Napo and Pastaza provinces as well as the FAO Napo project. This will include enlarging the Green Point certification and implementing certification schemes in line with international standards. Also it will support specific actions to make commercial use of live natural resources from ecosystems (e.g. wildlife and NTFP), generating a high added value to the raw materials and developing diversified produce and products based on biodiversity and sustainable forest management, thereby promoting economic growth. In parallel it will support the development of systems and capacities to optimize the access to, distribution and use of Socio-Bosque Programme community incentives for integrated conservation, restoration, sustainable production and use of biodiversity, hence improving access and benefit sharing and ensuring conservation of ecosystem services at landscape level. This will be mainly in the Central Amazon area where an important number of community lands are benefited by the programme. Moreover, modeling of income distribution systems for other SFM incentives including

⁸ Bio-industry refers to the sustainable use of biodiversity to develop value-added products for the domestic and international markets

results-based incentives such as the REDD+ national programme will be supported.

19. Another approach to be implemented by the project to stimulate dissemination and adoption of best practices will be establishing partnerships with financial institutions (banks) that provide loans to the productive sector in the CTEA. This will entail working with institutions that finance production of the main commodities (coffee, cocoa, palm and livestock) through training programmes to support these institutions in developing investment portfolios to finance deforestation free production for commercial producers, as well as methods to assess the production practices eligible for financing in HCVF or according to the level of land degradation in the area. Links will be made with the certification standards and traceability systems to developed under 2.1 In the case of small producers and communities that lack access to credits, the project will support the development of micro-credit lines and modalities adapted to these beneficiaries so as to allow them to incur in sustainable production.

20. *Component 3: Landscape level implementation of sustainable practices in commercial production and livelihoods systems, aligned with the conservation and restoration of HVCF:* This component will intervene in selected landscapes that characterize the existing and emerging challenges in each sub-region but that are replicable to the entire CTEA. It will deliver direct environmental and social benefits and generate lessons to improve the implementation of the ATPA, shifting from its current sectoral approach to an inter-sectoral integrated landscape management approach. Through technical assistance and with the support by the financial and market incentives developed under Component 2, the project will promote an attitudinal transformation of the productive sector to achieve a change from the current non sustainable production practices undertaken in the CTEA toward sustainable forest and land management practices that secure the unabated supply of the ecosystem services necessary for production. In the **North** the project will foster the adoption of environment-friendly practices in cocoa, coffee and palm, including agroforestry systems, chakra systems that diversify production and compensate low yields, soil management, integrated pest management, and conservation and restoration agreements in productive farms to reduce the current and emerging pressures and impacts on the ecosystems (replicable to the Center and South). The project will not work with SNAP protected areas but will do so in forests in the production landscape that are under “protective forests” category and corridors to avoid expansion of palm thus maintaining connectivity in key areas. SFM and sustainable use of biodiversity will be promoted in the **Center** as well as conservation agreements with communities and indigenous peoples, especially the Achuar Nationality, to generate lessons addressing decision making on land use options to face emerging development processes. In this area the project will work with the community lands benefited by the Socio-Bosque incentives. In the **South** the project will promote livestock production best practices, conversion of degraded pastures to agroforestry/silvopastoral systems, and conservation agreements; and it will support soil restoration and reforestation in mining areas. It will also strengthen conservation in the Kutuku Shaimi Reserve (all these interventions are replicable to the North and Center).

21. The project will contribute to upscale sustainable production at landscape level in the CTEA hydrographic watersheds through several approaches. One will be the strengthening of extension services through training of extension agents and technicians in sustainable production practices and landscape approach. Another will be developing training programmes for small, medium and large producers, and communities, on best practices and standards to comply with market requirements for sustainable products, hence contributing to the development of value chains and increase in the offer of this kind of products. It will also promote increased access to incentives, credits, inputs, technology and other services for a widespread dissemination of best practices for production, conservation and restoration.

22. The comparison of baseline and alternative scenarios and global environmental benefits are summarized below:

Baseline practices	Alternatives to be put in place by the project	Environmental benefits
Deforestation and degradation of forests due to land use change (expansion of agricultural frontier, illegal extraction of timber, oil drilling, mining, road construction and settlements)	<ul style="list-style-type: none"> • Inter-institutional and inter-sectoral coordination mechanisms • Mainstreaming of landscape approach in planning and land use planning • Multi-level governance model for management of MUL • Capacity development of national and territorial stakeholders 	<p><u>Biodiversity, Land degradation, SFM:</u></p> <ul style="list-style-type: none"> • Reduced pressures on 1,000,000 ha of HVCF (direct effect of the Project) • Additional hectares through replication (indirect effect) to be confirmed in PPG phase <p><u>Biodiversity:</u></p> <ul style="list-style-type: none"> • Conservation of globally significant and threatened species (tbd in ppg) • Conservation of species with social, cultural and economic value (tbd in ppg.)
Unsustainable agricultural and forestry practices	<ul style="list-style-type: none"> • Sustainable forest and land management practices in MUL: i) farm planning, ii) soil and pasture management; iii) integrated pest management; iv) traditional chakra, 	

	<ul style="list-style-type: none"> agroforestry, silvo-pastoral systems Conservation and restoration agreements with landowners and communities (Socio-Bosque) Credit lines in support of sustainable production practices Capacity development of extension services for upscaling of best practices Value chains, alternative uses of the forest, platforms linking buyers and producers, and financial instruments for market Access that contribute to sustainable production and livelihoods 	<ul style="list-style-type: none"> Increase in percentage of conservation areas in productive farms <p>Land degradation:</p> <ul style="list-style-type: none"> 180,000 ha production in farms/plots managed according to landscape approaches conserving forest ES (this includes 100,000 under improved conservation; 50,000 with restoration processes underway; 30,000 under sustainable use (eg. agroforestry systems; forest management; silviculture systems).
Limitations in access and benefit sharing of biodiversity related incomes	<ul style="list-style-type: none"> Agreements with DAGs, landowners and communities for optimized use of incentives for conservation, restoration and production in farms and community lands 	<ul style="list-style-type: none"> Increase in family incomes from sustainable agriculture and forest products <p>SFM:</p> <ul style="list-style-type: none"> Conservation of 300,000 hectares of HVCF in community and indigenous peoples' lands through incentives. Carbon stocks/avoided emissions (11.6million tCO2e)

Innovativeness, sustainability and potential for scaling up

23. **Innovativeness:** The project is innovative in promoting an integrated approach to sustainable management and production in MULs of the CTEA, where until now the interventions have been mainly based on sectoral approaches. This integrated approach envisages the development of policies, plans and participatory strategies that improve inter-institutional and intersectoral coordination; strengthening opportunities for dialogue and consensus; capacity building of national and provincial stakeholders, access to finance and markets for sustainable production and promotion of sustainable production practices, conservation and restoration for the long-term protection of global and local values of the CTEA. Moreover, this integrated approach will contribute to generate lessons not only for Ecuador but also for other Amazonian countries; as well as to develop the capacities of the relevant institutions to upscale the approach within the CTEA and other regions of the country.

24. **Sustainability:** The project is consistent with the national and provincial development objectives. Sustainable development is a priority of the Government of Ecuador and the project builds on a robust baseline comprising the institutional, policy and legal frameworks, and field interventions. The project will help optimize this baseline through mainstreaming an integrated approach to landscape management and sustainable production. Capacity development at all levels will contribute to an enabling environment for the institutional ownership of this approach. The use of participatory mechanisms (dialogue and decision making roundtables and platforms) will serve to engage institutional, productive and community stakeholders and contribute to project ownership. Sustainable production practices and value chains, combined with optimized availability and use of incentives and financial services and market access will contribute to sustainability of results in the field.

25. **Potential for scaling up:** Potential for scaling up is high given the complementarity with national and provincial policies and plans. The project will intervene in three sub-regions (Northern, Central and Southern Amazon), which have their own characteristics but at the same time reflect the problems of the CTEA as a whole; therefore the experiences and lessons learned in each area will be replicable to the entire region. Mainstreaming of the landscape approach and guidelines for sustainable production in national regulations and the LUDPs of six provinces will contribute to upscaling at CTEA level. Moreover, the community level exercises to link indigenous peoples' life plans with LUDPs and national plans, as well as for optimizing access and benefit sharing within the Socio-Bosque programme will be replicable at country level. Links with the Sustainable Development Solutions Network for the Amazon will contribute to export experiences and lessons generated in the CTEA to the other Amazonian countries.

2. **Stakeholder** Project design will include participation of relevant [civil society](#) and [indigenous people](#) stakeholders

Stakeholder	Role in Project preparation
Ministry of the Environment-MAE	National environmental authority in charge of forest-related policies and regulations. Project implementing partner. Will convene stakeholders to participate in Project formulation (thematic meetings, specialized meetings, consultation and validation workshops). Will lead the design of the Project components.

Ministry of Agriculture, Livestock, Aquaculture and Fisheries- MAGAP	In charge of promoting the sustainable production of agricultural, livestock, aquaculture and fisheries sectors as well as rural development. Will participate in consultation processes and production of information; support in identification of activities within Components 1 (platforms, dialogue and coordination mechanisms), 2 (strengthening of value chains, optimizing credit services) and 3 (selection of best practices; strengthening extension services)
Ministry for Coordination of Strategic Sectors-MICSE	In charge of elaborating the political agenda and strategies for strategic sectors; coordinates the environmental policy. It will be consulted in project preparation.
Ministry for Coordination of Production, Employment and Competitiveness-MCPEC	Its mandate is to generate, coordinate, promote and evaluate policies, programmes, projects and strategies for production, employment and competitiveness addressing the change in the productive matrix. It will be consulted in project preparation.
Ministry of Industries and Productivity- MIPRO	Promotes the development of the industrial sector through technological investment and innovation. It will be consulted in project preparation.
Institute of Popular and Solidary Economy-IEPS	Promotes the inclusion of the population through employment generation, Access to credits, training, conservation of traditional knowledge and promoting democratic decision making.
Institute for Eco-development of the Amazon ECORAE	In charge of designing and implementing a sustainable human development strategy agreed with local, national and international stakeholders; it will be key in project formulation .
Decentralized Autonomous Governments (DAG): Napo, Sucumbios, Orellana, Pastaza, Morona Santiago and Zamora Chinchipe provinces	DAGs have the mandate of promoting the sustainable development of their territories to ensure the good living of the population. Responsible for design and implementation of provincial environmental policies and land use plans. Will participate in consultation processes, providing information and design of activities at provincial level (eg. Mainstreaming of landscape approach in planning instruments, articulation of national objectives with provincial and local plans, experiences and lessons in sustainable production, stakeholder mobilization)
Indigenous Peoples' organizations	Indigenous peoples are responsible for managing their lands and territories. They are organized in federations and a regional organization (Confederation of Indigenous Peoples of the Ecuadorian Amazon – CONFENIAE). Will participate in design of interventions related to eg. linking Life Plans with provincial and national plans, design of mechanisms to optimize access and benefit sharing of Socio-Bosque incentives and proposals for alternative uses of the forest and biodiversity products.
Producers' associations	They represent producers interests seeking to improve production and productivity. There is an increasing number of community related associations for production and commercialization of cocoa, palm oil, livestock and forestry (e.g. Kallari Association, Forestry producers of Orellana, Puerto Libre Crafts Association, Small Organic Producers' Association). Will participate in consultation processes and design of Project components (eg. Dialogue roundtables and platforms for sustainable production and market Access, identification of best practices for oil palm, coffee, cocoa and livestock, strengthening of value chains)
Universities, research centers, NGOs	Undertake research activities and field interventions in the region (eg. Universidad Regional Amazónica IKIAM, ECOCIENCIA). Will provide information, experiences and lessons from their research and work in the CTEA contributing to design of Project components.

3. **Gender Considerations.** Are [gender considerations](#) taken into account? (yes)

26. Women constitute 48% of the CTEA's population. In the traditional indigenous Amazonian agricultural chakra production system, women are the primary actors, spending much of their labour ensuring production for both subsistence use and increasingly for sale on the market. This is a key justification for incorporating a robust gender equality approach that will lead to women's empowerment therefore gender and multiculturalism constitute an integral part of the intervention strategy of the project and this will be developed further during the project preparation. This includes the UNDP Gender Marker required in each UNDP project including a brief analysis of how the project plans to achieve its environmental objective by addressing the differences in the roles and needs of women and men. The project will contribute at addressing the inequalities that currently exist between men and women with regard to public decision-making, their access to natural resources and their vulnerability to environmental degradation. Women's involvement is likely to be high as they are more receptive to new concepts and more willing to shift to ecosystem-friendly practices, provided that they generate enough income for a household. This project will, therefore, place particular emphasis on ensuring that women are well represented in project implementation and that the impact of project activities on women will be considered. Some specific actions may include: i) Identification and support of already established women's organizations; ii) Encourage and support participation of women in livelihoods options by selecting them as implementers of pilot projects; iii) Ensure equal representation of men and women in the project's seminars,

workshops, training-of-trainers and other educational and awareness raising events of the project; iv) Engage women from women's organizations in monitoring and evaluation of pilot projects, and also in dissemination of good practices. The following data will be produced in Project year 1 and at its end: i) Total number of full-time project women and men staff; ii) Total number of women and of men as Project Board members; v) Number of jobs created by the project disaggregated by women and men. To ensure quality, these criteria will be integrated into Project design.

4 Risks.

Risk	Rating	Mitigation measures
Lack of coordination and complementarity, duplication and overlapping of responsibilities persist due to the lack of political will and commitment of institutional stakeholders for inter-institutional coordination (MAE, MAGAP, DAGs)	Medium	The Project will promote inter-institutional agreements for coordination between participating institutions. The Project will support these institutions in developing an enabling environment for inter-institutional and inter-sectoral coordination through optimizing existing mechanisms and developing and testing a multi-level governance model. Strengthening of dialogue and decision making mechanisms by engaging key stakeholders at all levels will serve to reinforce coordination, as well as capacity building to mainstream the landscape approach within the institutions and in field interventions.
Landowners and communities are reluctant to adopt best practices for sustainable management of forests and lands and conservation/ restoration agreements	Medium	Dialogue mechanisms (roundtables, platforms) will contribute to raise awareness on the need for sustainable interventions in the CTEA. Valuation studies will serve to demonstrate the most favorable scenarios for land uses in the CTEA and raise awareness of these stakeholders on the subject. Incentives, credit services and technical assistance will contribute to adoption of best practices. Strengthening of value chains and improved market Access for sustainable products will help encourage producers through improving their incomes.
Indigenous People (IP) may not benefit fully from project activities.	Medium	The project envisages working in IP Lands already in the Socio-Bosque programme. As such IP have been consulted and have provided their agreement in principle on conservation, restoration and production activities. Nonetheless the UNDP Social and Environmental Screening tool has identified this as a risk and proposes specific measures to be taken in the PPG to ensure that the final design will incorporate the opinions of the indigenous people that fall within the geographical intervention areas. Also during the project the appropriate level of consultation will take place at different levels according to national legislation. (see screening tool for details).
Climate change risks	Low	Awareness raising and training of landowners and communities for a better understanding of vulnerability and climate change impacts on CTEA ecosystems. Selection of best practices will take into account adaptation to climate change. Sustainable practices (eg. agroforestry and silvo-pastoral systems, and forest restoration) will contribute to climate change adaptation.

5. Coordination with other relevant GEF-financed and other initiatives.

27. The proposed Project will coordinate with the following GEF-financed projects. At national level the Project will closely coordinate with two GEF/FAO projects. The first one pursues the conservation and sustainable use of biodiversity, forests, soil and water in the province of Napo (#4774). The second one seeks to implement intersectoral policies and climate-smart livestock management in the provinces of Napo and Pastaza (#4774). The three Projects will coordinate to agree on common approaches and exchange lessons. The proposed project will seek to upscale to the whole of the CTEA the lessons on sustainable livestock management of project #4775 and mainstream them in the interventions in Southern Amazon. Likewise with the lessons learned by project #4774 in Napo on governance, mainstreaming of environmental criteria in LUDPs and sustainable production of coffee, cocoa and biodiversity products. In turn the proposed project will provide the FAO-Napo project with lessons related to oil palm production and commercialization not included in that project but necessary to control the expansion of oil palm toward the province. Coordination will be ensured through annual programming meetings, specific information exchange sessions and participation in project steering committees.

28. Close coordination will be held with the GEF-6 Integrated Approach Pilot Taking Deforestation out of Commodities Supply Chain, which includes palm oil among its target commodities. The proposed interventions in Northern Amazon contain common elements and approaches with this IAP in terms of developing an enabling environment for sustainable production of oil palm while at the same time supporting forest conservation and reduction of deforestation in the

landscape. Interventions addressing policies, dialogue roundtables, enforcement of regulations and capacity development of national and local governments will benefit from Production project of the IAP lessons and vice versa. Moreover, a close link will be maintained with the IAP's Demand Project so that partnerships with markets for deforestation free palm oil buyers can be shared with Ecuador. Learning and sharing will be undertaken in the context of IAP's Learning and Adaptive Management Component under UNDP leadership.

29. As the multi-use landscapes in the proposed Project include PANE protected areas which have to be considered when planning and monitoring land use, information exchange will be undertaken with the following GEF/UNDP national projects: i) Project #3829 which seeks to implement a financial framework for the SNAP and includes protected areas in the CTEA (Cayambe-Coca, Cuyabeno, Yasuni); and ii) Project #4731 which seeks to mainstream the landscape approach for improved effectiveness in conservation of globally significant species in protected areas and corridors, including the Cuyabeno-Yasuni corridor. Experiences in wildlife management, alternative livelihoods and monitoring/surveillance may be applied by the proposed Project, especially in Central Amazon. Also, GEF/UNDP Project #5534 which seeks to conserve amphibians through access and benefit sharing agreements for monetary and non-monetary benefits favoring protected areas may contribute to the proposed project where access and benefit sharing is a possible financial mechanism to support conservation and sustainable use of CTEA forests.

6. Consistency with National Priorities.

30. The project is consistent with the **National Good Living Plan (2013-2017)** and particularly with its Objectives 3 "Improve the livelihoods of the population", 7 "Guarantee the rights of nature and promote environmental, territorial and global sustainability"; 8 "Consolidate the economic, social and solidary system in a sustainable manner"; and 10 "Promote the transformation of the productive matrix". The project is aligned with the **National Biodiversity Strategy and Action Plan (NBSAP)**, Objectives 1 "Mainstream biodiversity and associated ecosystem goods and services in public policies"; 2 "Reduce pressures and inadequate use of biodiversity at levels that ensure conservation", and 4 "Strengthen knowledge management, national capacities for innovation in sustainable use of biodiversity and ecosystem services". The project is consistent with the **Policy for Governance of the Natural Heritage for the Good Living of Society 2013-2017** and its axes: 1 "Sustainable management of natural landscapes"; 2 "Incentives for conservation and sustainable use of the natural heritage"; and 3 "Integrated management of forests and wildlife", as well as with the **Amazonian Productive Transformation Agenda (ATPA)** and its Objectives 2 "Promote sustainable agro-productive development of the rural population of the Amazon region" and 3 "Strengthen productive chains". At local level the project is consistent with the **Land Use and Development Plans** of Sucumbios, Orellana, Napo, Pastaza, Morona Santiago and Zamora Chinchipe, which include objectives and programmes addressing livelihood improvement, environment-friendly socio-economic development and respect to the social and cultural characteristics of the indigenous peoples. Also the project will contribute to achievement of the Aichi Targets particularly Strategic Goal B: Reduce the direct pressures on biodiversity and promote sustainable use, Target 5: (reducing loss of all natural habitats) and Target 7: (agriculture, aquaculture and forestry areas are managed sustainably); and under Strategic Goal D: Enhance the benefits to all from biodiversity and ecosystem services, Target 14: (ecosystems that provide essential services to health, livelihoods and well-being); and Target 15: ecosystem resilience and the contribution of biodiversity to carbon stocks has been enhanced).

7. Knowledge Management

31. Knowledge management will be an integral part of project enabling institutional memory, promoting learning and continuous improvement, generating documents for upscaling of lessons and experiences and visibility strategies for capacity development and political advocacy. To this end it will make use of existing online communities of practice such as SDSN Amazon <http://unsdsn.org/what-we-do/national-and-regional-networks/regional-sdsn/regional-sdsn-for-the-amazon>, the UNDP-Teamworks and UNDP-Exposure platforms (<https://undp.exposure.co/>), UNDP corporate webpages at national, regional and global levels as well as government platforms, especially the MAE webpage and newsletters. The Project will publish knowledge management products that systematize experiences and lessons such as guidelines for planning, sustainable production and sustainable development guides for reduction of habitat fragmentation (improvement of connectivity) in the landscape, sustainable use of biodiversity, and value chains. The Project will promote exchange of experiences among decision makers, communities and productive sectors of the three sub-regions to promote replication and upscaling of successful experiences. Additionally, project design will take into account lessons learned by UNDP's


ART programme such as: use of a multi-level approach involving all government levels to ensure participation of national, provincial, cantonal and parochial levels; promoting multi-stakeholder structures for dialogue, consensus and decision making on local interventions; and promoting coordination among different government levels to strengthen quality and sustainability of processes.

A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT ON BEHALF OF THE GOVERNMENT:

NAME	POSITION	MINISTRY	DATE (MM/dd/yyyy)
Lorena Tapia Nuñez	Minister of Environment, GEF OFP	Environment	MARCH 11, 2015

B. GEF AGENCY CERTIFICATION

This request has been prepared in accordance with GEF policies and procedures and meets the GEF criteria for project identification and preparation under GEF-6.

Agency Coordinator, Agency name	Signature	Date (MM/dd/yyyy)	Project Contact Person	Telephone	Email
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