



PROJECT IDENTIFICATION FORM (PIF)¹
PROJECT TYPE: FULL-SIZE PROJECT
TYPE OF TRUST FUND: GEF TRUST FUND

PART I: PROJECT IDENTIFICATION

Project Title: Conservation and Sustainable Use of Biodiversity, Forests, Soil and Water to Achieve the Good Living (<i>Buen Vivir / Sumac Kasay</i>) in the Napo Province			
Country(ies):	Ecuador	GEF Project ID:²	4774
GEF Agency(ies):	FAO	GEF Agency Project ID:	615424
Other Executing Partner(s):	Napo Province Government (NPG); Ministry of Environment -Regional Office Branch 2 (MAE-R2)	Submission Date:	12 April 2012
GEF Focal Area (s):	MULTI-FOCAL AREA	Project Duration (months):	48
Name of parent program (if applicable):		Agency Fee:	262.828
	• For SFM <input checked="" type="checkbox"/>		

A. FOCAL AREA STRATEGY FRAMEWORK³:

Focal Area Objectives	Expected FA Outcomes	Expected FA Outputs	Trust Fund	Indicative Grant Amount (\$)	Indicative Co-Financing ^a
BD-2	Outcome 2.1: Increase in sustainably managed landscapes and seascapes that integrate biodiversity conservation.	Output 2.2: Eight (8) sub-national land-use plans that incorporate biodiversity and ecosystem services valuation. Output 2.3: Certified production of landscapes and seascapes (3000 hectares).	GEFTF	1,341,566	5,390,207
LD-1	Outcome 1.3: Sustained flow of services in agro-ecosystems	Output 1.3: Suitable SL/WM interventions to increase vegetative cover in agro-ecosystems	GEFTF	160,734	645,802
LD-3	Outcome 3.1 Enhanced cross-sector	Output 3.1: One (1) Integrated	GEFTF	56,257	226,031

¹ It is very important to consult the PIF preparation guidelines when completing this template.

² Project ID number will be assigned by GEFSEC.

³ Refer to the reference attached on the Focal Area Results Framework when filling up the table in item A.

	enabling environment for integrated landscape management	Land Management Plan developed and implemented			
LD-3	Outcome 3.2: Integrated landscape management practices adopted by local communities	Output 3.2: Between three and five (3 and 5) INRM tools and methodologies developed and tested Output 3.4: Information on INRM technologies and four (4) good practice guidelines disseminated	GEFTF	131.266	527.405
LD-3	Outcome 3.3: Increased investments in integrated landscape management	Output 3.3: Three (3) appropriate actions to diversify the financial resource base	GEFTF	187.522	753.436
SFM/REDD+-1	Outcome 1.2: Good management practices developed and applied in existing forests. Outcome	Output 1.2: Forest area (50,000) under sustainable management, categorized by forest type.	GEFTF	438.047	1.760.006
SFM/REDD+-1	1.3: Good management practices in the wider landscape developed and adopted by relevant economic actors.	Output 1.3: Types and quantity (3) of services generated through SFM.	GEFTF	187.734	754.288
Subtotal				2.503.127	10.057.176
Project Management Cost ⁴				125.156	502.859
Total Project Cost				2.628.283	10.560.035

⁴ GEF will finance management cost that is solely linked to GEF financing of the project.

B. PROJECT FRAMEWORK

Project Objective: To promote biodiversity conservation, sustainable management of soil, forests, and water, and climate change (CC) mitigation through the strategic investment of public resources (including hydrocarbon and mineral extraction revenue), participative environmental governance, and incentive mechanisms in the Napo Province, with a special focus on the Sumaco Biosphere Reserve (SBR).

Project Component ⁵	Grant Type	Expected Outcomes	Expected Outputs	Trust Fund	Indicative Grant Amount (\$)	Indicative Co-Financing a
					(\$) ^a	(\$) ^b
1. Institutional strengthening to mainstream biodiversity conservation and integrated natural resource management (INRM) into participatory land-use planning and management, based on an ecosystem approach.	TA	<p>1.1: xx ha managed under eight (8) Land-Use & Development Plans (LUDPs) of Decentralized Autonomous Governments (DAGs) that mainstream the principles of conservation and sustainable use of biodiversity and INRM.</p> <p>1.2: Provincial policies support integration of agriculture, livestock management and sustainable forest management based on the implementation of one (1) Inter-Institutional Strategic Plan for Conservation, Integrated Landscape Management, Sustainable Use of Biodiversity, Watersheds, Protected</p>	<p>1.1.1 120 representatives of DAGs (1 provincial government, 5 municipal governments and 18 village councils), civil society organizations, and community leaders trained in inclusion of BD conservation and INRM in territorial planning through 20 workshops, 3-5 courses, and technical assistance (women representing at least 30% of participants).</p> <p>1.1.2 Eight (8) Land-Use & Development Plans (LUDPs) for BD conservation and INRM are implemented in the Napo Province, with the participation of the Napo Provincial Government (NPG), municipalities and village councils, building on a participative and a gender-responsive approach.</p> <p>1.1.3 A Multidisciplinary Team in the NPG has been created and delivered TA services and training for 25 associations (1000-1200 producers) that work in livestock, forest use, agriculture, tourism, and biotrade activities. These 25 associations have participated in the design and implementation of the Sustainable NR Use Plans of each pilot area. The Regency Forest Service has also been included.</p> <p>1.2.1 100 representatives from institutions and organizations participating in the Thematic Roundtables (Cacao, Forestry, Land Use) of the Sumaco Biosphere Reserve (SBR) trained in land use methodologies, sustainable development planning, and value chain management.</p> <p>1.2.2 One (1) Roundtable for the Integrated Management of the</p>	GEFTF	1,001,251	4,022,870

		<p>Areas, buffer zones, and Ecological Corridor Management.</p> <p>1.3 The Napo Provincial Government (NPG) and the Regional Office of the Ministry of Environment (MAE-R2) make informed decisions on biodiversity conservation and INRM in the SBR-NAPO Province supported by a biodiversity and NR Information System.</p> <p>1.4 Package of Incentives for Integrated Landscape Management is being implemented in the Napo Province and has transferred at least \$400.000 by the end of the project for INRM</p>	<p>Napo River Watershed and several micro-watersheds has been created based on an ecosystem approach and incorporating local communities, municipalities, CSOs and other governmental actors present in the territory.</p> <p>1.2.3 One (1) Roundtable for the Co-management of NP Protected Areas and Buffer Zones has been created, and is operative by promoting the participatory environmental governance with local communities and other relevant actors of the NP</p> <p>1.2.4 The SBR Management Committee strengthened by elaborating its Strategic Plan and delivering technical assistance and training to its members.</p> <p>1.2.5 One (1) Inter-Institutional and Participative Strategic Plan for the Napo Province developed, mainstreaming the concepts of integrated landscape and watershed management, and including the spatial design of corridors between protected areas (PAs) and forest relicts at macro level.</p> <p>1.3.1 One (1) Information System on biodiversity and Renewable NR in the SBR-Napo Province has been developed, based on the collation and systematization of relevant information provided by local, national, and international institutions. Information gaps have been identified.</p> <p>1.4.1 Three (3) incentives have been created (REDD+, water fund, and a sustainable development fund) and implemented for agro-livestock-forestry systems, value chains, bio-corridors, and conservation and sustainable use of forests. One (1) of these incentives has introduced special incentives for women, benefitting 300 small-scale female producers in the pilot areas.</p>			
2. Design and promotion of landscape and agro-forestry production systems that include the sustainable management of water, soil, and forests, while improving local	INV	<p>2.1 Small and medium-scale rural producers have introduced good practices of natural resources management in their traditional production systems increasing vegetation cover in 8500 has. in four (4) pilot areas of the Napo Province.</p>	<p>2.1.1 120 livestock farmers have adopted sustainable livestock practices and signed conservation agreements that are financed by conservation incentives in the upper area of the Napo Province (Chaco, Quijos) (2500 has.)</p> <p>2.1.2 600 cacao farmers have adopted good production</p>	GEFTF	1.001.251	4.022.871

<p>population livelihoods in the SBR- Napo Province.</p>		<p>2.2 Pressures on the SBR forests have been reduced by implementing a Sustainable Forest Management Strategy, with a value chain approach (Deforestation rate significantly decreased in 50.000 has. –baseline and target to be established during project preparation)</p> <p>2.3 2500 ha under FSC or Forest Garden certification</p>	<p>practices in their farm units (called <i>chakras</i>), and signed conservation agreements that are financed by conservation incentives in the lower area of the Napo Province (Tena, Archidona and Arosemena Tola) (2500 has.)</p> <p>2.1.3 120 Autochthonous fruit (called <i>naranjilla</i>) producers have adopted good agricultural practices and signed conservation agreements that are financed by conservation incentives in the area of Tena and Archidona (1000 has.).</p> <p>2.1.4. Four (4) Value Chain Development Plans for cacao, <i>naranjilla</i> and milk have been implemented with the participation of 400 small- and medium-scale producers from four (4) pilot zones located in the Napo Province-SBR region.</p> <p>2.1.5 Two (2) community-based tourism associations have developed pilot experiences in sustainable tourism value chains and have signed conservation agreements for 2500 ha. They have been included in a conservation incentive scheme.</p> <p>2.2.1 On a consensus basis, the NPG has developed and implemented one (1) Provincial Sustainable Forest Management Strategy with concrete actions for supporting the development of the legal timber value chain.</p> <p>2.2.2 SFM has been adopted in 50.000 has., which have been included in conservation agreements and incentive conservation schemes of the SBR-Napo Province.</p> <p>2.2.3 One (1) Control and Monitoring System of Timber Products (with certificate of origin) has been implemented in the Napo Province.</p> <p>2.2.4 Deforestation baseline has been elaborated and one (1) Carbon Sequestration Monitoring System has been established and is being implemented in pilot areas.</p> <p>2.3.1 Two (2) certification schemes for forest products (FSC, Forest gardens) have been implemented in 2500 ha. that are located in two (2) pilot areas of the Napo Province.</p>			
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		2.4 2500 has. of degraded areas (with high potential for biological connectivity, CC resilience, and reestablishment of environmental services), have been ecologically and/or productively restored in the Napo Province.	2.4.1 Five (5) pilot experiences of ecological restoration have been implemented in the SBR buffer and transitional zones (with analogy forestry, reforestation and/or natural regeneration techniques). These 5 pilot areas have been included in conservation agreements and conservation incentives schemes. (Total piloting: 2500 has.)			
3. Promotion of biotrade as a strategy for biodiversity conservation, sustainable use of natural resources, and improvement of livelihoods for rural communities in the SBR-Napo Province.	TA	3.1 For five (5) biotrade products, a market has been identified and the value chain has been developed and implemented in 5 pilot areas of the SBR buffer and transition zones, as well as in ecological connection areas of the Napo Province.	3.1.1 Five (5) pilot value chains for biotrade (production, harvesting, post-harvesting, certification, commercialization and transformation) have been analysed and implemented (200 producers). Two (2) of these pilot experiences have improved the income level of 100 female-heads of households. 3.1.2 Twenty (20) associations of small-scale rural producers actively participate through production and commercialization in the biotrade value chains of the project. 3.1.3 Three (3) certification schemes for agriculture/livestock products (fair trade, organic products, certificate of origin) have been implemented in 2500 ha of pilot areas located in the Napo Province.	GEFTF	375.469	1.508.576
4. Project progress monitoring and evaluation and information dissemination	TA	4.1 Project implementation based on results based management and application of project findings and lessons learned in future operations facilitated	4.1.1 Project monitoring system operating providing systematic information on progress in meeting project outcome and output targets 4.1.2 Midterm and final evaluation conducted and project implementation and sustainability strategy adjusted to recommendations 4.1.3 project-related "best-practices" and "lessons-learned" published 4.1.4 website to share the experience and information dissemination.	GEFTF	125.156	502.859
Sub-total					2.503.127	10.057.176
Project Management Cost				GEFTF	125.156	502.859
Total Project Costs					2.628.283	10.560.035

C. INDICATIVE CO-FINANCING FOR THE PROJECT BY SOURCE AND BY NAME IF AVAILABLE, (\$)

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Amount (\$)
Local Government	Government of the Province of Napo	Grant	5.265.000
National Government	Ministry of Environment (MAE) - Regional Office Branch 2	Grant	3,055,035
Bilateral Aid Agency	GIZ	Grant	1.500.000
Foundation	Ecociencia	In-kind	30.000
Foundation	TNC	In-kind	190.000
GEF Agency	FAO	Grant	490,000

GEF Agency	FAO	In-kind	30,000
Total Co-financing			10.560.035

D. GEF/LCDF/SCCF RESOURCES REQUESTED BY AGENCY, FOCAL AREA AND COUNTRY¹

GEF Agency	Type of Trust Funds	Focal Area	Country Name/ Global	(in \$)		
				Project amount (a)	Agency Fee (b)	Total c=a+b
FAO	GEF TF	Biodiversity	Ecuador	1.408.645	140.864	1.549.509
FAO	GEF TF	Land Degradation	Ecuador	562.567	56.257	618.824
FAO	GEF TF	Multi-focal Areas	Ecuador	657.071	65.707	722.778
Total Grant Resources				2.628.283	262.828	2.891.111

¹ In case of a single focal area, single country, single GEF Agency project, and single trust fund project, no need to provide information for this table

PART II: PROJECT JUSTIFICATION

A. DESCRIPTION OF THE CONSISTENCY OF THE PROJECT WITH:

A.1.1. THE GEF FOCAL AREA STRATEGIES:

The project is consistent with the objectives BD-2, LD-1, LD-3, and SFM/REDD+-1. Component 1 will support objective BD-2 through; i) the design and implementation of eight (8) Land Use & Development Plans (LUDPs) of provincial, municipal, and village Decentralized Autonomous Governments (DAGs), which will introduce principles for conservation of biodiversity and measures for the integrated natural resource management (INRM) in the territory; ii) consensus building, decision-making for one (1) Inter-Institutional Plan for Conservation, Integrated Landscape Management, Sustainable Use of Biodiversity, Watersheds, Protected Areas, buffer zones, and Ecological Corridors Management in the Napo Province (NP); iii) the creation of one (1) information system of the Sumaco Biosphere Reserve (SBR)-Napo Province that compiles and systematizes information about the biodiversity and natural resources in the region, collected from local, national, and international institutions. Component 1 will also contribute to the objective LD-3 and SFM/REDD+- 1 through iv) the design and implementation in the Province of Napo of one (1) package of incentives for integrated landscape management.

Component 2 will support the objectives LD-1 and SFM/REDD+-1 by i) introducing good NRM practices in traditional productive systems managed by small and medium-scale rural producers in the pilot areas of the Napo Province (8500 ha); ii) implementing Sustainable Forest Management (SFM) with the value chain approach to improve market access (covering 50.000 ha) while reducing pressure on the SBR forests; iii) promoting the ecological and/or productive restoration of degraded areas with high connectivity potential important for biodiversity, climate change resilience, and capacity of recovering environmental services in the Napo Province (2500 ha); iv) establishing the deforestation baseline and monitoring and a carbon sequestration and emissions monitoring system in the pilot area.

Component 3 is consistent with the objective BD-2 since it will implement five (5) pilot biotrade experiences sustained by applying a replication criteria. Biotrade is a strategy for sustainable NR management and biodiversity conservation, which will also improve livelihood of rural communities in the SBR and the Napo Province. Rural small-holders adopt sustainable production practices that enhance biodiversity conservation when they receive economic benefits and improve their livelihoods if abandoning unsustainable practices. Thus, this project includes biotrade as an economically sustainable way to reduce pressure on natural resources in buffer zones while enhancing food security, household incomes, and increased overall incomes. In addition, the implementation of 3 certification schemes for agriculture/livestock products will stimulate the successful marketing and sale of forest and rural goods that are sustainably harvested at local level.

A.1.2. FOR PROJECTS FUNDED FROM LDCF/SCCF: THE LDCF/SCCF ELIGIBILITY CRITERIA AND PRIORITIES:

A.2 NATIONAL STRATEGIES AND PLANS OR REPORTS AND ASSESSMENTS UNDER RELEVANT CONVENTIONS, IF APPLICABLE, I.E. NAPAS, NBSAPs, NATIONAL COMMUNICATIONS, TNAs, NIPs, PRSPs, NPFE, ETC.:

This proposed project is in line with:

- The Fourth National Report (FNR) to the Convention for Biological Diversity (CBD), submitted by

the Government of Ecuador (GoE) in January 2010, including the following prioritized issues:

- the strengthening of the National System of Protected Areas and protection of endangered species as a strategy focused on biological biodiversity conservation;
 - the sustainable agriculture and restoration of degraded lands, focusing on food security and sovereignty;
 - the BioTrade, conceived as an opportunity for development and economic growth, specifically in ecotourism.
- The First National Communication (FNC) to the United Nations Framework Convention on Climate Change (UNFCCC), prepared by the Government of Ecuador in 2000. The FNC recognized the degradation of fragile ecosystems and forests as one of the country's major challenges. The FNC described the Amazon Region as a fragile ecosystem with an accelerated process of deforestation and loss of biodiversity. In this line, the FNC identified the Land Use, Land-Use Change, and Forestry (LULUCF) as the sectors with more GHG emissions (70%, mainly CO₂ and CH₄).
 - The Third National Report (TNR) to the United Nations Convention to Combat Desertification (UNCCD), submitted by the GoE in May 2006, shows evidence on land degradation in the Amazon region (44% of the total have been degraded between 1982 and 2003). The close relation between land degradation and climate change is emphasized considering the increased vulnerability of degraded ecosystems, both regarding biodiversity and livelihoods.

The project proposal is also consistent with national initiatives and legislation as follows:

- The Constitution of the Republic of Ecuador, which recognizes the right of the people to live in a healthy and ecologically balanced environment that ensures sustainability and introduces the concept of "Good Living" (*Buen vivir/ sumak kawsay*) (Article 12), and the right of nature to be fully respected in its existence and maintenance of its vital cycles, structure, functions, and evolutionary processes (Articles 71, 73 y 83).
- The *Good Living National Plan (Plan Nacional del Buen Vivir, PNBV)* (2009-2013) that establishes reduction of deforestation rates as a priority.
- The Program *Socio Bosque (PSB)*, a program of incentives for the conservation of forests, based on the national forest governance model. The PSB is integrated in the PNBV and is executed by the Ministry of Environment (MAE).
- The Environmental Policy (MAE), which is included into the framework of the Forest Governance Policy (MAE) and the Forest Administration System (SAF, as known in Spanish).
- The National Sustainable Development Strategy and its actions for sustainable forest management (SFM), sustainable agriculture/livestock practices, and biotrade.
- The Strategy for Participation in Sustainable Forest Management and the National REDD+ Strategy, which is been designed by the MAE with the support of GIZ (pilot experiences of this project might generate inputs to be up-scaled). The Napo Province could be a pilot experience for implementation at sub-national level.
- The Ecuador's Policy and Strategic Plan for the National Protected Areas System 2007-2016, the Biodiversity Policy and Strategy, the Ecuador's National Tourism Plan (PLANDETUR, as known in Spanish) and the National Biotrade Program.

Finally, the project is consistent with i) the Seville Strategy and the Statutory Framework of the World Network of Biosphere Reserves and ii) the Madrid Action Plan for Biosphere Reserves (2008). At a local level, the proposal is compatible with i) the Development Plan of the Napo Province, including its Productive Agenda and Environmental Agenda, ii) the Management Plan of the SBR, and iii) the management plans of the protected areas (PAs) in the project area.

B. PROJECT OVERVIEW:

B.1. DESCRIBE THE BASELINE PROJECT AND THE PROBLEM THAT IT SEEKS TO ADDRESS:

Ecuador is known worldwide as one of the 17 countries with the highest biodiversity indexes (GEF), as well as for having varied landscapes. The Napo Province (NP), where the proposed project will be implemented, is located in the eastern region of the country and has a great variety of ecosystems extending from the Andes mountain range to the northeastern area of the Amazon Region - the world's richest and most diverse biological hotspot in species. The NP is located in the upper part of the Napo River watershed, which feeds the Amazon Basin, and it is one of the few areas in the world that has 7 life-zones (Holdridge) in such a limited

territory: i) tropical moist forest (below 600 m); ii) very moist tropical forest (600-800 m); iii) very moist pre-mountain forest (800-1000 m); iv) pluvial pre-mountain forest (1000-1600 m); v) pluvial lower mountain forest (1600-2800 m); vi) pluvial mountain forest (2800-3700 m); and vii) Andean *páramo* (3700 m). Additionally, 10 vegetation formations have been identified in the zone, according to the classification criteria of Sierra et al (1999).

A large extension of the NP is covered by protected areas (PAs). The intervention area of the proposed project includes 5 protected areas of the National Protected Areas System (SNAP): the Sumaco-Napo-Galeras National Park (NaP), the Cayambe Coca NaP, the Llanganates NaP, the Cotopaxi NaP, and the Antisana Ecological Reserve, covering about 550.000 ha. Another 250.000 has. are covered by Protective Forests and Forest Heritage areas (which are national categories for forest protection). Biodiversity is extremely high in the PAs of the Napo Province, where 6.000 vascular plant species and 89 endemic flora species have been reported of which 39 can be found in the proposed project intervention area. A large number of them are categorized as "vulnerable" (IUCN). In addition, these PAs have 82 mammal species, including 28 bats, 14 rodents, and 14 carnivores (the highest number in the country). Bird diversity is also notable, 872 bird species within 64 families have been confirmed. Unfortunately, some of these endemic species are endangered. In the project area 180 amphibian and 90 reptile species have been reported.

The NP comprises 65% of the Sumaco Biosphere Reserve (SBR), which extends over 931.930 hectares, representing 8% of the Northern Ecuadorian Amazon. Since the 1970's, the SBR area has been considered as one of the country's outstanding wild life areas, with physical, biological, and cultural features that need to be preserved. Its biological and cultural relevance has motivated local and national stakeholders to join together in a process that has led to the Biosphere Reserve Declaration by UNESCO in 2000. The SBR was recognized by the GoE in 2002.

The Sumaco-Napo Galeras National Park (SNG-NP) was created in 1994. Originally, it had an extension of 195.279 ha, located in the periphery of the Sumaco volcano, the *Cerro Negro* and the *Pan de Azucar*. Then, the representatives of the indigenous communities requested the inclusion of 11.761 ha of land surrounding the *Cordillera Galeras* into the SNG-PN core area. At present, the SNG-NP covers 207.040 ha comprising areas located between 500 m and 1000 m, which are areas included in few PAs in Ecuador.

The NP has a population of 104.047 inhabitants (preliminary data of the 2010 Census). The population is mainly located in both Tena/Archidona and Chaco/Baeza development hubs and in the surrounding areas of the road axes and the riversides. Most of the Napo population is Kichwa, except in the municipalities of El Chaco and Quijos, where people from mixed race backgrounds (mestizos) are predominant. Reducing poverty is a key challenge in the area, since the population suffering from a 77,1% poverty-UBN (Unsatisfied Basic Needs) rate, and extreme poverty-UBN rate is 42,8%. Cultural features and agriculture production are two interlinked drivers for NRM in this context, since different ethnic groups apply diverse agricultural practices and systems. The settlers (*colonos*) mainly produce income-oriented crops: cacao, naranjilla, and coffee. They also grow food crops, such as yucca, plantains, and corn. On the other side, Kichwa families work with the "Chakra" system, where main crops (cacao and coffee) have the function of providing food security for the people in addition to timber from natural regeneration and medicinal plants, shaping a special landscape of traditional agro-forestry systems. Livestock farming is practiced mainly in the highlands for milk production, and in the lower and tropical area for meat production. Forest use is practiced by settlers and Kichwas, and it is articulated into a network of intermediaries, middlemen and local sawmills. The region has a potential network of natural and cultural tourist attractions, but it still lacks the needed development to become a competitive tourist destination and satisfy national and international demand.

In this context of poverty, many agricultural and forestry practices are non-sustainable and put pressure on natural resources in PAs and their buffer zones. There is a constant advance of the agricultural frontier. A multi-temporal study conducted in the SBR reveals a deforestation rate of 2,1% per year, during the 2002 - 2007 period (8.506 ha/year). The area is an important source of sawn timber for local and national markets. Estimates have shown that 98% of forest use is illegal, due to the large informality in the timber business by small-scale farmers, forest owners, and local entrepreneurs on one side, and, on the other side, due to the small volumes that are extracted from each property. Soil degradation is caused by inappropriate agriculture/livestock practices combined with steep slopes (52% of the province has slopes between 12 and 50%), soil types, and high precipitations in the Amazon region (3.500 - 4.000 mm/yr.). About 40-60% of soils for agriculture/livestock purposes in the Napo Province are degraded.

One major cause of deforestation and soil degradation is livelihoods insecurity. Inhabitants extract timber particularly in the case of illness, education-related needs, or other urgent expenditures, while continuing with agriculture/livestock farming as almost the only income source in rural areas. Given that, the long-term

solution should mainstream economic and environmental sustainability into traditional rural production systems by promoting value chains based on sustainable agricultural production and forest management, with biotrade as a new income source, while setting up incentive schemes for biodiversity conservation and food sovereignty. It is expected that these actions will provide rural communities with income opportunities, therefore reducing poverty levels without harming natural resources. The proposed solutions for the NP have the potential for replication in other Amazon provinces and the Andes.

From the institutional perspective, Ecuador is organized in a central government with decentralized autonomous governments (DAGs) at regional, provincial, municipal, and village level. The Organic Code of Territorial Organization, Autonomy and Decentralization (COOTAD, as known in Spanish) entered into force in October 2010 and assigned these governments more competences in the fields of environmental management and production, as well as territorial and land-use planning. With regard to the Amazon provinces (such as the NP), a new system for state revenue distribution from the extraction of non-renewable natural resources was established in 2010, based on the Hydrocarbons Act. Thus, 12% of benefits (private companies) or surpluses (public companies) from oil and mineral extraction should be transferred to each province. As it is a new act, the operational procedures are still not in place for the distribution of these resources.

Oil and mineral extraction activities usually cause direct impacts on the water bodies and soils, and generate atmosphere contamination. Additionally, these activities produce indirect impacts on the ecosystems, due to the opening of roads and spontaneous colonization of areas next to concessions. In the Napo Province as well as in the SBR, there is a contradictory situation between the relevance and the importance of the region for biodiversity conservation and for sustainable livelihoods generation, and the development tendencies based on extraction of fossil fuels and minerals and agricultural frontier expansion. At the local level, this conflict threatens the livelihoods of rural populations, since it tends to reduce water supply for human consumption, agricultural and industrial production, and power generation. At a global level, this constitutes a threat for the flow of environmental services provided by the region (biodiversity conservation, carbon sequestration and hydrological regulations in the upper part of the greater Amazonian watershed). Therefore, the project proposes to strengthen provincial and municipal capacities in order to aim public investments, based on these new incomes, towards sustainable development. Institutional strengthening is essential to mainstream SFM, agro-forestry and biotrade activities, and integrated natural resources management (INRM) into the policy formulation of the NPG and municipal DAGs.

The baseline analysis identifies 3 key factors that threaten biodiversity integrity and reduce soil quality in the NP-SBR: 1) landscape fragmentation and deforestation; 2) reduced opportunities for income generation for rural population; and 3) weak institutions for development planning and management and for the conservation of biodiversity. These 3 factors compose the baseline scenario in response to which the project components will be developed.

The project objective is to promote biodiversity conservation, sustainable management of soil, forests, and water, and climate change (CC) mitigation through the strategic investment of public resources (including hydrocarbon and mineral extraction revenue), participative environmental governance, and incentive mechanisms in the Napo Province, with a special focus on the Sumaco Biosphere Reserve (SBR). In view of this, the project will be implemented through 4 components as follows:

Component 1: Institutional strengthening to mainstream biodiversity conservation and integrated natural resource management (INRM) into the participatory land-use planning and management, based on an ecosystem approach. This component will be implemented by the Napo Provincial Government (NPG) jointly with the municipalities of the province (i.e.: Association of Ecuadorian Municipalities - AME), the villages (i.e.: Association of Ecuadorian Rural Village Governments - CONAGOPARE), the MAE, and the National Secretariat of Planning and Development (SENPLADES), along with the technical support of the other project partners (see Baseline Projects below). The project will be based on the concepts of “ecosystem approach,” and “integrated landscape and watershed management” (i.e.: integrated spatial planning of landscapes and their resources: soil, water, and biodiversity, in order to promote their conservation and sustainable use in an equitable manner). Both concepts recognize cultural diversity as an integral part of the ecosystems.

Component 1 will enhance public institutions’ management capacities and knowledge of sustainable development by training DAGs staff (1 provincial, 5 municipal governments and 18 village councils), civil society organizations (CSOs), and community leaders. Thus, 120 institutional participants (at least 30% women) will be trained through 3-5 courses and 20 workshops. The former will serve, through their curricular design, to generate specific participants’ knowledge, while the latter will emphasize achievement and progression in outcomes as part of a process. 8 DAGs will receive technical assistance to mainstream biodiversity conservation and INRM in the revision and adjustment of their Land Use & Development Plans (LUDPs).

In order to achieve effective environmental governance and prevent duplicity of efforts, the project will address dialogue processes, consensus-building, and decision-making along with relevant institutions and organizations of the NP. In light of this, the Thematic Roundtables for Cacao, Forestry, Tourism and Land Use Planning - created in the SBR- will be strengthened and a new Roundtable for the Integrated Watershed Management will be created, both during the project implementation. 100 representatives (at least 25% women) from institutions and organizations participating in the Cacao, Forestry and Land Use Roundtables will be trained in land use methodologies, sustainable development planning, and value chain management (10 workshops and 3 courses). In addition the NPG has shown interest in extending the SBR so that it might correspond with the NP boundaries, reinforcing the ecological approach applied by the province. Thus, the project will create and make operative a Roundtable for the Co-management of NP Protected Areas and Buffer Zones to promote the participatory planning and joint implementation of conservation activities in the protected areas and their buffer zones located within the Napo Province⁶. Furthermore, the project will help strengthen the existing SBR Management Committee by providing technical assistance to design its Strategic Plan and train its members in 5 workshops.

With a broad range of stakeholders, including civil society and community leaders, an Inter-Institutional and Participative Strategic Plan will be elaborated for the integrated landscape management in the NP - SBR pilot areas. This Strategic Plan aims at gathering stakeholders' interests and initiatives, joining efforts and inter-institutional complementarity, to mainstream the concept of integrated landscape management and watershed management into all stakeholders' institutional plans. A special focus will be put on the creation of biological corridors between the protected and forest areas of the NP.

A needs-assessment study that was developed by some of the thematic roundtables' stakeholders revealed how reliable information on natural resources and sustainable production is lacking, fragmented, and inaccessible in the region. Therefore, the project proposes to create the Napo Information System with data available at the local, national, and international level, and also to identify information gaps that could be addressed by universities and investigation centers.

Component 1 will also design and implement a Package of Incentives (at least 3) that promote the introduction of conservation practices into the smallholders' production systems, and transfer at least \$400,000 by the end of the project for INRM. This estimation does not include potential scaling-up of government or non-government resources that might be channeled through these incentives schemes. Multiplication effects will be further analyzed and calculated during the full project preparation, having in mind that one ultimate goal is to create the appropriate long-term financial framework by including oil/mineral revenues and national compensation incentives for conservation. The incentive scheme(s) will be selected during the full project preparation. It is initially proposed to work on: i) REDD+, to invest in forest conservation measures; ii) Water Fund, which works as a compensation for environmental services by drinking water and hydroelectricity consumers, and will be invested in the conservation and integrated management of *páramos* and catchment areas; and iii) a Fund for Sustainable Development, which might promote sustainable value chains. All of these economic incentives will be supported with training and technical assistance delivered by the Multidisciplinary NPG Team, in coordination with the Centre of Knowledge Management-NPG. They will work with 25 producer associations, involving 1000-1200 small- and medium-scale rural producers. Incentives will be addressed through a follow-up and monitoring system, having long-term conservation agreements as legal documents. Based on the gender approach, one of these schemes will introduce special incentives for a minimum of 300 small-scale female producers in the pilot areas.

The GEF resources will be used to support the constitution and implementation of the Water Fund (WF) and the Sustainable Development Fund (SDF) mentioned above, mainly through: i) the provision of advisory services for the institutional and organizational conceptualization of the funds, and their subsequent strengthening to be implemented on the ground; ii) training both management staff of the funds and staff from local governments (NPG and involved municipalities); and iii) 2-3 pilots of compensation for environmental services schemes that once validated will be implemented by the funds with government and non-government financing. The WF and the SDF will include lessons learned and guidance on the setting up of trust funds from successful experiences in Ecuador, especially those ones which were carried out by the project co-financiers

⁶ A large extension of the NP is covered by protected areas (PAs). The intervention area of the proposed project includes 5 protected areas of the National Protected Areas System (SNAP): the Sumaco-Napo-Galeras National Park (NaP), the Cayambe Coca NaP, the Llanganates NaP, the Cotopaxi NaP, and the Antisana Ecological Reserve, covering about 550.000 ha. Another 250.000 has, are covered by Protective Forests and Forest Heritage areas (which are national categories for forest protection, equivalent to nationally recognized protected areas in Ecuador). The Roundtable for Co-Management of Protected Areas and Buffer Zones will join representatives from each of these categories – rural communities and farmers whose livelihoods are linked to the areas - in order to promote co-management planning and sustainable biodiversity uses in all these zones.

(GIZ and TNC). They will constitute not only a reference point for trust funds organization, but also for designing information-sharing platforms and specialized technical assistance to be delivered to institutional and civil society stakeholders.

Component 2: Design and promotion of integrated landscapes and agro-forestry, livestock, and forestry production systems that include the sustainable management of water, soil, and forest, while improving local population livelihoods in the SBR - Napo Province. This component will be implemented by the NPG, MAE R2, TNC and Ecociencia, with GIZ support, in close collaboration with small and medium-scale producer associations and community-based organizations.

Component 2 will work along with small- and medium-scale rural producers to introduce good practices of NR management into their traditional production systems (8500 has. of 4 pilot areas of the NP). The pilot area will be located in buffer zones of the PAs in the NP, to create biological corridors, where sustainable management tools will be implemented at farm level (community-owned and private farms). Activities developed in Component 2 will be i) adoption of good livestock practices and signing of conservation agreements financed by conservation incentives (target: 120 livestock farmers in 2500 has. located in Chaco and Quijos, Northern NP); ii) adoption of good production practices, conservation agreements, and incentives to strengthen the sustainable cacao corridor through agro-forestry and chakra systems (target: 600 cacao producers in 2500 hectares of Tena, Archidona and Arosemena Tola, Southern NP); iii) ecological production of the autochthonous fruit *naranjilla*, conservation agreements, and incentive schemes (target: 120 fruit producers in 1000 has. located in the area between both zones of the Sumaco-Napo Galeras National Park (SNGNP), municipalities Archidona and Tena, NP); iv) implementing 4 Value Chain Development Plans for cacao, *naranjilla*, and milk, that consider environmental and social additional values and focus on niche markets (target: 400 small- and medium-scale producers located in 4 pilot areas in the NP – SBR); v) and developing 2 pilot experiences of sustainable community-based tourism as an income alternative to deforestation in these zones, promoting conservation agreements (target: communities with ecotourism potential living in 2500 ha. contiguous to PAs of the NP).

In addition, Component 2 will aim to reduce pressures on the SBR by implementing a SFM Strategy and a conservation agreement in 50,000 has. at provincial level and applying a value chain approach. This Strategy will be formulated on a participatory and consensus basis, including all stakeholders of the Forestry Roundtable, and ensuring special markets for legal timber.

The monitoring of the impacts of the application of the SFM Strategy will be carried out through two systems: i) One (1) Control and Monitoring System of Timber Products (with certificate of origin); and ii) One (1) Carbon Sequestration Monitoring System that will monitor the change in at least the carbon stored in trees and understory living biomass in the pilot areas of the NP against a baseline to be established during full project preparation. The MAE developed a carbon inventory at national scale, which methodology and data will be adopted to set the deforestation baseline and delineate the carbon inventory at provincial scale (see Baseline programs and projects below). During full project preparation it will also be considered if dead mass of litter, woody debris and soil organic matter should be included in the carbon monitoring system; however it will depend on a feasibility assessment of human and financial resources available for operating the system taking into account that carbon stored in the aboveground living biomass of trees is typically the largest pool. The monitoring system could be designed applying the FAO Ex Ante Appraisal Carbon-balance Tool for calculating and maximizing carbon benefits in agriculture and forestry development projects.

As part of the value chain approach, the project will implement 2 certification schemes for forest products (Forest Gardens, and FSC), in 2500 has. located in 2 pilot areas of the NP. At the same time, 5 pilot experiences of ecological restoration (with analogue forestry, reforestation, and/or natural regeneration techniques) will be performed under conservation agreements and incentive schemes (target: 2500 has. in the NP). The concept of “analogue forestry” refers to a forest restoration method based on following the dynamics of natural regeneration and forest architecture, while providing products and services basically for subsistence level (such as fruits, vegetable and fibers). At least 1 of the 5 pilots will be implemented in subsistence economy areas, where analogue forestry practices will be disseminated among poor rural households.

Piloting will follow a step-by-step approach that includes the signing of conservation agreements and incentive schemes, as well as training and technical assistance delivered by the Multi-Disciplinary Team mentioned in Component 1. Pilot areas will be selected during the full project formulation, based on criteria of biodiversity conservation and environmental services, threat degree, potential impact for the improvement of living conditions of rural populations, and potential for replication. Regarding soil degradation, critical areas will be selected in view of their high potential for biological connectivity, reestablishment of environmental services,

and water supply relevance, through GIS activities. Ecological restoration methodologies must also be defined for each pilot area.

The certification schemes will follow a market-oriented approach. Strong emphasis will be put on implementing sustainable value chains that guarantee that farmers receive incentives and produce for a market that effectively demands certified forest goods. Piloting strategy will be to promote inclusive business relations between producers, and stimulate well-structured and environmental-friendly enterprises. Market-driven certification and incentive schemes will be linked by setting “price premiums” and fostering the application of SFM practices among small- and medium-scale farmers at local level. This strategy design will create in 4 years’ project functional value chains with strong business relations capable to link local dynamics to bigger markets in combination with effective financial incentives. This structure is expected to remain after project termination, having financing from the strategic investment of public resources (including hydrocarbon and mineral extraction revenue).

Component 3: Promotion of biotrade as a strategy for conservation of biodiversity, sustainable management of natural resources, and improvement of livelihoods for rural communities in the SBR, Napo Province. This component will be implemented by the NPG, MAE, Ecociencia, TNC and GIZ, in cooperation with small- and medium scale producer associations and community-based organizations in the region. It will be implemented in the SBR buffer and transition zones and in the biological corridors of the NP.

The NP has experienced small-scale biotrade initiatives which found value chain bottlenecks. In view of this, Component 3 aims to create biotrade opportunities by reinforcing targeted products and their value chains (such as bird watching, *guayusa*⁷, Amazonian fruits, medicinal plants and non-timber forest species). Activities will be: i) implementing 5 pilot value chains, including 6 stages: production, harvest, post-harvest, certification, commercialization/partnership with companies, and transformation (target: 200 producers. 2 pilot value chains will be gender-focused to improve the income level of 100 female heads-of- households); ii) fostering the active participation of 20 associations of small-scale rural producers and female producers through workshops, conservation incentives, production chains, and trade; and iii) implementing 3 certification schemes for agriculture/livestock products (fair trade, organic products, certificate of origin) in 2500 ha of pilot areas located in the Napo Province. The certification schemes will follow a market-oriented approach, as detailed in Component 2, with the only difference that they will support SLM and organic agriculture practices friendly to biodiversity among small- and medium-scale farmers at local level. Continuation arrangements after project conclusion are as those described in Component 2 above.

Component 3 will take guidance from the Biotrade Initiative, launched at COP 3 - Convention on Biological Diversity (CBD), in the framework of the United Nations Conference on Trade and Development (UNCTAD). It will specifically apply two of the four approaches of the Biotrade Initiative for Ecuador (i.e.: sustainable use, and local participation) as guidelines in the selection and development of value chains of biotrade products in the Napo Province. In light of this, the improvement of local livelihoods generated by trading environmental-friendly goods will be directly inter-linked to mainstream biodiversity conservation into production landscapes, as set in FA objective BD-2.

Pilot areas and promising products will be defined during the full project preparation.

During the final implementation phase of the project, project outputs, lessons learnt and new financing mechanisms might be included into the design of a sustainable development strategy for the NP. This strategy might be focused on granting resources to disseminate those good practices generated by this GEF project on a larger scale. In that way, the NP might adopt concrete policies towards conservation processes and sustainable use of renewable natural resources. At the producer level, the project is expected to facilitate replication after its end, since pilot experiences of its 3 project components (sustainable production systems, biotrade, Simplified Management Plans, and ecological restoration) will be systematized. In addition, practical and inter-cultural manuals will be elaborated. The institutions that are proposing this project (the NPG and the MAE-R2) will work together to assimilate and include the project outputs and guidelines into their policy planning to ensure continuity after project completion.

Component 4: Project progress monitoring and evaluation and information dissemination. Component 4 will be implemented by NPG, MAE, FAO and GIZ. It will develop the project monitoring system operative, while providing systematic information on progress in meeting project outcome and output targets. It will also conduct the midterm and final evaluation, will adjust project implementation and sustainability strategy to recommendations. It will collect and publish project-related “best-practices” and “lessons-learned”, and will manage the project website to share the experience and information dissemination.

⁷ *Guayusa* is an aromatic and medicinal shrub of the same kind of holly, native from the Ecuadorian Amazon.

Baseline programs and projects

The proposed project will develop partnerships with international and national stakeholders in order to scale up funds for biodiversity conservation and INRM in the NP, with special attention to the SBR. The national counterpart (the NPG) is responsible for the development and environmental management in the province. In 2011 the NPG started developing environmental policies and activities which included actions for forest management. In 2012 and on, the NPG will devote financial resources to be invested as co-financing in SFM/REDD+ and legal timber value chain activities. Co-financing resources will come from both NPG annual budget and additional external funds from other government institutions. In view of this, the NPG through its Production and Environmental Agendas – that have specific budget allocations set in the NPG annual budget - will co-finance the proposed project activities with \$5.265.000 as part of the baseline project. Both Agendas are supported by the NPG-Centre for Knowledge Management (CKM), whose mission is to deliver training and technical assistance to promote sustainable agro-livestock production, SFM, environmental leaderships, as well as biotrade in the NP. The main activities of the NPG Production and Environmental Agendas and the CKM that will serve as co-financers are:

1. Providing technical support to the local DAGs in mainstreaming the principles of conservation and sustainable use of biodiversity and INRM into their Land Use and Development Plans (LUDPs), complementing Component 1 (outcome 1.1) in line with objective BD-2;
2. Preparing an SFM diagnosis at community level, that will serve as baseline information for Component 2 (outcome 2.2), in line with objective SFM/REDD+-1;
3. Promoting an agreement between the DAGs (5 municipalities, 18 villages, NPG) and the national governmental agencies present in the NP, to ensure legal timber use. This will be used as input for Component 1 (outcome 1.1) and Component 2 (outcome 2.2), in line with objectives BD-2 and SFM/REDD+-1;
4. Developing a pre-feasibility study for a sub-national REDD+ project, which will serve as a baseline for Component 1 (outcome 1.4) and Component 2 (outcomes 2.2 and 2.3), corresponding to objectives LD-3 and SFM/REDD+-1;
5. Training 30 community-leaders per year in the CKM, that will complement capacity-developing activities of Component 1 (output 1.1), for objectives BD-2 and LD-3;
6. Submitting 20 community-based and participative projects per year, to be approved by public, private, and international financing entities. This will complement activities of Component 1 (output 1.4) that aim to seek alternative financing sources in line with objective LD-3;
7. Training 30 small- and medium-scale agriculture/livestock producers per year, that will complement Component 1 (outcome 1.1) to fulfill objective LD-1;
8. Reducing pesticides and herbicides uses through field activities in the NP, and incorporating tree species at farm level to complement Component 2 (outcome 2.1 and 2.4) in line with LD-1;
9. Providing training on eco-tourism principles and promoting related field activities that restore agro-ecosystem services, complementing Component 2 (outcome 2.1) in line with LD-1;
10. Training small-scale mushroom producers and providing technical assistance for sustainable mushroom production, complementing biotrade initiatives in Component 3 (outcome 3.1) in line with BD-2.

The Ministry of Environment (MAE) is also bringing \$ 3,070,035 in co-financing to the project (including \$15.000 for PPG activities).

In 2011, the MAE developed the National Carbon Inventory, generating data at TIER 1 level and measurement methodologies applicable at the national level. In 2012, the MAE is developing and financing the Napo Province Carbon Inventory, by implementing 19 plots of the foothill (*pie demonte*) areas which will be validated with new algometric models. This Provincial Carbon Inventory is essential to establish the baseline and target for implementing the Sustainable Forest Management Strategy, with a value chain approach, in 50.000 ha. in the SBR-NP (as referred in Component 2, Table B). It will also serve as deforestation baseline for the implementation of one Carbon Sequestration Monitoring System in selected pilot areas. Co-financing will be \$118,000.

Furthermore, the MAE will provide co-financing to the proposed project through initiatives developed and financed in the Napo Province as detailed below:

- The National Forest Assessment (NFA). The NFA is a multi-project approach that has been established with two main priorities: i) to provide updated and sound information to improve decision-making and policy development related to sustainable forest management in the country; and ii) to respond to requests for access to international carbon markets under REDD + mechanism. The main activities are collecting forest biophysical, environmental and socioeconomic information, and measuring all land cover types, to have a record of land use changes and tree biomass in different land types. The NFA integrated the concept of “trees of forests” and quantified for the first time these national resources. In 2012-2013 the NFA will be implemented in the Napo Province, to gather information at provincial level, with a cost of \$150,000. This activity will feed Component 1 (institutional strengthening, land-use planning and INRM), and Component 2 (design and promotion of landscape and agro-forestry production systems, including SFM/REED+ activities);
- The National Historic Deforestation Map (NHDM), which is a set aside activity developed within the NFA, also by the MAE. The NHDM was launched by the Government of Ecuador in 2008 to monitor land use change dynamics (especially forest conversion and degradation) and associated GHG emissions. The objective was to develop research and obtain a reference scenario of CO₂ emissions from deforestation at national level. The scenario is composed by: i) estimations of carbon contents by types of land use and cover, with emphasis on forest ecosystems; ii) estimation of the extent and location of deforestation in the past. Through a methodological approach, the NHDM contains coverage and land data for the reference years 1990, 2000 and 2008. The map spatially identifies conversions from forest to other land cover and use in two periods: (a) 1990 – 2000; and (b) 2000-2008. The Historic Deforestation Map is being developed in 2011 and 2012 by the MAE for the Napo Province, to obtain accurate local data, with a cost of \$200,000. The provincial deforestation baseline will feed Component 2 (mainly Outcome 2.2);
- The MAE’s Incentive Systems:
 - The Socio-Bosque Programme (PSB, for its name in Spanish). In 2008, the GoE launched the PSB in the framework of the new Forest Governance Model and ENREDD+. It is the incentive mechanism for the conservation of remaining native forest. The PSB aims to join forest conservation and human development, encouraging program participants to become active defenders of their natural heritage and to co-participate in the country’s development process. The PSB is based on a benefit-sharing mechanism that addresses those who are directly responsible for forest conservation. In the Napo Province the PSB is expected to invest \$2,252,035 in 2013-2016, to finance both community-based (around 2117 households, according to 2011 figures, plus 18% yearly growth in has. calculated on the basis of 2010-2011 PSB’s incentive demand growth) and individual (around 383 people, according to 2011 figures, plus 18% yearly growth in has.) initiatives. This co-financing program will serve as baseline for outcomes 2.2 and 2.3 (Component 2), and will complement outcome 2.4 (Component 2) which will implement ecological restoration through analogy forestry, reforestation and/or natural regeneration techniques, rather than conserving remaining native forests.
 - The Incentives for Sustainable Forest Management will deliver resources in targeted areas of the Napo Province in 2012-2013, financed by the MAE and the KfW (German Development Bank), bringing to the project \$100,000. It will co-finance Component 2.
- The *Regional Biodiversity Program in the Andean-Amazonian Regions- CAN member-countries* (BIOCAN Program), financed by the Finnish Cooperation and locally implemented by the MAE. The BIOCAN Program is a regional initiative to protect Andean-Amazon ecosystems in Bolivia, Colombia, Ecuador and Peru. The Programme's vision is to create awareness at all levels, promoting knowledge and experience-sharing, and developing regional guidelines for the conservation of Andean-Amazon ecosystem. The BioCAN is a joint initiative of the Member Countries of the General Secretariat of the Andean Community (CAN) and the Government of Finland (GoF). The first phase of the program began in December 2007 and lasted 18 months. During this time it made a compilation of information and built a strategic vision agreed with the Member States and stakeholders to enable the development of a second phase. Its second phase is being implemented, and the Global Operating Plan 2011-2013 was agreed by CAN countries, CAN and the GoF. The BioCAN will finance activities of forest and land use zoning in the Napo Province in 2012-2013 by \$250,000. This co-financing will serve as baseline for Component 1 (mainly outcomes 1.1, 1.2 and 1.3).

In addition, GIZ will co-finance the proposed project with \$1,600,000 through two programs. The first of them is the GESOREN Program 2008-2013 (Sustainable Management of Natural Resources), which has the SBR as one of its working areas. The objectives of GESOREN are i) to coordinate and implement local strategies developed in a participatory manner and agreed at inter-sectorial level, for the establishment and management of PAs and biological corridors; ii) to ensure that indigenous communities, local producers' associations and traders located in conservation areas, buffer zones, and ecological corridors benefit from sustainable production systems, innovative marketing, and environmentally sustainable incentives; and iii) to promote the development of a regulatory framework to reduce emissions from deforestation and forest degradation (REDD), along with relevant governmental institutions, non-governmental stakeholders, and civil society to implement forest sustainability programs (e.g.: Sociobosque). The GESOREN program will implement activities related to this proposed project, as detailed below:

1. Promoting the inclusion of national criteria of good governance of natural resources in the NP local committees, complementing Component 1 (outcomes 1.1 and 1.2) in line with objective BD-2;
2. Mainstreaming sustainable natural resources management in the Land-Use & Development Plans (LUDPs) of the SBR, complementing Component 1 (outcome 1.1 and 1.2) in line with objectives BD-2 and LD-3;
3. Encouraging GADs to set aside additional budget allocations for environmental management and sustainable development. This activity will co-finance Component 1 (outcome 1.2) in line with objective BD-2;
4. Promoting the sustainable management of natural resources while improving local population incomes, complementing Component 2 (for LD-1 and SFM/REDD + -1) and Component 3 (in line with objective BD-2).

In 2013 GIZ will implement a next program in its priority area: environmental protection and natural resources (2013-2016) from which co-financing will be provided. The activities of this program will be developed with a view to complement the activities of this GEF-financed project in the area.

The Nature Conservancy (TNC), in the framework of the Indigenous Landscapes Consortium (ILC), is implementing the 2nd Phase (2011-2015) of the Andean Amazon Conservation Initiative (ICAA II), which is financed by USAID. Its overall objective is to conserve critical biodiversity in indigenous lands and surrounding areas that ensure ecosystem functioning and stability, as well as the sustainability of indigenous livelihoods. ICAA II activities are mainly focused on i) reducing pressures caused by infrastructure development, through best practices, policy, and economic analysis and ii) reducing illegal activities through participatory control, land-use planning, and government engagement. Its expected outcomes by 2015 are i) effective management and governance mechanisms implemented on-the-ground with active participation of indigenous organizations; ii) indigenous and new areas consolidated under conservation objectives at the national level (1,000,000 has.); iii) partnership ILC-two provincial governments (i.e.: NPG and another one) on land-use planning regulation and policy, which has helped to create provincial/municipal PAs, identify environmental service mechanisms, and reduce threats to biodiversity and environmentally-sensitive areas; and iv) the ILC has also contributed to develop and implement the COOTAD legislation regarding compensation schemes for infrastructure projects, reducing impacts and threats on biodiversity and communities. As mentioned in B.1 above, the COOTAD is the legal framework of the state revenues system, which will provide co-financing to this project proposal through the NPG budget allocations. In addition, the TNC signed a letter agreeing to co-finance the project for \$195,000.

The EcoCiencia Foundation will provide in-kind co-financing for \$38,000. Its activities in the project area are addressing: i) NR management and sustainable use of biodiversity; ii) water governance and territorial planning; iii) research on climatic variability and local governance; and iv) participation and environmental education. In addition, Ecociencia is implementing the Climate Change and Local Government Strengthening Project, focused on CC-adaptation, ecosystem approach, and local vulnerability reduction, as well as a local program to strengthen stakeholders in biodiversity production chains, which is included in the BioCAN program. Ecociencia will also provide co-financing by sharing baseline studies on biodiversity management in the Ecuadorian Amazon (i.e: the NP), which will include biotrade, bird watching tourism, good practices for cacao production, and agro-bio-businesses. Additionally, the Climate Change and Local Government Strengthening Project and Parks in Peril Project (Ecociencia) will provide relevant socio-economic data.

Please see section C.1 for FAO co-financing

B. 2. INCREMENTAL REASONING: DESCRIBE THE INCREMENTAL ACTIVITIES REQUESTED FOR GEF FINANCING AND THE ASSOCIATED GLOBAL ENVIRONMENTAL BENEFITS TO BE DELIVERED BY THE PROJECT:

With the incremental financing from the GEF TF and SFM/REDD+, the proposed project will carry out the following activities: i) strengthen institutional capacities to mainstream biodiversity conservation and INRM into the Land-Use & Development Plans (LUDPs) of the DAGs; ii) implement 8 LUDPs in the Napo Province, that houses 65% of the Sumaco Biosphere Reserve (SBR); iii) support the creation of the Roundtable for Integrated Watershed Management of the Napo River watershed, and one Inter-Institutional Strategic Plan (for BD conservation, integrated landscape management, sustainable use of biodiversity, and watershed and biological corridors management); iv) design and implement 3 incentive mechanisms (e.g: REDD+) for integrated landscape management in the NP; v) implement good practices for landscape and agro-forestry/livestock production systems, including SLWM, certification schemes and SFM, in replicable pilot areas of the NP and SBR (including 600 cacao and 120 livestock small-scale and medium farmers, and 120 small-scale naranjilla producers); and vi) promoting 5 biotrade products as a strategy of biodiversity conservation and sustainable use of NR (5 pilot value chains will be implemented in the NP and SBR).

Global environmental benefits (GEBs): The NPG and local GADs, as well as the Thematic Roundtables (i.e.: Cacao, Forestry, Land-Use, Integrated Watershed Management) of the SBR, and the small-scale and medium farmers involved in the project will help deliver the following GEBs: i) biodiversity conservation has been enhanced by increasing functional habitats, biological corridors and sustainable production systems (agriculture, agro-forestry, livestock and forestry); ii) the integrated natural resources management has been introduced in buffer and transition zones of the SBR, which is internationally recognized for its ecological importance; iii) pressures generated in buffer zones against forest and biodiversity conservation of the PAs of the NP, have been reduced; iv) CO₂ emissions have been reduced by controlling deforestation rates (50,000 has. under SFM – see below-) and achieving forest certification (2500 has. in 3 pilot areas) in the SBR and the NP; iv) sustainable water management practices have been introduced in the Napo River Watershed, which is a tributary of the trans-boundary Amazon Basin; v) SLM practices have been implemented in degraded lands of the NP (2500 has. of restored lands or lands included into a sustainable production management plan); iv) carbon emissions from soil degradation have been reduced through good livestock and agro-forestry practices, certification schemes and conservation agreements signed by cacao and *naranjilla* producers, and livestock farmers (11,000 has. total).

The project will also deliver carbon benefits by implementing SFM/REDD activities. Even though deforestation baseline is still under construction in the Napo Province, it is possible to preliminary calculate some project carbon benefits, which will be further developed and validated during the full project preparation⁸:

For carbon stocks, the MAE provides a figure of 197 t C/ha. for forests in the Ecuadorian Amazon (Historical Deforestation Map, 2008; and presentation MAE, 2011). This figure is coherent with the 166 t C/ha (higher altitudes) to 186 t C/ha (between 600-1200 m) measured by PROFAFOR in the Colonso Protected Forest. In the deforestation study the MAE concludes for the Amazon region a deforestation rate of 0,46% for the 1990-2000 period and 0,09 % in the period 2000-2008 (Historical Deforestation Map, MAE, 2010).

The project will address 50.000 hectares of forests. According to the reference annual deforestation rate (adr) of 0,09%-0.46%, and carbon stocks of 197 t C/ha. (Historical Deforestation Map, MAE, 2008), and assuming a 50% effectiveness of the project in terms of reduction of deforestation, the project might deliver estimated annual carbon dioxide benefits between 16.000 t CO_{2eq} (50.000ha * 0,00045adr * 197 t C/ha * 44/129) and 83.000 t CO_{2eq} (50.000ha * 0,0023adr * 197 t C/ha * 44/12⁸). However, since the Map images cover only 66% of Napo's territories, and exclude some key Napo Province's deforestation 'hotspots' (like the southern 'vía a Ahuano' and *Chontapunta* areas), these official deforestation rates - considered as TIER 1 level- might represent underestimations.

Other studies and analysis confirmed higher deforestation rates for the NP (or reference areas). The Multi-Temporal Study of GTZ measured a deforestation rate range of 1.7%-2.6% in 1986-2007 in two of the five study areas within the SBR (*Multi-temporal Analysis of Land Use and Vegetative Cover in the Sumaco Biosphere Reserve*, MAE and GESOREN Programme GTZ, Quito, 2008). The Center for Integrated Natural

⁸ Specially because the Napo Province is currently developing its Carbon Inventory, following the methodology and data produced by the National Carbon Inventory 2011, that was carried out by the MAE (equivalent to TIER 1). New data for the NP will be also available since MAE is currently implementing measurements in 19 new plots of the 'pie de monte' area, data which will be validated with new algometric models.

⁹ The conversion factor between molecular mass of C (carbon) and molecular mass of CO₂ (carbon dioxide)

Resources Remote Sensing (CLIRSEN) registered an annual deforestation rate in the NP of 2.38% over the period 1991-2000. The MAE itself is acquiring images to provide more precise rates for the NP, supported by the UNREDD Program. In conclusion, the figures of deforestation rate might probably be higher than current MAE estimates. Thus, assuming an *adr* around 1%, and a 50% effectiveness of the project in terms of reduction of deforestation the annual carbon dioxide benefits delivered by the project could reach 180.000 t CO_{2eq} (50.000ha*0,05*adr**197 t C/ha*44/12⁸). In addition, project carbon benefits will also be achieved through other land use changes reducing land degradation. Improving existing productive land-use types, promoted in an integrated manner through SLM and SFM, will increase carbon stocks as well. In the more precise estimate of the carbon benefits of the project to be calculated during full project preparation this will be taken into account.

B.2.2. FOR PROJECTS FUNDED FROM LDCF/SCCF: ADDITIONAL COST REASONING: DESCRIBE THE ADDITIONAL ACTIVITIES REQUESTED FOR LDCF/SCCF FINANCING AND THE ASSOCIATED ADAPTATION BENEFITS, TO BE DELIVERED BY THE PROJECT:

Non applicable to this project proposal.

B.3. DESCRIBE THE SOCIOECONOMIC BENEFITS TO BE DELIVERED BY THE PROJECT AT THE NATIONAL AND LOCAL LEVELS, INCLUDING CONSIDERATION OF GENDER DIMENSIONS, AND HOW THESE WILL SUPPORT THE ACHIEVEMENT OF GLOBAL ENVIRONMENT BENEFITS (GEF TRUST FUND) OR ADAPTATION BENEFITS (LDCF/SCCF). AS BACKGROUND INFORMATION, READ MAINSTREAMING GENDER AT THE GEF.:

Approximately 10,000-12,000 rural families and indigenous communities of the Napo Province will directly benefit from the project. 70% of the direct beneficiaries are indigenous Kichwa who generate their subsistence incomes through a traditional agricultural system called *chakras*. 80%-90% of the *Kichwa* population is suffering Unmet Basic Needs (UBN). The other 30% of beneficiaries are *mestizos*, whose livelihoods are mainly related to livestock activities. 50-60% of this group is suffering from poverty.

The main cause of soil deforestation and degradation in the Sumaco Biosphere Reserve is poverty, as forestry and agriculture/livestock activities are the only income source in rural areas. Therefore, the long-term solutions should be based on adjustments in the productive sector, introduction of sustainable economic and environmental principles in traditional production systems (improving the value chains of sustainable agricultural production and sustainable forest management), promoting biotrade as a new income source, introducing incentives for biodiversity, forest, water, and land conservation, and food sovereignty. Through these actions the project aims at providing income opportunities for the rural communities, thus reducing the poverty level while conserving the natural resources. Furthermore, the proposed actions have replication potential in the other Amazon Provinces and parts of the Sierra (Amazon foothill, Andes).

In the project, participation and training of local communities are considered not only a social benefit, but also a social right. Component one (1) will address land use planning and integrated landscape management with a participatory approach, including civil society and in particular community-based organizations. Benefits of these activities are the empowerment of the social stakeholders representing indigenous and peasant communities in the zone.

In components two (2) and three (3), the rural population will participate in i) the development and implementation of sustainable land use alternatives and biotrade value chains, ii) the participative monitoring of economic and environmental factors in the productive systems (conservation agreements); iii) the implementation of pilot projects; and iv) the systematization of experiences. The project will consider the ethno-cultural characteristics of local communities, creating income opportunities and sustainable livelihoods that adjust to their reality and needs.

The project includes a gender-responsive approach throughout its cycle, not only through the participation of women (and their organizations), but also contributing to their effective empowerment as social actors. The project will take into account ethno-cultural characteristics of the involved women's groups (*mestizos*, *Kichwas*, *Waoranis*), the role of the family in production and income generation, socio-economic differences existing between men and women, and gender-differentiated knowledge and use of NR. The project will prioritize the empowerment of women through i) generation of income opportunities for female heads of household (2 biotrade products); ii) specific attention for women in the financing incentives; iii) participation of at least 25% of female community leaders and/or women producers in training activities; and iv) the mainstreaming of gender-friendly principles of conservation and sustainable use of renewable natural resources in Land Use & Development Plans (LUDPs).

B.4 INDICATE RISKS, INCLUDING CLIMATE CHANGE RISKS, THAT MIGHT PREVENT THE PROJECT OBJECTIVES FROM BEING ACHIEVED, AND, IF POSSIBLE, PROPOSE MITIGATION MEASURES THAT WILL BE FURTHER DEVELOPED DURING THE PROJECT DESIGN:

Risks		
Risks that might affect the long-term project achievement	Appraisal L= Low, M = Medium, H = High	Mitigation actions
<p>Political risk: Biodiversity conservation and INRM not prioritized at the regional level</p>	L	<p>This political risk is low because in the SBR-Napo Province there is already an enabling institutional environment for biodiversity conservation and natural resources management. The NPG has underlined its interest in working in cooperation with local associations in planning, implementation, and evaluation of the actions in NRM.</p> <p>In this line, the NP has already well-established Thematic Roundtables - multi-stakeholders platforms that include both private and public sectors - based on principles of local governance and that have already shown to be effective in the Napo region. These participatory processes, once consolidated in formal policies ('ordenanzas'), ensure that INRM strategies and actions are less vulnerable to political variations.</p> <p>Policies and strategies agreed through participation have also tended to incentive stronger inter-sectorial partnerships (public-private, or private-private), and to involve different levels of the local governments (i.e. Environment, Agriculture, Forest agencies, among others) and relevant sectorial institutions. Roundtables have proven to be more refined and democratic instruments for political incidence than current (lack of) policy making.</p> <p>Therefore, the project will reinforce these participatory and democratic approaches to reduce the risk that political interests obstruct the project execution. A new Roundtable for the Integrated Management of the Napo River Watershed and several micro-watersheds, will be incorporated in order to address the biodiversity conservation also from a watershed approach.</p>
<p>Socio-economic risk: Owners' resistance to adopt sustainable production practices</p>	M	<p>Conservation of natural resources depends on the interest of private landowners and communities to adopt environmentally friendly productive practices. In order to mitigate the risk of farmers not doing so, the project will implement demonstrative pilot projects, will include communities in the planning process, will take cultural and social aspects into account in the design of actions, and will impart training and technical assistance to accompany the farmers in visualizing the benefits.</p>
<p>Environmental risk: Climate change impact on key ecosystems in landscapes and in agriculture/livestock production (e.g. water availability)</p>	L	<p>The project will address adaptation to climate change through component 1, including this issue in public planning. For the design of ecological conservation and restoration tools, an important factor is its compatibility with climate change. This aspect will also be included in the training activities proposed by the project aimed at generating technical capacities at the DAGs.</p>
<p>Political risk: The State prioritizes that public resources, including those from fossil fuel and mineral extraction, are invested in other sectors</p>	L	<p>State policies, including the environmental policy, point out the importance of sustainable development and conservation of natural resources. Through this project, a local strategy will be defined in order to make sure that DAGs and other organizations working in the province have sufficient capacities and information to prioritize activities in this field of action. With regard to this risk, the project will have a participatory approach, and coordinate with actors, such as: the MAE, the Ministry of Economic and Social Inclusion (MIES), and the Ministry of Agriculture, Livestock, Aquaculture and Fishing (MAGAP).</p>

B.5. IDENTIFY KEY STAKEHOLDERS INVOLVED IN THE PROJECT, INCLUDING THE PRIVATE SECTOR, NGOS, CIVIL SOCIETY ORGANIZATIONS, AND THEIR RESPECTIVE ROLES, AS APPLICABLE:

The lead execution partner will be the Napo Province Government (NPG), who will execute the project as part of the implementation of its Environmental and Productive Agendas, directly supported by GIZ that will advise on natural resources governance, incentives schemes and value chain development. The Ministry of Environment (MAE) - at national (MAE Head Office) and local level (MAE – Regional 2) - will be responsible for guaranteeing that project execution is aligned with national policies. FAO will be the GEF implementing agency and will provide technical backstopping and advice on ecosystem approach, integral watershed management, SFM and INRM and supervise the overall project execution including progress in achieving project outputs and outcomes.

In addition, TNC, Ecociencia and ECOLEX will provide technical support according to their organizational objectives and previous field experiences.

Since broad participation of governmental agencies, local DAGs (municipalities, village councils) and civil society (NGOs and base organizations) is crucial to the project success, dialogues among stakeholders will be included throughout the project cycle, also for the selection of pilot areas. During the full project preparation, additional co-financing is expected to be negotiated with more partners. Organizational and execution arrangements will also be further detailed and agreed during this phase.

The list of stakeholders showed below is preliminary. It will be further detailed during the full project preparation:

Leading Actors	Interest in the project	Role in the Project
NPG	Government body, responsible for the development of the Napo Province through implementation of sustainable development actions related to local development plans, in coordination with the Napo Provincial Chamber (<i>Cámara Provincial de Napo</i>)	Lead executing partner. Project co-financier.
GIZ	German Development Organization that promotes conservation and sustainable use of natural resources in the Sumaco Biosphere Reserve.	Technical assistance to NPG, and co-financing
MAE Head Office	Ministry responsible to promote and facilitate compliance with environmental policies and ensure harmony and coexistence between nature and human activities in all Ecuadorian provinces.	Project strategic partner
MAE Regional 2	Government body, responsible for the conservation of protected natural areas in Napo; promotes sustainable development in buffer zones and sustainable forest management in its territory. Responsible for control of environmental policies.	Co-executing partner and project co-financier
FAO	Due to its mandate, the FAO has interest, experience, and technical capacity in the sustainable management of NR, related to agriculture, forestry, and biotrade.	GEF Implementing agency. Technical backstopping and advice and overall supervision of project execution. Co-financier.
Ecociencia	NGO interested in promoting and developing economic, technical, and social alternatives for the sustainable use of biodiversity and natural resources, as well as supporting the planning, design, and implementation of public policies, in addition to the empowerment of citizens related to the sustainable management of their territory.	Technical assistance and co-financing
TNC	TNC has experience in the monitoring of water quality, financial sustainability mechanisms, and design of eco-corridors, design and planning of nature conservation, sustainable livestock farming, tools for the mapping of environmental services (InVEST), and development of methodologies on climate change vulnerability.	Technical assistance and co-financing
ECOLEX	Ecolex has experience in environmental governance, environmental policies and legislation as well as land use management in protected areas and their buffer zones	Technical assistance
Other stakeholders that might participate in the Project		
MAGAP	Ministry responsible for the agriculture and livestock sector in Napo	Possible project partner
MIES	Ministry responsible for improving living conditions of rural population in Napo.	Possible project partner
Municipalities (AME) and Village Councils (CONAGOPARE)	By constitutional mandate, responsible for spatial planning, local development, and supervising the natural resources management in their territory. The area of the project includes 5 municipalities (Tena, Archidona, Quijos, El Chaco and Arosemena Tola) and 18 village councils (<i>Juntas parroquiales</i>). They are organized in the AME (Municipalities of Ecuador) and CONAGOPARE (Ecuador's rural village governments)	Component 1 beneficiaries and project partners
Community based	Community based organizations, such as FENAKIN, CONAKINO, FOCIN, FAOICIN, centers, and sub-centers, such as <i>Sardinas del Km. 23 del Jondachi, Amanecer Campesino,</i>	Project beneficiaries and important

organizations	represent their members in institutions and organizations and promote the improvement of their members' livelihoods	facilitators of the community-based work
Local communities	Interested in improving their living conditions and conservation of their natural resources and culture	Project beneficiaries
Coca Codo Sinclair	Strategic hydroelectric project of the Ecuadorian Government in the NPG and Biosphere Reserve territory, interested in forest conservation and ecological restoration of degraded lands in the Quijos River watershed.	Possible project co-financer in component 2.
UEA	University that contributes to research and capacity development in the Ecuadorian Amazon.	Possible research institution (studies)
Local foundations	There are several local foundations working in the Napo Province (Tarpuna Causay, Runa, FACE, Jatun Sacha, Selva Viva, DyA) that support the communities in sustainable development and in covering basic needs.	Possible facilitators of the project's community-based works.

B.6. OUTLINE THE COORDINATION WITH OTHER RELATED INITIATIVES:

The proposed project will follow the GEF Secretariat recommendations to the Ministry of Environment of Ecuador (August 2011) that stated *“for the GEF-5 period, future investments on the protected area (PA) system need to build and complement these previous investments through an explicitly stated rationale, and with clear justification on how these investments will contribute to the sustainability of the PA system, as defined in the GEF-5 biodiversity strategy. New investments must clearly state how the baseline condition has improved through these past and ongoing GEF investments, and how these particular projects will continue to accelerate the PA system toward sustainability.”*

In view of that, Component 1 and 3 will be financed by BD FA resources that will cooperate with and complement the work of on-going GEF-financed projects in the PA system and the Napo River watershed, as detailed below:

- *“Biodiversity Protection,”* which was implemented by the IBRD. It is aimed at strengthening the institutional capacity and overall policy and legal framework of the National System of Protected Areas (NSPA). In this context, it developed the management plans for the Cayambe-Coca and Antisana Reserves, which will be considered in Component 1 of the proposed FAO-GEF project.
- The Regional Project *“Facilitation of financing for biodiversity-based businesses and support of market development activities in the Andean Region,”* implemented by UNEP along with the governments of Ecuador, Colombia, and Peru. Its objective was to protect and sustainably use biodiversity in the Andean region by supporting the biotrade sector. The lessons learnt from this endeavor will be considered for Component 3.
- *“Sustainable Financing of Ecuador’s National System of Protected Areas (NSPA) and Associated Private and Community-managed PA Subsystems,”* which is being implemented by UNDP. This project focuses on fulfilling the management costs of the PA system, including constituent PAs, in order to meet their conservation objectives. The project has identified, selected, and financed Corporate Citizen Business Initiatives (CCBI), including biodiversity-friendly businesses of local communities. In addition, this project has worked in enhancing financial sustainability in many buffer zones of the Cayambe-Coca National Park, Cotacachi-Cayapas Reserve, Sangay National Park, Chimborazo Fauna Reserve, Cajas National Park, Isla Corazón Wildlife Refuge, Llanganates National Park, and Yasuní Biosphere Reserve (YBR). The proposed FAO-GEF project will draw lessons from CCBI for biotrade activities in Component 3, and will take lessons learnt from the buffer zones of the Cayambe-Coca Reserve and Llanganates National Park, which are territories that are part of the Napo Province.
- *“5th Operational Phase of the GEF Small Grants Program in Ecuador,”* which is being implemented by UNDP. Its goal is to reduce habitat and ecosystem fragmentation through the integration of biodiversity conservation and sustainable use into the production landscape in and around areas of high biodiversity and creating biological corridors. The SGP will build communities’ knowledge, skills, and motivation to manage and preserve BD. Pilot areas were selected in the *páramo* of the Cayambe-Coca National Park, and the buffer zone of the YBR. In general terms, the SGP Country Program in Ecuador has built a growing body of experience in community-based sustainable forest management. The proposed FAO-GEF project will coordinate with the SGP in order to implement the sustainable and community-based biodiversity management in the buffer zones of the Province of Napo not included in the SGP project.

The Yasuní Biosphere Reserve (YBR) is located downstream of the Napo River Watershed, while the Napo Province comprises the upper watershed. Following this hydrological dynamic, the FAO-GEF project baseline will also be built on challenges and lessons learnt from the UNDP-GEF projects referred to above, as well as from the UN Joint Programme (UNJP) “*Conservation and Sustainable Management of the Natural and Cultural Heritage of the Yasuní Biosphere Reserve (MDGF-1745)*” that has been jointly implemented by FAO and UNDP, and financed by the Spanish MDG Fund. This UNJP aimed to support the conservation and management of the YBR, one of the world’s greatest areas of biodiversity, through the implementation of community-based economic alternatives. It has contributed to the protection of the rights of indigenous populations living in voluntary isolation (PVI). The project has also implemented CCA and CCM actions. The UNJP’s main outcomes included (1) integrating conservation policies for natural-cultural heritage and environmental quality into regional and local planning, investments, and social organizations’ priorities; (2) implementing replicable initiatives of BD conservation and NR sustainable management, and improving environmental quality with a participative, agro-ecological, cultural, and gender approach; 3) improving local and national capacities for decision-making and execution of activities for CCA and CDM application in the YBR; and (4) developing innovative mechanisms for financing the sustainable management and conservation of YBR.

At a supranational level, the project will maintain close coordination with the “*Regional Biodiversity Program in the Andean-Amazonian Regions- CAN member-countries*” (BioCAN) (see details in B.1), and with the project *Sustainable Forest Management and Climate Change (GCP/GLO/194/MUL)*, financed by the Government of Finland and executed by FAO. Partnership will be promoted with the Coca-Codo Sinclair project during the full project preparation.

At national level, the project will coordinate and closely cooperate with the Ministry of Environment (MAE), the Under-Secretariat for Natural Heritage and Climate Change (USNHCC), the *Socio-Bosque* Program (see B.1), the *Forest Governance Program*, and the *BioTrade Program*. It will also adopt methodologies and include data produced by: i) the National Carbon Inventory (MAE), which has developed a measurement methodology and collected data as TIER 1 and the Napo Province Carbon Inventory; ii) the National Deforestation Map - National Forest Assessment (MAE), that generated units of sampling for the lower part of the Napo Province that will make possible to have good information on carbon stock in forests (see full descriptions in B.1, *Baseline Programs and Projects*),

At a local level, the project will maintain coordination with all stakeholders of the thematic roundtables (Forests, Cacao, Spatial Planning and Integrated Landscape Management, and Sustainable Tourism), as well as with key stakeholders currently working in the Napo Province, such as the Centre for International Forestry Research (CIFOR), the National Institute for Agricultural Research (INIAP), the Amazonian State University (UEA), the Water Protection Fund (FONAG), the Public Water Supply and Sanitation Company (EPMAPS Quito), and the initiatives of the National Water Secretariat (SENAGUA). A technical committee is proposed with broad representation of the organizations and initiatives mentioned in this section.

C. DESCRIBE YOUR AGENCY’S COMPARATIVE ADVANTAGE TO IMPLEMENT THIS PROJECT:

FAO has comparative advantages in projects related to SFM and sustainable management of natural resources related to forestry and agriculture. Referring to Ecuador, FAO is a key player in policies and legal regulations for the forest sector, providing relevant technical assistance in the elaboration of policies, training activities, conservation of biodiversity, and strengthening management and conservation of natural resources in the communities. FAO implements several forestry projects, such as “*Sustainable Forest Management facing Climate Change*” with the MAE, which has been implemented since January 2010, aimed at promoting sustainable forest management. In the forest sector of Ecuador, FAO has focused its efforts on the fight against forest degradation and on conservation of biodiversity in the Andes and Amazon Region. It is also worth mentioning that FAO develops concrete support in sustainable rural land use planning with the DAGs downstream of the Napo Province (Sucumbíos and Orellana). Lessons learnt through the program “*Conservation and Sustainable Management of the Natural Heritage in the Yasuni Biosphere Reserve*” (UNJP/ECU/075/SPA) that FAO is implementing in the Yasuni buffer zone will also be shared with this project. Thus, a collaborative watershed management approach and the ecosystem approach will be ensured; additionally, crosschecking information with other FAO projects will be guaranteed (e.g. satellite data and methodologies for forest inventory and established monitoring parcels).

Regarding investments FAO has a long track record in investment projects. Through the Investment Center Division (TCI) and its more than 40 investment officers FAO is supporting the development, implementation and supervision of investment projects in agriculture and forestry mainly financed by the World Bank, IFAD

and other multilateral development banks. The FAO-GEF Coordination Unit is based in TCI to ensure the integration of this expertise in the design and supervision of GEF projects which includes TA as well as investments. The mission of TCI is to provide developing countries with technical assistance to identify and formulate investment strategies and operations for external financing, including environmental and natural resources management projects. In the last decades, TCI has supported the development of SLM investment strategies in various countries in sub-Saharan Africa. The FAO-GEF Unit specialists in TA and investment project design and implementation provided guidance for the development of this PIF and will have a key role in full project preparation and implementation.

C.1 INDICATE THE CO-FINANCING AMOUNT YOUR AGENCY IS BRINGING TO THE PROJECT:

FAO will provide co-financing through its TCP "*Sustainable and integrated management of the Napo River Watershed, through a participatory and joint approach*", which will be implemented from May 2012 to December 2013, and will deliver inputs and baseline diagnosis for the proposed GEF-financed project. The TCP will work along with the NPG and other provincial governments of this watershed. Through this TCP project, the agency will provide USD 160 000 of cash co-financing (USD140,000 for project implementation, and USD 20 000 for full project preparation), and USD 40 000 in-kind (USD 30,000 for project implementation and USD 10,000 for full project preparation).

In addition, the FAO project "*Sustainable Forest Management to face Climate Change*" (GCP/GLO/194/MUL), financed by the Finnish Cooperation, has engaged \$100,000 to co-finance this GEF project. As well, the UNREDD Joint Program, which is been developed by the MAE, FAO, UNDP and UNEP in Ecuador, will provide additional for \$250.000.

C.2 HOW DOES THE PROJECT FIT INTO YOUR OWN AGENCY'S PROGRAM (REFLECTED IN DOCUMENTS SUCH AS UNDAF, CAS, ETC.) AND YOUR STAFF CAPACITY IN THE COUNTRY TO FOLLOW UP PROJECT IMPLEMENTATION:

The project fits into the UNDAF Ecuador's priority area 3: "*Environmental sustainability and risk management*", and priority area 2: "*Production, employment, economic solidary system and food sovereignty*." It is also consistent with the FAO Country Priority Framework (CPF), which is focused on the strategic objectives *Rural Development and Forest Environment*. In addition, FAO is leading the Inter-Agency Thematic Group on Food Security and Nutrition, and participates in the thematic groups of Environmental Sustainability, Intercultural Exchange, Gender, Emergencies, and Disasters.

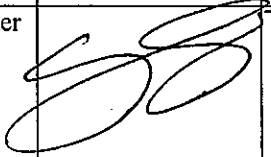
The FAO Representation in Ecuador has the staff capacity through the GEF Coordination team (coordinator and assistant) to support and supervise the project execution with executing partners supported by the Programs and Projects Assistant, the Administration-Finance officers, the Program Officer, and the FAO Representative to Ecuador. At technical level, the project will be supervised by the Lead Technical Officer (Climate, Energy and Tenure Division - Natural Resources Department) and the FAO-GEF Coordination Unit in Headquarters. It will also be supported by a multidisciplinary Project Task Force within FAO.

PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)

A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S): (Please attach the country endorsement letter(s) or regional endorsement letter(s) with this template.)

NAME	POSITION	MINISTRY	DATE (<i>Month, day, year</i>)
Marcella Aguiñaga Vallejo	Minister of Environment	Ministry of Environment of Ecuador	15 March 2012

B. GEF AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF/LDCF/SCCF policies and procedures, and meets the GEF/LDCF/SCCF criteria for project identification and preparation.					
Agency Coordinator, Agency name	Signature	Date (<i>Month, day, year</i>)	Project Contact Person	Tele- phone	Email Address
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