Noel Kempff Mercado Climate Action Project

The promise and peril of high-potential environmental partnerships

Reine Rambert
Amanda Sardonis
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About the Authors

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Foreword

The Noel Kempff Mercado Climate Action Project (NKMCAP) was the first winner of the Roy Family Award for Environmental Partnership, a biennial award established in 2003 by the Harvard Kennedy School to recognize effective, high-potential, and innovative cross-sector partnerships that create significant benefits for the partners, their stakeholders, and the environment. Once lauded as a groundbreaking public-private partnership in the area of forest conservation and carbon sequestration, the project’s governance structure collapsed, and project operations ceased more than 10 years before the end of the project’s projected 30-year lifespan. In this report, the authors examine how the NKMCAP partnership failed to live up to its ambitious goals and some of the risks that underlie partnerships of this nature. They identify several common challenges to cross-sector partnerships and extract lessons on how partnerships can be made more durable, adaptable, and sustainable.

NKMCAP’s goal was to double the size of one of the largest protected areas in Latin America. When it was announced, it was celebrated by a wide range of environmental organizations, companies, and the government of Bolivia. It was one of the first large “carbon offset” projects and the partners hoped it would set an example for others to replicate.

As companies and organizations strive to meet ever more ambitious carbon reduction goals, many are turning to offsets. At the same time, deforestation is on the rise in the tropics, with Brazil, the Congo, and Bolivia accounting for the largest shares of loss.¹ The Amazon may be reaching a tipping point at which it will no longer act as a carbon sink.² The urgency to gain financial, political, and managerial resources to protect these forests is increasing and offsets are seen as a viable tool to meet this growing need.

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Yet there is growing skepticism around offsets. Critics contend that their benefits are overstated and their risks ignored. These concerns are especially true for avoided carbon emissions from forest conservation projects. Third-party verifiers are finding it difficult to prove that carbon offsets from forest preservation projects meet additionality, permanence, and leakage criteria. Forest fires are worsening in the Amazon. Last year more than 50% of the burned land in the Santa Cruz department, where Noel Kempff Mercado National Park is located, was in protected areas.

The history of the NKMCAP provides valuable lessons that should be weighed as organizations consider whether to purchase offsets or invest in more expensive carbon reductions within their own facilities.

- Henry Lee, Director, Environment and Natural Resources Program; Senior Lecturer, Harvard Kennedy School

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5 “‘Only the rains will stop it’: Bolivia forest fires hit protected areas,” Mongabay, January 7, 2022. https://news.mongabay.com/2022/01/only-the-rains-will-stop-it-bolivia-forest-fires-hit-protected-areas
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Bolivia’s Noel Kempff Mercado National Park is the site of a rich mosaic of habitats and encompasses the Frederico Ahlfeld Falls, pictured here on March 3, 2020 (Javier Hurtadovaca/Wikimedia Commons).
Introduction

The Noel Kempff Mercado Climate Action Project ("NKMCAP"), launched in 1997, was one of the first voluntary avoided deforestation joint implementation projects demonstrating the use of carbon sinks for climate change mitigation, and one of the first to fall under the Reducing Emissions from Deforestation and Degradation (REDD) framework. The Nature Conservancy (TNC) partnered with the local, Bolivian non-profit Fundación Amigos de la Naturaleza (FAN) and recruited three American corporate investors (BP Amoco, American Electric Power, and PacifiCorp) to finance the acquisition of logging rights from timber companies on two million acres of forested land adjacent to the Noel Kempff Mercado National Park in Bolivia, doubling the size of the park. According to the project’s intended design, once logging concessions were purchased, the expanded territory was meant to be protected from environmental degradation and deforestation activities for at least the 30-year project duration. The cessation of activities causing deforestation and degradation would enable the newly protected forest to serve as a carbon sink, providing Verified Emission Reduction (VER) carbon offsets that could be commercialized by the Government of Bolivia and the three corporations financing the project. In addition to this core project objective, NKMCAP would produce a venture company focusing on agro-forestry, enable sustainable microenterprise development, and support local Indigenous communities with technical assistance, various social services, and capacity building efforts. The project garnered the attention of various public figures, including Jane Goodall and former U.S. Vice President Al Gore. However, while the project was intended to span three decades, it, and the underlying partnership, effectively disintegrated within 19 years.
NKMCAP has been studied for niche academic purposes, but has not undergone a comprehensive post-mortem analysis. No one to date has examined what exactly happened to the NKMCAP partnership, and what internal factors (i.e. within the control of project stakeholders) and external factors (i.e. beyond the control of project stakeholders) affected the effectiveness of the project. (Appendix A provides a brief snapshot of some of the previous publications on NKMCAP; these reports and articles served as inputs for a baseline analysis of the case.)

This report examines how NKMCAP failed to live up to its potential, by focusing on three different dimensions of partnership effectiveness: 1) the sustainability of the partnership, 2) the effectiveness of the collaboration process itself, and 3) the achievement of the planned objectives. In terms of its most consequential challenges, NKMCAP experienced intense political upheaval after the election of President Evo Morales, faced disruptive changes in the governance structure, and struggled with stakeholder engagement issues related to internal and external actors.

In its first eight years, NKMCAP managed to reach several noteworthy milestones, including the expansion of the park and verified avoided carbon emissions in excess of one million metric tons. It also advanced a burgeoning body of technical knowledge related to carbon stock management and developed various methodologies necessary for what are now known as REDD+ projects. Notably, the project embraced a range of social impacts in its project design, even though

Former U.S. Vice President Al Gore on Noel Kempff Mercado Climate Action Project:
“This breakthrough agreement offers a compelling model for achieving our international environmental goals. I want to salute the Bolivians, The Nature Conservancy and AEP for bringing about this victory for our common natural heritage. This will put us another step closer toward developing innovative mechanisms to combat the potential threats of global warming.”

Source: “Bolivian Forests to Offset Greenhouse Gases” in PRNewswire on December 9, 1996
it did not successfully achieve them all. NKMCAP technical assistance did help Indigenous communities living in the project area obtain legal recognition as well as title to their ancestral lands. Lastly, NKMCAP demonstrated a laudable model of international NGO/local non-profit collaboration between TNC and FAN, the latter of which helped to sustain the project even after the initial project partners ended their involvement.

There are several transferrable lessons learned from the challenges faced in NKMCAP that are highly consequential to partnership effectiveness. First, cross-sector partnerships should strive to anticipate and prepare for political and/or legislative change and disruption through broad political engagement tactics. Second, partnerships should create sustainable financing mechanisms capable of outlasting changes in partnership governance. And thirdly, partnerships should prioritize stakeholder engagement throughout disruptions in governance and political leadership to ensure project survivability. NKMCAP can be used as an instructive case to highlight obstacles that impact cross-sector environmental projects. While NKMCAP fell short of many of its intended goals, it achieved many other notable outcomes, while facing significant challenges from which other projects stand to learn.
The Problem

Land degradation and deforestation are significant contributors to climate change, as tropical deforestation and degradation accounted for 2.5 billion tons of carbon dioxide equivalent (CO$_{2}$e) in 2021. While global emissions constitute a problem for all nations, tropical forests and biodiversity are unequally distributed throughout the world. A handful of nations account for most of the deforestation. Bolivia is the third largest contributor to global forest loss, after Brazil and the Democratic Republic of the Congo.\(^6\)

The movement to address this issue emerged in the 1990s. Organizations such as The Nature Conservancy (TNC) played a leading role in creating a hemispheric effort to thwart deforestation known as “Parks in Peril.”\(^7\) The Parks in Peril initiative aimed to better support and protect “paper parks” that essentially existed on paper but were not adequately managed and protected from various threats, such as logging, hunting, and agricultural activities.

Nestled in the northeastern Bolivian province of Velasco, the Noel Kempff Mercado National Park, established in 1979, now encompasses four million acres of protected Amazon rainforest. With diverse ecosystems ranging from evergreen forests to savanna wetlands, rich biodiversity, and cultural significance, the park secured UNESCO World Heritage Site status in 2000. In the 1980s and 1990s, the park was subject to logging, agricultural clearing, and illegal activities. Environmental organizations, such as TNC, saw a clear need for environmental protection of forests, but also understood that protection required considerable monetary resources and technical capacity. TNC meticulously studied the Noel Kempff Mercado National Park for years before initiating the NKMCAP project.

In this era, TNC was a pioneer of monetizing “ecosystem services,” or pushing for financial compensation for the protection of the natural environment in recognition of its intangible economic value. However, this concept received criticisms, including allegations of “eco-colonialism” when entities based in developed countries paid for conservation in developing countries, while maintaining their own unsustainable consumption patterns. (As we will see in this report, NKMCAP was accused of facilitating the sale of “Madre Tierra,” Mother Earth.)


Nature in Spanish, or “Pachamama” in local, Indigenous parlance, to American companies.) The impetus behind the NKMCAP project was a combination of the inability of the international community to thwart deforestation, particularly in the Amazon, and the lack of capacity at many national parks in Latin America to sufficiently “protect” the lands from encroachment from developers. Recognizing this need, TNC proposed a forest-based carbon offset model, leveraging a private-public partnership that would become NKMCAP.

The Partnership

Key Characteristics

The basic structure of NKMCAP was that TNC would partner with a local non-profit and then recruit corporate investors to finance the acquisition of logging rights from timber companies on two million acres of forestland adjacent to the existing Noel Kempf Mercado National Park. This would double the size of the park from approximately two million acres to four million acres. The park, once expanded and protected from environmental deforestation, would act as a carbon sink, absorbing millions of tons of carbon emissions. In return, corporate partners who paid to buy the concession (i.e. right to the land previously owned by logging companies) received 51% of the certified carbon offsets over the project’s 30-year intended life. The Government of Bolivia received 49% of the carbon credits in return for closing the timber concessions for the project, and could use the income to fund community development and park management activities. The partnership also included plans to form a venture company, Canopy Botanicals, to develop and market forest products that generate sustained annual revenue.

TNC raised $2.6 million USD for NKMCAP in partnership with FAN, and the corporate partners invested $8.25 million USD (see Appendix B for project financing details). The corporate partners were utilities (AEP and PacifiCorp) and oil and gas companies (BP Amoco). They invested in the project acknowledging that the project-generated credits could be sold on a carbon trading market.
and used to offset their CO$_2$ emissions.$^8$ TNC projected the project would avoid an estimated 7 million tons of CO$_2$ over the 30-year life of the project.

**Project Objectives**

NKMCAP was meant to accomplish an impressive range of objectives including the upkeep and management of the Noel Kempff Mercado National Park, as well as human capital and scientific activities underlying the management and monitoring of protected and non-protected areas. Table 1 below shows a brief overview of the primary goals of the project and its distinct characteristics.

Table 1. Initial Project Structure and Objectives

<table>
<thead>
<tr>
<th>Overview of Noel Kempff Mercado Climate Action Project (NKMCAP)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Intended Structure and Objectives</strong></td>
</tr>
<tr>
<td><strong>Governance Structure</strong></td>
</tr>
<tr>
<td>• <strong>Board of Directors:</strong> Representatives from The Nature Conservancy (TNC), Government of Bolivia, Fundación Amigos de la Naturaleza (FAN), American Electric Power (AEP), BP Amoco (BP), PacifiCorp (PAC) manage the partnership</td>
</tr>
<tr>
<td>• <strong>Verification:</strong> Société Générale de Surveillance (SGS) serves as a third-party verifier of avoided emissions</td>
</tr>
<tr>
<td>• <strong>Coordination Mechanism:</strong> Annual meetings of Board of Directors where work plans and goals are reviewed</td>
</tr>
<tr>
<td><strong>Business Model</strong></td>
</tr>
<tr>
<td>• <strong>Project Investment:</strong> $9.6 million USD (initial); Latest figure known in 2010 was $10.85 million USD</td>
</tr>
<tr>
<td>• <strong>Operating Revenue:</strong> $300K anticipated annually from venture company, Canopy Botanicals, established by the partnership</td>
</tr>
<tr>
<td><strong>Environmental Objectives</strong></td>
</tr>
<tr>
<td>• Acquisition of concessions from logging companies to double the size of the park to 1,582,322 hectares total (approx. 3.9 million acres)</td>
</tr>
<tr>
<td>• Sequestration of an estimated 7 million tons of CO$_2$ over the 30-year life of the project</td>
</tr>
<tr>
<td>• Reduction in soil erosion and runoff into rivers that would have come from agriculture and logging</td>
</tr>
<tr>
<td>• Improved management of biodiversity</td>
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</tbody>
</table>

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### Social Objectives
- Education program for local community on importance of sustainable farming and resources management techniques
- Funding for various social programs to support impacted communities of NKMCAP
  - Funding for various infrastructure projects and programming
- Legal and technical assistance to obtain legal recognition and land title for Indigenous people

### Economic Objectives
- Employment generation
- Eco-tourism development
- Development and marketing of new forest products
- Micro-enterprises for heart-of-palm and mahogany plantings, agroforestry projects, animal husbandry, etc.

### Scientific Objectives
- Advancement in carbon stock measurement methods and research on the impact of logging on carbon sequestration
The Results

Post-Roy Award (2005-2016)

As the project objectives demonstrate, NKMCAP was a highly ambitious project that not only aimed to address environmental issues, but also attempted to mitigate some of the underlying social and economic issues as well. However, based on information gathered from various interviews, NKMCAP deviated a great deal from its expected objectives, intended duration, and original governance structure. The largest factor in the project’s premature ending was the election of President Evo Morales on January 22, 2006, approximately nine years into the project.

The timeline in Figure 1 shows a quick snapshot of consequential events and shifts in the project, including the election of Morales and other major events.

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**Figure 1.** Timeline of Major Events
As the timeline shows, the project advanced as planned for the first decade, and the Bolivian President Eduardo Rodriguez was a strong supporter. This means that the conventional “critical success factor” for enabling public-private partnership success of “strong political and institutional support” was met in its initial stages. In 2005, the project had its carbon emissions reduction certified by a third party, Société Générale de Surveillance, hitting another significant milestone and adding credibility to its business model. The project, in this stage, demonstrated a mutually beneficial partnership between the Government of Bolivia, who wanted to protect Bolivian natural resources and promote sustainability, and the three American corporations, who stood to gain both from the carbon offsets and the positive public relations coverage.

At this point in the project, the partners shared mutually beneficial objectives. In 2006, Evo Morales of the Movement for Socialism (Movimiento Al Socialismo) party was elected President of Bolivia.⁹ Morales was the country’s first Indigenous President, espousing traditional beliefs about the sanctity of Madre Tierra, and did not support the business model underlying NKMCAP. The Morales administration changed land use and agriculture ownership laws, increased taxes on the wealthy, and nationalized natural resources.¹⁰ Hence, the idea of American corporations commercializing the Noel Kempff Mercado National Park seemed fundamentally incompatible with the administration’s political values. When Morales came to power, the partnership had to be re-negotiated, as his administration had a very different vision. Nevertheless, one key insight that emerged in NKMCAP partner interviews was that there was a window of opportunity during which Morales was still open to the idea of the project, even though his administration wanted to renegotiate the terms. This, unfortunately, changed. There is some evidence that more of an effort could have been made to convince the Morales administration of the long-term benefits of NKMCAP.

In 2009, the project ran into several obstacles. Greenpeace published a very critical report, entitled “Carbon Scam: Noel Kempff Climate Action Project and the Push for Sub-national Forests Offsets,” that questioned the measurability and viability of the actual carbon emission reductions. The report accused the corporate investors (AEP, BP Amoco, and PacifiCorp) of greenwashing and not only attacked the project’s business mode but also the credibility of the local organizational partner,

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¹⁰ Ibid.
FAN. This happened to be the same year that TNC published a case study on NKMCAP extolling its accomplishments. The high visibility of the project was a double-edged sword, showcasing the milestones of the project to the international community but also provoking intense ideological criticism and scrutiny from more skeptical stakeholders.

Beyond this point, less information on the operations and management of the project is available. FAN was still actively involved in the project and liaised with the Government of Bolivia for park management activities. However, once it became clear that the Government of Bolivia had no intention of continuing to commercialize their carbon offsets and announced its intention to tax the carbon offsets held by the three American investors, the corporate partners decide to permanently end their involvement in the project. This decision reportedly took place around 2012. Finally, in 2013, FAN initiated project close-out, with an ultimate end to all involvement in 2016.

**Effectiveness**

Evaluating the effectiveness of the NKMCAP partnership is not a straightforward task. Our analysis will consider three different dimensions:

1. Duration/sustainability of the partnership over time
2. Effectiveness of the collaboration process itself
3. Achievement of the planned objectives/goals

1. Duration/sustainability

Given that the project did not endure for its 30-year life, it is clear that NKMCAP did not meet its intended project sustainability objective. The monitoring and verification scheme for the emissions did not continue beyond 2005; various aspects of the social programming and microenterprise efforts also collapsed. There were, however some positive legacies from this project. The endowment fund established as part of its financing mechanisms still exists. FAN was able to stay engaged in the project even after the other major architects of the project left. An interview with a TNC stakeholder revealed that this was the result of a concerted effort. One TNC

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11 This report is a contribution to an SNIS-funded multidisciplinary research project: “Effectiveness of Partnerships for Advancing the SDGs: Behavioral Pathways and Impacts.” The research team identified several dimensions or pathways by which partnership effectiveness can be assessed. See: https://effectivenessofpartnerships.org/
official told us the “most important question TNC ever makes is who do we partner with? Are they ‘hired hands’ or are they partners?” TNC clearly made an effort to identify an organization that was much more than “hired hands.” It conducted various audits of FAN over the years and had overwhelmingly positive commentary on FAN’s commitment and performance. As such, both the strategic choice of a reliable partner and the creation of an endowment fund provided some measure of success in some aspects of planning for long-term sustainability, even though the project ended prematurely. As the quote below demonstrates, project stakeholders believed that they earnestly tried to anticipate and prepare for political change.

“I truly believe we thought through all the ramifications of this project and its impact on Indigenous people and the environment. We also anticipated the potential impact of regime change by the creation of a permanent funding source, but we did not anticipate facing outright hostility by the Morales administration.”

- NKMCAP partner

2. Effectiveness of the collaboration process itself
Interviews revealed mostly positive commentary on the collaboration process, with project partners speaking very highly of the nature of their collaborative relationship and effectiveness of communication with other partners. The only exception was certain corporate partners reportedly viewed the project in a more transactional light than the other stakeholders. Certain stakeholders also discussed asymmetric levels of knowledge and engagement from project partners, with certain partner representatives committed to extensive details and others with only a high-level understanding. According to one interview, some project stakeholders felt that the full institutional capacity of the multinational corporations was not fully offered or sought. One partner stated, “If you’re going to bring many talented and well-resourced institutions to the table, you have to make the best use of them.”

3. Achievement of the planned objectives/goals
In order to evaluate the quantitative and qualitative results of NKMCAP and how it compared to the original project objectives, various personal interviews with project stakeholders were combined with a review of previous reports to draw a holistic conclusion on the project’s performance. Tables 2-5 show the key findings from
this work. From a high-level perspective, it appears that the project did not meet all its intended goals in any category—environmental, social, economic, or scientific/technical. Nevertheless, it did minimally produce at least one or more notable outcomes in all four categories.

Table 2. Environmental Objectives - Intended vs. Actual

<table>
<thead>
<tr>
<th>Intended</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of concessions from logging companies to double the size of</td>
<td>• Project was confirmed to still include the expanded area, meaning 2 million acres of land were effectively added to the national park</td>
</tr>
<tr>
<td>the park to 1,582,322 hectares (approx. 3.9 million acres)</td>
<td>• Adequacy of the monitoring and protection of the expanded, protected area, however, is unknown, meaning it could or could not be subject to threats of deforestation and environmental degradation</td>
</tr>
<tr>
<td></td>
<td>• Based on the 2005 refined model, the project was still supposed to lead to 5,837,341 tons of CO₂ avoided emissions (30-year span), but no formal verification of that figure is available</td>
</tr>
<tr>
<td>Avoided an estimated 7 million tons of CO₂ over the 30-year life of the</td>
<td>• Prevented 1,034,107 metric tons of verified CO₂ emissions, which were estimated to have resulted from logging and deforestation between 1997 and 2005 in the absence of NKMCAP</td>
</tr>
<tr>
<td>project</td>
<td>• Based on the 2005 refined model, the project was still supposed to lead to 5,837,341 tons of CO₂ avoided emissions (30-year span), but no formal verification of that figure is available</td>
</tr>
<tr>
<td>Reduction in soil erosion and runoff into rivers from agricultural</td>
<td>• Given that concessions were successfully purchased and agricultural activities were effectively avoided for at least 13 years of the project, we can assume that there was some level of avoided soil erosion and runoff attributable to NKMCAP</td>
</tr>
<tr>
<td>activities</td>
<td></td>
</tr>
<tr>
<td>Improved management of biodiversity</td>
<td>• 64 species of birds, the maned wolf, and marsh deer were all identified in the expanded area of the park but not present in the original park</td>
</tr>
<tr>
<td></td>
<td>• Species populations were successfully monitored in a Site Conservation Plan (CSP) and then managed with the Integral Plan of Protection when the project was still in existence</td>
</tr>
</tbody>
</table>
Table 3. Social Objectives - Intended vs. Actual

<table>
<thead>
<tr>
<th>Intended</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Educational program for local community on importance of sustainable</td>
<td>• Schools in the Florida, Piso Firme, and Bella Vista communities were refurbished with project funding</td>
</tr>
<tr>
<td>farming and resources management techniques</td>
<td>• Funding was provided for two teachers through the Municipality of San Ignacio; however, the tenure of these teachers is not known</td>
</tr>
<tr>
<td></td>
<td>• Project funding also was provided for educational supplies and scholarships for at least 120 primary and secondary students</td>
</tr>
<tr>
<td>Funding for various social programs to support impacted communities</td>
<td>• Program for the Sustainable Development of Local Communities (APOCOM in Spanish) ran from 1997-2001 and claimed to improve access to health, education, and communication</td>
</tr>
<tr>
<td></td>
<td>• Community Development Program (PRODECOM in Spanish) ran from 2002-2006</td>
</tr>
<tr>
<td>Funding for various infrastructure projects and programming</td>
<td>• Confirmation that a small airplane and landing strip was purchased for the NKMCAP; current status of the plane and its associated infrastructure is unclear but likely no longer maintained</td>
</tr>
<tr>
<td></td>
<td>• A visitor center for the eco-tourism initiative was also constructed for the park but was not confirmed to be used or usable today</td>
</tr>
<tr>
<td>Legal and technical assistance to obtain land title for Indigenous people</td>
<td>• Through effective legal advocacy, NKMCAP enabled successful attainment of legal status of “Communities of Native People” for Indigenous communities living in the park and a formal land title</td>
</tr>
</tbody>
</table>
### Table 4. Economic Objectives - Intended vs. Actual

<table>
<thead>
<tr>
<th>Intended</th>
<th>Actual</th>
</tr>
</thead>
</table>
| Employment generation                                                   | • At least 11 new park rangers from the local communities were hired with funding of the program (duration of the employment is unclear)  
• At least 80 community members were temporarily employed for surveying forest resources within and beyond the park expansion area  
• Overall confirmation that at least one Indigenous community, the community of Florida, was financially worse off due to loss of sawmill jobs |
| Eco-tourism development                                                 | • Infrastructure developed to facilitate ecotourism (e.g. visitor center) was observed to be dilapidated/in disrepair in interviews; the remote location of the park created considerable obstacles to facilitating tourism |
| Development and marketing of new forest products                        | • Venture company was not commercially viable. Canopy Botanicals produced low returns on investment and investors had to incur additional costs to dissolve the business |
| Micro-enterprises for heart-of-palm and mahogany plantings, agroforestry projects, animal husbandry, etc. | • Concessions were obtained for a heart of palm business on 11,000 hectares and sustainable forestry on 90,000 hectares; this created the first timber selling point in the Department of Santa Cruz run by an Indigenous community. It was not confirmed to have been profitable or still in existence  
• As of 2009, the timber business was not profitable |

### Table 5. Scientific Objectives - Intended vs. Actual

<table>
<thead>
<tr>
<th>Intended</th>
<th>Actual</th>
</tr>
</thead>
</table>
| Advancement in carbon stock measurement methods and research on the impact of logging on carbon sequestration | • NKMCAP was one of the first REDD projects, contributing to the body of knowledge REDD verification standards and approaches  
• NKMCAP also advanced the use of carbon accounting, remote sensing technology, and carbon benefit modelling  
• Third-party verification of avoided emissions ended prematurely |

Source for Tables 2-5: Authors, based on interviews and available documents (see Appendix A)
Analysis

Major Challenges

NKMCAP faced a number of significant challenges related to both its operating environment and the nature of the project’s structure. It was one of the first REDD projects. Various technical requirements and methodologies for similar projects were still being developed. The following features encapsulate some of the most commonly encountered challenges that impacted NKMCAP and that are generalizable to other partnerships:

1. Detrimental impacts of political and legislative upheaval
The project undoubtedly faced immense political challenges related to the election of Evo Morales as President of Bolivia. Not only was there an ideological shift that led to a fundamental loss of consensus amongst partners on the mission, but there was also direct legislative opposition. The Government of Bolivia made a decision to permanently refrain from commercializing its verified emission reductions (VERs), undermining the business model of the project, and also proposed new tax mechanisms on the proceeds of the sale of corporate partners’ carbon credits. From the perspective of the Morales administration the existing business model was deeply problematic and these legislative changes were attempts to rectify the flaws. Nevertheless, these changes effectively ended the partnership and undermined its stated goals. The revenue from the emission reduction credits to the Government was supposed to fund critical investments in community development and park management – investments that now could not be made. This challenge reaffirms the importance of sustained political support in the context of changes in government, and the availability of finance mechanisms that can endure political disruption and upheaval.

2. Drastic changes in governance structure
Linked to the political upheaval, there were various changes in the partnership that compromised the operational cohesion and strategic management of the project. Over the course of a multi-decade project, there will be changes in the partners and the leadership structure of the partnership; however, the institutional knowledge and fundamental commitments must be sustained throughout

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12 It is unclear if the tax laws were actually changed or if the threat of new taxes was enough to motivate the corporate partners to exit the project.
those transitions in order for the partnership to succeed. Once the corporate partners left there was a fundamental breakdown in the business model. This was exacerbated by TNC’s departure, after which only FAN and the Government of Bolivia were left to monitor progress on the project’s original initiatives.

3. Sustaining stakeholder buy-in/engagement
Building off of both of the aforementioned challenges, NKMCAP struggled to continue to engage its stakeholders throughout the tumult – changes in partner leadership, changes in the “importance of the partnership,” and changes in political regime. One interviewee referenced “fatigue” and the challenge of maintaining the indispensable “sustained will and attention and planning” for a 30-year project as complex and ambitious as NKMCAP. Additionally, in an interview about the pivotal period where Morales had just come to power, it appeared that another environmental organization, Friends of the Earth International, effectively urged the Bolivian government to come out against the project.

**Major Achievements**

Despite the complex challenges that it faced, the NKMCAP also accomplished a number of notable achievements that will likely have a lasting legacy in the domain of environmental partnerships.

1. **Environmental Impacts**
   NKMCAP permanently expanded the Noel Kempff Mercado National Park via Presidential Supreme Decree in a strategically advantageous way that leveraged the natural borders of the park (Paragua River to the West, Tarvo River to the southwest, the Itenza River to the north) and hence decreased the human capacity needed to monitor and patrol the perimeters of the park. It also helped to avoid at least 1,034,107 metric tons of verified CO$_2$ emissions in the first decade of its existence. Lastly, the partnership also helped improve the identification and management of biodiversity, given the various species found in the expanded area of the park and the institutional capacity investments made in biodiversity management and protection.

2. **Effective Civic Sector Collaboration**
The collaboration and coordination between FAN and TNC stands as a notable highlight of the project. Interviewees from both sides were able to speak of a shared vision, consensus, and respect. Additionally, considerable investments
in human capacity development at the local level created a true partnership that was able to sustain the work of the project several years beyond severe political disruption that could have otherwise destroyed project operations altogether. Additionally, based on interviews, it appears that the local organization FAN became a member of a larger network of conservation professionals in Latin America, in part thanks to the various capacity-building activities and institutional infrastructure of TNC. This means that the relationship led to some level of improved knowledge-sharing and knowledge-transfer regionally.

3. Effective Consideration of Social Impacts

While the project did not meet all its social and economic goals, it prioritized getting the local communities formally recognized by the government and given rights to the land. In TNC’s case study analysis on NKMCAP, it noted that in order to effectively incorporate and address social considerations, local stakeholders need to be involved in the planning, design, and execution of the project; this was not the case for NKMCAP. That goal, nevertheless, is very challenging given that local communities were not formally identified at the time of the project. Given that constraint, TNC involving a local NGO, engaging neighboring towns, and advocating for the rights of Indigenous people on the land is a notable project achievement.
Lessons Learned

1. **Anticipating and preparing for political and/or legislative change and disruption through broad political lobbying mechanisms**

Institutional support from a broad range of political stakeholders is indispensable for project success. Once political buy-in is obtained, however, more work is still needed to sustain that support and proactively anticipate and prepare for political change and disruption whether that be a presidential transition, as in the Bolivian case, or even a change in local or state government. It is important for cross-sector projects not to seem partisan or ideologically aligned to a specific set of political stakeholders. Project managers should aim for political agnosticism or neutrality when possible. This can be difficult if the government insists that the partners align with the government partners, as can happen with developers in infrastructure public-private partnerships.

2. **Exploring and creating sustainable financing mechanisms to outlast changes in stakeholder and/or partner priorities and leadership**

Donor-based models of financing can easily change if the priorities or leadership of the donor institutions shift. Additionally, with climate change negotiations, successive agreements fundamentally change the trading scheme and market for mechanisms such as carbon offsets. Hence, there is an inherent volatility in this domain. Given this reality, projects should seek to create financing mechanisms that can self-sustain or endure shifts in donor institutions and/or climate change finance schemes. NKMCAP’s endowment fund is the only part of the project’s financing that was able to keep going, despite the dissolution of the project. This is a notable accomplishment and also useful for other projects, as the creation of revolving funds and/or endowment funds can help to mitigate some risk associated with other financing mechanisms.

3. **Prioritizing and sustaining stakeholder engagement throughout changes in governance and political leadership to ensure project continuity**

The importance of continuous engagement cannot be understated. As political leadership changes, there is always a need to engage relevant public authorities in cross-sector partnerships that are impacted by governmental decisions. NKMCAP had to deal with a truly historic transition in Bolivia, that it had no control over. Nevertheless, some project stakeholders believe that there is something to be learned about not missing any window of opportunity to convey the value proposition of the project while stakeholders are at least open and in the process of forming an opinion.
Appendix A

Previous Noel Kempff Mercado Climate Action Project (NKMCAP) Articles and Publications


*Science* published a critique that referenced NKMCAP, “Making Deforestation Pay Under the Kyoto Protocol?” (Schulze 2003)

Researchers from the Center for International Forestry Research and Fundación Natura Bolivia conducted research on how NKMCAP impacted local stakeholders, “Can Forest Protection Carbon Projects Improve Rural Livelihoods? Analysis of the Noel Kempff Mercado Climate Action Project, Bolivia” (Asquith 2002)

Researchers funded by the U.S. Environmental Protection Agency (EPA) and Winrock International (WI) performed a baseline analysis of the Noel Kempff Mercado National Park to create a model of land-use change at various scales and projections on deforestation, “Scale Issues in Developing a Deforestation Baseline for the Region of the Noel Kempff Mercado Climate Action Project, Bolivia” (Dushku 2007)


Appendix B

Project Financing

TNC raised $2.6 million USD for NKMCAP in partnership with FAN, and received $8.25 million of the initial $10.85 million total project cost from corporate partners. This exceeds the originally reported $9.6 million USD figure. The two charts below show a summary of the allocation of funding sources and uses summarized in the TNC 2009 case study analysis.

Information on project’s granular financial management was not available for the period after 2006.