



**I Canje de Deuda  
por Naturaleza  
EE. UU. – C.R.**

**First Debt-for-Nature Swap between United States and Costa Rica  
("TFCA I")  
Congressional Report 2017**

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## 1. Major achievements

The Governments of the United States of America and Costa Rica, the Central Bank of Costa Rica, Conservation International (CI) and The Nature Conservancy (TNC), concluded agreements to reduce Costa Rica's debt payments to the United States by \$26 million over a period of 16 years beginning in 2007. The debt for nature program was made possible through contributions of over \$12.6 million by the U.S. Government and a combined donation of over \$2.5 million from CI and TNC, based on the provisions of the U.S. Tropical Forest Conservation Act (TFCA). In return, the Central Bank of Costa Rica has committed to pay the \$26 million to support grants to non-governmental organizations and other groups to protect and restore the country's important tropical forest resources.

The funds help conserve six important tropical forest areas in Costa Rica that are exceptional for their tropical forest ecology and biodiversity, as well as for the benefits that their natural resources provide to the communities that inhabit the areas.

In these areas, the Fund mainly promotes ecological connectivity by strengthening and consolidating existing forest biological corridors, developing and supporting the livelihood of people in a manner consistent with the conservation of forests, and through land purchases when appropriate. The six tropical forest areas eligible for grants are: Osa, La Amistad, Tortuguero, Maquenque, Rincón de la Vieja and Nicoya (Fig. 1).

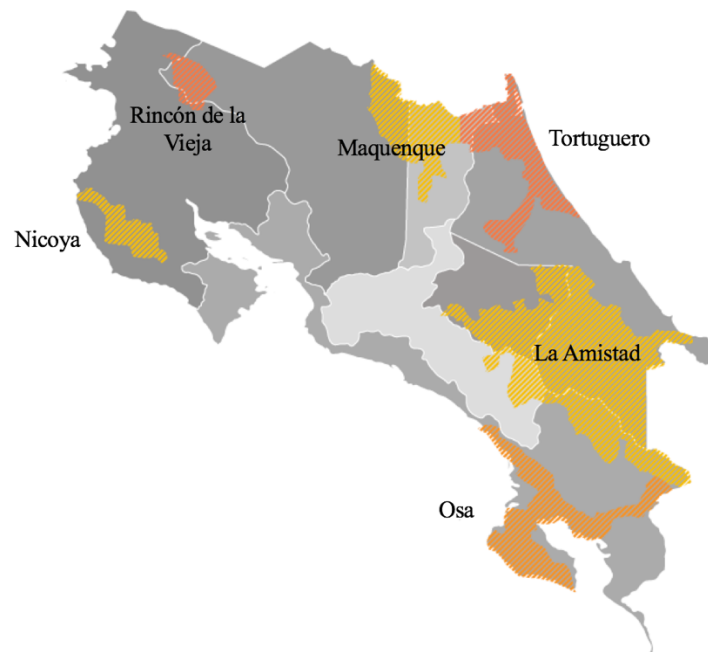


Fig. 1. Tropical forest areas eligible for grants prioritized for the TFCA I since 2007.

During its six Calls for Proposals (2010 – 2015), the Fund has financed 37 conservation projects and two land purchase projects, of which 16 were successfully completed by 2017. The projects have implemented activities related to agroforestry, reforestation, forest conservation and management, environmental education, rural community tourism,

strengthening of organizations, promotion and strengthening of Biological Corridors, forest service awareness, promotion of payment of environmental services, forest fire control, sustainable productive alternatives, forest monitoring, and green offset financial mechanisms.

Since 2017, the Forever Costa Rica Association (FCR) is the Administrator of this fund. FCR inherited a total of 21 projects from the previous Administrator, INBio. Five of these projects only needed last disbursements to finish the projects and have all now been closed. Eleven have gone through the process of renewal and have renewed Donation Agreements. The last five projects will have signed Donation Agreements by February 2018.

Dialogues took place with all 21 grant recipients to understand their objectives and level of progress on their projects. In three cases (grassroots organizations), field visits were carried out in order to support them in the preparation of new versions of proposals and budgets. Also, there was constant communication with all the organizations in order to support them with fulfilling all their requirements to sign the new Donation Agreements and to monitor their progress. In two cases, two projects executed by the same NGO were merged. This was the case of Marviva and the Organization for Tropical Studies (OTS).

Another achievement of 2017 was the formalization of land purchase in the buffer area of the Irazú Volcano National Park (Fig. 2). This effort began three years ago and will contribute to conserve 87 hectares of paramo. This high-altitude ecosystem is biologically important due to its exposure to threats such as deforestation, fires, poaching, landslides, plant extraction and climate change.



Fig. 2. Sightings of the land purchased in the area of Irazú Volcano National Park

Finally, in August 28<sup>th</sup>, 2017, the OC approved the Fund's Strategic Plan for the period 2017-2022. The plan envisions the conservation and sustainable use of the tropical forest, led by the people, and the healthy livelihoods of the communities in harmony with the environment. The Strategic Plan was divided in three sections: a. Environmental, Economic and Social Dimension, b. Internal Governance and c. Financial Dimension.



## 2. Grant making activities

The Seventh Call for Proposals was launched on September, 2017 in a formal activity held in San José with the participation of members of the Oversight Committee (OC), including the *Chargé d’Affaires* in representation of the U.S Ambassador, Costa Rican governmental authorities, including the Minister of Environment and Energy (MINAE) and grantees of the fund.

As new Administrator, FCR developed new Guidelines for the Seventh Call for Proposals. These guidelines approved by the OC, included the following strategic lines:

- Participatory research and monitoring of wildlife susceptible to poaching and forest ecosystems.
- Forest ecosystems and wildlife protection and prevention initiatives.
- Financial mechanisms for the promotion for private lands conservation.
- Sustainable productive promotion for forests conservation and livelihoods improvement.
- Forest restoration focusing on endangered and endemic species.
- Strengthening programs for Biological Corridors.
- Development of Climate Change Plans on the topical forest areas eligible for grants, according to the National Adaptation Strategy for Biodiversity.

An exhaustive promotion of the call for proposals on different media was carried out by the Administrator: television, radio, newspapers and internet. This media coverage, if paid for as advertising, would have amounted to US\$63.000. The Forever Costa Rica Association provided US\$10.000 in counterpart funding for implementing the launching activity. Different organizations (MINAE personal and potential organizations) were reached by email and during field visits carried out in coordination with the TFCA II around the country. Also, the organization’s questions were responded by phone, email and meetings. Thanks to those efforts, a total of 58 proposals were received from 42 organizations from all over the country, representing the highest number of proposals received in the 10 years of fund activity (Fig. 3).

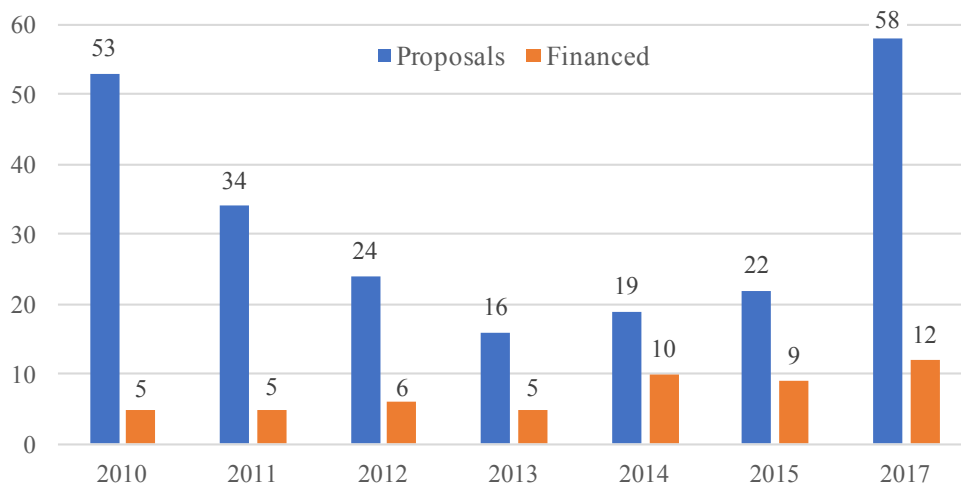


Fig. 3. Number of proposals received and financed in each call for proposals of the TFCA I

The majority of them (42 proposals), were from non-governmental organizations (NGO), 9 from grassroots organizations, and 7 belonged to a category classified as "Mentoring"; where an NGO guides a grassroots organization in their administrative, technical and financial areas to strengthen their capabilities whilst developing a forest conservation project. All 58 proposals, if funded, would amount to US\$6.407.288. The OC approved a total of US\$1.000.000 for the VII call for proposals which resulted in a competitive selection process.

Considering that some proposals cover more than one of the tropical forest areas eligible for grants, Osa and Nicoya comprised 48% of the total of proposals received (14 each area), followed by Tortuguero with 13, La Amistad 11, Maquenque 9 and finally Rincón de la Vieja with 5.

In January 2018, the OC selected 12 proposals to be executed in the six tropical forest areas, including 4 grassroots organizations, 7 NGOs and one project in the Mentoring category.

### 3. Project impacts

Throughout the 10 years of the TCFA I, the impacts in Costa Rica's tropical forest and people's livelihoods, include:

- Contribution to the reforestation of more than 1.000.000 hectares (2.471.053 acres) around the country.
- More than 50 entrepreneurial projects on rural tourism supported.
- Around 50 firefighters trained from 10 fire brigades to combat forest fires.
- More than 60.000 trees planted to contribute to forest connectivity.
- 10 Biological Corridors supported, including the creation of 5 strategic plans.
- Strengthening of grassroots conservation organizations and local water management organizations around the country.
- More than 100 communities involved in projects of the TFCA I.
- Around 150 small scale farmers have been trained on agro forestry systems and environmental awareness.

As an example, during 2017 the project implemented by *FUNDECODES*, an NGO working on conservation of the dry forest of Guanacaste, carried out an Ecological Evaluation in several private farms in three Biological Corridors of the Nicoya Peninsula. The results were very satisfactory with the identification of 147 species of plants, most of them with one or more human uses identified: medicinal, food, construction, ornamental, fibers, materials for developing working instruments, among others. Also, 121 species of animals were registered, including birds, mammals, amphibians and reptiles; some of them are considered good habitat quality indicator species. The same study proposed structural connectivity routes that will facilitate species movements, and areas to increase forest cover in the Biological Corridors.



Fig. 1. During the study, frugivorous bats (*Artibeus* sp.) were identified, as well as seeds and fruits of local plants dispersed by them like "alcornoque" (*Licania arborea*).

FUNDECODES also carried out a non-timber products inventory in the area, registering 38 species of importance for human use in 15 farms. Moreover, more than 100 species of plants were identified in the entire region.

Another good example of forest conservation work is the one supported by an NGO based in the Osa Peninsula, Fundación Neotrópica. This organization is working in the consolidation of a pre-existing public Arboretum -a botanical garden containing living collections of trees- located in the Golfo Dulce Forest Reserve.

In 2017, the organization developed several training workshops for local people on topics such as the identification of endemic and threatened tree species with ethnobotanical and productive uses; skills for youths to work as local nature guides; and the development of an environmental education program to foster sustainable uses of the forest and eventually create a biodiversity conservation culture on several rural communities. Fundación Neotrópica is working with the Ministry of Environment (MINAE) in order to improve people's livelihoods, offering non-extractive alternatives that benefit both tropical forests and rural families.



Fig. 2. Local youth trained to become nature guides in the Arboretum trails and children participating on reforestation efforts within the forest reserve.

This project was ranked #367 on the list of the best 500 social and environmental projects of Latin America in the "Premios Latinoamerica Verde" awards in 2017 (a total of 2409

projects participated). Specifically, it was ranked #29 on the "Biodiversity and Fauna" category.

The following tables summarize all the projects managed by the TFCA I in 2017.

### Projects in execution

No.	Project Title	Grant Recipient	Duration (years)	Amount of the grant (US\$)
1	Agroforestry and silvopastoral systems in rural communities surrounding La Amistad International Park: Alternatives to reduce tropical forest fragmentation in the region	ASOPROLA	3	84,900.6
2	Forest management and certification as options in tropical forest conservation: Study case for Golfo Dulce Forest Reserve, Osa Peninsula, Costa Rica	FUNDATEC	3	138,888.89
3	Consolidation of the Golfo Dulce Forest Reserve Arboretum: A tool to increase knowledge and awareness of local stakeholders on forest conservation	Fundación Neotrópica	1.5	65,164.79
4	Osa undertakes entrepreneurship with youths	Fundación Omar Dengo	2	37,037.04
5	Promoting ecological restoration and improved livelihoods through diversified production systems of Analog Forestry in the Maquenque geographical area	FUNDECOR	2	138,815.78
6	Strengthening socio-productive and environmental capacities in the buffer zone of Tortuguero National Park	ARCA	2	37,037.04
7	Ecotourism and forest conservation in the San Rafael river watershed, a buffer zone of Chirripó National Park	ASECUSAR	2	37,101.50
8	Alternatives for sustainable development and forest conservation in the indigenous territories of the buffer zone of the La Amistad International Park	FUNDEPREDI	3	122,276.50
9	Forest restoration and conservation in the Cañas River Biological Corridor through the strengthening of sustainable socio-productive activities and the development of actions for the prevention and mitigation of forest fires	Red Quercus	3	124,385.00
10	Inclusion of biodiversity conservation criteria in the productive management of farms to improve functional connectivity of the Hojancha-Nandayure, Potrero-Caimital and Cerros de Jesús Biological Corridors	FUNDECODES	2	97,335.50
11	Synergies between conservation and agroforestry development to increase	UNAFOR Chorotega	2	100,200.20

No.	Project Title	Grant Recipient	Duration (years)	Amount of the grant (US\$)
	ecological connectivity in strategic areas in the Cerros de Jesús and Potrero-Caimital Biological Corridors			
12	Strengthening community water management of rural aqueducts of the areas of influence and connectivity of the Guácimo-Pococí Aquifers	CATIE	1,5	82,680.40

### Merged projects

No.	Project Title	Grant Recipient	Duration (years)	Amount of the grant (US\$)
1	Forests, riparian biological corridors and citizen science: A pilot program for forest restoration, ecosystem services, biological corridors and landscape connectivity in regenerating forests of private land	OTS	3	83,374.9
2	Towards the order and consolidation of public ownership in the Terraba-Sierpe National Wetlands and its periphery (Phase I) and the Estuarine sector (Phase II)	MarViva	2	79,238.4

### Finished projects

No.	Project Title	Grant Recipient	Duration (years)	Amount of the grant (US\$)
1	Promoting the development of socio-productive alternatives in communities surrounding the Corcovado National Park and the Golfo Dulce Forest Reserve	Fundación Corcovado	3	92,923.5
2	Education and community outreach program of the reintroduction project of the Great Green Macaw ( <i>Ara ambiguus</i> ) in the La Amistad-Caribe region	ARA Project	2	19,347.08
3	Strengthening ancestral practices on forest conservation and farming in the Salitre Bribri indigenous territory	Bríbripa Kanèblö	1.5	38,083.33
4	Design of a monitoring system for the TFCA I Fund	CATIE	0.5	74,208.18
5	Forest cover promotion on the highlands of Tigre and Enmedio river watersheds, buffer zone of Diriá National Park.	FUNDECONGO	2	91,145.1

## 4. Leveraging TFCA resources

The Forever Costa Rica Association has been the Administrator of the TFCA II since its creation in 2010. In 2017, several field visits were carried out together in order to identify synergies and seek complementary actions between both Funds. The TFCA II works within public protected areas and the TFCA I works outside protected areas. Hence, it is important to coordinate current and future actions and financing.

As an example, there is a \$157.000 project that is currently financed with the two funds in Osa: “*Strategy for prevention and control of white-lipped peccary as poaching species in the Golfo Dulce Forest Reserve*” receiving \$118.000 from TFCA I and \$39.000 from TFCA II. This project aims to study the social motivation for the poaching of the peccaries and to generate ecological information through the use of GPS collars in 6 individuals from different groups. This is the only mammal species in the Neotropics that aggregates in groups of hundreds of individuals, that migrates locally and that is in critical danger of extinction.

Finally, the Administrator has coordinated with the National Program for Biological Corridors (NPBC) and other instances of MINAE in order to ensure the common interests are included in the Guidelines of the Seventh Call for Proposals.

## 5. Summary table

The following table summarizes performance data for the TFCA I during 2017.

<b>Data</b>	<b>2000-2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>TOTAL</b>
No. of proposals submitted	192	25	0	58	275
No. of proposals approved	31	7	0	0	38
Total approved funding for grants (1)	\$3,488,703	\$858,444	\$0	\$1,000,000	\$5,347,147
Total <i>disbursed</i> funding for grants	\$2,573,582	\$339,737	\$456,157	\$0	\$3,369,476
Total of counterpart match (grantee cost-share)	\$1,434,253	\$357,471	\$0	\$0	\$1,791,724
Other leveraged matches (e.g. co-financing)	0	0	0	0	0
Total matching funds as % of approved grants	41.11%	41.64%	0	0	33.5%
Amount spent on management costs	\$764,032	\$247,899	\$153,400	\$277,910	\$1,443,241
Investment Income	\$938,101	\$398,394	\$431,216	\$459,983	\$2,227,694
Fund balance at the end of the year	\$8,157,057	\$813,845	\$1,797,023	\$11,710,220	n/a