



**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 2018**

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1. Main Achievements

This report summarizes the main achievements of the First Debt-for-Nature Swap between Costa Rica and the United States of America (based on the U.S Tropical Forest Conservation Act and known as “TFCA I”). The Forever Costa Rica Association (FCRA) is the Administrator of TFCA I since 2007, while the Oversight Committee (OC) comprised of representatives of the United States and Costa Rican Governments, The Nature Conservancy, Conservation International and EARTH University provides overall direction and approves disbursements for grantees to implement the TFCA I.

The TFCA I helps conserve six important tropical forest areas in Costa Rica that are exceptional for their biodiversity as well as for the benefits that their natural resources provide to the communities that inhabit the areas. The Fund promotes ecological connectivity by strengthening and consolidating existing 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).

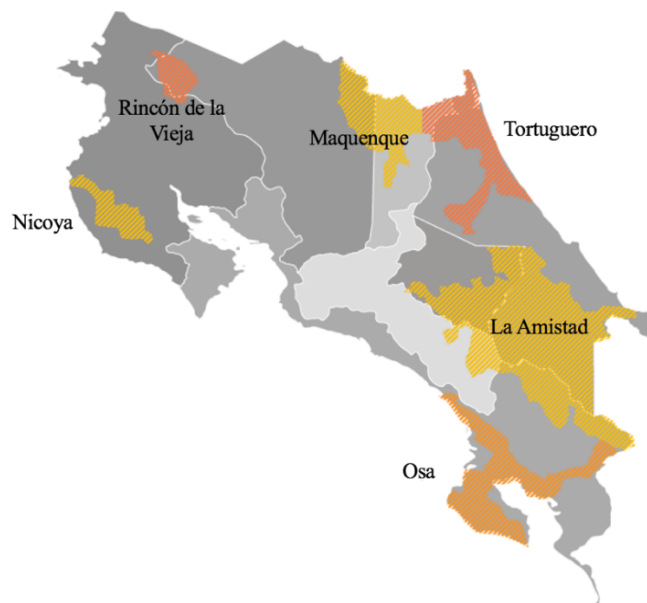


Fig. 1. Tropical forest areas eligible for grants prioritized for the TFCA I since 2007.

During its seven Calls for Proposals (2010 – 2018), the Fund has financed two land purchases and 51 conservation projects of which 23 were successfully completed by 2018. Fund recipients have implemented activities related to agroforestry, reforestation, forest conservation management, environmental education, rural community tourism, strengthening of organizations and biological corridors, awareness on ecosystem services, promotion of payment of environmental services, forest fires control, sustainable productive alternatives, forest and wildlife monitoring, and green offset financial mechanisms.

The FCRA is the Administrator of this fund since 2017, when it assumed a total of 23 projects from the previous Administrator. Of these, two projects were merged for various reasons for a total of 21 open projects. Since 2017 6 projects have completed their work and 1 was not signed due to non-compliance issues.

Additionally, 12 projects were approved to be financed on the Seventh Call for Proposals in 2017 and have completed their first months of execution. In total, 26 projects are developing efforts with TFCA I funding in the six tropical forest eligible areas.

Significant progress has been made in achieving TFCA I mandate:

- Since the signing of the agreement, the OC has held 119 meetings, each of which reached a quorum. In 2018, the OC and the Administrator met 6 times, and had 6 virtual meetings.
- The Fund began to make disbursements for grants in 2011. So far, the Fund has disbursed US\$4,323,588 for 52 selected conservation projects. Additionally, one donation for land acquisition was completed in 2014 (US \$1,305,578,40) and another one was completed in 2018 (US \$548,085,89).
- In 2018, the Eighth Call for Proposals was approved by the OC for a total amount of US \$500,000, it included 2 types of organizations: experienced NGOs and grassroots organizations. A total of 31 proposals were received.
- The TFCA I updated the official guidelines for the Eighth Call for Proposals and standardized them with the other funds managed by the FCRA, including TFCA II.
- In August 2018, the OC held a field visit to the Osa prioritized area in order to visit a sustainable forest management project led by FUNDATEC, where local families receive economic benefits from timber harvesting supported by strict technical studies. It was also an opportunity to visit a unique arboretum located in Golfo Dulce Forest Reserve, a project developed by Neotropica Foundation.
- A project requested by the OC in 2015, reflected the threats and investment priority areas for the TFCA I. In December 2018, the OC agreed to finance a second phase for this project that will include the main impacts of the Fund after 10 years of existence.
- During 2018, TFCA I leveraged US \$69,043 through successful cooperation with other initiatives from FCRA and TFCA II. This counterpart funding has been provided by FCRA in order to implement the Communication Plan and through support for workshops.
- According to the Strategic Plan, in 2018 there was progress in the following instruments: development of a Communications Plan, a Program for Fiduciary Responsibilities Strengthening, a Conflict of Interest Policy, Procedures Manual and administrative actions to organizations that are not executing their projects according to their proposed work plan.
- By the end of 2018, the OC and the Administrator evaluated the progress of the Fund's Strategic Plan (2017-2018), concluding that the majority of the 32 activities planned for 2018 have been accomplished in all the three sections: 1. Environmental, Economic and Social Dimension, 2. Internal Governance and 3. Financial Dimension.

- The OC and the Administrator are working on a new financial plan. During 2018, the Administrator prepared and presented financial scenarios to the OC, in order to align the investment strategy with a vision towards 2024, which is the year in which the disbursements from the Costa Rican Central Bank end. This will be done to ensure financial sustainability for the continuity of the investment.
- In July 2018, the Administrator developed an “Environmental Leadership Development Plan” to be implemented in 2019, in which grassroots organizations throughout the country will be diagnosed and strengthened through administrative, technical and financial training.
- The OC will implement a self-performance review in January 2019 as well as an Administrator performance evaluation.

2. Grant Making Activities

The OC approved a total of US \$500.000 for the Eighth Call for Proposals. Although all six TFCA I tropical forest areas could submit their proposals, Rincón de la Vieja and Maquenque were prioritized due to the fact that they have received less projects and financing in the past.

In order to participate, NGOs and grassroots organizations were first requested to submit a short project profile (3 pages) and, if approved by the OC, they had to submit a full project proposal. This is a new procedure that was approved by the OC in August 2018.

The following strategic lines were defined by the OC and the Administrator for this call for proposals:

- Forest connectivity in Amistosa Biological Corridor, between Piedras Blancas National Park and Las Tablas Protected Zone.
- Forest and wildlife conservation in surrounding communities of Hitoy Cerere Biological Reserve.
- Forest and climate connectivity in Parismina Biological Corridor.
- Ecological connectivity within and around forested areas of Maquenque Wildlife Refuge and with Barra del Colorado Wildlife Refuge.
- Development of community livelihoods in tropical forested areas in Rincón de la Vieja.
- Control of conservation threats in the terrestrial portion of Las Baulas Marine National Park.
- Grassroots organizations strengthening program.

An exhaustive promotion strategy of the call for proposals on different media was carried out by the Administrator: publication of 1 press ad, 2 television broadcast mentions, 1 live radio interview and 95 radio spots, 13 newspaper article, and significant efforts on digital media outlets. In total, this strategy generated \$62.523 in publicity and the TFCA I website received 7.510 visits during the first phase of the call for proposals.

Thanks to these efforts, a total of 31 proposals for project profiles were received, of which 17 complied with the participation requirements, and were evaluated in November 2018. Maquenque and Rincón de la Vieja received three proposals each, followed by Nicoya, Tortuguero and Osa with two each, and La Amistad with one. The strategic line at national level (grassroots organizations strengthening program), received four proposals.

There are currently nine candidate organizations for the Eighth Call for Proposals, which has resulted in a competitive selection that has a deadline for January 2019, when the OC will evaluate the project proposals received in mid-December 2018.

3. Project Impact

The following descriptions of projects intend to provide an insight to impacts that the First Debt for Nature Swap between the United States of America and Costa Rica is having in the conservation of forests.

Agroforestry systems in La Amistad International Park buffer zone. During 2018, the project implemented by ASOPROLA promoted agroforestry systems in 28 farms of the area. These systems included crops like coffee, cocoa (disease resistant varieties), heart of palm, soursop, endemic Costa Rican guava, and other fruit trees planted in association with plantain, citrus fruits, avocado, banana, tomato, sweet peppers, lettuce and other vegetables.

A total of 136 women and 101 men from 22 rural communities participated in the project by learning about farm diversification techniques and by attending several workshops in relevant topics. In addition, 208 children of 6 schools participated in environmental education activities, including the planting of 2.500 trees that are now contributing to protect underground aquifers and riparian zones.

Almost 30 farms are now more diverse thanks to new agroforestry techniques. The main impact of increasing species diversity in agricultural systems relies on an increased capacity to harbor wildlife species during their migratory movements between protected areas.



Fig 1. Agroforestry farms in La Amistad International Park buffer zone.

Finally, it is important to mention that ASOPROLA worked in alliance with five governmental institutions and received a counterpart of \$17.000 from the University of Bridgeport (Connecticut, USA) to obtain equipment and training for coffee toasting and packaging. This will generate more benefits to the coffee producers and provide sustainability to its value chain.

Forest fires attendance in 3 indigenous communities. FUNDEPREDI has been working in three indigenous territories located in the south of Costa Rica, namely Cabagra, Ujarrás and Salitre. This part of the country is exposed to numerous forest fires every year, so FUNDEPREDI is supporting forest fire brigades with equipment and training to local firefighters. This has resulted in a decrease of 80% of the forest fire impact in the 2017-2018 season, thanks to a stronger institutional articulation with different government offices, local leaders and two other projects from TFCA I in the area.

The forest brigade members have increased to 55 people, which is a very relevant number considering that all of them are volunteers. All of these volunteers come from the 3 indigenous communities, since these groups consider their forests as an integral component of their world vision.



Fig 2. Three forest fire brigades from indigenous communities are now better prepared to face one of the most important threats of tropical forest in south Costa Rica.

This area is one of the most threatened by forest fires in the country. Hence, it is important to have local groups qualified to face them, not only when the fires have started but also in order to prevent them.

Analog forestry in Maquenque priority area. FUNDECOR is promoting the sustainable use of forest resources through analog forestry as a technique for ecological restoration and to improve rural livelihoods by production diversification.

Farmers with low or inexistent forest coverage were selected in the Maquenque region to provide training and basic tools to begin the development of model farms. During 2018, these farms have hosted 9 workshops allowing 74 farmers to learn how to produce using forest resources, including non-timber product processing techniques.

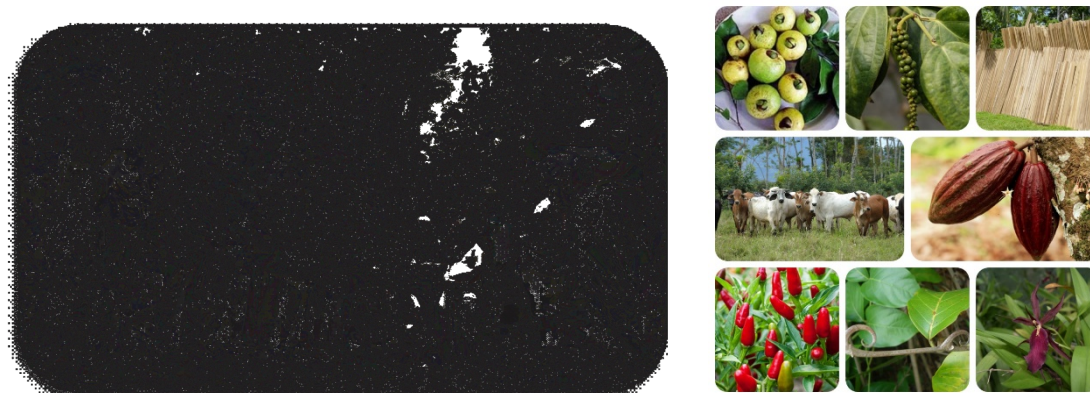


Fig. 3. During the workshops organized by FUNDECOR, a vast list of non-timber products were identified for farms located in the Maquenque region.

Another important progress of the project is the technical and economic value chain analysis that is being done in the project area. So far, FUNDECOR has identified that black pepper, cocoa and medicinal plants are the products with more potential to be commercialized according to the local and national markets.

The following tables summarizes all the projects managed by the TFCA I in 2018.

Projects in execution from previous Administrator

No.	Project Title	Grant Recipient	Duration (years)	Amount of the grant (US\$)
1	Forest management and certification as options in tropical forest conservation. Case study for Golfo Dulce Forest Reserve, Osa Peninsula, Costa Rica	FUNDATEC	3	138,888.89
2	Consolidation of the Golfo Dulce Forest Reserve Arboretum: A tool to increase knowledge and awareness of local stakeholders on forest conservation	Neotropic Foundation	1,5	65,164.79
3	Osa youth entrepreneurship	Omar Dengo Foundation	2	37,037.04
4	Promoting ecological restoration and improved livelihoods through diversified production systems of Analog Forestry in the Maquenque geographical area	FUNDECOR	2	138,815.78
5	Strengthening socio-productive and environmental capacities in the buffer zone of Tortuguero National Park	ARCA	2	37,037.04
6	Ecotourism and forest conservation in the San Rafael river watershed, a buffer zone of Chirripó National Park	ASECUSAR	2	37,101.50

No.	Project Title	Grant Recipient	Duration (years)	Amount of the grant (US\$)
7	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
8	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
9	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
10	Synergies between conservation and agroforestry development to increase ecological connectivity in strategic areas in the Cerros de Jesús and Potrero-Caimital Biological Corridors	UNAFOR Chorotega	2	100,200.20
11	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
12	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
13	Consolidation of public ownership in the Térraba-Sierpe National Wetlands and its periphery (Phase I) and the Estuarine sector (Phase II)	MarViva	2	79.238,4

Projects in execution from the Seventh Call for Proposals 2017

No.	Project Title	Grant Recipient	Duration (years)	Amount of the grant (US\$)
1	Reforestation and livelihood strengthening in San José de Rivas rural community.	Association Community Carbon Trees	1,5	26.693,12
2	Community forest conservation in the South Caribbean region of Costa Rica.	ACBTC	2	88.937,38
3	Conserving forest landscapes: ecology, participatory monitoring, human dimensions, genetics and health of Baird's	ASANA	2	158.331,12

No.	Project Title	Grant Recipient	Duration (years)	Amount of the grant (US\$)
	Tapir (<i>Tapirus bairdii</i>) as a strategy to improve Talamanca Mountain Range forest conservation.			
4	Nature Guardians: environmental education for sustainable development.	The Voice of Guanacaste	2	73.755,37
5	Dispersers and pollinators monitoring, community development and riparian restoration to improve ecological connectivity between Las Baulas Marine National Park and Diríá National Park.	FUNDEPREDI	3	145.798,56
6	Implementing anti-depredatory strategies and farms diversification to reduce poaching and conflicts with big wild cats (jaguars and pumas) in two of the country's cattle depredation hot spots.	Panthera	2	63.680,27
7	MonitoreOsa	ASCONA	2	22.360,92
8	Community participation for forest sustainable use and conservation between Corcovado National Park and Matapalo.	Integral Development Association of Carate-Corcovado	2	24.473,59
9	Forest connectivity analysis and habitat restoration for biodiversity conservation and sustainable use in Nicoya Peninsula.	FUNDECODES	2	103.356,85
10	Incentives for coexistence: communities sharing forests with jaguars and pumas in two biological corridors: Rincón-Cacao and Rincón Rainforest.	APREFLOFAS and Confraternidad Guanacasteca	2	164.823,91
11	Forest conservation strategies to strengthen green entrepreneurship initiatives in Rancho Quemado community, Corcovado National Park buffer zone.	Osa Birds	2	102.874,80
12	Participatory ecological connectivity management and water protection at Potrero-Caimital Biological Corridor.	Nicoyagua	1	24.914,11

4. Leveraging TFCA Resources

In order to promote synergies, and since the Forever Costa Rica Association has been the Administrator of the TFCA II since its creation in 2010, in 2018 several field visits were carried out together in order to seek complementary actions between both Funds. The TFCA II works for the benefit of public protected areas and the TFCA I works outside protected areas. Hence, it is important to coordinate current and future actions and financing.

Several initiatives have been coordinated together with TFCA II. For example, in April 2018 FCRA organized a “Design Thinking” workshop to strengthen capacities for not only eligible entities of both TFCAs but also for other allies like governmental authorities and members of both OCs. This activity had the participation of around 50 people and was developed by the University for Peace, which provided innovative tools for planning and the initiatives of management organizations.

Another activity financed by TFCA I and II was an “NGO Synergies” workshop organized by FCRA in July 2018. Convened partners were invited to hold an event with participatory talks about three topics: 1. Towards a balance between sustainable rural livelihoods and biodiversity conservation, 2. Adaptation to climate change based on ecosystems as an alternative for biodiversity conservation and 3. Financial resources as a mechanism to enhance biodiversity conservation.

This event had the participation of government representative from the Ministry of Environment (MINAЕ), the National System for Conservation Areas (SINAC), the National Fund for Forestry Financing (FONAFIFO), the National Commission for Biodiversity Management (CONAGEBIO) and several universities. More than 100 people from NGOs, grassroots organizations, consultants and conservation leaders had the opportunity to share criteria and debate on current issues, strategies and policies to seek forest and wildlife conservation throughout the country.

Finally, in 2018 the Administrator coordinated with the National Program for Biological Corridors and other departments of MINAЕ in order to ensure that the common interests are included in the Guidelines of the Eighth Call for Proposals.

5. Summary Table

The following table summarizes performance data for the TFCA I during 2018.

Data	2000-2014	2015	2016	2017	2018	TOTAL
No. of proposals submitted	192	25	0	58	31	306
No. of proposals approved	31	7	0	12	n/a	50
Total approved funding for grants (1)	\$3.488.703	\$858.444	\$0	\$1.000.000	\$500.000	\$5.847.147
Total disbursed funding for grants	\$2.573.582	\$339.737	\$456.157	\$291.328	\$662.785	\$4.323.589
Total of counterpart match (grantee cost-share)	\$1.434.253	\$357.471	\$0	\$100.000	\$50.000	\$1.941.724
Other leveraged matches (e.g. co-financing)	\$0	\$0	\$0	\$0	\$69.043	\$69.043
Total matching funds as % of approved grants	41.1%	41.6%	0%	10%	10%	33%
Amount spent on management costs	\$764.032	\$247.899	\$153.400	\$277.910	\$153.388	\$1.596.629
Investment Income	\$938.101	\$398.394	\$431.216	\$459.983	\$453.953	\$2.681.647
Fund balance at the end of the year	\$8.157.057	\$813.845	\$1.797.023	\$11.710.220	\$12.057.147	n/a