

**OPERATION OF THE
ENTERPRISE FOR THE AMERICAS
INITIATIVE**

AND

**THE TROPICAL FOREST
CONSERVATION ACT**

2009 ANNUAL REPORT

August 2010

EAI/TFCA 2009 ANNUAL REPORT

TABLE OF CONTENTS

	Page
Executive Summary	5
1. Introduction	6
2. Enterprise for the Americas Initiative (EAI)	
2.1 Program Overview.....	8
2.2 Earnings and Leveraged Contributions.....	10
2.3 Program Evaluations.....	11
3. Tropical Forest Conservation Act (TFCA)	
3.1 Program Overview.....	12
3.2 Contributions Leveraged from Subsidized Debt Swaps.....	15
3.3 Area of Tropical Forest Affected.....	16
3.4 TFCA Reauthorizations: 2001 – 2009.....	17
3.5 TFCA Appropriations and Disbursements.....	17
3.6 Program Evaluations.....	19
4. TFCA Country Summary Fact Sheets	
4.1 Bilateral Agreements (in chronological order).....	20
4.2 Subsidized Debt Swaps (in chronological order).....	31

ANNEXES

Annex I: Enterprise for the Americas Board Members.....	52
Annex II: TFCA Evaluation Sheet.....	53
Annex III: EAI Country Reports	
Argentina.....	56
Bolivia.....	60
Colombia.....	74
El Salvador.....	81
Jamaica.....	88
Peru.....	97
Annex IV: TFCA Country Reports	
Bangladesh.....	103
Belize.....	112
Botswana.....	129
Colombia.....	131
Costa Rica.....	137
El Salvador.....	139
Guatemala.....	147
Indonesia.....	153
Jamaica.....	154
Panama I.....	160
Panama II....	166
Paraguay	172
Peru I.....	177
Peru II.....	184
Philippines...	188

[www.USAID.gov/our work/ environment/ forestry/tfca.html](http://www.USAID.gov/our%20work/environment/forestry/tfca.html)



A fifty meter high indigenous forest tree locally known as a "red manggis" on Palawan Island in the Philippines towers above the forest canopy. Its scientific name is 'Koompassia excelsa' and its common name is "Honey Bee Tree". Its known for being the habitat of forest bees and is often found in intact old growth forests. *Photo: Philippine Tropical Forest Conservation Fund (PTFCF) 2009*

Executive Summary

This report summarizes new and continuing activities during calendar year 2009 under the Tropical Forest Conservation Act of 1998, a Congressionally-authorized debt relief program jointly managed by the Departments of State and Treasury and the U.S. Agency for International Development (USAID). This report also summarizes continuing activities under the Enterprise for the Americas Initiative of 1991 (EAI). While EAI agreements are no longer being concluded by the Treasury and State Departments, activities under existing EAI agreements continue. Both programs offer countries which meet certain economic and political criteria, opportunities to reduce or redirect their official concessional (PL 480 and USAID) debt to the U.S. Government, while generating funds locally to support grants and projects for specified activities.

As of December 2009, 15 TFCA agreements and eight EAI agreements had been concluded with 17 countries. Together, these programs have generated or will generate more than *\$395 million* to support environmental protection, child survival and child development, and tropical forest conservation activities. Both programs support practical civil society by joining government and non-government organizations in management partnerships. These activities complement direct assistance provided by the U.S. Government through USAID and other agencies.

Enterprise for the Americas Initiative (EAI)

Between 1991 and 1997, EAI agreements were concluded with eight countries in Latin America and the Caribbean: Argentina, Bolivia, Chile, Colombia, El Salvador, Jamaica, Peru, and Uruguay. To date, the local "Americas Funds" created under these agreements have *awarded 4,224 grants totaling \$202 million, including \$7.8 million in 2009*, to support environmental activities and child survival and child development programs in these countries. These programs have together leveraged an additional estimated *\$98 million* from cost-share contributions from grantees and co-financing agreements with partners. In addition, *\$90.2 million* has been generated to date from investment income. The collective balance remaining in these local accounts for ongoing and future activities is about *\$81 million*.

Tropical Forest Conservation Act (TFCA)

As of December 2009, approximately *\$135 million* in congressionally-appropriated funds have been used to conclude 15 TFCA debt-for-nature agreements with 13 countries: Bangladesh, Belize, Botswana, Colombia, Costa Rica, El Salvador, Guatemala, Indonesia, Jamaica, Panama (two agreements), Paraguay, Peru (two agreements), and the Philippines. The Nature Conservancy, Conservation International, the World Wildlife Fund, and one Indonesian foundation (KEHATI) have contributed an additional *\$14.1 million* to nine of these agreements, enabling more debt to be treated and, in turn, generating more funds for conservation. The TFCA programs will generate more than *\$218 million* for grants and projects to help protect and sustainably manage tropical forests in beneficiary countries. As of December 2009, the local "TFCA Funds" have awarded 348 *grants* and otherwise invested in protected area activities totaling nearly *\$28 million*, including over *\$5.4 million* in 2009 alone. The collective balance accumulated through December 2009 in these local accounts was about *\$49 million* in grants accounts and *\$19 million* in endowment accounts.

2009 EAI/TFCA REPORT

1.0 Introduction

This report summarizes new and continuing activities undertaken in calendar year 2009 under two Congressionally-authorized innovative debt relief programs designed to generate significant additional financing for the environment, child survival, and tropical forest conservation: (1) The Enterprise for the Americas Initiative (EAI) of 1991 (PL102-549); and (2) the Tropical Forest Conservation Act (TFCA) of 1998 (PL105-214), which is modeled closely after the EAI. These programs complement direct assistance provided by the U.S. Government through USAID and other agencies.

Both the EAI and TFCA offer eligible countries opportunities to reduce their official concessional debt owed to the U.S. Government (PL 480 and USAID debt) while generating funds locally for specified activities. Under each program, countries that meet certain economic and political criteria set forth in the legislation may redirect debt payments they would have made to the United States into local funds. Each local fund is administered by a local board or oversight committee comprised of representatives of the U.S. Government, the beneficiary government and local non-government organizations, with the latter constituting a majority of its members. Payments into local funds are made by the beneficiary country in local currency based on a schedule of payments agreed to by the United States.

Benefits of the TFCA and EAI. The TFCA and EAI programs offer a number of benefits to the United States and beneficiary countries. Beneficiary countries are able to redirect a portion of their debt payments to local tropical forest conservation activities instead of making payments to the U.S. Government. These local funds, in turn, support activities that complement U.S. bilateral programs, as well as host country initiatives. By providing grants and other project funding to local community and conservation groups, TFCA and EAI programs serve to strengthen civil society and build public-private partnerships in developing countries, thereby advancing U.S. democracy objectives.

The two programs leverage a significant amount of financing from other organizations. For example, The Nature Conservancy, Conservation International, the World Wildlife Fund and one Indonesian Fund (KEHATI), have together contributed an additional *\$14.1 million* to nine of the 15 agreements currently in place. Significant additional leverage can be anticipated during the life of the programs through investment income from Fund deposits, prior to funds being disbursed as grants, and through cost-share contributions from grantees. The TFCA and EAI programs are designed to provide a steady stream of financing over time, allowing beneficiary countries to absorb resources more effectively and providing a continuous source of funds for the implementation of long-term objectives and multi-year projects and programs. Finally, the local entities established to manage TFCA and EAI funds create a sense of local ownership and buy-in necessary to the long-term success of the TFCA/EAI activities.

US Agency responsibilities. Executive branch implementation of the TFCA and EAI is a model of effective interagency coordination led by a core team composed of the

Departments of State and Treasury and USAID. Consistent with the legislation and Executive Order 13345 (signed July 8, 2004), the Department of the Treasury has the lead responsibility for negotiating all debt treatment agreements concluded under the EAI and TFCA, as well as for negotiating TFCA agreements involving non-governmental organizations (NGOs) or third parties. The Department of State has the lead responsibility for negotiating bilateral TFCA agreements dealing with the establishment and operation of local funds and local boards for the bilateral agreements. USAID leads implementation of the resulting programs except in countries with no USAID presence, in which case State leads implementation.

Enterprise for the Americas Board. The Enterprise for the Americas Board (EAB) established under Section 610 of the Agricultural Trade and Development Act of 1954, as amended, provides periodic advice on EAI and TFCA agreements and programs. A list of current government and private Board members is contained in Annex I.

EAI-TFCA Secretariat. A one-person Secretariat hosted and supported by USAID in Washington, D.C. facilitates the overall functioning of the EAI and TFCA programs, monitors and evaluates their implementation in beneficiary countries, and coordinates preparation of this annual report.

2.0 Enterprise for the Americas Initiative (EAI)

2.1 Program Overview

Purpose. The EAI was established in 1991 to provide debt relief opportunities for countries in Latin America and the Caribbean that moved to open investment regimes. Under the EAI, eligible countries may redirect payments on a portion of their PL 480 and USAID debt from the U.S. Government into local "Americas Funds" established to support small grants (usually under \$100,000) to local organizations for activities benefiting the environment and child survival and development.

Country eligibility. To be eligible for consideration under the EAI, a country must meet economic and political criteria specified in the legislation. It must be a country which:

- Has concessional debt to the United States Government (USAID or USDA) incurred before January 1, 1992
- Has a democratically elected government
- Has suitable economic reform programs in place
- Cooperates on international narcotics control
- Has not repeatedly supported international terrorism and does not consistently and grossly violate human rights

Administration. Each Americas Fund is administered by a local board established under a bilateral Americas Framework Agreement concluded between the U.S. Government and the beneficiary government. The board administers the EAI grants program. Each board includes at least one representative of the U.S. Government (usually from the USAID mission), at least one representative of the beneficiary government, and a number of non-governmental organizations, which constitute a majority of the board.

Status of EAI programs. Between 1991 and 1993 (the last year Congress appropriated funds for the EAI program), the United States concluded EAI agreements with seven countries: Argentina, Bolivia, Chile, Colombia, El Salvador, Jamaica, and Uruguay. In 1997, the U.S. Government concluded its final EAI agreement with Peru based on a debt buy-back arrangement, which does not involve appropriated funds.

Of these eight Americas Funds, six continued to operate in 2009, actively supporting grants for small projects and monitoring the use of grant funds for ongoing projects. Examples of activities financed include: coastal marine and mangrove projects targeted at sea turtle conservation in El Salvador, renewable natural resource income generating projects in Bolivia, and a broad array of childhood development and survival projects in Jamaica, Colombia, Peru and El Salvador.

Two of the eight EAI programs had expired by 2009, which means the beneficiary government had completed its schedule of payments into the fund and all available funds had been disbursed to grants. The Chile Americas Fund expired in 2005 after generating \$28.7 million for environmental and child survival activities. The Uruguay program expired in December 2007 after 14 years of operation during which time 123 grants had been awarded for a total of \$5.8 million to support environmental and child survival activities.

Table I below highlights the conditions and status of the eight EAI agreements. The collective balance remaining in these accounts is nearly *\$80.87 million*.

Table I. EAI Agreements at a Glance
(US dollars)

Country	Debt / Account*	Signature Date	Orig. Debt (million)	Amount Reduced (million)	New EAI Debt (million)	EAI Fund (million)	Expiration of Deposits into Fund	Current Account Balance (million)
Argentina	AID	Jan-93	\$ 38.1	\$ 3.8	\$ 34.4	\$ 3.1	Sep - 07	\$ 1.47
Bolivia	PL 480	Aug-91	\$ 38.4	\$ 30.7	\$ 7.7	\$ ** 21.8	Sep-06	\$ 9.5
Chile	PL 480	Jun-91	\$ 39.0	\$ 15.9	\$ 23.0	\$ 1.4	Dec-95	0
	AID*	Dec-92	\$ 147.0	\$ 14.7	\$ 132.0	\$ 17.3	Dec-02	0
Colombia	AID	Dec-92	\$ 310.0	\$ 31.0	\$ 279.0	\$ 41.6	Sep-02	\$ 40.9
El Salvador	PL 480	Dec-92	\$ 335.0	\$ 268.4	\$ 67.0	\$ 25.6	Sep-13	\$ 10.6
	AID	Dec-92	\$ 279.0	\$ 195.5	\$ 84.0	\$ 15.6	Sep-03	
Jamaica	PL 480	Aug-91	\$ 271.0	\$ 216.7	\$ 54.0	\$ 9.2	Sep-01	\$ 6.0
	AID	Jan-93	\$ 134.4	\$ 94.1	\$ 40.3	\$ 12.3	Sep-12	
Peru	PL 480 & AID	Jun-97	\$ 350.0	\$ 177.0	\$ 0 buyback	\$ 22.8	Endowment	\$ 12.4
Uruguay	PL 480	Dec-92	\$ 1.0	\$ 0.4	\$ 0.6	\$ 0.09	Dec-02	0
	AID	Dec-92	\$ 33.4	\$ 3.3	\$ 30.1	\$ 6.1	Dec-05	0
TOTAL			\$ 1,976.3	\$ 1,051.5	\$ 752.1	\$ 176.9		\$ 80.87

* Only AID accounts include a "child development and survival" component

** Bolivia issued a 10-yr \$20 million bond to be deposited in the EAI account to accompany the \$1.8 million generated from the actual debt restructuring. Not shown here is a related debt agreement forgiving about \$350 million of debt.

To date, the eight Americas Funds have competitively issued grants in excess of *\$202 million*, including more than *\$7.8 million* in 2009. Table II below summarizes grants made under the EAI programs.

Table II. EAI Grant Making Summary
(US\$ Millions)

Country	Approved (A) or Disbursed (D)	Grants 2009		Grants All Years		Grants Account Balance (\$M)	Endowment Balance (\$M)
		No.	(\$M)	No.	(\$M)		
Argentina	D	7	0.28	33 ¹	2.3	1.47	0
Bolivia	A	27	2.6	272	18.7	9.5	0
Chile	D	0	0	620	28	Fund expired	
Colombia	A	75	.9	808	38.3	10.6	30.3
El Salvador	A	27	1.6	829	47.3	10.6	0
Jamaica	A	43	1.5	1,166	34.8	6.1	0
Peru	D	37	.95	378	27.4	12.4	0
Uruguay	D	0	0	118	5.85	Fund expired	
TOTAL	A or D	216	7.83	4,224	202.6	50.8	30.3

2.2 Earnings and Leveraged Contributions

As of December 2009, the eight EAI Americas Funds had generated additional funds totaling approximately \$188 million from interest income, capital gains on investments, cost-sharing by grant recipients, and co-financing of projects by other donors. This represents a significant enhancement in the funding available to support projects benefiting children and the environment. Table III below shows the distribution of income and leveraged contributions for the eight Funds since their inception.

¹ Grant-making at the Argentina Americas Fund began in 1996. The summary figures reported here are inclusive of years 2001-2008 and exclude 1996-2000. Consequently, the final figures will be somewhat larger.

**Table III. Estimated Contributions Leveraged and Investment Income Earned
By EAI Americas Funds 1993-2009
(US\$ million)**

Country	EAI Fund Capitalization When Payment Schedules Completed	Estimated Cost-Share Contributions from Grantees	Estimated Leverage from Co-financing Agreements	Estimated Interest and Capital Gains Income
Argentina	3.1	1.7	n/a	1.0
Bolivia	* 21.8	5.5	7.6	7.8
Chile	18.7	10.5	0.96	4.4
Colombia	41.6	22.4	13.1	25.1
El Salvador	41.2	6.4	n/a	18.0
Jamaica	21.5	2.2	1.2	17.2
Peru	22.8	14.4	8.1	16.5
Uruguay	6.2	4.2	n/a	0.21
Sub-totals	<i>176.9</i>	<i>67.3</i>	<i>30.96</i>	<i>90.2</i>
	<i>Augmented Total</i>	<i>188.5</i>		

* Bolivia issued a 10-yr \$20 million bond to be deposited in the EAI account to accompany the \$1.8 million generated from the actual debt restructuring.

2.3 Program Evaluations

Between 2001 and 2006, the EAI/TFCA Secretariat completed evaluations on each of the eight EAI programs as follows: Uruguay (2006), Argentina (2006), El Salvador (2005), Bolivia (2004), Peru (2003), Chile (2002), Colombia (2002) and Jamaica (2001). As noted above, the Chile and Uruguay programs have expended all of their resources. The six remaining programs are active and continue to issue grants to civil society. While no congressional appropriations have been made for any additional EAI Fund evaluations, the USAID Missions and U.S. Embassy Posts continue their oversight of the program.

3.0 Tropical Forest Conservation Act (TFCA)

3.1 Program Overview

Purpose. The U.S. Government provides direct assistance to developing countries to conserve biological diversity and protect ecologically and economically vital ecosystems. A significant portion of these funds supports the conservation of tropical forests, which contain 70% of the world's terrestrial plant and animal species and provide food, fuel, shelter, clean water, food security and medicines to more than a billion people.

The TFCA of 1998 complements U.S. Government policies and programs aimed at conserving and sustainably managing the world's natural resources. Modeled after the EAI, the TFCA offers eligible developing countries worldwide opportunities to redirect payments on a portion of their PL-480 and USAID debt to the U.S. Government into local —Tropical Forest Conservation Funds” established to support grants and other programs to protect and sustainably manage tropical forests in country.

Country eligibility. To be eligible for consideration under the TFCA, a country must have eligible debt outstanding as of January 1, 1998, and meet certain statutory economic and political criteria. The TFCA requires that an eligible country must be low- or middle-income and have —at least one tropical forest that is globally outstanding in terms of its biological diversity or that represents one of the larger intact blocks of remaining tropical forests, on a regional, continental, or global scale.”

Administration. As with the EAI Americas Funds each local Tropical Forest Conservation Fund is administered by a local board or oversight committee. Each TFCA board or oversight committee includes at least one representative of the U.S. Government (from the USAID mission or the U.S. embassy), at least one representative of the beneficiary government, and some number of representatives of nongovernmental organizations active in the country who constitute the majority of the board or oversight committee.

Eligible activities. Most TFCA programs include a grants program which provides direct funding to local community and environmental organizations. Some TFCA programs also maintain an endowment fund to provide long-term financing for tropical forest conservation. TFCA funds are used to conserve, maintain or restore the tropical forests in a beneficiary country, through one or more of the following activities:

1. Establishment, restoration, protection, and maintenance of parks, protected areas, and reserves
2. Development and implementation of scientifically sound systems of natural resource management, including land and ecosystem management practices
3. Training programs to increase the scientific, technical, and managerial capacities of individuals and organizations involved in conservation efforts

4. Restoration, protection, or sustainable use of diverse animal and plant species
5. Research and identification of medicinal uses of tropical forest plant life to treat human diseases, illnesses, and health related concerns
6. Development and support of the livelihoods of individuals living in or near a tropical forest in a manner consistent with protecting such tropical forest

Agreements to date: As of December 2009, the U.S. Government had concluded 15 TFCA agreements with 13 countries: Bangladesh, Belize, Botswana, Colombia, Costa Rica, El Salvador, Guatemala, Indonesia, Jamaica, Panama, Paraguay, Peru, and the Philippines. As shown in Table IV below, together these agreements will generate the local currency equivalent of more than *\$218 million* to conserve tropical forests in these countries. Negotiations for one to two more TFCA agreements were begun at the end of 2009 and are expected to be completed by 2010.

Table IV. TFCA Agreements at a Glance
(US dollars)

Country	Debt / Account	Signature Date	U.S. Budgetary Cost (\$US million)	Private Leverage (U.S.\$ million)	Tropical Forest Fund (U.S. \$ million)	Year of Final Deposit
Bangladesh	PL 480	9/2000	6.0	0	8.5	2018
Belize	AID	8/2001	5.5	1.3	9.0	2027
El Salvador	PL 480	9/2001	7.7	0	14.0	2027
Peru	PL-480	6/2002	5.5	1.1	10.6	2014
Philippines	AID	9/2002	5.5	0	8.2	2016
Panama I	AID	7/2003	5.6	1.2	10.0	2017
Colombia	AID	4/2004	7.0	1.4	10.0	2016
Panama II	AID	8/2004	6.5	1.3	10.9	2016
Jamaica	AID/PL480	9/2004	6.5	1.3	16.0	2024
Paraguay	AID	6/2006	4.8	0	7.4	2018
Guatemala	AID	9/2006	15.2	2.0	24.4	2021
Botswana	AID	10/2006	7.0	0	8.3	2016
Costa Rica	AID	9/2007	12.6	2.5	26.1	2024
Peru II	PL-480	9/2008	19.6	0	25.1	2015
Indonesia	USAID	6/2009	20.0	2.0	29.9	2017
TOTAL	n/a	n/a	135	14.1	218.4	n/a

As of the end of 2009, the local TFCA boards and oversight committees together had approved 348 grants and otherwise invested in protected area activities totaling nearly \$28 million, including more than \$5.4 million in 2009 alone. Five of these programs include endowment funds which had a collective balance of \$19 million as of December 2009. The newest TFCA program, Indonesia, is expected to be fully operational in 2010. Table V below provides a summary of grant-making under the TFCA.

Table V. TFCA Grant Making and Endowment Account Summary
(US dollars)

Country	Approved (A) or Disbursed (D)	Grants 2009		Grants All Years		Grants Account Balance (\$000)	Endowment Balance (\$000)
		No.	(\$000)	No.	(\$000)		
Bangladesh	A	9	531	53	3,553	7,310	0
	D	-	365	-	818		
Belize	D ²	n/a	411	n/a	2,411	n/a	5,414
Botswana	A/D	0	0	0	0	3,668	0
Colombia	A	0	0	6	2,748	2,752	6,038
Costa Rica	A/D	0	0	0	0	3,835	0
El Salvador	A	23	1,172	67	2,961	6,150	0
Guatemala	A	0	0	7	1,608	5,031	1,623
Indonesia	A/D	0	0	0	0	1,958	0
Jamaica	A	0	0	14	1,145	3,562	0
Panama I	A	5	431	24	n/a ³	125	2,655
	D	-	389	-	2,281		
Panama II	A	2	390	14	n/a ⁴	242	3,444
	D	-	263	-	1,094		
Paraguay	A	3	250	3	250	3,845	0
	D	-	39	-	39		
Peru I	A	3	300	25	6,391	1,132	0
	D	-	839	-	4,253		
Peru II	A	9	900	9	900	4,956	0
Philippines	A	36	606	126	2,486	4,489	0
TOTAL	A or D ⁵	90	5,361	348	27,828	49,055	19,174

3.2 Contributions Leveraged from Subsidized Debt Swaps

As noted above, the U.S. Government has concluded two types of TFCA agreements to date: (1) bilateral debt restructuring agreements between the United States and the beneficiary government and (2) subsidized debt swaps involving third-party contributions. Six of the current TFCA programs are based on bilateral debt restructuring agreements: Bangladesh, Botswana, El Salvador, Paraguay, Philippines, and Peru II. The other nine TFCA programs are based on subsidized debt swap agreements that include, in addition to congressionally appropriated funds, \$14.1

² Some assumptions are made on categorizing expenditures in Belize as the structure of the agreement results in few actual grants (versus direct budgetary support to 3-4 participating park management NGOs).

³ Panama Fund reporting includes unspent funds "rolled over" from the previous year's "approved" line item, which could result in double counting. Consequently, the disbursed amounts are used here as more accurate totals.

⁴ Panama Fund reporting includes unspent funds "rolled over" from the previous year's "approved" line item, which could result in double counting. Consequently, the disbursed amounts are used here as more accurate totals.

⁵ Unless otherwise noted (e.g., Panama & Peru I), the total figures incorporate approved amounts, when both are provided.

million in contributions from The Nature Conservancy (TNC), Conservation International (CI), the World Wildlife Fund (WWF), and in the case of Indonesia, the Indonesian Biodiversity Foundation (KEHATI). These contributions have increased the amount of debt being treated and in turn the amount of funding being generated for tropical forest conservation in beneficiary countries.

Table VI. NGO Contributions to Subsidized Debt Swaps
(U.S. dollars)

Country	Contributions (\$U.S. Millions)					Total Contribution	Total Generated for Conservation
	USG	TNC	CI	WWF	Other		
Belize	5.5	1.3	-	-	-	6.8	9
Colombia	7	0.47	0.47	0.47	-	8.4	10
Costa Rica	12.6	1.26	1.26	-	-	15.12	26.1
Guatemala	15.2	1	1	-	-	17.2	24.4
Indonesia	20.0	-	1.0	-	1.0	22.0	30.0
Jamaica	6.5	1.3	-	-	-	7.8	16
Panama I	5.6	1.2	-	-	-	6.8	10
Panama II	6.5	1.3	-	-	-	7.8	10.9
Peru I	5.5	0.37	0.37	0.37	-	6.61	10.6
Total	\$84.40	\$8.20	\$4.10	\$0.83	1.0	\$98.53	\$147

3.3 Area of Tropical Forest Affected

Under bilateral TFCA agreements, local boards typically may award grants to forest conservation projects taking place anywhere within a country's borders. This makes it difficult to quantify the acreage of forest the TFCA program is protecting. By contrast, subsidized debt swap agreements typically identify the specific tropical forest regions, ecosystems or protected areas that will be the focus of the TFCA programs. On this basis, it is estimated that the nine subsidized debt swaps programs, over the life of the agreements, will contribute to the conservation and improved management of nearly 68 million acres of high value tropical forests in Latin America, including several national parks and protected areas, as shown in Table VII below.

Table VII. Tropical Forest Areas Targeted in TFCA Subsidized Debt Swaps - (All Years)

	Country	Status	Areas Identified in TFCA Agreements	Acres Affected (thousands)
1	Belize	operational	Selected priority protected areas	300
2	Peru	operational	Ten priority protected areas	24,710
3	Panama	operational	Chagres Watershed	318
4	Colombia	operational	Selected priority protected areas	11,400
5	Panama II	operational	Darien National Park	1,400
6	Jamaica	operational	Seven priority protected areas	220
7	Guatemala	operational	Three designated regions	5,890
8	Costa Rica	operational	Six designated priority protected areas	4,800
9	Indonesia	beginning operations	Thirteen designated priority protected areas	18,182
			TOTAL Program Acres for all Years	67,837

3.4 TFCA Reauthorizations: 2001 - 2009

TFCA’s most recent authorization by the House and Senate expired at the end of FY 2007. As of December 2009, Congress had not yet reauthorized the TFCA for FY2008 and beyond. Nonetheless, Bills have been introduced with recommendations such as expanding the scope of TFCA to include coral reefs and associated marine ecosystems, eliminating the role of the Enterprise for the Americas Board, and allowing host governments to be TFCA grant beneficiaries in limited circumstances.”

3.5 TFCA Appropriations and Disbursements

Congress has appropriated \$197 million for TFCA since FY 2000. Annual appropriations have ranged from \$11 million to \$20 million each fiscal year as shown in the chart below. As of December 2009, \$136 million had been obligated to the 15 completed TFCA agreements.⁶ The graph below illustrates TFCA appropriations and obligations.

⁶ An earlier table in Section 3.1 “TFCA at a Glance” listed the obligated amount as \$95.4 million. The \$96.4 million listed here includes \$1 million from the FY 2000 appropriation used to cover administrative expenses to support the EAI/TFCA Secretariat from 2001-2007.

TFCA Appropriations and Obligations

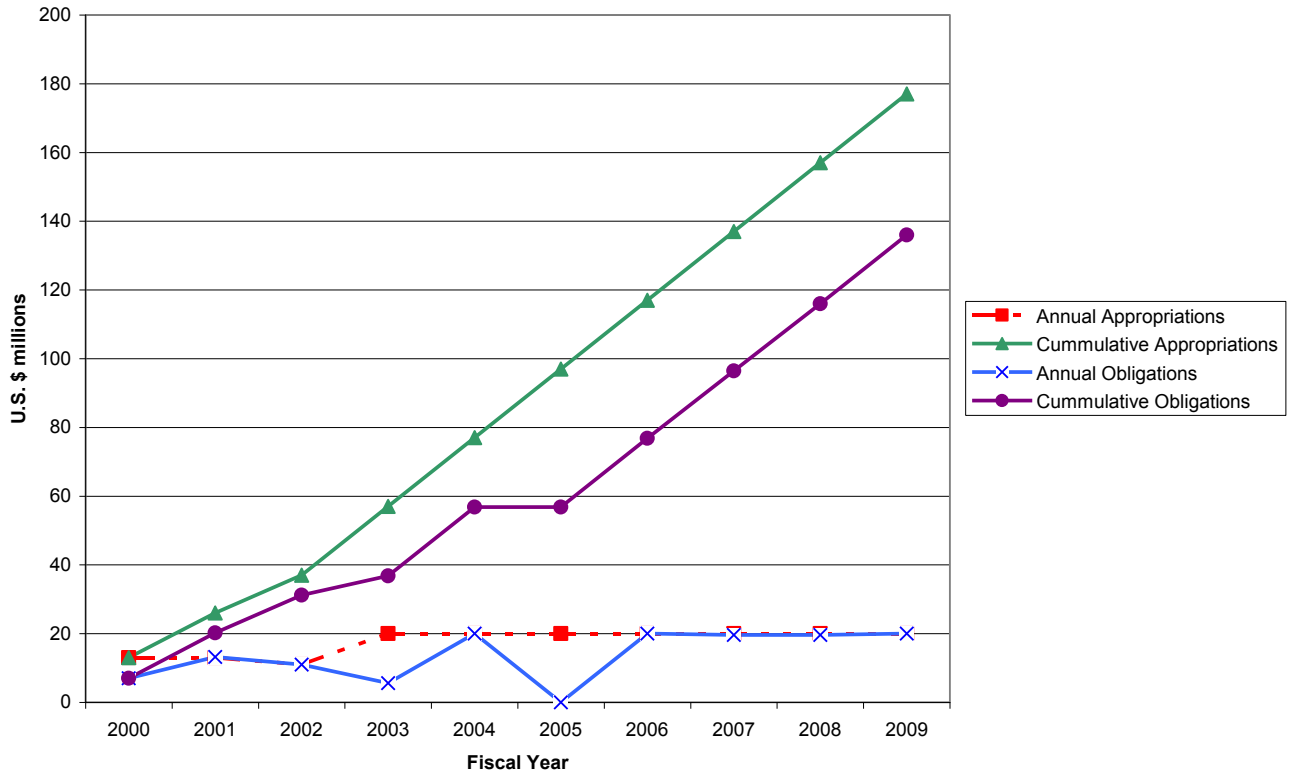


Table VIII. TFCA Appropriations and Obligations

Fiscal Year	Annual Appropriations (\$ millions)	Cumulative Appropriations (\$ millions)	No. of Agreements Concluded (by FY)	Annual Obligation (\$ millions)	Cumulative Obligations (\$ millions)	Remaining Appropriations (\$ millions)
2000	13	13	1	7	7	6
2001	13	26	2	13.2	20.2	5.8
2002	11	37	2	11	31.2	5.8
2003	20	57	1	5.6	36.8	20.2
2004	20	77	3	20	56.8	20.2
2005	20	97	0	0	56.8	40.2
2006	20	117	2	20	76.8	40.2
2007	20	137	2	19.6	96.4	40.6
2008	20	157	1	19.6	116	41.0
2009	20	177	1	20.0	136.0	41.0
2010	20	197				61.0

3.6 Program Evaluations

Annual reporting and evaluations. All TFCA agreements require local boards and oversight committees to submit an annual report on grant and other program activities funded during the year. Summaries of these annual reports are included in Annex IV of this report.

Since 2006, in response to the Office of Management and Budget (OMB) Program Assessment Rating Tool (PART) review of the TFCA program in 2004, each board and oversight committee is also required to report annually on steps taken to meet the performance criteria set forth in the TFCA Evaluation Sheet contained in Annex II of this report. By establishing standard criteria, the TFCA Evaluation Sheet provides a consistent basis for reviewing TFCA programs. In 2007, the TFCA program underwent a second OMB PART review, receiving a rating of ~~moderately~~ "moderately effective."

Periodic independent reviews. The TFCA reauthorization of 2004 provided that up to \$200,000 in appropriated funds could be used each year to carry out comprehensive audits and evaluations of TFCA programs. In 2009, the EAI/TFCA Secretariat contracted with the U.S. Forest Service to conduct independent program audits and evaluations of the programs in Colombia and Jamaica. The reviews evaluated the effectiveness and efficiency of management and administration of the local funds, with a focus on asset management and grant-making processes.

The results of the evaluations indicate that the two TFCA programs are in compliance with the relevant bilateral and debt swap agreements and are operating satisfactorily. While the Colombian Fund needs to reduce its high administrative expenses, it is, nonetheless, effectively managed and the only EAI/TFCA Fund to be certified by the International Standards Organization (ISO) under its "9000" family of standards representing international consensus on good quality management practices.

The evaluation of the TFCA Jamaica program revealed inefficiencies in its governance arrangements. All parties to the TFCA Jamaica agreements are now reviewing the evaluation recommendations to consolidate and streamline program governance and Fund administration. Fortunately, the current review is not impeding on-going grant making and prospects for future efficiency gains are quite promising.

One additional contract was let by the EAI/TFCA Secretariat in 2009. A consultant was hired to compare sanctioned administrative cost limits with actual administrative expenditures across all EAI/TFCA Funds. The purpose of the review was to identify existing practices, and to recommend improved practices, for accounting of appropriately justified management expenses. The Fund oversight bodies (with USG representation) will continue to use the annual budget review process for approving administrative cost limits.

4.0 TFCA Country Summary Fact Sheets

4.1 BILATERAL AGREEMENTS

2000
BANGLADESH

2001
EL SALVADOR

2002
THE PHILIPPINES

2006
PARAGUAY

2006
BOTSWANA

2008
PERU II

TFCA PROGRAM IN BANGLADESH

A. Essential Facts

1. Date of Agreement: September 12, 2000
2. Type of Agreement: U.S.-Bangladesh Bilateral Agreement
3. Financing Summary:
 - USG funds contributed: \$6.0 million
 - Total funds generated: \$8.5 million over 18 years (through 2018)
 - TFCA Fund Manager: Bangladesh Tropical Forest Conservation Foundation (known locally as the Arannayk Foundation)

B. Bangladesh's Forests

Bangladesh's tropical forests cover about 3.7 million acres (1.5 million hectares), roughly half of which are located in the southwestern Sunderbans region. This area is home to the world's only genetically viable population of Bengal tigers. As the largest mangrove forest in the world, the Sunderbans has been designated a world wetlands site by the Ramsar Convention on Wetlands of International Importance. Other significant forested regions include the Chittagong Hills Tracts and other protected areas bordering India and Myanmar to the east.

C. TFCA Program Overview and Administration

The aim of the TFCA program in Bangladesh is to help conserve and sustainably manage ecologically viable areas representative of Bangladesh's remaining tropical forest types, as well as the species that depend on them. To this end, program priorities include protection and conservation of threatened and endangered species, restoration of degraded forests, ecotourism development, coastal biodiversity conservation, homestead agroforestry, capacity building and environmental education. The program also seeks to develop public-private forest co-management arrangements and build a strong conservation constituency in Bangladesh through awareness raising and partnerships.

The TFCA program in Bangladesh is a small grants program (typically under \$100,000) which provides direct funding to local community and environmental organizations. The program is administered by the Board of the Bangladesh Tropical Forest Conservation Foundation, locally known as the Arannayk Foundation. The TFCA Board has seven members, including one representative from the U.S. Government (USAID Mission in Dhaka), one representative from the Government of Bangladesh and five representatives from local non-governmental organizations.

D. Specific Activities and Accomplishments

As of December 2009, the TFCA Board had awarded 53 grants totaling about \$3.5 million to local and national organizations. In 2009 alone, 9 grants were awarded for a total of \$817,600. These nine grants include the following activities and accomplishments:

1. Inani National Park (habitat for Bengal tiger and Asian elephant)

- Establishment of co-management forest arrangements with local communities and the Ministry of the Environment and Forests
- Conservation of natural forest areas supporting endemic endangered species.
- Biodiversity research
- Development of a seed bank
- Development of a conservation awareness campaign

2. Sitakunda and Banskhai Upazila of Chittagong Hills

- Restoration of wildlife habitat and conservation of biodiversity in the denuded hills
- Development of community livelihoods based on conservation-based enterprises and/or co-management approaches
- Enrichment of the forest ecosystem

3. Barind Dhamuirhat Sal Forest (dry deciduous forest)

- Conservation of “sal” (*Shorea robusta*) forests and associated species
- Development of conservation-based enterprises, such as extraction of non-timber forest products, to enhance livelihood opportunities for local communities

4. Response to Super Cyclone, Sidr

- Restoration of genetic diversity (of trees) in areas ravaged by the cyclone Sidr
- Development of community livelihoods based on conservation-based enterprises and/or co-management approaches

5. Conservation of Two Species of Bamboo

- Conservation of *Melocanna baccifera* and *Gigantochloa andamanica* in the Chittagong Hills Tract in conjunction with the Bangladesh Forest Research Institute (BFRI) and the Ministry of Environment and Forests (MOEF).

F. Status of the Bangladesh TFCA Program (as of 12/31/2009)

Grants Account Deposits	Number of Grants Approved	Value of Grants Approved
\$ 7,310,000	53	\$ 3,553,000

TFCA PROGRAM IN EL SALVADOR

A. Essential Facts

1. Date of Agreement: September 14, 2001
2. Type of Agreement: U.S.-El Salvador Bilateral Agreement
3. Financing Summary:
 - USG funds contributed: \$ 7.7 million
 - Total funds generated: \$14.0 million over 26 years (through 2027)
 - TFCA Fund Manager: Enterprise for the Americas Initiative Fund⁷

B. El Salvador's Forests

Only about 14 percent of El Salvador's land is still covered by forests and very little undisturbed native forest remains. Decades of deforestation eventually led to the catastrophic mudslides in 1999-2000 when thousands of people lost their lives. The country's remaining forested areas, though small, are diverse and include broadleaf forests scattered throughout the country, riparian forest along streams, and mangrove forest along the coast, as well as deciduous, pine and pine-oak forests in upland areas.

C. TFCA Program Overview and Administration

The aim of the TFCA program in El Salvador is to protect, improve and restore native forests, particularly within two of the country's largest protected areas, **El Imposible National Park** and **Montecristo National Park**. These parks encompass a number of smaller natural protected areas, including wildlife refuges, inland water ecosystems and coastal ecosystems. The TFCA program focuses on building capacity to improve forest-related governance, develop and implement forest management plans and natural resource inventories, and conduct biodiversity monitoring and research.

The TFCA program in El Salvador is a small grants program (typically under \$100,000) which provides direct funding for projects to local community and environmental organizations. The program was established as part of the existing El Salvador Enterprise for the Americas Initiative (EAI) program, which dates from 1992. TFCA grant-making is administered by the EAI Board, whose membership has been expanded by one to include expertise on tropical forests. The TFCA Fund is a sub-account of the existing EAI Fund.

D. Specific Activities and Accomplishments

As of December 2009, the EAI/TFCA Board had awarded 67 TFCA grants totaling about \$2,961,000 to community-based organizations, community associations and other non-governmental organizations. In 2009 alone, FIAES approved 23 new grants for a total of \$1,172,000.

These projects covered 134,879 acres of tropical forest, including mangrove coastal areas of the National System of Protected Natural Areas (SANP). The projects also

⁷ Fondo Iniciativa de las Americas El Salvador (FIAES)

contributed to the protection and restoration of globally prioritized wetlands (Ramsar sites). Two UNESCO Biosphere Reserves also benefited from 2009 FIAES grants.

E. Status of TFCA Sub-Account of El Salvador EAI Fund (as of 12/31/2009)

TFCA Grants Sub-Account Deposits	Number of Grants Approved	Value of Grants Approved
\$8,143,710	67	\$2,961,362

TFCA PROGRAM IN THE PHILIPPINES

A. Essential Facts

1. Date of Agreement: September 19, 2002
2. Type of Agreement: U.S.-Philippines Bilateral Agreement
3. Financing Summary:
 - USG funds contributed: \$5.5 million
 - Total funds generated: \$8.2 million over 14 years (through 2016)
 - Fund Manager: Philippines Tropical Forest Conservation Foundation

B. Forests of the Philippines

After decades of illegal logging, agricultural expansion, and upland migration, only three percent of the original forests of the Philippines are left. What remains contains some of the most biologically rich “dipterocarp” (tropical hardwood) forests on earth. The Philippines has been named one of 17 “megadiverse” countries and one of 25 global biodiversity “hotspots.” The country ranks eighth in the world in numbers of endemic species.

C. TFCA Program Overview and Administration

The aim of the TFCA program in the Philippines is to help conserve, restore, and rehabilitate mangrove forests and dipterocarp forests in Palawan and areas of Mindanao, Luzon, and Visayas, as well as increase the country’s supply of seedlings and wildlings of indigenous tree species.

The TFCA program in the Philippines is a small grants program (typically under \$100,000) which provides direct funding for projects to local community and environmental organizations. The program is administered by the Board of the Philippines Tropical Forest Conservation Foundation. The TFCA Board has nine members, including two representatives of the U.S. Government (from the U.S. Embassy and USAID Mission in Manila), two representatives of the Government of the Philippines, and five representatives of local non-governmental organizations.

D. Specific Activities and Accomplishments

As of December 2009, the TFCA board had awarded 126 grants totaling nearly \$2,486,000 which have supported the following activities:

- Establishment of a large-scale nursery which will generate about 50,000 seedlings of dipterocarps each year through seed propagation, wildling collection, and cloning
- Implementation of a community-based mangrove rehabilitation project to enhance coastal habitats along the banks of the Danajon River

- Establishment of formal land tenure arrangements for local communities (in cooperation with the Philippine Department of Environment and Natural Resources and local governments units)
- Development of community livelihoods based on rattan and other non-timber forest products compatible with forest conservation
- Development of a current inventory and map of the Philippine's forests
- Publication of a Philippine hardwood resource book for NGO practitioners, academia and beneficiary communities
- Planning and preparations for a public interest environmental law conference on forest law enforcement and governance in the Philippines.
- Implementation of project to revitalize an Anti-Illegal Logging Task Force to enforce forestry laws in the Sierra Madre mountain range.

E. Status of the Philippines TFCA Fund (as of 12/31/2009)

Grants Account Deposits	Number of Grants Awarded	Value of Grants Approved
\$ 4,489,000	126	\$ 2,486,000

TFCA PROGRAM IN PARAGUAY

A. Essential Facts

1. Date of Agreement: June 7, 2006
2. Type of Agreement: U.S.-Paraguay Bilateral Agreement
3. Financing Summary:
 - USG funds contributed: \$4.8 million
 - Total funds generated \$7.4 million over 12 years (through 2018)
 - Fund Manager: TFCA Conservation Fund

B. Paraguay's Forests

Paraguay, together with Brazil and Argentina, contain all that is left of the once great Atlantic Forest. While 90 percent of the Atlantic Forest is gone, what remains is still one of biologically most diverse rainforest ecosystems in the world. More than 52 percent of the tree species and 92 percent of the amphibians are endemic, with many of these found in Paraguay. The high rate of deforestation in Paraguay in recent years is fragmenting the remaining forest and threatening many wildlife species.

C. TFCA Program Overview and Administration

The aim of the TFCA program in Paraguay is to help conserve and restore the southern corridor of the Atlantic Forest of Alto Parana, with a focus on the following protected areas, including the buffer zones and biological corridors linking the areas:

- San Rafael National Park
- Caazapa National Park
- Ybycui National Park
- Ybyturuzu Managed Resources Reserve
- Tapyta Private Nature Reserve
- Ypeti Private Nature Reserve

The TFCA program in Paraguay is a small grants program (typically under \$100,000) to provide direct funding for projects to local community and environmental organizations. The TFCA Conservation Fund was established to administer the program. The TFCA Board of the Fund is comprised of one representative of the USG (from the USAID Mission in Asuncion), two representatives of the Government of Paraguay, and four representatives of local non-governmental organizations.

D. Specific Activities and Accomplishments

In September 2008 the program's first public competitive selection process for grant making activities was launched. All protected areas, buffer zones, and biological corridors were included in the request for applications. Of the 37 project proposals, three were selected for approval by the Board and are being implemented in three protected areas and their associated buffer zones. A second call for proposals, which elicited 23 project profiles, was launched in October 2009. Final selection for grants will be completed in early 2010.

E. Status of Paraguay TFCA Fund (as of 12/31/2009)

Grants Account Deposits	Number of Grants Awarded	Value of Grants Approved
\$ 3,845,000	3	\$ 250,379

TFCA PROGRAM IN BOTSWANA

A. Essential Facts

1. Date of Agreement: October 5, 2006
2. Type of Agreement: U.S.-Botswana Bilateral Agreement
3. Financing Summary:
 - USG funds contributed: \$7.0 million
 - Total funds generated: \$8.3 million over ten years (through 2016)
 - Fund Manager: Forest Conservation Botswana Limited

B. Botswana's Forests

The climatic and geographic conditions in Botswana support a wide range of ecosystems and fauna and flora which play a critical role in the social, economic, and ecological well being of the country. The main tropical forest areas of Botswana are in the north and include closed canopy tree cover, riverine forests, and dry acacia forests. Many of these areas lie within the famed inland Okavango Delta (shared with Angola and Namibia) and are home to a variety of wildlife species, including the fishing owl, leopard, African elephant, and hippopotamus.

C. Program Overview and Administration

The aim of the TFCA program in Botswana is to support the conservation and restoration of tropical forests within the country's system of national protected areas, especially the **Okavango Delta** and **Chobe National Park** regions.

The TFCA program in Botswana is a small grants program (typically under \$100,000) to provide direct funding for projects to local community and environmental organizations. In 2007, the Government of Botswana approved the legal registration of Forest Conservation Botswana Limited to administer the TFCA program. The TFCA Board is comprised of two representatives of the U.S. Government (from the U.S. Embassy and USAID Mission), two representatives of the Government of Botswana, and five representatives of local community-based, academic and environmental organizations.

D. Specific Activities and Accomplishments

During calendar year 2009, grant-making and governance policies and procedures were developed and the first Call for Project proposals was published. Proposals received will be evaluated and submitted for the Board's decision in March 2010.

E. Status of Botswana TFCA Fund (as of 2/31/2009)

Grants Account Deposits	Number of Grants Approved
\$ 3,668,000	0

TFCA PROGRAM IN PERU II

A. Essential Facts

1. Date of Agreement: September 2008
2. Type of Agreement: U.S.-Peru Bilateral Agreement
3. Financing Summary:

USG funds contributed:	\$ 19.6 million
Total funds generated:	\$ 25 million over 7 yrs
TFCA Fund Manager:	Fondo de Las Americas (FONDAM)

B. Peru's Forests

Peru is one of the most biologically rich countries on earth. It is the second most diverse country for bird and primate species, and the sixth for mammals. Conservation International, World Wildlife Fund, and Bird Life International have each included Peru on their respective lists of most important biodiversity countries. While figures vary, it is estimated that Peru's forests cover close to 173 million acres (70 million hectares) or 53.7% of its land area. Primary forests represent nearly 89 percent of total forest area.

C. TFCA Program Overview and Administration

While the strategic direction of this second TFCA program in Peru will be consistent with those goals outlined in the TFCA statute, the detailed plan is still being developed by the newly established Board of Directors in a participatory manner with Peruvian civil society.

The TFCA Board has 8 members, including one representative from the U.S. Government (from the USAID Mission), two representatives from the Government of Peru, and five local civil society representatives.

D. Specific Activities and Accomplishments

In 2009, FONDAM commissioned a study to develop conservation impact measures of its TFCA grants program. A new strategic plan was developed, the first Call for Project Proposals was held, and three key development projects were approved. Progress was also made on a co-financing program targeting conservation in buffer zones on national parks.

E. Status of the Peru TFCA Fund (as of 12/31/2009)

Grants Account Deposits	Number of Grants Approved	Value of Grants Approved
\$ 5,404,969	9	\$900,000

4.2 DEBT SWAP AGREEMENTS

2001
BELIZE

2002
PERU

2003
PANAMA (I)

2004
PANAMA (II) – COLOMBIA - JAMAICA

2006
GUATEMALA

2007
COSTA RICA

2009
INDONESIA

TFCA PROGRAM IN BELIZE

A. Essential Facts

1. Date of Agreement: August 2, 2001
2. Type of Agreement: Subsidized debt swap
3. NGO Partner: The Nature Conservancy
4. Financing Summary:
 - USG funds contributed: \$5.5 million
 - TNC funds leveraged: \$1.3 million
 - Total funds generated: \$9.0 million over 26 years (through 2027)
 - TFCA Fund Manager: Consortium of 4 local NGOs (see C below)

B. Belize's Forests

Belize has a small population (about 311,000) and remains largely covered by tropical rain forest and pine savanna forest extending from the Rio Bravo Conservation and Management Area south through the Maya Mountain Marine Corridor to the southern Toledo District. These forests provide habitat to numerous threatened and endangered species, such as the jaguar, ocelot, marguay, Baird's tapir, and scarlet macaw. The Corridor encompasses a number of interrelated ecosystems, including mangrove forests, sea grass communities, and a coral reef system second only to the Great Barrier Reef of Australia. These ecosystems provide habitat for the West Indian manatee and Morelet's crocodile, as well as many other coastal marine species. The Maya Mountain Marine Corridor covers about 832,000 acres, within which is a network of government and private protected areas.

C. TFCA Program Overview and Administration

The TFCA program in Belize is principally focused on conserving the **Maya Mountain Marine Corridor**, the **Rio Bravo Conservation and Management Area** (which covers 260,000 acres or about 4% of the country's land area), and three protected areas collectively known as the **Cayo Parks**: St. Herman's Blue Hole National Park, Guanacaste National Park and the Tapir Mountain Nature Reserve. Other smaller protected areas grants external to these areas are also supported.

The TFCA program has three components: (1) land acquisition, (2) a grants program and (3) an endowment fund to provide long-term conservation financing. The TFCA Oversight Committee has seven members, including one representative of the U.S. Government, one representative of the Government of Belize, one local representative of The Nature Conservancy, and one representative each of the following four local organizations:

- Toledo Institute for Development and the Environment (TIDE)
- Program for Belize
- Belize Audubon Society
- Protected Areas Conservation Trust (PACT) Foundation

Under the terms of the TFCA agreements, these four conservation organizations are the beneficiaries of the TFCA program in Belize.

D. Specific Activities and Accomplishments

1. TIDE. The TFCA program for TIDE has focused on management of 29,000 acres of forest land in the **Maya Mountain Marine Corridor**, which directly affects 16 miles of Caribbean coast. Of the 29,000 acres, nearly half were purchased using TFCA funds. The other half were a counterpart contribution by the Government of Belize which is being held in trust, conserved and managed by TIDE. These forests are vulnerable to aggressive logging, hurricane windfall, and conversion to citrus farming. TIDE has used its TFCA grants to:

- Identify illegal logging operations
- Reforest degraded areas
- Conduct environmental education programs
- Monitor biodiversity
- Convene community meetings to involve local residents in management

2. Program for Belize. TFCA grants to the Program for Belize have supported the following activities to help conserve and manage the **Rio Bravo Conservation and Management Area**:

- Training of a ranger force to monitor property and maintain boundary lines and access points
- Establishment of additional patrols for the New River Lagoon waterway
- Collection of research data on Yellow Headed Parrots
- Monitoring of oil exploration activities

3. Belize Audubon Society. TFCA grants to the Belize Audubon Society have supported the following activities to help conserve and manage the **Cayo Parks**:

- Law enforcement training workshops for park wardens to crack down on illegal activities in the parks, including illegal logging, hunting, and trespassing
- Improvements in park monitoring, including aerial overflights to observe boundaries and identify entry points for incursions into the parks
- Purchasing of equipment for park patrols and park maintenance
- Road maintenance for emergency access
- Installation of safety signs along roads and safety barriers along trails and caves
- Green laws and plant identification training workshops
- Environmental education activities for 6,642 students, teachers, and parents
- Upgrading of park infrastructure, such as trails, sheds, and park guard facilities
- Research on species and illegal harvesting

4. PACT Foundation. TFCA grants to the PACT Foundation have supported the following activities:

Aguacaliente Wildlife Sanctuary

- Upgrading of infrastructure such as trails and sanitary facilities to provide a safe, accessible eco-tourism destination
- Assistance to rangers to address illegal activities such as hunting

Community Baboon Sanctuary for Environmental Management (supports a population of Howler Monkeys):

- Initial steps to upgrade the visitor environmental education center and museum
- Training of sanctuary staff and tour guides

Caye Caulker Forest Reserve (littoral and mangrove forest)

- Baseline inventories and assessments of habitat health
- Improvements in monitoring experimental forests
- Distribution of environmental education materials to local communities

Elizo Panti National Park

- Park protection and monitoring for ecosystem health
- Improvements and upgrades to park infrastructure to permit more park visitors and expand visitor activities

E. Status of Belize TFCA Fund as of 12/31/2009

Grants Account Deposits	Endowment Account	Land Purchase (TIDE only)
\$ 2,411,000	\$ 5,414,000	\$667,500

TFCA PROGRAM IN PERU I

A. Essential Facts

1. Date of Agreement: June 26, 2002
2. Type of Agreement: Subsidized debt swap
3. NGO Partners: Conservation International, The Nature Conservancy, World Wildlife Fund
4. Financing Summary:
 - USG funds contributed: \$ 5.5 million
 - NGO funds leveraged: \$ 1.1 million
 - Total funds generated: \$10.6 million over 12 years
 - TFCA Fund Manager: Peru Trust Fund for National Parks and Protected Areas (Profonampe)

B. Peru's Forests

Peru is one of the most biologically rich countries on earth. It is the second most diverse country for bird and primate species, and the sixth for mammals. Conservation International, World Wildlife Fund and Bird Life International have each included Peru on their respective lists of most important biodiversity countries. While figures vary, it is estimated that Peru's forests cover close to 173 million acres (70 million hectares) or 53.7 percent of its land area. Primary forests represent nearly 89 percent of total forest area and include the special flooded forests of the **Pacaya Samiria region**.

C. TFCA Program Overview and Administration

The aim of the TFCA program in Peru is to help conserve 10 protected forest areas within Peru's National System of Protected Areas (SINANPE). The 10 areas represent both wet and dry tropical forest ecosystems and cover 50 million acres (19 million hectares), or about 55 percent of SINANPE.

The TFCA program in Peru is a grants program which provides direct funding to local community and environmental organizations. The program also provides for a long-term grant of \$3.3 million to the Peruvian Foundation for Nature Conservation (Pro Naturaleza) to carry out conservation activities in the **Pacaya Samiria National Reserve**.

The TFCA Oversight Committee has five members, including one representative from the U.S. Government (from the USAID Mission in Lima), one representative from the Government of Peru, and one local representative each from Conservation International, The Nature Conservancy, and World Wildlife Fund. The Fund Administrator, Profonampe, was established in 1992 through an endowment from the Global Environment Facility (GEF) and currently administers several donor accounts.

D. Specific Activities and Accomplishments

As of December 2009, the TFCA Oversight Committee had awarded 25 grants totaling nearly \$3.4 million to local community and environmental organizations. These grants have supported:

- Development and initial implementation of a management plan for **Pacaya Samiria National Reserve**. Communities are involved in monitoring plan implementation
- Strengthening and consolidation of the protection, control, oversight, and operations of the **Alto Purus National Park**, with particular focus on control of illegal logging
- Introduction of practices for sustainable use of natural resources to reduce pressure from communities to expand agricultural and pastoral activities into the **Bosque de Pomac Historical Sanctuary**
- Strengthening environmental management and ecological remediation in the **Apu Pachatusan Municipal Conservation Area** and the **Macchu Picchu Historical Sanctuary**
- Participatory management of the **Ashaninka Community Reserve** and the **Otishi National Park** and buffer zone
- Improvement in management of livestock herding to mitigate forest degradation at the **Tumbes National Reserve**
- Training for personnel and stakeholders involved in park co-management in conjunction with the Natural Protected Areas System of Peru (SINANPE)

E. Status of the Peru TFCA Fund (as of 12/31/2009)

Grants Account Deposits	Number of Grants Approved	Value of Grants Disbursed
\$ 5,667,115	25	\$ 4,252,553

TFCA PROGRAM IN PANAMA (I)

A. Essential Facts

1. Date of Agreement: July 10, 2003
2. Type of Agreement: Subsidized debt swap
3. NGO Partners: The Nature Conservancy
4. Financing Summary:
 - USG funds contributed: \$ 5.6 million
 - TNC funds leveraged: \$ 1.2 million
 - Total funds generated: \$10 million over 14 years (through 2017)
 - TFCA Fund Manager: Nature Foundation (Fundación Natura)

B. Panama's Forests

Panama is the historic land bridge between North and South America. As a result, the country has enormous terrestrial and marine biodiversity. Panama's forests are still extensive and represent a wide range of ecosystems. These include lowland rain forest along the Caribbean coast, deciduous forest and mangrove forests along the Pacific coast, swamp forest in the Darien lowlands on the border with Colombia, and montane forest in uplands areas.

C. TFCA Program Overview and Administration

This is the first of two TFCA programs in Panama. The aim of this program is to improve the management of, and reduce threats to, the **Upper Chagres River Basin**. The Upper Chagres watershed provides 50% of the water needed for Panama Canal operations and 80% of the water for human consumption in Panama City. The watershed encompasses Chagres National Park and important forests outside the Park.

The TFCA program in Panama's Upper Chagres River Basin has two components: (1) a grants program which provides funding for the Chagres National Park and surrounding areas; and (2) an endowment fund to provide long-term financing for watershed conservation. The TFCA Oversight Committee has five members, including one representative of the U.S. Government (from the USAID Mission in Panama City), one representative of the Government of Panama, one local representative of The Nature Conservancy, and two representatives of local non-governmental organizations. The Fund Administrator, Fundación Natura, was founded in 1991 through a joint endowment of USAID and the Government of Panama.

D. Specific Activities and Accomplishments

As of December 2009, the TFCA Oversight Committee had awarded 24 grants or otherwise invested in protected areas totaling more than \$2,281,128 in support of local community and national environmental organizations for activities in the Upper Chagres River Basin. These grants have supported:

- Construction of new park personnel station facilities for Chagres National Park
- Maintenance and improvement of park trails, including installation of signs

- Installation of satellite telephone lines and internet access at the park's administrative headquarters
- Creation of a database to systematize and record general inspections and infractions occurring in the park
- Development of a patrolling and surveillance program which conducts over flight, terrestrial, and aquatic patrols, as well as site inspections by park guards
- Resolution of land use conflicts in buffer areas through a Land Use Planning Program
- Outreach to communities and schools through an Environmental Education, Communication and Promotion Program
- Provision of scientific research opportunities through an Environmental Monitoring Program implemented in conjunction with the University of Panama
- Development and implementation of environmental monitoring and evaluation systems using species indicators
- Efforts of local communities to: establish tree nurseries, orchards, and agroforestry plots outside the park (thereby taking pressures off the park's forest resources); demarcate park borders; and develop and manage ecotourism activities, such as guided river canoe trips

E. Status of Panama (I) TFCA Fund (as of 12/31/2009)

Grants Account Deposits	Endowment Account Deposits	Number of Grants Approved	Value of Grants Approved
\$ 2,655,313	\$ 2,655,423	24	\$ 2,281,128

TFCA PROGRAM IN PANAMA (II)

A. Essential Facts

1. Date of Agreement: August 19, 2004
2. Type of Agreement: Subsidized debt swap
3. NGO Partners: The Nature Conservancy
4. Financing Summary:
 - USG funds contributed: \$ 6.5 million
 - TNC funds leveraged: \$ 1.3 million
 - Total funds generated: \$10.9 million over 12 years
 - TFCA Fund Manager: Nature Foundation (Fundacion Natura)

B. Panama's Forests

Panama is the historic land bridge between North and South America. As a result, the country has enormous terrestrial and marine biodiversity. Panama's forests are still extensive and represent a wide range of forest ecosystems. These include lowland rain forest along the Caribbean coast, deciduous forest and mangrove forests along the Pacific coast, swamp forest in the Darien lowlands on the border with Colombia, and montane forest in uplands areas.

C. TFCA Program Overview and Administration

The aim of the second TFCA program in Panama is to preserve, protect and manage the natural and cultural resources of **Darien National Park** and surrounding areas, which border Colombia's Los Katios National Park. The Darien National Park comprises 1.43 million acres (579,000 hectares) of highly diverse forests and represents the southern zone of the Mesoamerican Biologic Corridor. The park also supports diverse local populations, including Afro-Darienites, farmers who have migrated from Panama's central provinces, and three indigenous tribes (Kunas, Embera, and Wounann) which have settled along river banks. The park was designated a World Heritage Site by UNESCO (United Nations Educational, Scientific and Cultural Organization) in 1980. In 1983, it was recognized as a Biosphere Reserve by UNESCO'S Man and the Biosphere Program.

Like the TFCA program for the Upper Chagres River Basin, the program for the Darien has two components: (1) a grants program which provides funding to conservation activities; and (2) an endowment fund to provide long-term financing for park conservation. The TFCA Oversight Committee established for the Upper Chagres TFCA program also provides oversight for the Darien program. It has five members, including one representative of the U.S. Government (from the USAID Mission in Panama City), one representative of the Government of Panama, one local representative of The Nature Conservancy, and two representatives of local non-governmental organizations. The Fund Administrator, Fundación Natura, was founded in 1991 through a joint endowment of USAID and the Government of Panama.

D. Specific Activities and Accomplishments

As of December 2009, the TFCA Oversight Committee had awarded 14 grants totaling about \$1,655,110 to local community and national environmental organizations for activities in the Darien National Park. These grants have supported:

- Identification by park guards of critically threatened areas within the park
- Training of park guards in field monitoring of wildlife and in collecting baseline data to establish a database of park fauna and flora
- Training and technical assistance to six community-based organizations located in the park and surrounding areas to develop projects contributing to park management
- Development of an awareness raising campaign by the “Solid Waste Management in Tucuit Community” project to promote a system to collect solid waste from communities living in and around the park
- Development of an environmental impact assessment for, and initial construction of, a sanitary landfill outside the park to reduce refuse dumping within the park
- Rehabilitation of several communication control centers

F. Status of Panama (II) TFCA Fund (as of 12/31/2009)

Grants Account Deposits	Endowment Account	Number of Grants Approved	Value of Grants Approved
\$ 1,606,937	\$ 3,444,000	14	\$ 1,655,110

TFCA PROGRAM IN COLOMBIA

A. Essential Facts

1. Date of Agreement: March 30, 2004
2. Type of Agreement: Subsidized debt swap
3. NGO Partners: Conservation International, The Nature Conservancy, World Wildlife Fund
4. Financing Summary:
 - USG funds contributed: \$ 7.0 million
 - NGO funds leveraged: \$ 1.4 million (about \$466,000 each)
 - Total funds generated: \$10.0 million over 12 years
 - TFCA Fund Manager: Fund for Environmental Action (Fondo Para la Acción Ambiental y la Niñez)

B. Colombia's Forests

Colombia's diverse geology, climate, and altitude have produced highly diverse and biologically rich forests. Geographic isolation in the Andes, especially in valleys and mountainous areas, has produced very high rates of endemism. The Colombian Andes represents the southern most range of oak forest. The country's Caribbean coastal forests are home to many hundreds of species of mammals, amphibians, reptiles, and birds and include the highest coastal mountain on the planet in the Sierra Nevada de Santa Marta. The Orinoco river basin, shared with Venezuela, is home to numerous plant and animal species and contains the best preserved tropical dry forest in the country. The Orinoco is the world's third largest river.

C. TFCA Program Overview and Administration

The aim of the TFCA program in Colombia is to enhance the ecological integrity and contribute to the long-term conservation of nine protected areas, including buffer zones and biological corridors, within Colombia's national system of protected areas. These areas are located in the tropical Andes, the Caribbean region, and the Llanos region:

1. Tropical Andes: This includes the Yarigues National Park, Tinigua National Park, Sumapaz National Park, Guanenta Sanctuary and three conservation corridors (Sumapaz-Tinigua, Oak Forest, Yarigues-Quinches). The region contains 21 distinct ecosystems, which are home to 120 species of mammals (including the spectacled bear and tapir), 46 species of amphibians and reptiles, and 628 species of birds (including the condor).

2. Caribbean Region: This includes three national parks (Isla de Salamanca Via Park, Sierra Nevada de Santa Marta National Park, and Tayrona National Park) and two wildlife sanctuaries (Cienaga Grande de Santa Marta and Los Flamencos). The region is home to the brown caiman, American crocodile, and green iguana, and provides breeding habitat for threatened flamingoes, as well as an important stopover for migratory waterfowl.

3. Llanos Region (Orinoco): This area encompasses Tuparro National Park and buffer areas, which lie at the heart of the Orinoco River Basin and are home to the

threatened giant river otter, Orinoco crocodile, capybara, two species of cebus monkeys, and many other species.

The TFCA program in Colombia has two components: (1) a large grants program which provides direct funding to local conservation organizations; and (2) an endowment fund to provide long-term financing for forest conservation. The Fund for Environmental Action (Fondo para Accion Ambiental y la Niñez) was established in 2000 to administer the existing Enterprise for the America's Initiative (EAI) program in Colombia. The TFCA Oversight Committee has five members, including one representative of the U.S. Government (from the USAID mission in Bogota), one representative of the Government of Colombia, and one local representative each of Conservation International, The Nature Conservancy and World Wildlife Fund.

D. Specific Activities and Accomplishments

As of October 2009, the local TFCA Oversight Committee had awarded six grants totaling \$2.8 million. Implementing grantees committed \$1.9 million in counterpart funding, for a total investment of \$4.7 million, as follows.

1. Yariguies National Park (Tropical Andes) - Sustainable Coffee Production:

A TFCA grant of \$315,809 has supported the introduction of sustainable coffee production to 200 families living around the park, providing alternative livelihood and taking pressure off the park's forest resources. Activities include:

- Provision of economic incentives to 65 small coffee growers to stimulate eco-friendly coffee production and processing technologies
- Development and initial implementation of management plans for 90 family coffee farms
- Design of payment for environmental services schemes incorporating land tax exemptions

2. Yariguies National Park - Sustainable Management: A TFCA grant of \$580,002 has supported improved conservation and sustainable production initiatives, building networks and collaborative partnerships among communities and private land owners in the park buffer zones. Activities include:

- Establishment of 2,520 acres of new private forest reserves
- Set aside of 311 acres of community and other private land for natural forest regeneration
- Training to 130 community members in conservation planning, sustainable production and marketing of coffee, fruit and vegetables
- Establishment of 50 conservation easement agreements with private owners
- Promotion of sustainable agroforestry in private reserves in park buffer zones
- Control of encroachment of cattle ranching through the conversion to sustainable ranching in 70 production units through promotion of silvopastoral systems

3. Isla de Salamanca Via Park (Caribbean): A TFCA grant of \$54,311 has supported improved park planning (including forest management and land use planning) for the park and its buffer zone.

4. **Biosphere Reserve of El Tuparro, Llanos Region:** A TFCA grant of \$523,295 has supported improved management and consolidation of private conservation areas in the Reserve. Activities include:

- Development of sustainable fishing, ecotourism, and crafts projects as alternative livelihoods for local communities
- Creation of two new private reserves encompassing 7,285 acres
- Expansion of the adjacent Bojonawi Private Reserve from 1,300 to 2,600 acres.
- Planting of 5,000 native species
- Development and initial implementation of a management plan for threatened species, including river dolphins, manatees, turtles, jaguars, migratory birds, and giant otters
- Development of a wetlands management plan within the El Tuparro National Park
- Introduction of environmental education programs in local schools
- Development of a strategic ecotourism promotion plan to include sports fishing and bird watching components

5. **Oak Forest Conservation:** A TFCA grant of \$703,790 has supported protection of the last remnants of Andean oak forests; improved connectivity of rural landscapes; converted cattle ranches to sustainable practices; and promoted conservation on private lands.

E. Status of Colombia TFCA Fund (as of 12/31/2009)

Grants + Reserve Acct. Deposits	Endowment Account Deposits	Number of Grants Approved	Value of Grants Approved
\$2,751,885	\$6,037,957	6	\$2,804,000

TFCA PROGRAM IN JAMAICA

A. Essential Facts

1. Date of Agreement: September 21, 2004
2. Type of Agreement: Subsidized debt swap
3. NGO Partners: The Nature Conservancy
4. Financing Summary:
 - US funds contributed: \$ 6.5 million
 - TNC funds leveraged: \$ 1.3 million
 - Total funds generated: \$16.0 million over 20 years
 - TFCA Fund Manager: Jamaica Protected Area Trust (JPAT)

B. Jamaica's Forests

Jamaica's forests support many unique flora and fauna. Twenty-eight percent of its flowering plants, including a number of orchids, and 25 percent of its breeding birds, are endemic to the island. Many of these species are rare or threatened with extinction.

C. TFCA Program Overview and Administration

The TFCA program in Jamaica is focused on protecting the country's remaining tropical forests. These include **The Blue and John Crow Mountain Forest Reserve**, which contains Jamaica's highest peak and is home to the endangered Giant Swallowtail Butterfly and a number of endemic orchids, as well as the **Portland Bight Protected Area**, a 724-square-mile land and marine reserve and the only place on the island where the Jamaican Iguana, once thought to be extinct, is found in the wild.

The TFCA program in Jamaica is currently a grants program which provides direct funding to local community and environmental organizations. Establishment of a separate endowment account to finance long-term conservation is planned. The TFCA Oversight Committee has seven members, including one representative from the U.S. Government (from the USAID Mission in Kingston), two representatives of the Government of Jamaica, one local representative of The Nature Conservancy, and three representatives of local conservation organizations. The Jamaica Protected Areas Trust (JPAT) was established to administer the TFCA Forest Conservation Fund (FCF).

In 2009, the TFCA Oversight Committee and the JPAT Board of Directors hosted a program evaluation sponsored by the EAI/TFCA Secretariat in Washington, D.C. The evaluation found generally good compliance with all agreements and highlighted a number of efficiency and effectiveness recommendations common to many fund evaluations. However, it also recommended structural change stemming from the fact that "two-board structure" established by the FCA has proven to be inefficient, expensive and confusing.

Three options were recommended for consideration by the Parties to the TFCA agreements. The U.S. and Jamaican Governments, in conjunction with the governance bodies for both JPAT and the FCF, are currently reviewing these options and a consensus decision is anticipated in early 2010. During the period of deliberations, grant making and grant processing continue uninterrupted.

D. Specific Activities and Accomplishments

As of December 2009, the TFCA Oversight Committee had awarded 14 grants totaling about \$1,145,320 to local community and environmental organizations. These grants, many of which are being undertaken in cooperation with government officials, have supported the following activities:

- Port Royal Marine Laboratory received a grant to offset the cost of mangrove seedling propagation and the subsequent reintroduction of these seedlings into the denuded coastal areas of Port Royal and Palisades.
- The Accompong Maroon Council received a grant to develop an eco-tourism attraction in the Cockpit Country, in the form of interpretive trails and overnight rest facilities. The aim is to reduce the dependence of the local people on the forest resources by providing an alternate source of income.
- The Natural Products Institute identified the need for preventing overexploitation of Bitterwood, a native forest species which is valued in Jamaica for its chemical properties and insect resistance. The Institute will research propagation of the highest yielding Bitterwood varieties in order to achieve sustainable management.
- The Biotechnology Centre was the recipient of a grant to identify, propagate and disseminate native forest species contained within Jamaica’s biodiversity ‘hotspots’. The project will address the threats to forest cover arising from local use, and provide seedlings of revenue generating native species for reforestation in the buffer zone communities.
- A grant to **The Forest Conservancy** was provided to improve and promote forest management on private lands.

E. Status of Jamaica TFCA Fund (as of 12/31/2009)

Grants Account Deposits	Number of Grants Approved	Value of Grants Approved
\$ 5,092,364	14	\$ 1,145,320

TFCA PROGRAM IN GUATEMALA

A. Essential Facts

1. Date of Agreement: September 8, 2006
2. Type of Agreement: Subsidized debt swap
3. NGO Partners: Conservation International, The Nature Conservancy
4. Financing Summary:
 - USG funds contributed: \$15 million
 - NGO funds leveraged: \$ 2 million (\$1million each)
 - Total funds generated: \$24 million over 15 years (through 2023)
 - TFCA Fund Manager: Foundation for the Conservation of the Natural Resources and Environment of Guatemala (FCG)

B. Guatemala's Forests

Guatemala is particularly rich in biodiversity due to the country's geographical position and geology. Its topography includes a range of altitudes from sea level to over 4,000 meters above sea level. This has resulted in numerous microclimates, soil conditions and fauna and flora endemic to Guatemala. The largest forest areas are concentrated in the lowlands, western highlands and eastern Guatemala.

C. TFCA Program Overview and Administration

The aim of the TFCA program in Guatemala is to conserve the following four ecologically and socio-economically important forest areas within the Guatemalan Protected Areas System (SIGAP):

1. **Maya Biosphere Reserve.** Includes Lacandon National Park, Laguna del Tigre National Park, the designated Multiple Use Zone and related biological corridors and community forestry concession areas.
2. **Volcanic Chain of the Guatemalan Occidental Highlands.** Includes the volcanic region extending from Pacaya Volcano National Park and Alux Forest Reserve to the Tacana Volcano, as well as the altitudinal ranges in the designated Multiple Use Watershed of the Lake Atitlan Reserve.
3. **Motagua-Polochic System and the Caribbean Coast.** Includes Bocas del Polochic Wildlife Refuge, the dry Motagua ecosystem and the Golf of Honduras watershed, which drains into the Caribbean.
4. **Cuchumatanes Region.** Includes the areas of Todos Santos Cuchumatan, Cruz Maltin, Magdalena Pepajau and other habitats for threatened or endangered species (particularly amphibians) as determined by the World Conservation Union (IUCN) Red List of Threatened Species.

The TFCA program has two components: (1) a grants program which provides direct funding to local community and environmental organizations; and (2) an endowment

fund to provide long-term financing for forest conservation. The TFCA Oversight Committee has five members, including one representative of the U.S. Government (from the USAID Mission in Guatemala City), one representative from the Government of Guatemala, one local representative each of Conservation International and The Nature Conservancy, and one representative of a local non-governmental organization. The Fund Administrator, FCG, is a private foundation that was established in 1991 through assistance of the World Wildlife Fund.

D. Specific Activities and Accomplishments

As of November, 2009, the local TFCA Fund awarded seven (7) grants totaling \$1,608,446 to Guatemalan NGOs for support of the following activities:

- Strengthening institutional capacities for conservation and sustainable community development in the **Sierra del Lacandon National Park** in the **Mayan Biosphere** (Petén)
- Strengthening the Solola regional parks system and supporting sustainable development initiatives in the Guatemalan volcanic chain region
- Developing a conservation strategy within **the Motagua Valley of the Motagua-Polochic** watersheds
- Designing proposals for alternative strategies of conservation for northern **Huehuetenango in the Cuchumatanes Region**
- Strengthening community organization for local management of communal forests in **Quetzaltenango and Totonicapán**
- Strengthening community management for the conservation of **Cero Cucho** and **Cerro Saquibut in San Marcos**
- Resolving three management and territorial governance conflicts in protected areas of the Caribbean (**Motagua-Polochic** watersheds)

F. Status of Guatemala TFCA Fund (as of 12/31/2009)

Grants Account Deposits	Endowment Account	Number of Grants Awarded	Value of Grants Approved
\$ 7,128,024	\$ 1,622,727	7	\$1,608,446

TFCA PROGRAM IN COSTA RICA

A. Essential Facts

1. Date of Agreement: September 13, 2007
2. Type of Agreement: Subsidized debt swap
3. NGO Partners: Conservation International, The Nature Conservancy
4. Financing Summary:
 - USG funds contributed: \$12.6 million
 - NGO funds leveraged: \$ 2.5 million
 - Total funds generated: \$26.0 million over 16 years (through 2023)
 - TFCA Fund Manager: Costa Rica National Institute for Biodiversity (InBIO)

B. Costa Rica's Forests

Costa Rica's forests cover about half the country and include biologically rich rainforests, dry forests, coastal forests, and mangroves. Many of these forest ecosystems are also essential to preserving the country's water resources. Costa Rica has been an innovator in establishing user pay and other programs to generate payments for forest ecosystem services, including water and carbon, as well as for developing successful ecotourism programs, which account for about five percent of the country's gross domestic product.

C. TFCA Program Overview and Administration

The aim of the TFCA program in Costa Rica is to help conserve high-value forests in the following regions of the country:

1. **Osa Peninsula** - Home to the scarlet macaw and many other bird species, as well as the squirrel monkey and jaguar
2. **La Amistad** - Most extensive tract of protected forest in the country and the source of much of Costa Rica's fresh water
3. **Maquenque Wildlife Refuge** - Home to the great green macaw and many other species
4. **Tortuguero** – Dry forest with high biodiversity
5. **Nicoya Peninsula** – Dry forest and mangroves important to preserving the water resources in the region

The TFCA program for Costa Rica is a grants program which provides direct funding to local community and environmental organizations. An endowment fund is also being considered to provide long-term financing for conservation in the five focus regions. The TFCA Oversight Committee has five members, including one representative of the USG (from the U.S. Embassy in San Jose), one representative of the Government of Costa Rica, one local representative each of Conservation International and The Nature Conservancy, and one representative of a local civil society organization.

D. Specific Activities and Accomplishments

The Oversight Committee made a decision to name a new Fund Administrator for the TFCA Fund, Costa Rica’s National Institute for Biodiversity (InBIO), after a rigorous selection process. InBIO has 20 years of experience in biodiversity conservation.

As of December 2009, the Government of Costa Rica had deposited over \$3.8 million into the TFCA fund. A call for grant proposals is expected by March 2010.

E. Status of Costa Rica TFCA Fund (as of 12/31/2009)

Grants Account Deposits	Endowment Account	Number of Grants Approved
\$ 3,834,687	Under consideration	0

TFCA PROGRAM IN INDONESIA

A. Essential Facts

1. Date of Agreement: June 30, 2009
2. Type of Agreement: Subsidized debt swap
3. NGO Partners: Conservation International and Yayasan Keanekaragaman Hayati (KEHATI)
4. Financing Summary:
 - USG funds contributed: \$20 million
 - NGO funds leveraged: \$ 2 million
 - Total funds generated: \$30 million over 8 years
 - TFCA Fund Manager: Yayasan Keanekaragaman Hayati (KEHATI)

B. Indonesian Forests

Funds generated by the TFCA program will help Indonesia protect critical forest habitats on the island of Sumatra. Sumatra is home to hundreds of mammal, bird and plant species, many of which are rare or endangered, including the Sumatran tiger, elephant, rhino, and orangutan. The grants are designed to improve natural resource management and conservation efforts, and develop sustainable livelihoods for local people and communities who rely on forests.

C. Specific Activities and Accomplishments

In 2009, representatives from the U.S., GOI, Conservation International, and KEHATI selected three additional member organizations (Indonesia Business Links, Transparency International, and Syiah Kuala University) to complete the Oversight Committee. KEHATI will serve as the initial Fund Administrator and a Director was appointed to manage the TFCA program. In 2010, the Committee will develop a strategic plan and grant-making policies and procedures, with the expectation of issuing its first grants in mid-2010.

D. Status of Indonesia TFCA Fund (as of 12/31/2009)

The balance of the Government of Indonesia deposits into the TFCA account by the end of calendar year 2009 was \$2,001,305.

Grants Account Deposits	Number of Grants Approved
\$ 2,001,305	0

Annexes

Annex I

Enterprise for the Americas Board

EAB USG members

<u>Member</u>	<u>Designee</u>
1. Hon.. Hillary Rodham Clinton Secretary of State [Chair]	Dr. Kerri-Ann Jones Assistant Secretary for OES
2. Hon.. Timothy F. Geithner Secretary of the Treasury	vacant
3. Hon. Lisa Jackson Administrator of the Environmental Protection Agency	Ms. Kathy Petruccelli Deputy Assistant Administrator for International Affairs
4. Hon. Tom Vilsack Secretary of Agriculture	vacant
5. Dr. Rajiv Shah Administrator of USAID [Vice-Chair]	Mr. James Hester Agency Environmental Coordinator
6. Ms. Nancy Sutley Chair of the Council on Environmental Quality	vacant
7. Hon. Ken Salazar Secretary of the Department of Interior	Kathryn Washburn Director of International Affairs (DOI)
8. Dr. Valdis Mezainis Director of International Programs, USDA Forest Service	none

EAB Private Sector Members Date

Appointment - Vacancy

9. Mr. Peter Seligmann, Chairman & CEO, Conservation International	1999 - active
10. Mr. Jan Hartke, Executive Director, EarthVoice	1999 - active
11. Dr. Linda Randolph, The Developing Families Center	1995 - active
12. Dr. Douglas X. Patiño, Vice Chancellor, California State University	1995 - active
13. Vacant [Ms. Diane Wood, World Wildlife Fund resigned]	1995 - 2002
14. Vacant [Mr. Jorge Bolaños, NOVA Home Health Corp., inactive]	1995 - 2000
15. Vacant [Mr. John Sawhill, The Nature Conservancy, deceased]	1995 - 2000

Annex II

TFCA Fund Evaluation Scorecard

	Category	Function	Criteria	Rating
			definition: "OC/B and its implementor" = The Oversight Committee/ Board and its Fund Administrator or Office of Executive Director.	Excellent (4); Acceptable (3); Needs Improvement (2); Unacceptable (1); NA
A.	Implementation of Agreements		A.1.1 The OC/B and its implementor become operational within one year from the signing of the agreements.	
			A.1.2 The Fund, or other implementor of the TFCA agreement, is in compliance with all articles of the agreements, including the legal registry of the appropriate implementing bodies.	
			A.1.3 The Fund, or other implementor of the TFCA agreement, completes, and makes accessible, annual audits, plans and reports as may be required in the agreements.	
B.	Governance	Planning	B.1.1 Within one year of January 1, 2005 or within one year of becoming operational, the OC/B has established a written strategic plan that includes (a) specific, key objectives, (b) a list, in order of importance, of conservation and funding priorities in order to meet those objectives, and (c) target dates for completion of objectives.	
			B.1.2 The established goals & objectives complement plans/programs of others (eg. national environmental plans, donors, swap partners).	
			B.1.3 The OC/B, or its implementors, have established all internal operational policies and procedures in accordance with normal business standards.	
		Implementation	B.2.1 The OC/B meets in accordance with the bilateral agreement with achieves a quorum at these meetings.	
		Monitoring	B.3.1 The OC/B evaluates, on an annual basis, progress toward the key objectives specified in the strategic plan, and implements any changes judged necessary to remedy deficiencies in meeting the key objectives.	
			B.3.2 Within one year of January 1, 2005 or within one year of becoming operational, the OC/B has established and implemented a monitoring and evaluation plan for determining the conservation impact of funded projects. OC/B monitors assessment of impact of projects.	
			B.3.3 The OC/B conducts an annual performance review of institutional management (itself, the implementors, and, if applicable, the Trustee or Investment Manager).	

	Category	Function	Criteria	Rating
C.	Grant Management	Planning	C.1.1 The percentage of total funds paid into the Foundation or Fund (or other vehicle established to receive payments resulting from the Forest Conservation Agreement) disbursed as grants annually, is at a reasonable level.	
		Implementation	C.2.1 Request for Applications (RFAs), or other grant solicitation mechanisms used, are undertaken on a schedule consistent with an OC/B approved expenditure plan, if applicable, and widely publicized (if competitive). (Please specify publication method, frequency, and number of grant applications received).	
			C.2.2 Grant processing, including fund disbursement periods, is maintained within reasonable targeted timeframes.	
		Monitoring	C.3.1 Grant agreements require reporting on the conservation impact of project.	
			C.3.2 The OC/B has a policy on the need for, and the frequency of, financial audits of grant recipients.	
			C.3.3 Implementor ensures that all necessary grant recipient financial audits and/or impact reports are submitted as required by agreements.	
			C.3.4 The OC/B, through its implementors, ensures periodic on-site reviews of grant projects.	
D.	Financial Management	Planning	D.1.1 The OC/B has established a financial plan (complete with budgets, forecasts of income and expenditures).	
			D.1.2 As appropriate, the OC/B has established a written investment policy (guidance for the implementor or fund manager).	
		Implementation	D.2.1 The administrative costs were kept within the limits established by the bilateral agreement or its amendments during the last fiscal year.	
			D.2.2 The OC/B has established, as appropriate, in-house or outsourced investment monitoring capabilities (separate from the Investment Manager).	
			D.2.3 Assuming fund sustainability beyond the life of the TFCA agreement is an objective, the fund has diversified its sources of revenue (fund raising).	

Annex III

EAI COUNTRY REPORTS



Nocturnal molting insect, Yasuní National Park.
Photo: EAI/TFCA Secretariat

Argentina

The Enterprise for the Americas Initiative Fund (EAI) was created in January 1993 through a bilateral debt reduction agreement with the United States. This agreement applied the interest on an outstanding \$34 million debt owed by Argentina to USAID to provide \$3.1 million to the EAI over a 14-year period. EAI Fund operations began in September 1995.

Mission Statement

To promote activities designed to preserve, protect, or manage the natural and biological resources of Argentina in an environmentally sound and sustainable manner, while encouraging the improvement of child survival and development in Argentina.

Background

The Americas Fund for Argentina has had a bumpy recent history. Due to Argentina's financial crisis in 2001-2002, the Government of Argentina (GOA) missed five quarterly interest payments to the Fund. In September 2002, the GOA also missed a payment of principal to the U.S. Government totaling \$2,691,075. As a result, Argentina was declared "in violation of the Brooke Amendment" in October 2003. The operation of the Argentine Americas Fund was not affected by that designation, and GOA interest payments to the Fund are currently back on schedule. (*Note: Please see the "Fund Management section of this report for a more detailed discussion of the GOA's interest payment obligations*).

The GOA finally formalized the Fund's legal standing in 2003. Since then, the Fund has had the support of the Secretary of Environment and Sustainable Development, which provides office space free-of-charge. The Fund held its first board meeting as an established legal entity in September 2003. Grant-making activities were renewed in 2004 after a two-year recess, which was occasioned by the Fund's lack of legal standing (*see above*), for which application proceedings began in 1996.

Note: A more thorough history of the Americas Fund for Argentina is available in the report entitled "An Evaluation of the Enterprise for the Americas Account at the Fondo para las Americas Argentina," an independent external evaluation of the Fund published in October 2006.

Grant-Making

The Americas Fund for Argentina makes a distinction between the "Call Year" (the year in which the Call for Proposals was released), the "Approval Year" (the year in which the grant agreement is signed), and the "Finance Year" (the 1-2 years of disbursements). While the Approval Year and Finance Year are generally the same, the Call Year often predates the others in reporting cycles.

The "IX Convocatoria" (Ninth Call) was issued in October 2008. Project proposals were requested for the following categories: soil conservation and management; biodiversity; water resources; land; air quality; alternative energy; health and the

environment; and environment and childhood. The Fund set a deadline of January 31, 2009 for submission of project proposals. Seven (of 52) grant projects were approved totaling US\$380,000 (*see table below*). Since its inception, the Fund has approved \$2.3 million in grants.

Project Administration and Oversight

The table below contains information relating to all seven grant projects approved in 2009. The geographic coverage for the 2009 grant-making year targeted all regions of the country.

Institution	Projects	Duration	Grant (US \$) rounded	Project Objectives
	CENTER REGION			Province of Cordoba, Buenos Aires and City of Buenos Aires
SERVIPROH	Sustainable development for all	18 months	\$60,000	Contribute to the development of green corridors in the city of Cordoba by implementing local adaptation strategies of an improved rain water drainage system
	CUYO REGION			Provinces of Mendoza, San Juan, San Luis
CRYCIT	Capacity building for goat producers in dry areas	12 months	\$60,000	Pilot program of development of pastures in dry areas, improve goat rearing practices to combat desertification and poverty, set up a school-workshop-lab, capacity building and training of local producers.
	NORTHEAST REGION			Provinces of Chaco, Formosa, Misiones, Corrientes and Entre Rios
Argentine Red Cross	Natural resource preservation, childhood and environmental quality	24 months	\$60,000	Strengthening and training in community centers and schools by selecting groups of children and teaching them value of their environment, their community and public space, sense of belonging. Similar initiatives in 10 neighborhoods in the Province of Corrientes. Inclusion of the parents and rest of the family in the initiative.
Ecoclub Association	Health prevention – dengue prevention in homes and schools	12 months	\$40,000	Promote good practices among school children teaching them to eliminate water reservoirs at home
	NORTH WEST REGION			Provinces of Catamarca, Jujuy, Salta, La Rioja, Santiago del Estero and Tucuman
Ecoandina Foundation	Public baths using solar energy and resource conservation	24 months	\$55,000	Set up 4 public baths to improve hygiene and health. Establish the use of solar energy as a clean source of energy. Use this as an example of good practices among neighbor communities.

Institution	Projects	Duration	Grant (US \$) rounded	Project Objectives
	PATAGONIA NORTH REGION			Provinces of La Pampa, Neuquen, Rio Negro
Arelauquen Foundation	Capacity building of recycling community in the city of Bariloche	24 months	\$45,000	Provide a better recycling service to the community by improving the machinery, equipment and infrastructure for recycling. Provide training for the use of the new equipment, improve recycling of materials such as electronics, PVC and other plastics and assist in the marketing of these products to obtain better prices.
	PATAGONIA SOUTH REGION			Provinces of Chubut, Santa Cruz, Tierra el Fuego
Patagonia Austral National University Foundation	Fauna preservation through better understanding of the feeding patterns of selected animal species	24 months	\$60,000	Study in more detail the interaction of pumas with two endangered species of foxes in Patagonia, in order to find ways to limit the encroachment of expanding populations of pumas in protected areas for foxes.

Fund Management

The 1993 U.S.-Argentina bilateral agreement that created the Americas Fund established that the then-called Secretariat for Natural Resources and Human Environment would serve as the Executive Secretariat for the “Americas Fund Commission,” consisting of nine members. Because the Fund’s legal status approval was delayed six years, the Board functioned independently of the GOA from 1995-2002. A new nine-person Board was confirmed in August 2003. The U.S. Embassy representatives to the Americas Fund board are the Deputy Chief of Mission (currently Thomas Kelly) and the Counselor for Environment, Science, Technology and Health as alternate (currently James Perez).

The Fund has renewed its contract with the part-time accountant hired in 2004. In accordance with the Fund Agreement, the accounting firm Price Waterhouse & Co. was contracted to carry out the external auditing for the periods of September 1, 2006 to August 31, 2008.

According to the payment structure agreed upon by the Government of Argentina and the Government of the United States, the Fund was to have received a final interest payment of USD \$6,986 in the quarter ending on September 30 2007. However, as mentioned earlier in this report, the Government of Argentina declared default on its debt on December 2001 and stopped payments of principal that had been established by the Fund Agreement. Both Governments have agreed that the Fund will continue as an active entity as long as it has resources to fund projects that fulfill its mandate.

Sustainability

As the Fund's schedule of deposits has expired, administrative and other operating expenses are covered with a deduction of 8 percent from the amount assigned to projects. Other expenses contemplated include follow-up and monitoring of each approved project.

Fund Data	2001-2005	2006	2007	2008	2009	Total 2001-2009
No. of proposals submitted	232	77	30	-	53	392
No. of proposals approved	10	5	11	-	7	33
EAI funding disbursed for projects	\$ 384,365	\$ 134,173	\$ 72,781	\$ 221,522	279,953	\$ 1,092,794
Total counterpart match	\$ 341,939	\$ 317,934	\$ 400,884	-	598,752	\$ 1,659,509*
Counterpart as a % of total project budget	47%	70.3%	84.6%	-	68.1%	60.3%
Amount spent on Administration	\$ 72,790	\$ 16,895	\$ 21,280	\$ 22,525	36,306	\$ 169,796
Administrative costs as % of grant disbursements	18.9%	12.6%	29.2%	10.2%	13.0%	15.5%
Interest gained on the Fund	\$ 389,684	\$ 164,803	\$ 165,633	\$ 173,216	\$ 152,915	\$ 1,046,251
Fund balance at the end of the year	\$1 ,671,928	\$1,718,990	\$1,782,205	\$1,732,765	\$ 1,470,120	n/a

* The text reports total grants as **US\$2.3 million** from 1996-2009

	2004 US\$	2005 US\$	2006 US\$	2007 US\$	2008 US\$	2009 US\$
Interest by agreement	114,411	89,008	61,590	34,564	7,359	-
Compensate interest	47,391	75,010	103,213	131,069	165,857	152,915
Total payment	161,802	164,018	164,803	165,633	173,216	152,915

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Bolivia



PUMA has achieved notable successes since 2002. However, because the PUMA bylaws provide the founding members, the Government of Bolivia (GOB) and the U.S. Government (USG), with special rights and responsibilities, but require that the Founders exercise those powers jointly, effective direction of PUMA requires both founding members to participate actively in the governance and administration of the Foundation. Recently, in the absence of GOB participation, reflecting lack of GOB engagement with the USG on several fronts, the Board of Directors of the Foundation has filled the vacuum left by the lack of Founders' guidance, and made several decisions that exceed their authority and which raise concerns about the Founders' control of both PUMA and its funds and other assets. See the section of the report entitled "Leveraged Resources 2009" (p. 71) for an example of one of these concerns.

In response to this development, the USG's principal objective is to invite the GOB to reengage to work together to reinstate good corporate governance procedures at PUMA so that the Foundation can continue to be an active vehicle for promoting sustainable economic development in Bolivia. In order to accomplish this objective, it is critical that the GOB again becomes an active participant in the management of PUMA. The USG has initiated a dialogue with the GOB for the initial purpose of agreeing on direction to be given to the Board of Directors. Additionally, the USG also has invited the GOB to provide their views for improving the administration of PUMA, and further aligning its program with their National Development Plan.

Creation of the PUMA Foundation

The Enterprise for the Americas Initiative Fund (EAI) in Bolivia was created through a bilateral debt reduction agreement with the United States Government (USG) in August 1991. This agreement reduced approximately US\$31 million of P.L. 480 debt. The interest on the remaining debt of US\$7 million, together with a voluntary US\$20-million bond issued by the Government of Bolivia (GOB) as part of a separate deal that discharged US\$341 million of USAID loan debt, is projected to provide the EAI Fund with US\$21.8 million over a 15-year period. The Fund's operation began in September 1992 and was managed for seven years by the Bolivian Government's National Fund for the Environment (FONAMA).

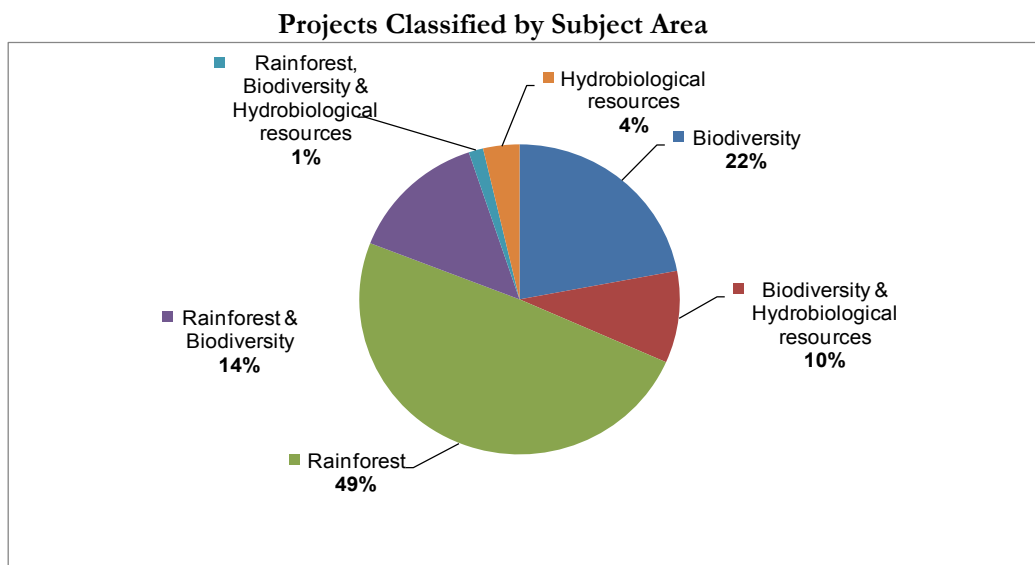
In June 2000, the USG and the GOB signed a Protocol to transfer the management of the EAI account to a private foundation creating, in May 2001, the Foundation for the Protection and Sustainable Use of the Environment (Fundación PUMA). In November 2002, the transfer of US\$17.6 million in EAI funds from FONAMA to PUMA was completed and by May 2003.

PUMA's Mission and Approach

"PUMA exists to change the relationship between human beings and nature, to sustain both for mutual benefit".

The impacts produced through this Mission statement are significant, as summarized and highlighted by :

- The participation of 590 indigenous, rural and settler communities and 22 ASL (Local Social Association) in the preparation and execution of projects
- The development of capacities for the management and administration of renewable natural resources in 19,041 members of these communities
- The registration of 265,848 hectares of forests under sustainable management incorporated to the National Forestry System
- The selection of 148 plant species (89 timber and 59 non-timber products) and 70 animal species (mammals, arthropods and reptiles) for sustainable management

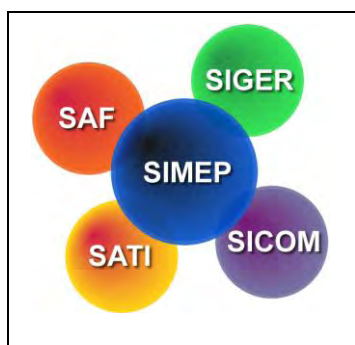


PUMA ‘s operations and grant management model represent a new paradigm in Bolivia. PUMA identified its grant-making niche in the contribution to both environmental conservation and human development (i.e., economic productivity) and all project proposals must demonstrate both. In addition, PUMA awards grants only for the sustainable use of *renewable* natural resources in one of the three following program areas: forests and forested lands (forest timber and non timber resources); biodiversity (wildlife and genetic resources): and water resources (micro-watersheds related to the use of natural resources).

All grant applications must address "management and sustainable use" of these resources (i.e., economically productive conservation), for which business plans are developed. Every proposal must improve livelihoods. A proposal may include training and/or research, as long as these elements contribute to the management and sustainable use of the resource.

PUMA's Management Systems

To help implement this vision and to strengthen the beneficiary institutions and communities that propose projects, PUMA implements projects that are designed and approved through decentralized Project Schools. These Schools train prospective grantees in grant management, especially in project design. The Schools are administered by PUMA's Pre-Investment Office (DPI⁸), addressing issues prior to actual grant approval. The two other PUMA offices are the Project Monitoring and Evaluation Office (DIMEP) and the Finance and Administration Office (DAF).



PUMA's organizational structure is supported by a sophisticated information technologies (IT) system. The IT design allows systematization and integration of information across five management areas: SIMEP (Project Preparation, Monitoring and Evaluation System); SAF (Financial Administration System); SIGER (used for donor databases, portfolio monitoring, and document management); SICOM (used for the web page, internet, virtual forum and photo gallery); and SATI (used for information security policies). A Geographical Information System (GIS) is incorporated into the SIMEP system for improved program management and integration.

Overview and Achievements in 2009

Budget

Details on PUMA's budget are included in the following table.

Table N° 1

2009 Approved and Modified Budget (US\$)

Funding Source	Approved Budget	Modified Budget	Executed Budget	Balance	Execution %
EAI Account	2,959,546	3,088,537	2,439,298	636,991	78.98%
Critical Ecosystem Partnerships Fund (CEPF II)	335	38,19	9,789	24,401	25.63%
Critical Ecosystem Partnerships Fund (CEPF I)	105,354	120,913	79,905	41,008	66.08%
Conservation International (Delfin de Rio)	15,54	15,54	15,54	0	100%
Conservation International (Becas)	72,386	72,386	30,863	41,523	42.64%
The McKnight Foundation	0	0	0	0	0
Amazon Basin Conservation Initiative (ABCI) - ICAA	557,868	535,238	171,778	363,459	32.09%
Fondo de Medio Ambiente (Environmental Fund)	432,823	494,123	411,592	82,531	83.30%
CIDOB-GTI	816,673	294,989	260,887	34,101	88.44
Programa BABA CARAPA	524,182	353,682	138,834	214,848	39.25
TOTAL	5,819,373	5,013,598	3,558,487	1,438,862	70.97%

⁸ Spanish acronyms are used throughout this chapter.

Table N° 2

2009 Revenue Sources and Administrative Budget (US\$)

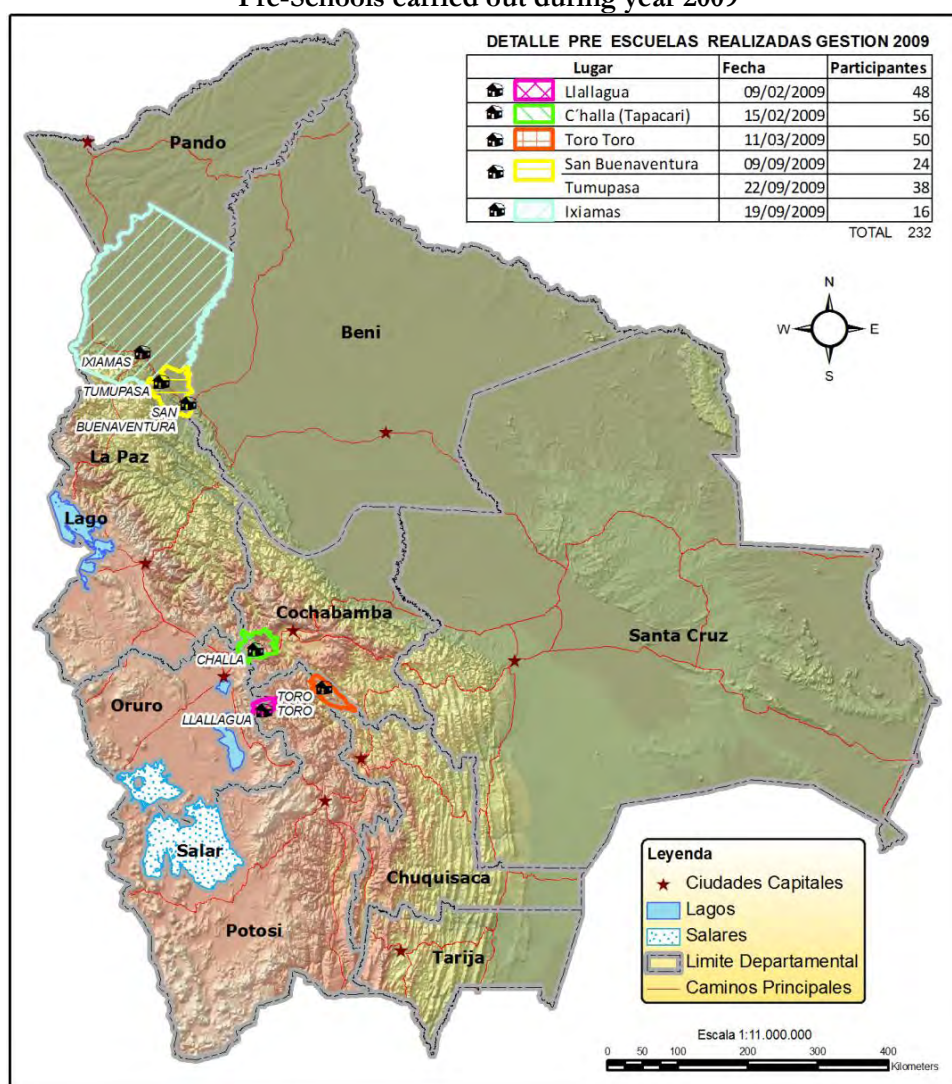
Projects	EAI	Project Counterpart	CEPF	CI	ABCI-ICAA	FMA	Totals	PUMA Administrative Budget		
								10% SIMEP	15% Admin. Expenses	Total budget SAF - SIMEP
11 th and 12 th School	1,002,543	779,706	443,736		1,069,737	104,246	3,399,968	339,997	326,479	666,476
CI Scholarships	34,000			34,000			68,000	6,800		6,800
Other School Projects and other donors										
Total	1,036,543	779,706	443,736	34,000	1,069,737	104,246	3,467,968	346,797	326,479	673,276

Project Development and Grant Approval

During 2009, PUMA initiated six (6) Pre-Schools that trained 232 representatives from rural communities and grassroots organizations on the principal grant thematic areas, as well as on the Foundation's regulations and procedures for presenting of project ideas.

Map N° 1

Pre-Schools carried out during year 2009



Project Schools

PUMA completed three Project Schools in 2009: two for PUMA grants and one in support of a new Government of Bolivia grant making Fund targeting indigenous communities.

The highlands (*Altiplano*) were the priority for the eleventh Project School. It was held in the city of Oruro, May to June. The Academic Council approved 19 project profiles to advance to the final design stage. Ultimately, the Board of Directors approved 15 proposals. The final design of two additional proposals is still pending approval, since they exceed the \$100,000 threshold, which requires approval by both founding governments.

The grants and counterpart amounts for the 15 approved projects are detailed in Table 3. Of the 15 projects, two correspond to the FMA Program (Tarija), three to USAID's Initiative for the Conservation of the Andean Amazon Project (ICAA) and ten to the EAI (America's Fund) Program.

For the twelfth Project School, priority was given to the North of La Paz and the Beni surrounding region. Twenty-five project profiles were approved by the Academic Council following the First Cycle and advanced to the Second Cycle. At the drafting of this report, 23 ex ante evaluations by the Academic Council are being performed. Five of the 23 are considered within the CEPF II Program, eight within USAID's ICAA Program and the ten remaining ones within the *Forestal Baba Carapa* Program (see Table 4).

Second Indigenous Project School

PUMA also supported to a Second Indigenous Project School, in October in Santa Cruz de la Sierra. As a result, 23 productive projects are in final design in community agroforestry, community livestock, handicrafts, beekeeping, poultry, Brazil nuts and wild cacao collection and use. Final designs will request financing approval from the *Fondo de Desarrollo para los Pueblos Indígenas, Originarios y Comunidades Campesinas*. This is a fund was created through the Presidential Executive Order N° 28571, to provide funding to social and productive development projects, to be executed directly by the beneficiary communities and organizations with resources coming from the hydrocarbons tax.

Table N° 3

Projects Approved at the Eleventh Project School

No.	Project	Executor	Beneficiaries	Natural Resources Area	Location	Donation (US\$)	Community partners (US\$)	Project (US\$)	% SIMEP (US\$)	Total (US\$)
1	Aprovechamiento y comercialización de especies no maderables, (castaña, asaí y majo)	Asociación de Comunidades Extractivistas del Bosque Amazónico	Comunidad 1ro de Mayo, las Abejas y Santa Rosa del Abuna	Forest	Pando Prov. Abuná Mun. Santa Rosa del Abuná	189,942.60	66,288.97	256,231.56	25,623.16	281,854.72
2	Ecoturismo Comunitario "Laguna Estrella" (TCO Tacana III Comunidad Zoraida)	Organización de Comunidades Indígenas Tacana de Ballivian	Organización de Comunidades Indígenas Tacanas de Ballivian - Beni	Biodiversity	Prov. José Ballivian Reyes Mun. Zoraida	98,153.89	31,526.17	129,680.06	12,968.01	142,648.06
3	Producción y Aprovechamiento de peces a través de un manejo Especializado en la Comunidad Chiquiaca Sud	Centro de Madres "La nueva Esperanza"	OTB Chiquiaca Sud	hydrobiological resources	Tarija Prov. Burnett Oconnor Mun. Entre Rios	93,753.59	25,216.27	118,969.85	11,896.99	130,866.84
4	Manejo sostenible de plantas medicinales nativas y biodiversidad asociada a ella para el fomento del desarrollo económico productivo, en el Norte de Potosí, Municipio de Pocoata	Programa de Desarrollo Integral Interdisciplinario	Asociación de Productores de Hierbas y mates de Tutupaya, Senajo y Patacochi - APROHIMA	Biodiversity	Potosí Prov. Chayanta Mun. Pocoata	93,059.55	25,091.80	118,151.34	11,815.13	129,966.48
5	Manejo y Aprovechamiento Sostenible del Bosque Nativo para la producción de miel y polen orgánico en comunidades pobres del municipio Toro Toro	Fundación Contra el Hambre/Bolivia	Asociación de Productores Agropecuarios de CAINE (AGROCAINE)	forest and Biodiversity	Potosí Prov. Charcas Mun. Toro Toro	96,629.73	29,519.09	126,148.83	12,614.88	138,763.71
6	Conservación a través de la producción sostenible y transformación de plantas medicinales nativas en las comunidades de los municipios de San Pedro de Buena Vista y Chayanta	Equipo Técnico de los Ayllus y Pueblos Indígenas del Norte Potosí ETA - PI	Comunidades Cutimarca (municipio Chayanta) Sarijchi (municipio de Pocoata), Wencaylla y Toracari (Municipio de San Pedro) del Norte Potosí	Biodiversity	Potosí Prov. Charcas Mun. San Pedro de Buena Vista	94,091.99	23,596.32	117,688.32	11,768.83	129,457.15
7	Aprovechamiento de las potencialidades turísticas del Parque Nacional Toro Toro con acciones de conservación de la Paraba de Frente Roja (ara rubrogenys)	Fundación Contra el Hambre/Bolivia	comunidades: Hacienda Loma, Huayra Kasa, Viluyo, Estrellani, Mollecancha, Toro Toro, Cruz Kasa, Villa Kasa	Biodiversidad	Potosí Prov. Charcas Mun. Toro Toro	93,243.85	25,093.35	118,337.20	11,833.72	130,170.92
8	Recuperación, Conservación y Manejo de la Laguna Piriti	Seamos Solidarios	Comunidad de Piriti del Municipio de Villamontes	hydrobiological resources	Tarija Prov. Gran Chaco Mun. Villamontes	99,294.77	25,337.34	124,632.11	12,463.21	137,095.32
9	Aprovechamiento sostenible integral de plantas nativas para tintes y ganado camélido (llama) en la comunidad de Jachuyo	Equipo Técnico de los Ayllus y Pueblos Indígenas del Norte Potosí ETA - PI	Jachuyo	Biodiversity	Potosí Prov. Charcas Mun. San Pedro de Buena Vista	83,180.76	20,954.74	104,135.50	10,413.55	114,549.05
10	Manejo Sostenible de los Tolares (Parastrephia sp.) y Pastos Nativos en tres cantones del Municipio de Caquiaviri	Programa Multidisciplinario de Apoyo al Desarrollo "PROMADE"	Asociación de Productores "AWYALA"	Biodiversity	La Paz Prov. Pacajes Mun. Caquiaviri	97,503.11	24,407.92	121,911.03	12,191.10	134,102.14
11	Uso y manejo integral de los recursos vegetales para la conservación de los tolares de la comunidad Pacollo	Comunidad Originaria Pacollo Achiri Pacajes	Familias de Comunidad Originaria de Pacollo	forest and Biodiversity	La Paz Prov. Pacajes Mun. Caquiaviri	23,384.30	8,714.29	32,098.59	3,209.86	35,308.44
12	Aprovechamiento sostenible de la totora mediante la elaboración de harina por la asociación ASPAGRO	Centro de Investigación y Promoción del Desarrollo Agropecuario Sostenible e Integral "SUMA PACHA"	Asociación de Productores Agropecuarios Originarios Ecológicos ASPAGRO - Desaguadero	Biodiversity	La Paz Prov. Ingavi Mun. Desaguadero	94,980.76	25,580.62	120,561.39	12,056.14	132,617.52
13	Ecoturismo Comunitario - Tumichucua	Mancomunidad de Municipios del Norte Amazónico de Bolivia	Comunidad Campesina Tumichucua	forest Biodiversity and hydrobiological resources	Beni Prv. Vaca Diez Mun. Riberalta	99,981.98	50,780.62	150,762.60	15,076.26	165,838.86
14	Aprovechamiento sostenible de vicuñas y producción integral de llamas en tres comunidades del municipio de San Pedro de Totora	Pueblo Indígena Originario de Totora Marka	Comunidades Panaoza, Irapajoco y Rosapata	Biodiversity	Oruro Prov. San Pedro de Totora Mun. Totora	88,955.16	24,523.20	113,478.36	11,347.84	124,826.20
15	Evaluación y Manejo sostenible de recursos hídricos en el Ayllu Chayantaka - Yaqu Chayantaka	Asociación Equipo Kallpa	7 cabildos del Ayllu Chayantaka	hydrobiological resources	Potosí Prov. Rafael Bustillos Mun. Chayanta	148,711.74	50,562.66	199,274.40	19,927.44	219,201.84
TOTAL						1,494,867.78	457,193.35	1,952,061.14	195,206.11	2,147,267.25

Table N° 4

Project Approved at the Twelfth Project School PUMA

N°	Project	Executor	Beneficiaries	Natural Resources Area	Location	Donación (US\$)	Community Partners (US\$)	Total project (US\$)	% SIMEP (US\$)	TOTAL (US\$)
1	Aprovechamiento sostenible de la producción del coco y copoazú bajo sistemas agroforestales sucesionales en las comunidades de Piedras Blancas y Bala del Municipio de Rurrenabaque, departamento del Beni.	Fundación ECOTOP	Central de Comunidades campesinas Piedras Blancas y Bala	Forest and Biodiversity	La Paz Prov. Sud Yungas Municipio Palos Blancos	85,446.33	27,934.94	113,381.26	11,338.13	140,756.34
2	Desarrollo productivo y económico de la AEPACOM a través de la comercialización con valor agregado del cacao orgánico acopiado y producido bajo sistemas agroforestales en la Provincia Abel Iturralde	Asociación Económica de Productores y Acopiadores de Caco Orgánico Madidi - AEPACOM	Asociación Económica de Productores y Acopiadores de Caco Orgánico Madidi - AEPACOM	Forest and Biodiversity	La Paz Prov. Abel Iturralde Mun. Ixiamas	95,213.01	23,990.10	119,203.11	11,920.31	147,983.83
3	Manejo, beneficiado y comercialización de cacao producido en sistemas agroforestales	Centro Experimental de Asistencia Técnica Agropecuaria CEATA	Pre cooperativa 8 de septiembre	forest	La Paz Prov. Abel Iturralde Mun. Ixiamas	85,985.86	23,591.23	109,577.09	10,957.71	136,033.68
4	Ampliación y mejoramiento de la calidad de cacao en sistemas de producción sostenible	Asociación Ecológica de Cacao Amazónico de Rurrenabaque	Asociación Ecológica de Cacao Amazónico de Rurrenabaque	Forest and Biodiversity	Beni Prov. José Ballivian Rurrenabaque	96,541.33	24,598.30	121,139.63	12,113.96	150,387.91
5	Sistemas Agroforestales para Seguir tejiendo	Turismo Ecológico Social - TES	Asociación Tres Palmas	forest	Beni Prov. José Ballivian Rurrenabaque	80,549.65	25,459.69	106,009.34	10,600.93	131,604.52
6	Aprovechamiento sostenible del cacao silvestre (<i>Theobroma cacao L.</i>) para su conservación e implementación de sistemas agroforestales en comunidades de la TCO Takana I	Consejo Indígena del Pueblo Takana	Comunidades: Cachichira, San Antonio del Tequeje, Carmen del Emero y Tumupasa	Forest and Biodiversity	La Paz Prov. Abel Iturralde Mun. Ixiamas	67,056.58	16,776.52	83,833.10	8,383.31	104,073.99
7	Aprovechamiento sostenible de recursos naturales en Villa Alcira para el etno-ecoturismo comunitario basado en el desarrollo de capacidades locales en la TCO Tacana I.	Comunidad Indígena Tacana Villa Alcira	Asociación de turismo comunitario Canopy Villa Alcira	Biodiversity	La Paz Prov. Abel Iturralde Mun. San Buenaventura	89,216.69	26,122.49	115,339.18	11,533.92	143,186.99
8	Mejoramiento de la producción de cacao nativo en sistemas agroforestales, revalorización del recurso y aporte a la conservación del bosque y al mejoramiento de la economía de las familias productoras en el sector Mapiri de la TCO PILCOL	Asociación de productores de Cacao	Productores de Cacao nativo de las comunidades del sector Mapiri de la TCO - PILCOL	Biodiversity	La Paz Prov. Larecaja Mun. Guanay	84,649.22	22,079.21	106,728.43	10,672.84	132,497.23
9	Ecoturismo comunitario El Tigre	Comunidad El Tigre	Comunidad El Tigre	Biodiversity	La Paz Prov. Abel Iturralde Mun. Ixiamas	91,489.11	24,001.98	115,491.09	11,549.11	143,375.57
10	Manejo y aprovechamiento sostenible de los Lagos en Fortaleza	Mancomunidad del Norte Amazónico de Bolivia - MAMUNAB	Comunidad campesina Fortaleza - Rio Orthon	Biodiversity and hydrobiological resources	Beni Prov. Vaca Díez Mun. Riberalta	77,751.64	21,755.16	99,506.80	9,950.68	123,532.00
11	Manejo y crianza del Pacú y otras especies en el municipio de San Buenaventura	Asociación mixta de pescadores y agropecuarios los multiétnicos	Asociación mixta de pescadores agropecuarios los multiétnicos	Biodiversity and hydrobiological resources	La Paz Prov. Abel Iturralde Mun. San Buenaventura	79,822.21	20,164.07	99,986.28	9,998.63	124,127.24
12	Manejo y conservación de las especies nativas de peces en la TCO Tacana II a través del control del Paiche	Consejo Indígena del Pueblo Takana	Las Mercedes, Puerto Pérez, El Tigre y Toromonas	Biodiversity	La Paz Prov. Abel Iturralde Mun. Ixiamas	98,953.32	39,933.52	138,886.85	13,888.68	172,420.06
13	Turismo Ecológico Shushe Janána	Unidad de Producción Forestal Macahua (comunidad)	Unidad de Producción Forestal Macahua (comunidad)	Biodiversity	La Paz Prov. Abel Iturralde Mun. Ixiamas	92,720.65	26,106.08	118,826.73	11,882.67	147,516.58
TOTAL						1,125,395.59	322,513.30	1,447,908.89	144,790.89	1,797,495.94

No.	Project	Executor	Beneficiary	Natural Resources Area	Location	Donación (US\$)	Comunity Partners (US\$)	Comunity Partners (US\$)	Total Project (US\$)
1	Protección, conservación y aprovechamiento de los recursos maderables de la unidad de producción forestal Carmen Pecha "ADUÑE"	Unidad de producción Forestal Carmen Pecha	Unidad de producción Forestal Carmen Pecha	Forest	La Paz Prov. Abel Iturralde Mun. Ixiamas	90,037.34	202,671.00	28,666.34	118,703.68
2	Mejoramiento del aprovechamiento forestal sostenible y venta de madera en troza de buena calidad	Asociación Agro Industrial Maderera Siete Palmas	Asociación Agro Industrial Maderera Siete Palmas	Forest	La Paz Prov. Abel Iturralde Mun. Ixiamas	88,355.45	278,299.00	39,363.37	127,718.81
3	Aprovechamiento sostenible de los recursos forestales maderables de la ASL La Candelaria	Agrupación Social del Lugar La Candelaria	Agrupación Social del Lugar La Candelaria	forest Biodiversity	La Paz Prov. Abel Iturralde Mun. Ixiamas	80,779.21	188,490.00	26,660.54	107,439.75
4	Fortalecimiento del aprovechamiento forestal para mejorar los beneficios de la ASL	Agrupación Social del Lugar "ASL CAOBA"	Agrupación Social del Lugar "ASL CAOBA"	Forest	La Paz Prov. Abel Iturralde Mun. Ixiamas	91,974.67	189,800.00	26,845.83	118,820.50
5	Optimización del aprovechamiento forestal sostenible de la agrupación social del lugar El Triunfo	Agrupación Social del Lugar El Triunfo	Agrupación Social del Lugar El Triunfo	Forest	La Paz Prov. Abel Iturralde Mun. Ixiamas	89,331.94	216,602.00	30,636.78	119,968.72
6	Mejoramiento para un aprovechamiento forestal sostenible y comercialización de productos maderables con calidad.	ASL San Antonio	ASL San Antonio	forest Biodiversity and hydrobiological resources	La Paz Prov. Abel Iturralde Mun. Ixiamas	90,247.95	165,365.00	23,389.67	113,637.62
7	Manejo Forestal comunitarios con gestión de calidad	Organización Forestal Comunitaria San Pedro	Organización Forestal Comunitaria San Pedro	Forest	La Paz Prov. Abel Iturralde Mun. Ixiamas	92,681.61	195,215.00	27,611.74	120,293.35
8	Implementación y mejoramiento del aprovechamiento forestal	Agrupación Social del Lugar ASL Copacabana	Agrupación Social del Lugar ASL Copacabana	forest Biodiversity	La Paz Abel Iturralde Mun. Ixiamas	81,810.75	159,140.00	22,509.19	104,319.94
9	Aprovechamiento integral del PGMF de la sociación de pequeños industriales agroforestales de Tumupasa	Consejo Indígena del Pueblo Tacana (CIPTA)	Consejo Indígena del Pueblo Tacana (CIPTA)	Forest	La Paz Prov. Abel Iturralde Mun. Ixiamas	84,754.31	154,110.00	21,797.74	106,552.05
10	Manejo Forestal Sostenible bajo un sistema de aprovechamiento de impacto reducido	Asociación Agropecuaria Forestal y Artesanal - IDIAMA	Asociación Agropecuaria Forestal y Artesanal - IDIAMA	forest Biodiversity	La Paz Prov. Abel Iturralde Mun. Ixiamas	83,514.00	149,490.00	21,144.27	104,658.27
TOTAL						873,487.24	1,899,182.00	268,625.46	1,142,112.70

Management Schools

Three Project Management Schools were organized and designed for beneficiary coordinators, accountants and legal representatives. Content of Project Management Schools included: i) project execution and internal controls; ii) preparation and review of expense reporting, financial reports and accounting; iii) logical framework concepts and application; iv) disbursements and procurement; v) tax declaration; vi) budget reformulation; vii) counterpart funds; viii) income generation; and, ix) administration of a Revolving Fund.

In total, 107 participants from PUMA and other projects participated in three Project Management Schools in 2009. The three schools were held regionally (Santa Cruz, Tarija and Cobija) from February through June.

As a result of the Management School trainings, grant recipients are showing greater accountability in the administration of their grant resources, and are submitting higher quality and timely expense justification documents.

Within the Management Schools framework, to the *Centro de Promoción Agropecuaria Campesina (CEPAC)* will implement the curriculum component on the Preparation of Business Plans was awarded and to the Netherlands Development Organization, and will provide support to 16 projects in 2010. Additionally, they will submit a methodology for continuation of this component for future implementation by PUMA.

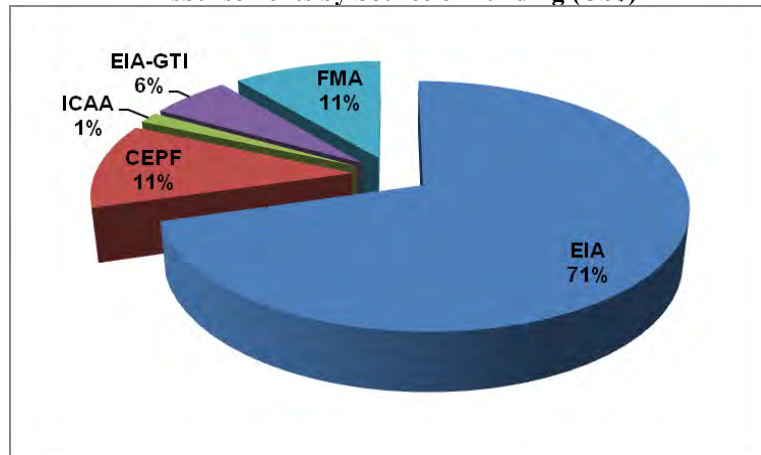
Project Monitoring and Evaluation

As of December 31, 2009, nine PUMA grants projects advanced to the grant disbursement phase. This made a total of 79 projects in execution during the year, which received disbursements and continual monitoring in accordance to SIMEP's procedures. A sum of US\$ 1,880,222 was budgeted for transfer to these 79 grants during the year. Ultimately, US\$ 1,347,839 was disbursed and a balance of US\$ 532,383 was yet to be transferred.

The PUMA project preparation, monitoring and evaluation system (SIMEP) was improved in 2009, through streamlining of its regulations. Additional efficiency gains were made through improvements in information technologies and inclusion of improved socio-economic and conservation baselines. In situ monitoring was intensified through more than 90 field visits to communities.

Figure 2 shows PUMA disbursements by account. The EAI Account remains the most significant grant making account (71%), followed by CEPF I (11%) and the FMA Tarija Program (11%). A new account was established this year through a CIDOB – PUMA Foundation (F-PUMA) Agreement with co-financing from EIA and *Gestión Territorial Indígena* (GTI) accounts. CIDOB manages the GTI monies. Finally, there are the projects funded with Wildlife Conservation Society resources for the USAID ICAA Program.

Figure N° 2
Disbursements by Source of Funding (US\$)



Research Grants Program

In 2009, PUMA continued its collaboration with the “Werner Hanagarth” Grant Program for Research in Threatened Species, a collaboration begun in 2003 with Conservation International (CI) to provide research grants on the order of US\$13,000 annually. Since 2003, CI and PUMA have obligated US\$123,000 to the program. A new collaborating partner, VIVA Telecommunications Company's Foundation (“*Estás Vivo*” Foundation) joined the initiative in 2009 with a River Dolphin Conservation Sub-program. PUMA is matching a joint contribution of US\$34,000 by CI and the *Estás Vivo* for a total grant sub-program of US\$68,000.

PUMA Opens Branch Offices

Two PUMA branch offices opened in 2009: Sucursal PUMA Oriente (SPO) in the Department of Santa Cruz and Sucursal PUMA Norte (SPN) in the Department of La Paz Amazon region.

The branches enable PUMA to perform project monitoring and evaluation closer to the communities; to have permanent and direct contact with the beneficiaries and organizations in charge of project execution; to establish a work area favorable for the beneficiaries and the Foundation; and, to establish an institutional presence. Additional benefits of closer proximity to the beneficiary communities are reduced transportation and communication expenses and quicker access to PUMA’s systems and services. The branch offices also allow grantees to access to a physical facility to carry out their meetings, business negotiations and networking.

Communication and Public Outreach

Because PUMA supports income generating “green” projects, the Foundation plays a significant role in marketing these projects. PUMA has supported the organization of trade and exposition fairs, through the design and production of audiovisual material and through event promotion. PUMA has produced documentaries, banners, billboards and brochures for products developed through PUMA grants. In addition, it advertises for these events through its “Hellas” magazine and its redesigned web site.

Special importance was given to the relationship with the media for the dissemination of PUMA's activities and results. PUMA hosted media reporters at a diverse array of projects in different regions. On PUMA's sixth anniversary, project interviews were coordinated with the magazine *Escape* addressing projects on Yuracaré (chocolate), Galilea (timber), Apolobamba (Vicuña fiber), Bella Vista (honey), Irimo (*majo* and *asai*), San Pedro de Bella Flor (timber).

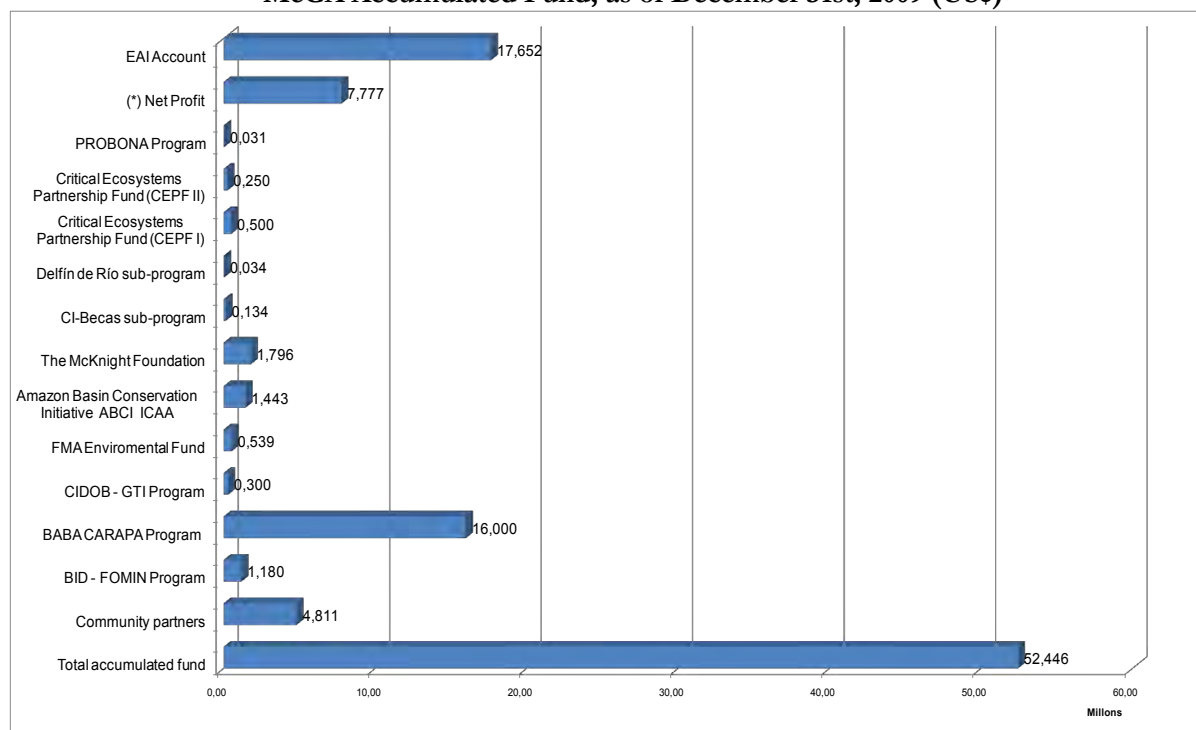
“Intelligent Markets for Conservation” is a specific PUMA program through which it supports trade fairs and expositions. A significant example is the successful organization of *BioExpo PUMA 2009*, held in May. Fifty-six projects participated in the event. One hundred and thirteen representatives among grant beneficiaries participated. Direct sales totaled US\$ 34,565 and throughout the three days the fair opened to the public, there were a total of 12,000 visitors.

In addition to the *BioExpo PUMA 2009*, the Foundation also supported the participation of 22 projects in five fairs and three business roundtables. The events resulted in direct event sales of over US\$170,969 and material orders of nearly US\$1 million. Training through PUMA's Intelligent Markets for Conservation program created several networking opportunities and venues for exchanges in experiences.

Fundraising and Sustainability

By the end of 2009, the PUMA Foundation accomplished one of the objectives established in the visionary goal (a.k.a. MeGA): the accumulation of over \$50 million for conservation grants. More specifically, the PUMA accounts were capitalized with US\$ 52,421 million. These funds are of three types: i) initial funds from the EAI Account plus interests, ii) resources from co-financing agreements signed with other organizations; and, iii) counterpart resources from project beneficiary communities.

Figure N° 4
MeGA Accumulated Fund, as of December 31st, 2009 (US\$)



(*) Net Profit = annual Dividends + interests + gains by updating of investments at market value.

This \$50 million target was achieved in August, 2009 as a result of a PUMA agreement with the governments of the Netherlands and Sweden for the purposes of co-financing a community forestry project entitled the *Programa Forestal Baba Carapa (PFBC)*. All three parties, PUMA Foundation, the Netherlands and the Swedish International Development Cooperation Agency (SIDA), have committed US\$8 million each towards the program.

The PFBC is a nationwide program with the objective "to contribute to the reduction of poverty levels in communities within priority forest regions, by promoting the development of a forest sector and a national forest industry... conservation actions and benefits acknowledged within national policies and international conventions on the multiple array of natural forest's goods and services."

The PFBC works through four components: 1) community forest development (to strengthen business-community entrepreneurship), 2) community-business partnerships (to promote partnerships across the value chain), 3) development of a forest funding system (to ensure access to community business finance), and 4) development of forest business community centers to serve as a value added clearing house for technical assistance and market information.

Leveraged Resources - 2009

In April, 2009 the Puma Board agreed to some degree of decentralization of the Baba Carapa program in order to support the needs of the large project (Directive N° 06/2009).

However, the PUMA Foundation's General Manager, got ahead of the Puma Board by creating an autonomous *Fundación PUMA Fondo Ambiental (PUMA – FA) overseen by an independent Board of Directors*. At the time of this writing, the legal, financial and technical mechanisms structured to implement PFBC are under review and being discussed with the Government of Bolivia.

Table 12
2009 Leveraged Resources (Co-Finance or Cost-Share)

Source	Amount US\$	Destination	Agreement signature date
<i>Programa de Bosques Nativos y Agroecosistemas Andinos, hereinafter called "PROBONA"</i>	30,888.54	Cofinancing of the project called "Manejo, transformación y comercialización de los recursos medicinales en los ecosistemas forestales de la Cultura Kallawayá", corresponding to the Second Project School	nov-04 Execution period: 2004 – 2005
CEPF - Conservation International - I- II	750,000.00	Its objective is to create a counter fund destined to co finance projects on natural resources sustainable use in the Bolivian part of the Villacabamba – Amoro Conservation Corridor.	Jan/2006 Execution period: 2006 – 2011
Conservation International – Endangered Species Program Grants	134,000.00	Its objective is to support research projects on the conservation of endangered species by researchers, independent or associated degree candidates or members of indigenous communities.	nov-03 Execution period: 2003 – 2010
Subprogram "Conservación del Delfin de Río Boliviano"	34,000.00	Research: "Conservación del Delfin Boliviano (Inia boliviensis) en la Amazonía Boliviana".	June 30/2009 Execution period: 2009 – 2011
The McKnight Foundation	1,795.77	administrator of the McKnight Foundation's Collaborative Crop Research Program (CCRP Program) in the Andean region, as financial facilitator and information mediator between the seven CCRP projects and McKnight.	may-05 Execution period: 2005 – 2010
Amazon Basin Conservation Initiative (ABCI – U.S. Government)	1,443.00	Its objective is to support peoples' initiatives whose project goals are related to conservation and sustainable use of natural renewable resources through training locals in production, commercialization and finances.	sep-06 Execution period: 2007 - 2011
Prefecture of Tarija (***)	538,846.00	Its objective is to support funding of sustainable environmental undertakings and initiatives in the Department of Tarija.	Dec/06 Execution period: 2007 – 2012
CIDOB – GTI	300,000.00	To create an Indigenous Cofinancing Fund, destined to the funding of undertakings in management and use of renewable natural resources in Original Community Lands (<i>Tierras Comunitarias de Origen -TCOs</i>), established in the GTI component and in other TCOs outside this component but which are part of the organizations affiliated to CIDOB.	April/08 Execution period: 2008 - 2013
SIDA/Netherlands		To contribute to the reduction of poverty levels in communities within priority forest regions, by promoting the development of a forest sector and a national forest industry that is inclusive and respects gender equality criteria; where its community and private stakeholders act with social and corporate responsibility; with national and global projection; with quality, technological innovation, conservation actions and benefits acknowledged within national policies and international conventions on the multiple array of natural forests goods and services.	August / 2009 Execution period: 2009 – 2016
BID-FOMIN	1,180.00	Local capacity building and market development for community integral management focused on the conservation of natural renewable resources.	oct-09 Execution period: 2009 – 2014
Total	22,206,505.03		

Investment Portfolio

The 2008 investment losses dictated a cautious investment strategy in 2009. The fund portfolio remained diversified and employed a risk management strategy. The Portfolio includes preferred stock, cash, alternative investments, fixed return (sovereign and corporate bonds) and variable return (mutual funds and indexes). Equities were generally retained in U.S. markets. Decisions on equity sales reflected the need to improve the portfolio's returns while rebalancing and maintaining cash flows for operations. The calendar year yielded a portfolio return of 21.12%. The details of this return are provided on the table below.

Year	2005	2006	2007	2008	2009
Return \$US.	654.359	1.323.271	717.164	-1.929.780	1.743.640
Yield %	4,17%	8,76%	4,82%	-14,86%	21,12%
Cápital Expenditure	1.754.841	1.280.468	1.551.808	3.109.751	262.657
Administrative Expenses	349.729	229.401	325.894	98.491	58.506
Results	-1.117.181	-781.507	246.470	-2.033.258	1.614.978
Portfolio Balance	15.641.339	15.883.377	15.037.393	9.725.363	8.180.388

Summary Table

Data	FONAMA	PUMA			Total PUMA yrs. only (2003-2009)	Total All Years
	1992-2002	2003-07	2008	2009		
Number of proposals submitted	1,620	702	64	219	985	2,605
Number of proposals approved	123	105	17	27	149	272
Grant approval totals from EAI account	6,154,808	8,392,769	1,539,772	2,620,263	12,552,804	18,707,612
Totals grant counterpart match	Unknown	4,069,203	664,447	779,707	5,513,357	5,513,357
Other counterpart leverage (e.g. co-financing)	Unknown	3,123,913	4,069,202	424,402	7,617,517	7,617,517
Total counterpart funds as % of grant approvals	Unknown	85.71%	307.43%	45.95%	104.61%	70.19%
Administrative expenses	1,644,833	2,262,048	533,226	601,631	3,396,905	5,041,738
Administrative expenses as % of PUMA grants	26.72%	26.95%	34.63%	22.96%	27.06%	27%
Interest earned and capital gains on the Account	3,712,524	6,928,269	423,748	474,432	7,826,449	11,538,973
End of the year Fund Balance	17,511,523	14,903,775	13,228,551	9,502,532	n/a	n/a

n/a: not applicable

Website: www.fundacionpuma.org

Colombia

Background

The EAI Account was created through a bilateral debt reduction agreement with the United States, signed in December 1992, which reduced Colombia's debt obligations to the United States by approximately \$31 million. The interest on the remaining \$279 million USAID debt obligation was projected to provide the Account with \$41.6 million over a ten-year period. The final payment was made to the Account by the Government of Colombia on October 4, 2002. Operations began in April 1995. In 2000, account management was removed from the Colombian umbrella environmental NGO, *Ecofondo*, and a new trust fund was established, the Fund for Environmental Action and Childhood (*Fondo para la Acción Ambiental y la Niñez - FPAA*).

On March 30, 2004, the governments of Colombia and the United States signed an agreement under the Tropical Forest Conservation Act (TFCA). By August, FPAA was also appointed Fund Administrator for this account under the Forest Conservation Agreement (FCA). Coverage of this account is provided under the TFCA section of this Report.

Mission Statement

FPAA strives to generate significant and sustainable changes in Colombian society, both by building a better relationship between the community and the environment, and by supporting the protection and development of children, with a specific focus on early childhood.

In accomplish this mission, FPAA supports the development of new mechanisms in conservation finance (such as endowments for protected areas, revolving funds for energy efficiency and abatement of greenhouse gas emissions in industry and transportation, and market-based mechanisms); promotes the design of programs in both thematic areas; and channels grants to initiatives of NGOs, Community-based Organizations and other eligible entities, through competitive processes.

Major Achievements in 2009

Strategic Planning

A new Strategic Plan for 2009-2012⁹, approved by FPAA's Board in early February, contemplates a total allocation of US\$8.2 million for program implementation in the Fund's two thematic areas. These resources originate from the EAI Sinking Account and will be distributed as follows: 64 percent to Conservation and Sustainable Development and 36 percent to Early Child Care and Development.

⁹ The Balanced Scorecard methodology was used to update and formulate the Strategic Plan for the new 4-year planning and implementation period.

The most important investments by FPAA in conservation and sustainable development focus on biodiversity and climate change, including adaptation, mitigation and clean, alternative energies. This reflects a high programmatic alignment between FPAA and USAID priority areas in Colombia.

The following table presents the 10 Key Performance Indicators adopted to monitor implementation of the new Strategic Plan. Progress achieved during 2009 is reported in the last two columns.

KEY PERFORMANCE INDICATORS 2009-2012					
Strategic Objectives (SO)	Performance Indicator	Baseline (Jan. 2009)	4-year target 2009-2012	Progress 2009	
SO1: Monitor, measure and communicate results	1.1 "Results & Impacts" annual reports are prepared and disseminated.	0	4	1	25%
SO2: Fundraise and diversify donors and funding sources	2.1 Three new donors are engaged.	5	3	5	167%
	2.2 New contributions for \$5 million (sinking funds) are secured from both current and new donors.	\$ 0	\$ 5.000.000	\$ 4.242.000	85%
SO3: Enhance long term financial sustainability (EAI Endowment and Dedicated Subaccounts; TFCA Endowment)	3.1 The Glen Nimnicht Scholarship Fund for Early Childcare & Development is consolidated with contributions to its Endowment Subaccount (\$2.4 million).	\$ 1.000.000	\$ 2.400.000	\$ 0	0%
	3.2 The Fund for Innovations in Early Childcare & Development (PI Fund) is strengthened with contributions to its Endowment Subaccount (\$4 million).	\$ 4.000.000	\$ 4.000.000	\$ 0	0%
	3.3 The TFCA Endowment is strengthened with new contributions (\$2 million).	\$ 6.037.957	\$ 2.000.000	\$ 0	0%
SO4: Implement Programs and allocate grants (EAI Sinking Fund)	4.1 % of the projected funds from the EAI Sinking Account that are allocated to Conservation and Sustainable Development programs and projects during the period (in Colombian pesos).	\$ 5.286.252	\$ 5.286.252	\$ 582.336	11%
	4.2 % of the projected funds from the EAI Sinking Account that are allocated to Early Childcare & Development programs & projects during the period (in Colombian pesos).	\$ 2.923.272	\$ 2.923.272	\$ 770.697	26%
SO5: Build capacities and valorize intangible assets	5.1 Community-based organizations participating in the Capacity Building Program in Ecotourism improve the quality of the services offered by them.	0	5	0	0%
	5.2 Childcare & development organizations participating in the Capacity Building Program improve the quality of the services offered by them.	0	5	0	0%

The initiative to raise funds for endowments (**Strategic Objective 3**) was postponed for 2010-2012 due to the global financial crisis. Fundraising efforts were focused instead on

contributions for programs financed by sinking funds (**Strategic Objective 2**), with very positive results. The fundraising drive resulted in US\$4.2 million. Starting 2010 these funds will be added to the US\$8.2 million allocated by the Board during Strategic Planning, thereby raising the projected investments to US\$12.44 million for 2009-2012.

The new contributions were obtained from five new donors and from two existing donors, Conservation International and the Mac Arthur Foundation. In 2009, 85 percent of the target for the 4-year period was therefore achieved. The five new donors¹⁰ engaged in 2009 will support the following programs:

- The **Global Environmental Facility/World Bank**, will provide FPAA with \$3 million for the implementation of a 5-year multi stakeholder program to support the transition to environmentally friendly cattle ranching. The approach has been successfully pilot-tested in Colombia with World Bank support; this program will augment appropriate ranching by 50,000 hectares¹¹. The Fund will also design and implement a Payment for Environmental Services scheme involving cattle ranchers upstream and water utilities and other users downstream, in two selected water catchments.
- **Procasur**, a Chilean Foundation, will contribute \$100,000 and expertise for capacity building programs involving local grassroots organizations and community-based micro enterprises in the areas of community ecotourism and forest carbon during 2010-2011.
- **Columbia University (USA)** will contribute \$200,000 to activities associated to the Amazon Forest Carbon Partnership (AFCP). The partnership involves five private Conservation Trust Funds from the Amazon Andes region¹² and the University's Center for Environment, Economy, and Society. During 2010, the AFCP will develop a standard and methodology validate REDD projects to reduce emissions from deforestation in the Amazon region while providing forest-dwelling communities with a sustainable income source for local development through the sale of forest carbon credits.
- The **private foundation of the Bogotá Energy Group** will provide \$50,000 to set up and implement an 18-month —pilot program” in support of community-based micro businesses that produce goods and services for —green markets.” All funding for this program originates from the private sector.

¹⁰ These new donors double the number of baseline or traditional donors (USG/USAID, WWF, CI, TNC, and the John D. and Catherine T. Mac Arthur Foundation).

¹¹ The partnership for this program includes Fedegan, the Colombian private sector federation of cattle ranchers; The Nature Conservancy; CIPAV, a Colombian NGO specializing in sustainable cattle ranching, agro forestry and silvopastoral techniques; and CATIE, a Costa Rican NGO.

¹² Three of these Funds manage USAID-financed TFCA and Enterprise for the Americas Initiative Accounts. All five Funds are members of the Latin American and Caribbean Network of Environmental Trust Funds (REDLAC).

- **Anglo Gold Ashanti Colombia**, a gold mining company, will provide an initial contribution of \$250,000 in 2010 for a competitive fund that will finance initiatives by local environmental organizations aimed at the sustainable management of water and land in the Coello river watershed, in the Colombian Andes. All funding for this program originates from the private sector.

Traditional donors will contribute funds to the following programs:

- The **Mac Arthur Foundation** has granted \$180,000 to develop a capacity building program on adaptation to climate change in the buffer zone of Los Nevados National Natural Park. The program will be developed jointly by FPAA and CARDER, a regional public environmental corporation, and will involve multiple regional stakeholders over two years (2010-2011).
- **Conservation International Colombia** provided a \$362,000 grant to co-finance the “Por Nuestros Mares” program. FPAA opened an RFP in 2009 and will allocate grants to environmental organizations engaged in research and conservation actions of marine and coastal ecosystems in the Pacific region of Colombia.
- **Conservation International Colombia** also joined Procasur and FPAA and will contribute \$100,000 to a capacity building program on forest carbon with local organizations and communities in the Amazon and Chocó regions.

Implementation of funds from the EAI Sinking Account, committed in the Strategic Planning exercise (**Strategic Objective 4**), reached 11% in the Conservation and Sustainable Development Component and 26% in the Early Child Care and Development Component during 2009.

Data for Key Performance Indicators (KPI) are not available yet for **Strategic Objective 5**. However FPAA’s Board approved the allocation of \$500,000 to fund capacity building programs for environmental and childhood organizations. During 2009 the Executive Secretariat designed two capacity building programs. The first aims at preparing community organizations in the Amazon and Choco biogeographic region for REDD and forest carbon markets. This initiative has attracted new associates such as Fondo Patrimonio Natural, another Colombian environmental trust fund, Procasur - Chile and Conservation International Colombia. The second program will focus on capacity building in five community-based organizations in charge of providing ecotourism services in five National Natural Parks. FPAA has partnered with Procasur -Chile and the Colombian National Natural Parks Service. Implementation on both is scheduled to begin in 2010.

Grant making

In 2009, the Fund Board approved 75 new grants. This aggregate allocation of \$886,000 from the EAI Account was matched by \$1.4 million from partners and beneficiaries, for a total investment of \$2.3 million. Sixty percent of total donations were awarded under the Conservation and Sustainable Development area and 40 percent to the Childhood area.

Conservation and Sustainable Development. Grants totaling \$534,000 were awarded to eight projects in three programs of the Conservation and Sustainable Development thematic area, leveraging \$1.13 million in cash from partners and implementing agencies, for a total investment of \$1.7 million.

- **Malpelo Management Plan.** In 2010, FPAA and Conservation International approved a \$223,000 grant for Fundación Malpelo to cofinance the implementation of the management plan for the Malpelo Protected Area. The funds originated in the Malpelo Endowment Subaccount, operated by FPAA, and leveraged \$649k from both public and private sources.
- **Conserva Colombia.** During 2009, FPAA and The Nature Conservancy - TNC held the first request for proposals for the Conserva Colombia program and selected six initiatives to create new local and regional protected areas in strategic ecosystems not covered by the National Parks System. The financial incentives provided by Conserva Colombia add up to \$265,000, leveraging a \$380k match from implementing agencies, for a total investment of \$645,000.
- **Agroecosystems in the Caribbean.** This program is operated under a partnership with Corporación PBA, a Colombian non profit corporation that specializes in participative research in sustainable agriculture and agroforestry with rural communities and their organizations. Only one grant was approved in 2009.

Early Child Care and Development. \$352k were provided to 67 grants in two childhood programs. Implementing agencies and beneficiaries matched with \$271,000 from for a total investment of \$623k.

- **Scholarships for Early Childcare and Development (ECCD).** The Glen Nimnicht Scholarship Fund (GNSF), created under a partnership with the Colombian foundation CINDE, approved 64 scholarships in 2009. The grants allowed low income beneficiaries to take specialized courses, finalize Master's programs and conduct applied research projects in ECCD. The GNSF also funded internships and exchanges between organizations. A group of 24 representatives of ethnic minorities from isolated areas in the country participated in an internship and training program on cross-cultural experiences for ECCD. The FPAA Board acknowledged the contribution of GNSF to public policy and awarded \$1 million from the Endowment of the Americas to provide the ECCD fund with seed capital for long term sustainability.
- **Second Phase Projects.** During 2009, the Fund selected three new second phase proposals presented by organizations that had received grants in the RFP held in 2004-2005. Their first phase projects generated positive results and it was clear that these could be scaled up. The three grants totaled \$283,000 and raised a \$147,000 match.

RedLAC's XIth Assembly

FPAA, Fondo Patrimonio Natural Colombia and FUNBIO Brazil jointly organized the Eleventh General Assembly of the Latin American and Caribbean Network of Environmental Trust Funds. The event brought together 135 specialists and conservation practitioners from more than 20 countries, who shared knowledge and best practices over four days in the Caribbean city of Santa Marta. The Assembly proved an excellent venue for the negotiation of partnerships and joint initiatives between the Funds and other agencies. New mechanisms in conservation finance were presented. The Assembly concluded that the growing forest carbon market and payments for ecosystem services represent attractive opportunities for the Funds.

ISO 9001-2000 Certification

FPAA was recertified as ISO 9001-compliant in 2009 by the independent accreditation and certification firm Bureau Veritas Quality International. The ISO 9000 family of standards for quality management systems is maintained by the International Organization for Standardization. Compliance under the ISO 9001 standard guarantees that formalized high quality processes are being applied by the organization. FPAA was the first and only EAI/TFCA Fund certified.

Aggregate Grant-Making

The total value of approved grants funded by the EAI Account under FPAA's administration (2001 – 2009) currently totals \$38.4 million. Between 2001 and December 2009, FPAA has financed 808 grants to projects in the areas of environmental protection, conservation and sustainable use of biodiversity, and childhood development and protection. In 2009 alone, FPAA disbursed \$1.9 million to projects under implementation.

Fund Management

Governance. The same folks serve on both the EAI Administrative Council and the FPAA Board of Directors. The Council/Board includes one representative from the USG (USAID), two GOC (Ministry of the Environment and National Planning Ministry), and four civil society representatives. Its Executive Secretariat is managed by 23 full-time staff members. Six meetings were held by the Board throughout the year.

Leveraging and Sustainability

FPAA has successfully increased in-cash counterpart contributions through formal alliances with strategic partners; matching funds, generally in-kind, have also been secured in the budgets of individual projects.

Co-financing for 2001-2009 has resulted in cost-share proportions of 51 percent from the EAI Account's Sinking Fund (\$38.4 million) and 49% from partners, implementing organizations and other beneficiaries (\$ 36.9 million).

The global financial crisis was a severe test for similar endowments throughout the world. Thanks to the EAI endowment's Investment Policy and to the strategic decisions adopted by the financial managers (UBS - The Arbor Group) and the FPAA board, the accounts were not adversely affected. By the end of 2009 the EAI Account reached \$ 40.9 million, distributed into a sinking fund (\$10.6 million) and an endowment fund (\$30.3 million).

Summary Table
FPAA Management Years (2001-2009)
(In USD millions)

EAI Account Data	Eco Fondo years	2001-6	2007	2008	2009	Totals 2001-2009
No. of proposals approved	50	555	95	83	75	808
EAI approved funding amounts	1.8	33.6	2.1	1.7	0.9	38.3
FPAA disbursements	n/a	31.7	5.7	3.2	1.9	42.5
Beneficiary counterpart match	1.1	21.8	0.6	0	-	-
Partner match	0	9.6	1.5	1.9	-	-
Total match	1.1	31.5	2.1	1.9	1.4	36.9
Total value of projects	2.9	65.2	4.2	3.6	2.3	75.3
Total counterpart as % of approved grants	61%	94%	100%	112%	156%	96%
Amount spent on administration	n/a	2	0.7	0.7	0.8	4.2
Fund balance at end of year	45.0		38.5	37.7	40.9	n/a
<i>Sinking account (expressed in US\$)</i>			14.9	11.5	10.6	n/a
<i>Endowment account (held in US\$)</i>			23.6	26.2	30.3	n/a

Fund's Website: www.accionambiental.org

El Salvador

The Salvadoran Legislative Assembly ratified the Enterprise for the Americas Initiative (EAI) on June 30, 1993, simultaneously creating the Fund's Board of Directors as the administrative body of El Salvador EAI Fund (a.k.a. FIAES). Operations began in August 1994 with the administration of two EAI accounts: (1) the USAID account, (2) the PL-480 account. The former was created in January 1993 with more than \$15 million to be made available in transfers through September 2003. The latter, the PL-480 account was created in February 1993 with more than \$25 million to be made available in transfers through July 2013. The combined payments will total \$41.17 million.

In 2001, a third account was established within FIAES to accommodate the Tropical Forest Conservation Act (TFCA) agreements. The TFCA account was created in September 2001 with more than \$14 million to be made available in transfers through September 2026 for the financing of protected areas support projects. A separate chapter of this Report is dedicated to the FIAES TFCA account. This chapter addresses only the first two EAI accounts.

Mission Statement

To manage and administer financial resources and support citizen participation activities that contribute to the protection and recovery of the environment and child survival for present and future generations of El Salvador.

2009 Achievements

With resources from the USAID and PL-480 trust funds in 2009, FIAES financed 27 projects for a total amount of US\$1,6 million. These resources leveraged US\$397,861 from local counterparts. The implementation of these projects has improved environmental conditions and child survival in priority environmental conservation areas in El Salvador and has strengthened local partner organizations, including non-governmental organizations (NGOs), centers of environmental research and community development associations (a.k.a. ADESCOs).

The EAI financed five strategic areas of FIAES in 2009. The principle area of investment was *prevention and control of pollution* with 67 percent of the total funds invested. These projects improved basic sanitary conditions at a community level, benefitting 1,571 families with a total population of 9,450 people. Communities reported a 30 percent reduction in acute diarrheic disease as a result of the construction and adequate management of 272 dry composting family latrines and the delivery and appropriate use of 325 water filters. In addition, acute respiratory illness was reduced by 40 percent through the construction, delivery and adequate use of 349 firewood-conserving stoves.

A second strategic area of grant investment was in *applied research* (with four percent of approved expenditures). Examples of grants in this are include analysis of water and

sediment in cooperative managed shrimp nurseries and wildlife areas within the Jiquilisco Bay. The information generated has improved the management of shrimp nurseries, including wild species, and is contributing to a better understanding of the role of the mangrove ecosystem in the remediation of anthropogenic contaminants. FIAES funding equipped an environmental quality laboratory at the Central American University José Simeón Cañas. The project benefitted 358 families (approximately 2,145 people) belonging to the shrimp production cooperatives.

A third strategic grant making area is *watershed and aquatic ecosystem management*. FIAES has provided funding (14 percent of 2009 grant amounts) for four projects that have increased water filtration in 51 severely eroded hectares through soil and water conservation practices and infrastructure. These efforts also protected five water sources, reducing the risk of waterway obstruction and sedimentation due to steep slope erosion.

A fourth grant making area, *childhood survival and development*, is providing support (14% of 2009 grant amounts) to three local NGOs. FIAES financed integrated childhood survival and development services for 435 children between two and five years of age. Services provided included daily food programs, medical visits, early stimulation and school readiness programs are contributing to the dual objective of increasing social and learning skills while creating optimal conditions for growth and development. This initiative has also reduced infant malnutrition in the targeted area by 95 percent.

Finally, the fifth area of 2009 grant making is *protected natural areas*. While only 1 percent of grant funding was provided for this theme, it should be noted that this is the focus area of grant making from the TFCA account. In 2009, two projects received funding from the EAI account. Both targeted the conservation of four critically endangered sea turtle species and supported Salvadoran legislation for sea turtle protection.

TABLE 1. EIA Project Portfolio Summary per Strategic Area, 2009

Nº	Strategic Area	Type of institution			Total of Projects	Total financed (US\$)		
		NGO	RESEARCH CENTER	ADESCO		FIAES	MATCH	TOTAL
1	Prevention and control of Pollution	12	0	6	18	1,074,259	269,090	1,343,349
2	Applied research	0	1	0	1	60,200	19,635	79,835
3	Watershed and continental Aquatic ecosystems Management	2	0	2	4	220,022	42,870	262,892
4	Child survival and progress	3	0	0	3	220,355	61,152	281,507
5	Protected natural resources, Marine coastal ecosystems, and buffer zones	0	0	1	1	25,000	5,114	30,114
	TOTAL	17	1	9	27	1,599,836	397,861	1,997,697

Information about the beneficiary population and funding sources for the financed projects can be found in Table 2. The total amount of beneficiaries are 17,189 people— 52 percent women and girls. Children make up 44 percent of the beneficiary population, reflecting the FIAES strategy to incorporate childhood development interventions in all projects. Table 2 demonstrates a general correlation between amount of grant funding per strategic area and the number of beneficiaries (e.g. 55 percent of the beneficiary population were associated with *contamination prevention and control* grants).

TABLE 2. Project portfolio of beneficiary population, 2009

N°	Strategic area	Trust	N° of Projects	Population				Total Population
				Men	Women	Boys	Girls	
1	Prevention and control of pollution	PL-480	7	1,027	1,221	1,054	1,107	4,409
2	Applied research	PL-480	1	557	622	408	558	2,145
3	Watershed Continental aquatic ecosystems management	PL-480	4	776	846	667	639	2,928
	Sub total PL-480		12	2360	2689	2129	2304	9482
1	Prevention and control of pollution	AID	11	1,538	1,777	855	871	5,041
5	Protected natural resources, marine coastal ecosystems, and buffer zones	AID	1	384	390	520	501	1,795
4	Child survival and development	AID	3	162	227	243	212	844
	Sub total AID		15	2,084	2,394	1,618	1,584	7,680
	Grand total		27	4,444	5,083	3,747	3,888	17,189

Generation of employment

Table 3 presents a summary of jobs generated as an outcome of the 27 projects financed with the EAI trust funds (AID and PL-480) in 2009. The table shows that 54,807 temporary jobs for both skilled and unskilled workers were created. In addition, 59 permanent employments were created, benefitting 31 women and 28 men.

The grants generated from the PL-480 trust fund created 20 permanent work positions, benefitting equal numbers of women and men, and generated 31,037 temporary jobs. The grants generated from the AID account created 39 permanent positions, benefitting 21 women and 18 men as well as 23,770 temporary jobs.

TABLE 3. Generated employment, 2009

N°	Strategic area	Trust	N° of projects	Temporary jobs	Permanent jobs		
				Wage-earning work days	Men	Women	Total
1	Prevention and control of pollution	PL-480	7	11,757	4	7	11
2	Applied research	PL-480	1	3,089	0	2	2
3	Watershed and continental aquatic ecosystems management	PL-480	4	16,191	6	1	7
	Sub total PL-480		12	31,037	10	10	20
1	Prevention and control of pollution	AID	11	12,106	14	6	20
5	Protected natural resources, marine coastal ecosystems, and buffer zones	AID	1	3,114	1	0	1
4	Child survival and Progress	AID	3	8,550	3	15	18
	Sub total AID		15	23,770	18	21	39
	Grand total		27	54,807	28	31	59

FIAES projects achieved several significant outcomes. In 2009, water related grants were responsible for repairs and improvements to 45 wells to provide potable water for family consumption; frequent water quality assessments; provision and training on 704 potable water filters; and construction of 46 rain water catchment cisterns, 9 public grey water waste treatment systems, and 122 household waste water treatment systems.

Community sanitation conditions were further improved through the construction of 582 dry composting latrines. The project held 227 trainings of 2,672 people in the use and maintenance of these composting latrines, plus firewood saving stoves, water use, contamination, risk management, gender equality, solid waste management organization and leadership.

Natural Resource conservation was improved through the dissemination of soil and water conservation practices and infrastructure (41,842 linear meters in 51 hectares); nursery production and out planting (122,513 trees in 99 hectares); planting and management of 19 acres of green manure in agriculture crop land (57 tons of biomass incorporated into the soil); provision of 106 plastic recipients for the separation of solid wastes in homes and schools; extension of environmental education (19 schools benefitting 3,260 students); and construction of 223 home composting systems, 647 firewood saving stoves and installations of 155 domestic fowl production facilities.

EAI Success Story (USAID Account)



Installed water purification system - El Tablón.
Photo credit: Adel Chalatenango

One of the most serious problems faced by the community of El Tablón in the municipality of El Paraiso, was poor water quality. The yellowish color and disagreeable odor of the water were the first indicators of possible contamination. An analysis of the water revealed iron and manganese levels above those permitted for human consumption.

A FIAES grant of \$89,827 allowed the local development agency of Chalatenango Department (ADEL Chalatenango) the opportunity to install a low maintenance industrial system for the distribution and purification of water that functions without the use of chemicals. The system increased the communities' access to water through the construction of 10 community water stations, benefitting 200 people. The implementation of this system was complemented with community education programs for the optimal use of water and the distribution of biofilters.

Through this project the community formed two new committees for water administration and risk management. Coordination between local and departmental representatives of the Ministry of Health, ADEL Chalatenango, FIAES and the beneficiary communities was the key to success. The Basic System of Integral Health in the El Paraiso and the Health Unit of Chalatenango collaborated to analyze water and conduct trainings for beneficiary families.

TABLE 4. Management strategic indicator, Enterprise of the Americas Initiative Fund, 2009

INDICATOR	ACCUMULATED TOTAL 1995-2008	2009	ACCUMULATED TOTAL 1995-2009
N° of approved Projects *	808	50	858
N° of finalized Projects *	802	49	851
Agroforestry (acres)	7,436	220	7,656
Pure reforestation (acres)	12,359	25	12,384
Partial reforestation (acres)	1,569	0	1,569
Protected natural areas (acres)	301,356	0	301,356
Water /soil conservation (acres)	16,522	126	16,648
Total of acres	339,242	371	339,613
Child survival projects	73	3	76
Benefited population	486,726	24,666	511,392
Permanent Jobs	1,878	57	1,935
Wage-earning work days	1095,751	54,448	1150,199

Capacity-building

One of FIAES' most important objectives is the institutional strengthening of local partner organizations. FIAES also requires all partners to incorporate five cross-cutting strategies into the design of their projects: gender equity, prevention and mitigation of social and environmental risks, solid waste management, environmental education, and training and community participation.

TABLE 5. FIAES 2009 Training Activities, EAI Fund

Courses (given to NGO and ADESCOS representatives)	Number of participants 2001- 2008	Number of participants 2009
Evaluation and project preparation	1139	109
Management of project (Administrative / Financial)	471	56
Management of project (Technical aspects)	471	63
Management of fund	319	85

EAI Success Story (PL-480 Account)



Beneficiary family with a biodigester.

Climate change mitigation is a FIAES priority. Consequently, FIAES supports local reductions in greenhouse gas emissions. One project example is biogas production under the Contamination Prevention and Control Project implemented by the Community Development Association of the San Marcos Lempa Water System (ACASA). FIAES provided a grant of \$29,684 and ACASA provided \$6,000 in counterpart funds.

The community of San Marcos Lempa, situated in the department of Usulután, was selected by ACASA for the construction of composting latrines and biodigestors. San Marcos is afflicted with sanitary problems due to the poor disposal of human and swine feces and waste water. Today that same waste produces methane gas for cooking fuel. The entire community recognizes the technology as a source of clean energy and as a way to eliminate waste. Tangible economic benefits are realized in the reduction of dependence on purchased butane gas or firewood.

The project introduced the construction of 15 composting latrines, 10 composts and 20 grey water filters. Newly organized environmental health committees have documented the reduction in the incidence of gastrointestinal disease and dengue in the area. A total of 47 families benefitted from the different interventions and increased their understanding of the sustainable use of natural resources. The project demonstrates the power of small grants to help fledgling organizations become protagonists in mobilizing communities.

Counterpart Funding

Counterpart funding was provided by local implementing partners and beneficiary populations through non-monetary in-kind donations of community labor, local materials and others. Community development associations are required to provide counterpart valued at 20 percent of the amount of funds requested from FIAES. Non-governmental organizations are required to provide counterpart valued at 25 percent of FIAES funds. In 2009, these organizations provided US\$397,861 in counterpart (see Table 6).

Program Sustainability

FIAES continues to play an active role in the Network of Environmental Funds for Latin America and the Caribbean (RedLAC). During the RedLAC annual general assembly, participants discussed making the Funds more sustainable through private sector partnerships. FIAES also continues to encourage strategic alliances with local governments. Increasingly, municipal governments are participating in more projects, providing counterpart funding, strengthening local action committees and collaborating on associated promotional events.

Summary Table

Fund Data	1994-2007	2008	2009	Total All Years
No. of proposals submitted	1470	32	109	1,611
No. of proposals approved	778	24	27	829
Total approved funding for grants	\$44,953,911	\$719,936	\$1,599,836	\$47,273,683
Total of counterpart match (grantee cost-share)	\$5,838,560	\$164,289	\$397,861	\$6,400,710
Total matching funds as % of approved	13%	23%	25%	14%
Amount spent on administrative costs	\$4,128,693	\$68,895	\$172,374	\$4,369,962
Administrative costs as % of grants	9%	10%	11%	9%
Interest and capital gained on investments	\$16.72M	\$591,557	\$717,974	\$18.03
Fund balance at the end of the year	\$10.8 M	\$11.1 M	\$10.58 M	n/a

FIAES Website: www.fiaes.org.sv



Jamaica

The Environmental Foundation of Jamaica (EFJ) was created through two bilateral debt reduction agreements with the United States signed in August 1991 and January 1993. The two funds reduced Jamaica's debt to USAID and PL480 by \$311 million. The interest and leverage on the remaining \$95 million is projected to provide the Fund a total of \$21.5 million over a 19 year period to 2012. Operations of the EFJ began in May 1993 and, as a sinking fund, are scheduled to end in 2012.

The Vision of the organization in the 2009-2012 Strategic Plan is to be the national leader in the Child Development and Environment sectors by the year 2012, with effective partnerships to ensure sustainable development in the programs, policies and practices of the public sector, private sector and civil society. The vision is the culmination of the role that EFJ has played through funding more than 1150 projects over 16 years.

Mission Statement

The EFJ serves the public good by promoting and implementing activities designed to conserve and manage the natural resources and environment of Jamaica in the interest of sustainable development and to improve child survival and child development.

Major Achievements in 2009

(Note: This report covers EFJ's fiscal year, which is August 1, 2008 – July 31, 2009.)

Collaborative Outreach

The EFJ, entered a 2009 partnership with Panos Caribbean, Jamaica's National Environment Education Committee, Christian Aid Jamaica, the United Nations Development Program and the Meteorological Service of Jamaica, in support of a national public education campaign entitled "Voices for Climate Change Project." More than 50 Jamaican artists attended workshops and field trips to learn about climate change. Subsequently, the artists volunteered to educate the public through art, including a compilation album. The 18-month campaign used media promotions and the internet to deliver the climate change message to an estimated 1.2 million people - just under half the population.



Artistes involved in the EFJ-funded initiative promoting climate change through Reggae and other music.

EFJ offered a Public Lecture series as another public outreach campaign. The 2008-2009 thematic focus was entitled “From Violence to Peace: Directions for Our Youngest People.” Jamaica’s homicide rate is among the highest in the world on a per capita basis (UNODC-World Bank, 2007). The 2009 lecture focused national attention on children’s exposure to violence (domestic, school, sexual abuse, and gang violence). Over 300 people attended the public lecture, which was also aired on local television and radio; with copies sent to Public Libraries and key public officials.

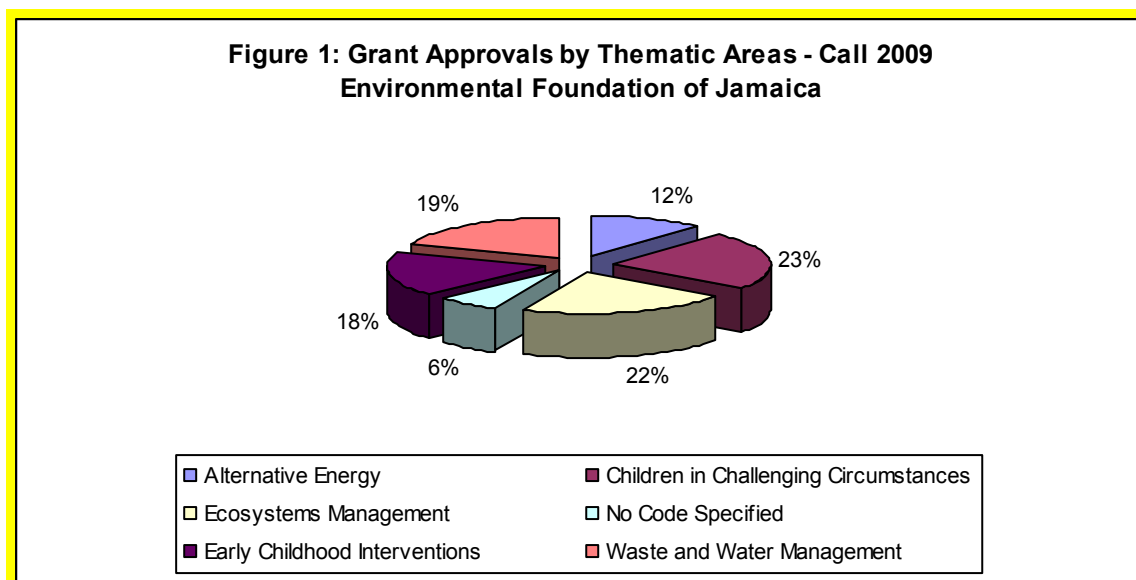
EFJ was also a major advocate and funder for the return of a national —Green Expo” in Jamaica after a four-year hiatus. The Expo is periodically organized by a local NGO to highlight environmental issues and best practices in Jamaica. Despite the global economic recession, there were 58 exhibitors and approximately 5,800 attendees over 3 days.



Model house and EFJ exhibit at Jamaica’s Green Expo 2009

Grant Making - 2009

During the 2008-2009 financial year, the EFJ Board approved a total of 72 grants for the financial year, and disbursed US\$2.23 million to new and existing grantees. Forty-three of the 200 applicants from the 2009 Call for Proposals were awarded EFJ grants. Figure 1 provides the disaggregation of the 2009 grants by thematic areas. A comprehensive application review process allowed extensive involvement by national and community stakeholders.



The “No Code Specified” category in Figure 1 largely refers to the Hurricane Disaster Mitigation Project which promotes preparedness of EFJ grantees in an effort to reduce the over US\$1.1 million that EFJ has spent on post-hurricane recovery activities over the last 5 years.

Table 1: Comparative Grants Approved by Themes and Year 2007 – 2009

Themes	No. of grants approved	Value approved (US\$)	No. of grants approved	Value approved (US\$)
	2007/2008		2008/2009	
Environment	53	\$2,105,588	26	\$ 901,314
Child Survival and Development	88	\$1,836,933	17	\$ 636,404
Total	141	\$3,942,521	43	\$1,537,718

In 2009, the Discretionary Grants Committee also approved 29 “small grants” of \$2,250 or less (15 Child Sector and 14 Environment) totaling US\$58,460. These discretionary grants made timely interventions to critical activities that were outside the regular Call Process. The discretionary grants-funded events, such as workshops and publications, supported individuals through scholarships and per diem to critical events; and provided infrastructural support such as equipment, materials, technology.

Table 2: EFJ Comparative Grant Approval and Disbursement Rates

Year	Received	Approved	Amount Approved (US\$M)	Amount Disbursed (US\$M)
1993/1994	108	30	0.53	0.31
1994/1995	228	95	2.26	0.80
1995/1996	218	94	1.62	1.38
1996/1997	134	81	1.26	1.04
1997/1998	90	39	0.50	1.11
1998/1999	48	30	0.64	0.63
1999/2000	87	52	1.86	1.07
2000/2001	106	40	2.03	1.30
2001/2002	76	45	1.44	2.01
2002/2003	80	52	1.91	1.71
2003/2004	442	148	8.58	4.26
2004/2005	394	148	5.39	6.29
2005/2006	305	77	3.73	4.18
2006/2007	275	63	2.60	3.39
2007/2008	503	141	3.94	3.16
2008/2009	200	43	1.54	2.23
TOTAL	3294	1178	39.83	34.87

Project Impact and Highlights

In an effort to better measure its impact, in 2009, EFJ dedicated resources to furthering its monitoring and project impact evaluation capabilities.

EFJ grants support Jamaica's national progress towards Millennium Development Goal no.7: community access to water. EFJ grants have helped rehabilitate rural water systems in isolated communities through challenge grants that forge links with local representatives and public sector agencies such as Health and Water Ministries. Communities collaborate with in-kind contributions such as labor and maintenance arrangements. Two successful examples in 2009 were the communities of Williamsfield in St Catherine and Beeston Spring in Westmoreland where more than 2,000 rural residents now have potable water from rehabilitated systems.

The EFJ identified other areas of high potential conservation impact, such as Jamaica's chronic problem arising from the disposal of plastic containers that present environmental contamination and safety hazards. The Protect the Environment Trust (PET) received support to purchase a truck and other equipment that enabled expansion and increased efficiency in the collection and shredding of the plastics. Two community ventures developed as a result of the international market demand for recycled plastic.

PL480 GRANTS – Environment Conservation & Mitigation (in Jamaican \$)

Theme: Alternative Energy Systems

Organization	Project Title	Amount Approved
Foundation for International Self-Help (FISH)	Application of Renewable Energy for FISH Medical Center	\$5,000,000
Jeffrey Town Farmers Association Limited	Phase III - Jeffrey Town and Environs Agriculture and Capacity Enhancement	\$5,720,000
Western St. Thomas Educ. & Dev. Consortium	Photovoltaic System to produce electricity for Resource and Training Centre in Yallahs	\$4,995,000
Total		\$15,715,000 (~US\$ 177,350)

Theme: Ecosystems Management

Organization	Project Title	Amount Approved
Caribbean Coastal Area Management Foundation Ltd	Management Plan for Three Fish Sanctuaries in the PBPA	\$2,706,400
Jamaica Conservation Development Trust (JCDT)	Blue Mountains Sustainable Tourism Institutional Support	\$2,750,000
JCDT	Green Expo 2009	\$4,000,000
JCDT	Public Awareness and Sensitization	\$3,500,000
Knockalva Agric. School	Knockalva Agricultural School Greenhouse	\$2,710,000
Local Initiative Facility For Urban Environment	Institutional Strengthening for LIFE to build capacity of Member Organizations	\$3,500,000
Manchester 4H Adv. Council	Recycling of Bio-digester Water Project	\$1,500,000
Mavis Bank Farmers'	Water to Farmers	\$450,000
Mile Gully Producers Marketing Organization	Mile Gully PMO Agricultural Sustainability Project: Green House	\$2,197,000
Negril Chamber of Commerce	Boosting Biodiversity in Negril's Coral Reef through Community – Recycling and Environmental Education	\$900,000
Oracabessa Foundation	A Future for Fishermen: Management Planning - Oracabessa Bay Fish Sanctuary	\$1,000,000
UWI, Biotechnology Centre	Enhancing productivity of medicinal plants during cultivation and processing	\$4,200,000
Total		\$29,413,400 (~US\$ 331,942)

Theme: Waste and Water Management

Organization	Project Title	Amount Approved
Fletcher's Grove/Mount Pelier Circuit of Baptist Churches	Expansion of Coastal Zone Solid Management Initiative in Sandy Bay Hanover Recycling	\$2,510,000
Negril Chamber of Commerce	Turning Trash into Cash	\$3,500,000
Portland Environment Protection Association	Non-Biodegradable Recycling for the Benefit of Portland's Nat. Environment	\$2,591,000
The Moneague College	The Moneague College Waste Management and Recycling Project	\$1,740,000
UWI, Department of Geography and Geology (Environ. Mgt. Unit)	Plastic Bottle Recycling Project at the learning institutions in the Mona and Papine areas	\$7,176,000
UWI, Department of Geography and Geology (Environ. Mgt. Unit)	Research & Development of Sustainability for Recycling in Jamaica	\$3,500,000
Total		\$21,017,000.00 (~US\$ 237,185)

Theme: Water Harvesting Systems

Organization	Project Title	Amount Approved
Glengoffe Community Development Committee	Jambos Pond Water Rehabilitation Project	\$1,760,000
Guy's Hill High School	Harnessing Natural Resources	\$1,950,000
Kilmarnock Community Development Committee	Rehabilitation of Kilmarnock Catchment Tank	\$280,000
New Works Community Development Committee	Rehabilitation of New Works Catchment Tank	\$1,230,000
Total		\$5,220,000 (~US\$ 58,910)

Theme: No Code Specified

Organization	Project Title	Amount Approved
Construction Resource & Development Centre	Hurricane Disaster Mitigation Project	\$8,500,000
Total		\$8,500,000 (~US\$ 95,926)

AID DEBT GRANTS – Child Survival & Development

Theme: Children in Challenging Circumstances

Organization	Project Title	Amount Approved
3DProjects/Community Based Rehabilitation Jamaica	Providing Access to Services for Children with Disabilities	\$1,303,200
Best Care Foundation	The Upgrading and Expanding The Intervention Program	\$1,620,512
Clarendon Peace and Justice Centre	In School Suspension Program	\$1,831,000
Hope Wellness Centre	Child Resiliency Program	\$4,960,000
Jamaican Association on Mental Retardation	Development Therapies for Children with Special Needs and Disabilities	\$6,071,000
Joy Town Community Development Foundation	Trench Town Youth Leaders Coalition for Success	\$5,216,100
Kiwanis Club of Providence	Hurlock Youth Empowerment and Life Changing Centre	\$1,900,000
Rise Life Management Services	Adolescent Computer-Based Literacy and Life Skills Education	\$3,264,000
Salvation Army School for the Blind	Technology in Teaching Mathematics for Blind Children	\$3,450,000
St. Clement's Development Centre	Secure HR/ Homework Centre by installing grills	\$382,817
Sunbeam Children's Home	Staff Enrichment to Care for Maladjusted Boys	\$1,769,500
Sure Foundation Educational Centre	Equipping Centre for Skills Training in Food Preparation For Adults with Special Needs	\$343,873.00
Total		\$32,112,002 (~US\$ 362,397)

Theme: Early Children Interventions (0-8 Yrs)

Organization	Project Title	Amount Approved
Council of Voluntary Social Services	Training for Early Childhood Institutions: Fire Safety, Disaster and Emergency Preparedness, Health and Sanitation	\$6,991,760
Dudley Grant Memorial Trust	Illustration and Printing of Children's CD Story Book Promoting Collection and Processing of Plastic Waste	\$3,000,000

Family and Parenting Centre	Conducting Violence Prevention Training Workshops with Education Stakeholders		\$6,612,000
S-Corner Clinic	Enhance the Cognitive and Psychosocial Development of Children 0-6 yrs		\$5,670,000
UWI, Tropical Medicine Research Institute, Epidemiology Research Unit, Child Development Research Group	Planning for the Sustainability of An Intervention to Prevent Child Conduct Problems		\$2,006,000
Total		\$24,279,760.00	(~US\$ 274,007)
<u>Summary</u>			
Environmental Conservation & Management		(26)	\$ 79,865,400.00 (~US\$ 901,314)
Child Survival & Development		(17)	\$ 56,391,762.00 (~US\$ 636,404)
	Total – 43 Projects	(43)	\$136,257,162.00 (~US\$1,537,718)

Partnerships: Leveraging EAI resources

The Summary Table reflects EFJ efforts to accurately identify their sources of counterpart contribution to their grant making. The 117 percent increase in counterpart contribution from 2008 to 2009 demonstrates a strategic focus to identify stronger grantees who have additional funding sources. EFJ also has more accurately recorded grantee in-kind contributions, normally in the form of labor and time.

EFJ has also partnered with traditional USAID development projects, the U.S. Forest Service and The Nature Conservancy in working with community groups in the Cockpit Country Protected Area. These partners have contributed a total of US\$300,000 in the area in the last two to three years. The focus has been on infrastructure and capacity development projects that created new livelihood opportunities.

Another regular EFJ partner is the Bernard van Leer Foundation. The EFJ served as Fund Managers for their Inner City Child Support Project which closed out in July 2009. Nearly 5,000 children ages zero to six directly benefitted from the project in the 12 inner city communities of Bennett Land, Greenwich Town, Whitfield Town, Rose Town, Allman Town, Kingston Gardens, Fletcher’s Land, Swallowfield, Jones Town, Arnett Gardens, Tavern, and Cedar Valley.

Finally, the EFJ initiated six project activities that were co-funded grants to leverage funds from Jamaica's UNDP Global Environment Facility Small Grants Program (GEF-SGP). The EFJ contributed US\$98,000 to the activities being carried out by grantees between 2007 and 2009. A second Memorandum of Understanding with GEF-SGP will commit an additional US\$50,000 in 2010.

Table 3: Summary Data (US\$)¹³

Fund Data	2007	2008	2009	Totals 1993-2009
of proposals submitted	275	503	200	4,338
No. of proposals approved	63	141	43	1,166
Total approved funding for grants	\$2,595,717	\$3,942,506	\$1,537,718	\$34,777,718
Total of counterpart match (cost-share)	<i>nr</i>	\$693,373	\$1,541,301	\$2,234,674
Other leveraged matches (e.g. co-financing)	<i>nr</i>	\$511,177	\$ 735,776	\$1,246,953
Total matching funds as % of approved	<i>nr</i>	31%	148%	10.0%
Amount spent on administrative costs ¹⁴	\$788,170	\$754,949	\$593,208	\$13,836,327
Administrative costs as % of approved grants	30.4%	19.1%	38.6%	39.8%
Interest and capital gained on investments	\$1,470,000	\$1,460,000	\$801,964	\$17,231,964
Fund balance at the end of the year	\$12,890,000	\$9,070,000	\$6,089,110 ¹⁵	n/a

¹³ All figures in the above table are stated in U.S. Dollars (US\$), converted from the Jamaican equivalent using the following average rates of exchange: J\$62.06: US\$1.00 (2005); J\$65.73: US\$1.00 (2006); J\$68.64: US\$1.00 (2007); J\$71.66: US\$1.00 (2008); J\$88.61: US\$1.00 (2009)

¹⁴ Despite a reduction in spending on the administrative expenses, the administrative ratio exceeded the Governing Agreement ratio of 25%. This was a result of an obligation to calculate depreciation on a M.I.S. project that was capitalized. This issue was resolved within the period and no further complications are anticipated.

¹⁵ This July 2009 balance of \$6,089,110 is disaggregated between two accounts: PL-480 Environment account (\$3,613,000) and the USAID Child Survival and Development account (\$2,476,000).

Peru

The Americas Fund of Peru (FONDAM) was founded through a debt buyback agreement between Peru and the United States signed in June 1997 under the Enterprise for the Americas Initiative (EAI). Through this agreement, Peru bought back \$177 million of its USAID and P.L. 480 debt at a cost of \$57 million. As part of the transaction, Peru also agreed to endow a Fund with nearly \$23 million in local currency. FONDAM began operations in March 1999.

In September of 2008 FONDAM significantly increased the capital under its management with the addition of a TFCA debt reduction agreement. The new Tropical Forests Conservation Fund will generate US\$25 million over 7 years. In order to accommodate the TFCA agreement, the original EAI framework agreement was amended and the composition of FONDAM's Administering Board added two forestry representatives. This chapter will only report on the EAI account. The TFCA Account will be reported in a separate section.

Mission Statement

FONDAM promotes activities that will contribute to the preservation and protection of Peru's natural and biological resources in a sustainable and environmentally friendly way, as well as improve child survival and development.

Grant-Making

FONDAM fulfilled goals and objectives established for 2009, awarding grants in topic areas such as: environment, water and sanitation, pollution prevention, sustainable forest management, eco-business, nutrition and food safety, prevention of child abuse and violence, maternal care, preventative health care, and environmental sanitation. FONDAM plays a critical role in Peruvian civil society toward meeting these objectives.

FONDAM currently employs *four grant-making mechanisms*: 1) Call for Proposals (a.k.a. tenders or request for proposals), 2) Co-financing or cost-sharing partnerships, 3) Special Projects (i.e. small grants under \$10,000), and 4) Key Development Projects (e.g. potentially higher impact innovation grants).

While Co-financing is the principal mechanism used in FONDAM partnerships, are also formed in other ways, including providing project and resource management services for fees. For example, FONDAM is a consortia partner in a USAID project entitled the Initiative for Conservation of the Andean Amazon (ICAA). Other consortia members include: the Wildlife Conservation Society (WCS), the Amazon Conservation Association (ACA), la Fundación Protección y Uso Sostenible del Medio Ambiente (PUMA) of Bolivia and the Sociedad Peruana de Derecho Ambiental (SPDA). Within the ICAA framework, FONDAM issued its twelfth Call for Proposals in 2008 designed to mitigate the impacts of the Southern Interoceanic Highway in the Madre de Dios region. The Odebrecht

Association has also hired FONDAM to administrator/manage funds to support a development plan of the same Highway.

Tenders

In 2009, two call for proposals were issued. The first was issued within the framework of a joint venture between FONDAM and Conservation International's Critical Ecosystem Partnership Fund entitled, "Strengthening the connectivity on the Peruvian side of the Southern Interoceanic Highway in the Madre de Dios Region through the sustainable use of Natural Resources and Economic Development Program." Four proposals were submitted and approved under this tender. FONDAM approved \$470,000 for proposals on agroforestry and agro-pastoral systems as pilot models for sustainable development, reforestation, and Brazil nut management and marketing.

The second call for proposals (fifteenth overall) was focused on water resource management, ecobusiness, nutrition and water and sanitation. Of 94 proposal submitted, FONDAM approved 12 for a FONDAM contribution of \$1,184,303. These twelve are in the process of developing their operational plans and include:

1. Restoration of Water Sponge in the Yanayacu Microbasin
2. Marketing of Native Organic Produce of the Rural Districts of Arequipa
3. Peasant Women of Cañaris - Marketing Green Products for Regional Markets
4. Comprehensive and Participatory Conservation Management of the Upper Basin of the Huayabamba River
5. High Andean Bird Sanctuary: Environmental Conservation and Community Development through Ecotourism - Reserva Nacional Salinas y Aguada Blanca
6. Socio-economic and Environmental Sustainability of Creole Cacao by Small Farmers in the Satipo Valley
7. Improving the Productivity of Banana Flour in the Districts of Querecotillo and Ignacio Escudero, Sullana, Piura
8. Promoting Participatory Maternal and Child Nutrition Health, Balanced and Healthy Foods in 3 Districts in the area of Casinichua and Circa Abancay Province, Apurimac Region
9. Promotion of Healthy Lifestyles in Targeted Communities by Civil Society and Local Government - Lucre District, Province of Aimaraes
10. Improvement of Water Supply and Construction of a Sanitation System, Promoting Healthy Housing in Sachabamba - Chiara - Huamanga - Ayacucho
11. Sustainable Drinking Water Supply and Sanitation for the Rural Populations of Acocro - Huamanga - Ayacucho
12. Improving Water Quality and Sanitation Access for Children and the Rural Villages of the Surcubamba District

Cofinancing

Five projects were approved for co-financing, for just over \$1 million. Of this, FONDAM will provide \$447,722, co-financing partners will provide US\$470,247 and grantee cost-share will contribute \$142,527. Three of these initiatives are in the process of formulating operational plans.

The two projects with approved operational plans are:

- Improvement of Maternal and Child Health with an Intercultural Approach in the District of Marcabal - Corredor Sanchez Carrion - La Libertad. The partner is the ANESVAD Foundation of Spain and the implementing NGO is the Institute for Research and Promotion of the North.
- Improvement of Maternal and Child Health and Support for the Communities of Hancollahua, Huis, Huan Huan and ASCAMIQ Association (Espinar, Cusco). The partner is the Quechua Mining Company.

Another co-financing project that has made progress in 2009 is, *Technological Alternatives for Sanitation for the Regions of Cusco, Ancash, Cajamarca and Lima*. Partners include the Vice-Ministry of Housing, Construction and Sanitation with co-financing from USAID, COSUDE, the World Bank's Water and Sanitation Program, and the Foundation Ensemble (France).

Axis Development Projects

During 2009, FONDAM approved three Key Development Projects for \$100,000 each. Two of the three prioritize support to initiatives of indigenous communities. The three projects are:

- Development and Sustainable Management of Natural Resources Management through Agroforestry and Ecotourism in the Buffer Zones of Forest Historical Sanctuary Pómac". Presented by the Center for Ecology Gender
- Reforestation and Afforestation of the Cacazu Villa Rica River Basin in the Yanesha Native Communities
- Sustainable Use of Butterfly Production in the Yanesha Native Community, Upper Yurinaki, Perene Chanchamayo

Special Projects

FONDAM approved 13 of 15 small grant proposals in 2009 for an FONDAM contribution of \$167,001 and a partner contribution of \$8,876.

Project Impacts

While not satisfactorily quantified, general grant impacts include the following: 1) increased area reforested, under soil conservation measures and practicing organic farming, and practicing sustainable forest and/or wetland management; 2) increased population with access to improved drinking water and sanitation systems, including increased construction and rehabilitation of water systems, sewer systems, sanitary latrines, ecological toilet modules and installation of improved stoves; and 3) improved systems for solid waste management, including landfill, composting plant, and segregation of solid waste plants and biohazard waste treatment center; reduced child malnutrition rate, decreased prevalence of infectious diseases, specifically acute diarrheal and respiratory diseases; and 6) reduced domestic violence and child abuse.

Summary Table

Until 2007 very satisfactory annual returns were obtained. The 2008 global economic crisis negatively impacted capital markets and the FONDAM account portfolio experienced negative returns. The first contributions for the Tropical Forests Account were not received until 2009; consequently, the financial income earned from both accounts was positive in 2009 totaling nearly US\$ 3.2 million. The 2009 return alone nearly made up for losses experienced the previous year.

FONDAM's administrative costs are divided into the Americas Account and the Tropical Forests Account in a 79 percent and 21 percent ratio respectively. FONDAM calculates administrative expense percentages in two ways: first as a percent of the annual grant approvals (Table line 5.6) and, secondly, as a percentage of total managed funds (Table line 5.7)

FONDAM Americas Account Summary Table 2009

Fund Data	1999-2007 (U.S.\$)	2008 (U.S.\$)	2009 (U.S.\$)	Totals 1999-2009 (U.S.\$)
1. Classic National Level RFP				
1.1 No. of proposals submitted	1,340	104	98	1,542
1.2 No. of proposals approved	150	16	16	182
1.3 Total counterpart match	5,079,097	993,000	165,430	6,237,527
1.4 Counterpart as % of approved grants	34%	64%	10%	35%
1.5 FONDAM grants approved	14,766,634	1,556,000	1,654,304	17,976,938
2. Co-financing Support				
2.1 No. of proposals submitted	192	15	6	213
2.2 No. of proposals approved	50	6	5	61
2.3 Cost-share contribution	5,150,125	1,228,671	152,527	6,531,323
2.4 Co-finance match	6,776,520	776,058	570,247	8,122,825
2.5 Counterpart as % of grants approved	209%	383%	161%	219%
2.6 FONDAM approved grants	5,707,170	523,261	447,722	6,678,153
3. Special Projects (approx. 10K)				
3.1 No. of proposals submitted	183	22	15	220
3.2 No. of proposals approved	105	10	13	128
3.3 Total counterpart match	530,152	118,121	28,876	677,149
3.4 Counterpart as % of approved grants	42%	119%	17%	44%
3.5 FONDAM approved grants	1,274,580	99,159	167,001	1,540,740
4. Axis of Development Projects				
4.1. No. of proposals submitted	10	2	3	15
4.2. No. of proposals approved	7	1	3	11
4.3. Total counterpart match	921,562	34,073	30,000	985,635
4.4. Counterpart as % of approved grants	116%	34%	10%	82%
4.5. FONDAM approved grants	796,663	99,960	300,000	1,196,623
5. Fund Totals				
5.1 No. of proposals submitted 5.1= (1.1+2.1+3.1+4.1)	1,728	143	122	1,993
5.2 No. of proposals approved 5.2= (1.2+2.2+3.2+4.2)	312	29	37	378
5.3. Total counterpart match 5.3= (1.3+2.3+2.4+3.3+4.3)	18,457,496	3,149,923	947,080	22,554,499
5.4. FONDAM approved grants 5.4= (1.5+2.6+3.5+4.5)	22,545,047	2,278,380	2,569,027	27,392,454
5.5. Amount spent on administration	5,339,762	880,000	783,293	7,003,055
5.6. Admin. Costs / approved grants (5.5/5/4)	24%	39%	30%	26%
5.7. Admin. Costs / Total administrated accounts 5.5/(5.4+5.3+5.9)	9.22%	35%	13%	11%
5.8 Investment Portfolio annual yield	n/a	-16.60%	22.90%	n/a
5.9 Interest earned for the Fund	16,898,000	-2,926,000	2,500,000	16,472,000
5.10 Fund balance at the end of the year	18,022,000	13,123,343	12,400,000	n/a

Annex IV

TFCA Country Reports



Yasuni National Park. Photo: EAI/TFCA Secretariat

Bangladesh

Debt Agreement signed:	September 12, 2000
Forest Agreement signed:	September 12, 2000
GOB debt service savings:	\$10 million
US budgetary costs:	\$6 million
Conservation funds generated:	\$8.51 million (over 18 yrs.)
Type of agreement:	Reduction/Rescheduling
Leverage:	1.4:1

The United States Government (USG) and the Government of Bangladesh (GOB) established the “Arannayk Foundation” (AF) or Bangladesh Tropical Forest Conservation Foundation, as a not-for-profit company in July 2003 by under the provisions of the U.S. Tropical Forest Conservation Act (TFCA) to conserve Bangladesh’s rapidly disappearing tropical forests and its biodiversity.

Bangladesh, with a land area of only 147,570 square kilometers (km²) is situated at the unique confluence of the Ganges-Meghna-Brahmaputra river systems - the second largest river system in the world - which drains an area of 1,086,000 km² from China, Nepal, India and Bangladesh. This unique geophysical location contains rich biological diversity.

AF has a threats-based strategic plan addressing forests and biodiversity conservation through forming partnerships and building local capacity. Priority grant themes include conservation of threatened and endangered tropical forest species, formation of protected area partnerships, restoration of degraded forests, ecotourism development, coastal biodiversity conservation, homestead agroforestry, environmental education, and global climate change mitigation and adaptation. In addition, AF promotes alternative income generation to improve livelihoods of the poor people living near the forests.

Governance

AF is managed by an independent Board of Directors composed of one representative each from the GOB and USG, and five representatives from non-governmental organizations. Ms. Denise Rollins, USAID Mission Director, represents the USG and Mr. Joynal Abedin Talukder, Joint Secretary (Development) of the Ministry of Environment and Forest (MOEF) represents the GOB. All five non-governmental representatives to the Board were replaced through elections in 2009.

Major Achievements - 2009

The AF made 46 diverse grants since November 2006 focusing on tropical forest biodiversity conservation in different agro-ecological zones of Bangladesh. With induction of a new Board of Directors, the AF is taking a fresh look at its strategy and programs. The AF has started gaining the high confidence of the GOB and the Secretariat

had been invited to participate in a number of national level biodiversity decision-making processes.

Nine projects were on-going through the first quarter of 2009 (*Table 1*). In May 2009, the AF awarded 12 new projects of which five were co-management projects involving NGOs, the GOB Forest Department and Co-Management Councils – the latter consisting of representatives from local communities, local government bodies, Upazila (sub-district) administration, Forest Department and other relevant line agencies working in the area. In addition, five indigenous community-based forest conservation projects in the Chittagong Hill Tracts (CHT) and two community-based swamp forest conservation projects in north-eastern Bangladesh have been launched. In total, the AF is managing 21 grant projects in 2009.

The independent EAI/TFCA Secretariat evaluation of the Bangladesh TFCA program revealed the need for back audits, delayed by the need for clarity on taxation. Rahman, Rahman & Hoq in their audit report of 2004-05 mentioned that as AF did not make any provision for tax exemption on the government deposits capitalizing the TFCA accounts, it should pay back taxes on the order of US\$1.2 million. USAID worked closely with the Economic Relations Division of the Ministry of Planning and the Secretary of the Ministry of Environment and Forests, to resolve the taxation issue. A compromise was worked out with the Tax Office, which exempted the AF from taxes on deposits but retained taxation on interest income only. The AF, however, continues to solicit tax exemption from the National Board of Revenue (NBR) on the interest income. Ultimately, overcoming the impasse has allowed further audits by A. Wahab & Company on AF accounts from 2005-06 to 2007-08. By late 2009, the audits were completed and submitted in draft for review by the Board.

Grant-Making Activities

A new era of AF grant-making began in 2009. Prior to 2008, AF grants were small, short in time frame and generally outside natural forests and protected areas. While 2009 saw continued disbursements for nine existing grants, AF awarded 12 new grants, worth US\$1,084,546, all involving community-based or collaborative management of natural forests and biodiversity hotspots. All of the new projects are three- year grants with implementation beginning in June 2009. A summary of the grant disbursement activities of AF in 2009 is presented in Table 1, followed by a brief description of the new projects. The geographical distribution of the projects is shown in Fig. 1.

Table 1. Arannayk Foundation grant disbursements in 2009

Project title	Grantee	Duration (Yrs)	Start Date	Amount of the Grant (USD) ¹⁶
<i>A. On-going projects initiated before 2009</i>				
1. Homestead Agroforestry through Improved Management Practices in Chandanaish and Patiya Upazila of Chittagong	CODEC	5	Nov 2006	50,360
2. Homestead Agroforestry through Improved Management Practices in Sitakunda and Mirsharai, Chittagong	Protyyashi	5	Nov 2006	50,360
3. Homestead Agroforestry through Improved Management Practices in Tala, Satkhira	Uttaran	5	Nov 2006	50,360
4. Coastal Biodiversity Conservation through Creating Alternative Income Generation Facilities in Kaliganj, Satkhira	CFSD	3	Nov 2006	57,554
5. Coastal Biodiversity Conservation through Creating AIG Facilities in Paikgacha, Khulna	Uttaran	4	Nov 2006	57,554
6. Pilot Level Community Based Participatory Herbal Garden in Rangamati	Juno Pawr	8	Nov 2006	78,645
7. Pilot Level Community Based Participatory Herbal Gardens in Keshabpur, Jessore	IDO	8	Nov 2006	71,942
8. Recolonization & mass propagation of Civit	IFESCU	5	Nov 2006	43,165
9. Recolonization and mass propagation of Banspata	IFESCU	5	Nov 2006	43,165
<i>B. New projects launched in 2009</i>				
10. Community-based Conservation of Forest Resources and Enhancing Rural Livelihood in Rangamati of CHT	Hill Flower	3	Jun 2009	86,227
11. Indigenous Community-based Sustainable Management of Chimbuk Hill Forest in Bandarban Hill District	Humanitarian Foundn.	3	Jun 2009	82,222
12. Community-based Forest Resource Management for Sustainable Development in Rowangchari, Bandarban Hill District	Tah Zing Dong	3	Jun 2009	73,519
13. Community-based management of the Itchari Community Reserve Forest, Khagrachari	BIRAM	3	Jun 2009	86,331
14. Restoration of Hilly Biodiversity through Community Based Bio-Resource Management at Dighinala, Khagrachari	Anando	3	Jun 2009	86,207

¹⁶ USD 1.00 = BDT 69.5

Project title	Grantee	Duration (Yrs)	Start Date	Amount of the Grant (USD) ¹⁶
15. Swamp Forest Restoration in Haor Areas of Shunamganj Dist.	CNRS	3	Jun 2009	84,850
16. Access to Food Security and Accelerated Livelihood towards Biodiversity in Khaliajuri Upazila, Netrokona	SUS	3	Jun 2009	85,989
17. Inani Protected Forest Area (PFA) Co-management - NGO component	SHED	3	Jun 2009	228,820
18. Restoration and Conservation of Biodiversity in the Denuded Hills in Sitakunda and Mirsharai, Chittagong - NGO component	YPSA	3	Jun 2009	80,720
19. Restoration and Conservation of Biodiversity in the Denuded Hills in Banskhal, Chittagong - NGO component	Dhaka Ahsania Mission	3	Jun 2009	59,715
20. Restoration and Conservation of Biodiversity in Barind Dhamoirhat Sal Forest, Naogaon - NGO component	Padakhep	3	Jun 2009	50,647
21. Restoration and Conservation of Biodiversity in Singra Sal Forest, Dinajpur - NGO component	RDRS	3	Jun 2009	79,298
Total				1,587,650

2009 New Project Descriptions

i) Community-based Conservation of Forest Resources and Enhancing Rural Livelihood in Rangamati of the Chittagong Hill Tract

A grant of \$ 86,227 was granted to a local NGO named Hill Flower. The project covers 5 villages of Wagga union under Kaptai Upazila of Rangamati district. The objectives of the project include: a) mobilizing, and building capacities of, local communities to conserve the natural resources of the project area, b) improving of soil and watershed, c) creating alternative income generation opportunities, and d) strengthening institutional mechanism and capacity of the communities for sustainable management of the landscape and biodiversity resources.

ii) Indigenous Community Based Sustainable Management of Chimbuk Hill Forest in Bandarban Hill District

A grant of \$82,222 was awarded to a local NGO named Humanitarian Foundation to implement a project in two community conserved forests namely Kafrupara Village Common Forests (VCF) under Lama Upzila and Korang Para VCF under Ruma Upazila in Chimbuk hills area in Bandarban Hill District. The project will restore and conserve forest resources and build institutional capacity in indigenous communities of the Chimbuk Belt.

iii) Community Based Forest Resource Management for Sustainable Development in Rowangchari, Banderban Hill District

A grant of \$73,519 was awarded to a Banderban-based local NGO, Tah Zing Dong for a project that includes 3 Village Common Forests (VCFs) in Rowangchari Upazila of Bandarban district. The objectives of the project are a) protection and preservation of community based forest resources, b) sustainable management of community based forest resources, c) enhancement of livelihood security through income generating activities and entrepreneurship development.

iv) Community-based management of the Itchari Community Reserve Forest, Kharachari

This grant of \$86,331 was awarded to the Boudhi Investigate and Research Assembly of Men (BIRAM) to work in the Itchari Community Reserve Forest located in Panchari Union of Khagrachari Sadar Upazila of Khagrachari district. The 165 acre forest is managed by a community of 168 households from two villages (Itchari Vitorpara and Itchari Madhyapara). The project will: a) establish community based co-management and community capacity building and empower communities, b) study forest floral and faunal biodiversity, c) develop eco-tourism facilities in the conservation areas, and d) restore, conserve and enhance sustainable productivity at the ecosystem level.

v) Restoration of Hilly Biodiversity through Community Based Bio-Resource Management at Dighinala, Khagrachari

This grant of \$86,207 was awarded to an NGO named Anando and it targets 101 acre of hilly land in a resettlement area in Ghona Para and Voirifa Bridge Para villages in Dighinala Upazila of Khagrachari. The objectives of the project include a) restoring biodiversity through enrichment planting and protection, b) establishing a community-based management system for the forest and biodiversity resources, and c) improving the livelihoods of communities through agroforestry and other income generating activities.

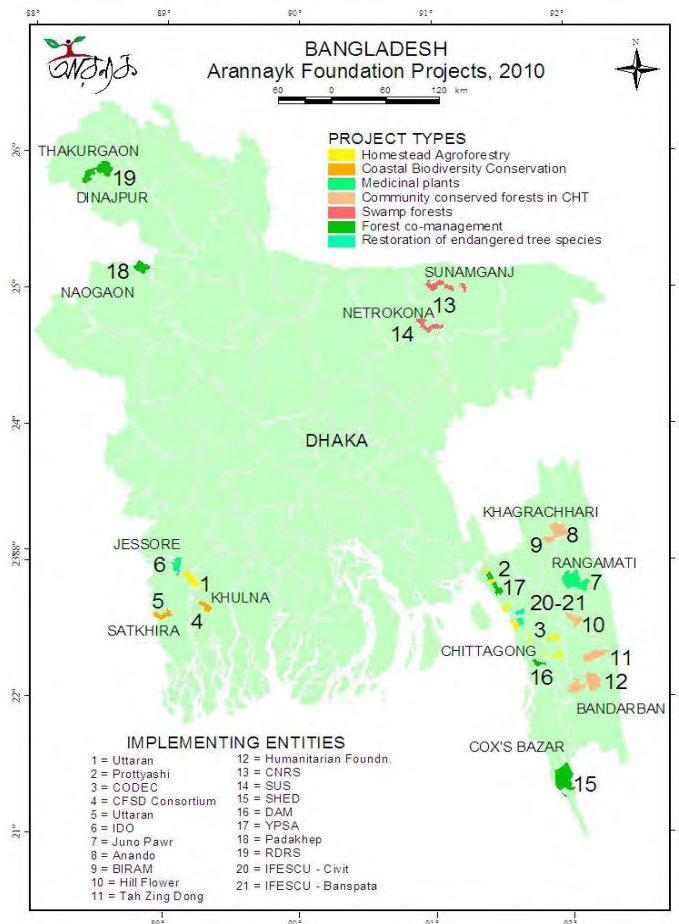


Fig 1. Map showing the locations of the ongoing projects of Arannayk Foundation

vi) *Swamp Forest Restoration in Haor Areas of Sunamganj District*

A grant of \$84,850 was awarded to the Center for Natural Resources Studies (CNRS) to: a) promote community-based restoration and management of swamp forests in the haor basin, b) generate awareness and build capacities of communities to conserve healthy swamp forests for sustainable livelihoods and, c) influence national policy, processes and structures in favor of community-based restoration and management of swamp forests. The project covers two denuded swamp forests in Sunamganj Sadar and Jamalganj Upazila of Sunamganj district covering 65 ha.

vii) *Access to Food Security and Accelerated Livelihood towards Biodiversity in Khaliajuri Upazila, Netrokona*

This grant of \$85,989 was awarded to the Sabalamby Unnayan Samity (SUS). Project objectives of this project are a) to raise awareness of the importance of Hijol-Koroch plantation in the targeted area, b) to shelter the homestead from wave erosion and c) to improve area biodiversity, particularly fish and bird species. The project covers four villages of Khaliajuri Upazila of Netrokona district.

viii) *Inani Protected Forest Area (PFA) Co-management*

This project has three implementers: the Forest Department (FD), a local NGO named Society for Health Extension & Development (SHED), and a Co-Management Council (CMC) to be established for the Inani Protected Forest Area (PFA). A three-year grant of \$228,820 has been approved for SHED. The project area covers part of Inani and Ukhia ranges with an estimated area of 7,000 has. of natural tropical forests under plans to be declared as PFA, plus about 3,000 ha of surrounding Reserved Forests. The objectives of the project are: a) establishment of a model for formalized co-management of the Inani Protected Forest Area (PFA), b) creation of alternative income generation opportunities for key local stakeholders, c) development of policies conducive to improved Inani PFA management and creation of constituencies to advocate for these policy goals, d) strengthening of the institutional systems and capacity of key stakeholders, e) building infrastructure for improved management and provision of visitor services, e) designing and implementing a program of habitat management and restoration, and f) providing a management framework for supporting the co-management process.

ix) *Restoration and Conservation of Biodiversity in the Denuded Hills in Sitakunda and Mirsharai, Chittagong*

This project involves three implementing entities: the Forest Department (FD), a Chittagong-based local NGO named Young Power in Social Action (YPSA), and a Co-management Council (CMC) to be established for the targeted forest area. A grant of \$80,720 has been approved for YPSA. The project area includes 200 ha of denuded hills at the Baraiyadhala Beat of Baraiyadhala Range and another 200 ha of such land at the Gobinia Beat of the Mirsharai Range under Chittagong North Forest Division. The objectives of the project are a) restoration and conservation of forest cover and biodiversity

in the denuded hills, b) establishment of a public-private partnership for sustainable forest management, c) sustainable management and utilization of minor forest products (bamboo, broom grass, medicinal plants), d) improvement of livelihood of the area poor people, and e) creation of revenue from the forest environmental services (e.g. eco-tourism).

x) Restoration and Conservation of Biodiversity in the Denuded Hills in Banskhali, Chittagong

This is also a forest co-management project involving three implementing entities: the FD, an NGO and a Co-management Council. The project will restore and conserve biodiversity over a 190 ha block in Shadanpur Beat of Kalipur Range (Banskhali Upazila) in the Chittagong South Forest Division. A grant of \$59,715 was awarded to a national NGO named Dhaka Ahsania Mission (DAM) to implement their portion of the project. The objectives of the project are exactly those of the project in Sitakunda and Mirsharai, but in a different region of Chittagong.

xi) Restoration and Conservation of Biodiversity in Barind Dhamoirhat Sal Forest, Naogaon

This is also a forest co-management project of the FD, an NGO and a Co-management Council. The project site covers Dhamoirhat Beat of Paikbanda Range in Naogaon district under Rajshahi Forest Division. The project will conserve 174 ha of well-stocked forest and bring another 80 ha of encroached forest land under participatory agro-forestry plantation. A grant of \$50,647 was awarded to Padakhep Manabik Unnyan Sangstha (Padakhep) to implement the NGO component of the project. The objectives of the project are a) restoration and conservation of the remaining Sal forests and its associated biodiversity, b) establishment of a public-private partnership for the sustainable management of the Sal forests, c) improvement of livelihood for people living in and around the forests, and d) creation of opportunities for revenue from forest environmental services of the forest, including eco-tourism.

xii) Restoration and Conservation of Biodiversity in Singra Sal Forest, Dinajpur

This forest co-management project involves the FD, an NGO and a Co-management Council. The project targets to cover Singra Beat (Birganj, Dinajpur) and Thungnia Beat (Pirganj, Thakurgaon) of Thakurgaon Range under Dinajpur Forest Division. The area of Singra forest is 170 ha and that of Thungnia is 205 ha. A grant of \$79,298 has been approved for Rangpur Dinajpur Rural Services (RDRS) to implement the NGO component of the project. The objectives of the project are identical to those of the project in Barind Dhamoirhat Sal Forest, Naogaon.

Project Impacts

Perhaps the greatest impacts that Foundation sponsored projects have achieved are those in the creation of awareness and motivating the key stakeholders for the conservation of the community forests of the Chittagong Hill Tracts (CHT). In the first half of the last century,

the indigenous communities of the CHT excluded from shifting cultivation some of their more ecologically significant forests. These forest became nature reserves called ‘Community Reserve Forests’ or ‘Village Common Forests.’ But after the partition of India (1947), and, more significantly, after the independence of Bangladesh (1971), most of the community conserved forests were destroyed due to increased population pressure and weakening of traditional tribal land governance and communal management systems.

The Arannayk Foundation took the initiative to strengthen the community-based management of the few remaining forests and conducted awareness campaigns, stakeholders in three districts of the Chittagong Hill Tracts (including local elites, religious leaders, teachers and journalist) have become very supportive to the project.

Constructive engagement of the local stakeholders has been fostered through creation of income generating activities. Arannayk Foundation is exploring the usefulness of establishing a revolving fund *not unlike the Grameen village banking model with a green twist*. The benefiting borrower must plant at least five saplings of enlisted endangered trees in his/her homestead for every \$14.39 borrowed from the revolving fund.

Results are very encouraging. In homestead agroforestry and coastal biodiversity projects, poor project participants, women in most cases, have been able to earn an extra income of \$15 – \$20 per month using a loan of \$30 – \$70. The most common income generating activities include vegetable cultivation (in homestead), cultivation of rice and other crops in leased land, cattle rearing, goat rearing, poultry rearing, fish cultivation, crab cultivation, handicrafts production and small trading. The rate of repayment of the revolving loans is above 95 percent.



Photo: Mr. Jotirindrya Bodhipriyo Larma, Chairman of the CHT Regional Council distributing saplings among the participants of a community-based forest conservation project in Rangamati Hill District.



Photo: Removal of boulders from the hill slopes and creeks in Waggachara, Kaptai, Rangamati Hill District that has been stopped through the intervention of the Arannayk funded project

Leveraging EAI/TFCA Resources

The German Government Development Agency (GTZ) approved Arannayk for involvement in a Protected Forest Area Co-Management Project in the southern Bangladesh (Chunati). The GTZ agreed to involve the Arannayk Foundation as one of the partners along with the Forest Department and the Integrated Protected Area Co-Management Project of USAID/Dhaka. The partnership is planned for 2010.

Recognizing the value of the Arannayk Chittagong Hill Tracts community-based forest conservation projects, the International Foundation of Sciences (Sweden IFS) awarded a grant of \$8,000, for agroforestry systems research in community homesteads.

The Government of Bangladesh, through its Climate Change Fund, is considering a proposal jointly advanced by the Arannayk Foundation and three of its partners (implementing entities) for a project on indigenous community-based conservation of

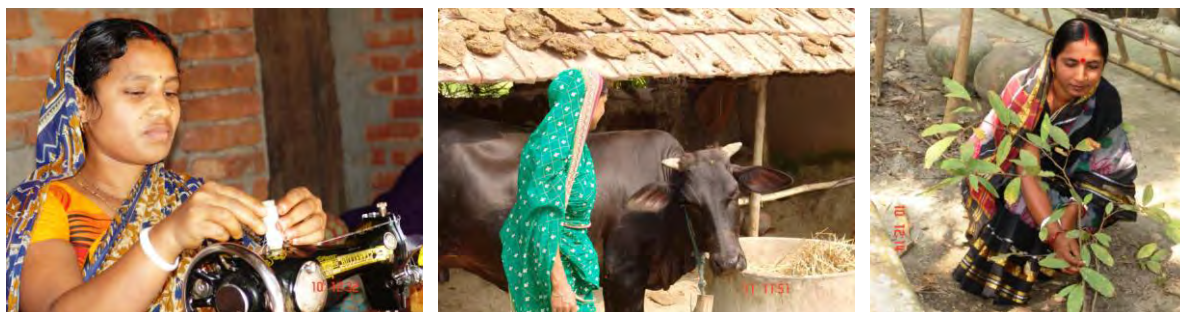


Photo: Some of the income generating activities of the ‘Coastal bio-diversity conservation’ project of Uttran (NGO) in Kaliganj, Satkhira (Bangladesh). The group-level revolving fund facility requires the planting of endangered trees as part of this lending program.

forests in the Chittagong Hill Tracts. The proposed budget for the project is \$700,000.

Summary Table (US\$)

Fund Data	2002-2007	2008	2009	Total
No. of proposals submitted	361	108	82	553
No. of proposals approved	39	5	9	53
Total approved funding for grants	1,822,824	1,199,480	531,149	3,553,453
Total disbursed funding for grants	280,837	172,018	364,745	817,600
Total matching funds as % of grant approved	-	-	1.65	0.25
Amount spent on administrative costs	376,312	127,676	155,400	659,388
Administrative costs as % of grants approved	21%	11%	29%	19%
Interest and capital gained on investments	984,431	742,634	718,419	2,445,484
Fund balance at the end of the year	5,642,836	6,618,541	7,309,899	n/a

Website: www.arannayk.org

Belize

Agreement Signed:	August 2, 2001
Type of Agreement:	subsidized debt swap
GOB debt payment savings:	\$10 million
US budgetary costs:	\$5.5 million
Conservation funds generated:	\$9 million (over 26 years)
Leverage:	1.87:1
Private funds contributed:	\$1.3 million

Schedule of Payments to TFCA Account Through 12/31/09 (U.S. \$)

(includes no investment income – only direct deposit amounts)

PACT	BAS	BAS	PfB	PfB	TIDE	TIDE	TIDE
Foundation Endowment	Endowment	Land Mngt.	Endowment	Land Mgt.	Endowment	Land Mgt.	Land Purchase
2,319,000	738,735	700,055	738,735	700,055	738,741	700,089	801,000

Background

In 2001, the USG agreed to reduce the official debt to the USG by half. The USG contributed \$5.5 million in appropriated funds which combined with \$1.3 million in private funds raised by The Nature Conservancy (TNC). Under the agreement, the Government of Belize (GOB) issued new obligations that will generate approximately \$9 million in local currency payments to help a consortium of four local NGOs administer conservation activities in protected areas. In addition, as part of the agreement, the GOB transferred 11,000 acres of Crown land to the Toledo Institute for Development and the Environment (TIDE), which added to an NGO-managed protected area to 23,000 acres from land purchases financed by TNC.

The four local NGO beneficiaries include: the Programme for Belize (Pfb), Belize Audubon Society (BAS), TIDE, and Protected Areas Conservation Trust Foundation (PACT Foundation). Together, the NGOs provide good national coverage. The agreement will help protect Belize's Maya Mountain Marine Corridor, which is globally outstanding in terms of its biological diversity and includes 16 miles of pristine Caribbean coastline. This area is home to more than 220 tree species and 350 species of birds, as well as the jaguar, marguay, Baird's tapir, and scarlet macaw.

Governance

The Belize agreement was the first debt-for-nature swap under the TFCA program. As a –subsidized debt swap,” it used both U.S. Government appropriated and private funds. An Oversight Committee ensures that the terms of the agreement are observed by all parties. Membership of the oversight committee includes a representative from each of the four benefiting NGOs, representatives from both the U.S. Government and the GOB, and one representative from TNC.

Major Achievements

PACT Foundation



The Protected Area Conservation Trust (PACT) Foundation is the one NGO, of the four TFCA beneficiaries, that offer a small, competitive grants fund for eligible local entities. Eligible entities are registered management organizations of terrestrial protected areas including, non-governmental organizations (NGOs) and community-based organizations (CBOs) that are involved in conservation and management for sustainable use of Belize's natural resources and terrestrial protected areas. Eligible projects include general park management, training and research.

The following information covers the reporting period *April 2009 –March, 2010*. The PACT Foundation TFCA account balance as of December 31, 2009 was US\$ 2,395,300.

Major Achievements in 2009



The PACT Foundation awards grants annually. Its *First Call* for Proposals occurred in 2007, followed by a *Second Call* (2008) and a *Third Call* (2009). The First Call awarded six grants, two remain active. The Second Call awarded three grants, one remains active. The Third Call awarded five active grants in November 2009. Therefore, as of December 2009, a total of eight active TFCA grants were being administered by PACT. To date a total of four projects from the early Calls have been successfully completed and two were cancelled early. The successfully concluded grants were those awarded to the Rio Blanco Mayan Association (*2008 Call*), the Rancho Dolores Environmental Development Company Limited (*2008 Call*), the Forest and Marine Reserve Association of Caye Caulker (*2007 Call*) and the Itzamna Society (*2007 Call*).

To date, the PACT Foundation has successfully supported 12 projects to nine community-based organizations and improved the management of nine protected areas in four districts: Toledo, Cayo, Stann Creek and Belize Districts.

First Grant Cycle – 2007

Projects from the first grant cycle targeted protected areas in the Toledo District, Belize, Cayo and Stann Creek Districts. The five benefiting protected areas included:

- The Aguacaliente Wildlife Sanctuary (AWS) improved its visitor services, upgraded sanctuary infrastructure, and improved the communications capabilities of the rangers who engage in patrolling and enforcement activities.
- The Community Baboon Sanctuary (CBS) upgraded its park infrastructure by installing trails, rope bridges, signage, restrooms and visitor center facilities. An environmental education outreach program was extended to nine neighboring villages, each with land use practices affecting baboon habitat.
- The Caye Caulker Forest Reserve collected important baseline data for the littoral mangrove forest and completed the design of an experimental forest. The grant also allowed for replanting of mangroves in areas affected by Hurricane Dean (2007).
- The Billy Barquediere National Park completed its management plan (pending endorsement from the Forest Department). Other benefits included the upgrading of communications and information technologies, developing the resource center's watershed management and biodiversity databases, and strengthening the environmental education and community outreach programs.
- The Golden Stream Corridor Preserve and Elijio Panti National Park also completed their management plans. Park infrastructure was also upgraded, to accommodate increasing numbers of park visitors, and marketing activities were expanded.



Visitors at the Rio Blanco National Park



Park rangers at the Aguacaliente Wildlife Sanctuary

Second Grant Cycle – 2008

The second grant cycle supported three projects:

- The Rio Blanco Mayan Association's project –*Securing Rio Blanco National Park with Adequate Resources,*
- The Rancho Dolores Environmental Group's project "*Spanish Creek Wildlife Sanctuary Maintenance and Development Project,*" and,
- The Aguacaliente Wildlife Sanctuary's Project "*Sustainable Income Generation through Improved Services at Aguacaliente Wildlife Sanctuary.*"

Despite the sudden untimely death of the project manager, the Rio Blanco project was successfully implemented and the organization received a second grant from PACT in the third grant cycle. The Rio Blanco Mayan Association conducted year-round park surveillance activity; upgraded the trails, signage and the visitor center; and improved radio communications with new solar powered equipment.

Unfortunately, two projects funded under the Second Cycle experienced challenges. The AWS (2008) grant was cancelled after project monitoring confirmed misappropriation of funds. The PACT Foundation and the PACT Trust are currently proceeding within civil litigation to recover the misappropriated funds. Secondly, the Spanish Creek Wildlife Sanctuary grant was cancelled since it failed to receive the required Forest Department endorsement of its management plan.

Third Grant Cycle – 2009

The third grant cycle began in April 2009 with the call for proposals, and the projects were awarded in November 2009. Five projects supporting five protected areas were awarded by the PACT Foundation. These included:

- *–Park Management and Community Outreach for Rio Blanco Mayan Association”* awarded to the Rio Blanco Mayan Association (RBMA),
- *–Revision to the Sarstoon Temash National Park Management Plan”* awarded to the Sarstoon Temash Institute for Indigenous Management (SATIIM),
- *–Organizational Capacity Building and Education Program”* awarded to the Community Baboon Sanctuary Women’s Conservation Group (CBSWCG),
- *–Caye Caulker Forest Reserve Littoral Forest and Mangrove Restoration and Outreach- Phase II”* was awarded to the Forest and Marine Reserve Association of Caye Caulker (FAMRACC), and,
- *–Development of a Financial Sustainability Plan”* awarded to the Rancho Dolores Environment and Development Company (RDEDCL).

Fund Administration

The PACT Foundation team has ensured constant vigilance in grant management. In addition to providing timely guidance to grant recipients, the staff ensures that any contraventions to the grant agreements are diagnosed *early* and corrective measures are taken. Lessons learned in grants management are adapted to maintain continuous improvement. For example, many grantees from the first two grant cycles experienced challenges in project management, specifically the timely submission of reports, budget management, financial accounting and other project implementation issues. These projects required a high level of support and constant interventions from the PACT Officers.

In order to strengthen grant making, a number of processes were improved. First, an institutional capacity assessment was incorporated in the screening phase of applications. The screening phase also benefited from more frequent and direct communications with applicants to ensure that the organization’s proposal was reflected clearly and to strengthen project design.

Second, grants from community-based organizations (CBOs) require extra attention to the details of institutional strengthening, financial management, project implementation and project governance. This CBO focused assistance is being considered separately by the PACT Trust and is proposed to be implemented through the Association of Protected Areas Management Organizations (APAMO).

Finally, all grantees require additional assistance in the grant preparation phase in the preparation of a detailed budget and work plan. Improving these two documents will significantly facilitate budget tracking and minimize implementation delays

Leveraging of TFCA Resources

Leveraging of TFCA resources is always a requirement of each applicant. TFCA funds therefore were used to successfully leverage co-financing from the PACT Trust, Global Environmental Fund Small Grants Program (GEF/SGP), Government of Belize and the Ford Foundation. In-kind contributions came from each of the grantees as well as from the US Peace Corps, Siwa Band Foundation and Galen University.

Summary Table (in \$US)

Fund Data	2007	2008	2009	Totals
No. of proposals submitted	10	5	8	23
No. of proposals approved	6	3	5	14
Total approved funding for grants ¹⁷	\$225,648	\$122,927	\$163,500	\$512,075
Total of counterpart match (grantee cost-hare)	\$53,439	\$30,233	\$45,591	\$129,263
Other leveraged matches (e.g. co-financing)	\$60,471.25	\$26,301	\$40,918	\$127,690
Total matching funds as % of approved grants	50%	46%	53%	50%
Amount spent on administrative costs	\$53,391	\$34,367	\$40,830	\$128,588
Administrative costs as % of grants approved	24%	28%	25%	25%
Interest and capital gained on investments	\$181,806	\$200,663	\$215,096	\$597,565.00
Fund balance at the end of the year	\$1,855,301	\$2,125,301	\$2,395,300	n/a

¹⁷ The total approved funding for grants are the total sum approved for the fiscal year. In the case of 2007 and 2008 these are audited figures. 2009 is the total grant funds approved for this fiscal period. These figures are unaudited.

Toledo Institute for Development and the Environment (TIDE)



The Toledo Institute for Development and Environment (TIDE), a non-governmental organization, was founded in 1997 to meet the growing environmental and development needs of Toledo District, the southernmost district of Belize. TIDE was conceived as a grassroots initiative in response to the negative environmental effects from activities such as manatee poaching, illegal fishing, illegal logging, destructive farming methods, and unsustainable development. Initially started by volunteers, TIDE has now grown to include 30 paid staff members.

TIDE sees the facilitation of private land conservation as critical to maintaining connectivity between the protected areas and minimizing the negative and harmful impacts of certain destructive practices on neighboring lands. In addition, TIDE has acquired lands in the Maya Mountain Marine Corridor (MMMC), a high priority conservation site extending from the crest of the Maya Mountains in southwestern Belize to the southern end of the Belize Barrier Reef System.

TIDE's Private Protected Lands Initiative (PPLI) is currently being financed through the TFCA Forest Conservation Agreement and other friends and partners of TIDE. Funds are used for the management of the lands and park improvement.

Private Lands Initiative

The Private Protected Lands Initiative is headed by a Manager, Mr. Eugenio Ah, who is supported by a staff of three full-time and two part-time rangers. The staff conducts patrols on the 20,000 acres of land purchased via the private contribution to the TFCA debt-for-nature swap in 2001. The team's goal is to reduce threats to biodiversity and fresh water in these areas and support sustainable management of this critical ecosystem for the benefit of communities and the Belize Barrier Reef system. The major threats today are illegal fishing (gill-nets), illegal logging, and hunting/poaching. One of the main threats from hunting is the spread of forest fires initiated by hunters. TIDE rangers and Education Officer continue to educate residents about the fire management. The rangers also assist with our reforestation goals through the development of hardwood nursery, environmental education activities, biodiversity monitoring, and numerous community meetings to create awareness and gain support for our conservation efforts.

Major Achievements for 2009

In 2009, TIDE rangers benefitted from participation in several trainings, including: bird diversity monitoring, knowledge of environmental laws (Ya'axche rangers), mammal and

plant identification and sampling, climate change adaptation and mitigation, and advanced fire management training targeted on the Payne’s Creek National Park.

Approximately 15 percent of the total TIDE private land boundary lines (10 linear miles) were cleared for demarcation. These marked boundaries represented the most critical areas relative to threat. In addition, the rangers conducted over 500 land and river patrols both at night and in the daytime.

TIDE’s relationship with neighboring communities continues to be good. In 2009, the TIDE Environmental Education Officer and Land Manager conducted 21 school visits and eight school trips with students from 13 buffer communities. As promotion for tree planting, TIDE donated 100 mahogany trees to six schools from TIDE managed tree nurseries. The community youth have also benefited from recreation opportunities through the construction of camping platforms, campfire stands and interpretive botanical trails.

Among adults, TIDE trained and equipped 15 community members from terrestrial and coastal communities to serve as community stewards. As a result of ranger facilitated village meetings, 50 –*Matambre*” farmers are conserving buffers (66 ft.) along TIDE protected areas.

Finally, TIDE completed 90% of the paperwork necessary for the purchase of a final parcel of land from the Big Falls Plantation to expand acreage acquired under the TFCA agreement. The sale will be finalized in early 2010.

Project Impacts

In 2009, TIDE terrestrial program implemented a structured method of collecting biodiversity information on birds and mammals from the private lands and Payne’s Creek National Park. Baselines have been established for analyzing future trends. During a one day rapid ecological assessment of one parcel of TIDE protected lands, biologists identified 2 groups of White Lip Peccary, amounting to approximately 150 individuals, two groups of Howler monkeys, 59 species of birds and 13 tree species.



Rangers on night patrol on Rio Grande River adjacent to TIDE lands – Gill net confiscation



A 9-foot Morlet’s Crocodile on TIDE private lands and surrounding waters

During the past year TIDE managed to leverage additional funds used in TIDE lands management and protection. Contributing partner organizations include: Outpost International, Call for the Wild and The Nature Conservancy. Their modest cost sharing is captured in the Summary Table below.

The TFCA funds allow TIDE to protect and restore critical biodiversity through habitat management. Biodiversity in the protected areas continues to increase, unfortunately so do hunting and fishing pressures. The world economic crisis has definitely impacted our ability to effectively manage the lands, but with the continuous support from TFCA we were still able to accomplish many objectives with limited funds. TIDE once again expresses gratitude to the TFCA Oversight Committee members, communities, Government of Belize, and the Government of the United States for ongoing support.

Summary Table (US\$)

Fund Data	2002-2007	2008	2009	Total 2002-2009
TFCA Land Management account	494,034	82,422	82,422	658,878
TFCA Land Purchase Account	667,500			667,500
TFCA Endowment Account	486,989	118,734	118,734	724,457
Co-financing Leverage	121,796	28,664	19,140	169,600
Total matching funds as % TFCA Land Management Account	19%	35%	23%	26%
Administrative Expenses	124,768	24,727	24,727	174,222
Interest and capital gained on TFCA investments	155,860	52,171	98,605	306,636
Fund balance at the end of the year (Endowment & Land Purchase accounts)*	637,088	951,283	1,227,989	n/a

*Note: Amounts are determined on a cash basis.

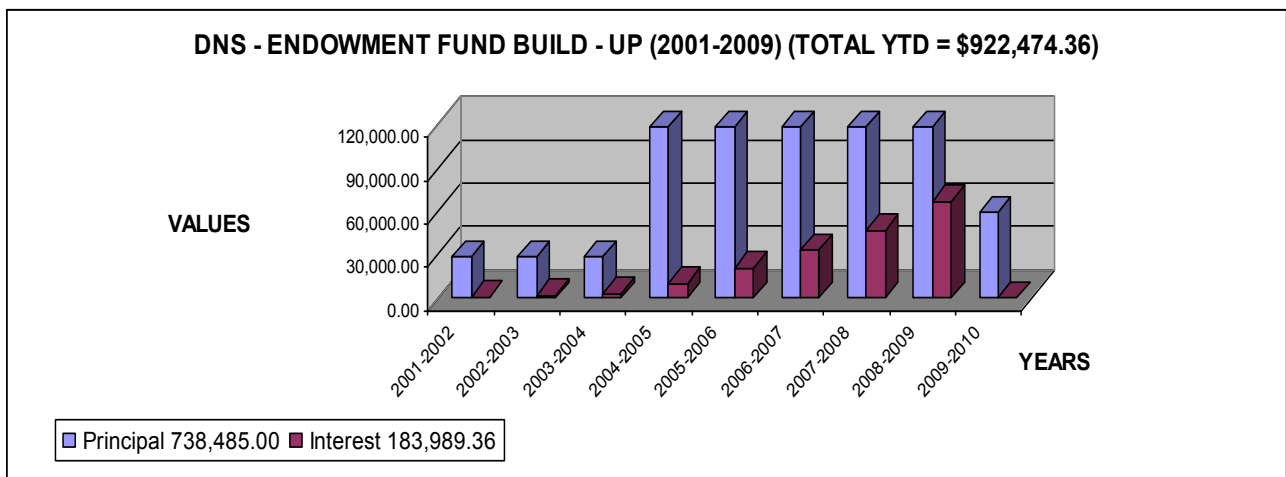
Programme for Belize (PfB)



Programme for Belize (PfB) is a private, non-profit, Belizean NGO established in 1988 and is dedicated to conserving biodiversity and promoting the sustainable development of Belize’s natural resources through the proper management of the Rio Bravo Conservation and Management Area (RBCMA) and other entrusted lands. In pursuit of its mission, PfB has gained significant experience in the successful management and protection of the RBCMA, the largest private protected area (260,000 acres) in Belize. The RBCMA is the flagship where PfB puts into practice its management principles based on the Man and Biosphere Reserve: 60 percent of the area is managed for strict preservation, and 40 percent is managed for conservation and sustainable economic activities promoted in the buffer zone.

Funding from the TFCA agreement allows PfB to maintain its land protection program and personnel. This year, the dry season was prolonged which normally increases the level of threat from illegal activities. With the TFCA funds, PfB was able to deploy its ranger force (10) to manage and patrol various hotspots on the RBCMA. Funds were also used to provide logistical support to the ranger unit, including the transportation and communications equipment used for patrolling the property.

The PfB fiscal year is from October through September. During FY 2008-2009, PfB received both disbursements on schedule totaling US\$201,152. Of this total US\$118,734 was transferred to the Endowment Account and US\$82,418 was transferred to the Land Management Account. The Land Management budget was expended in its entirety, of which US\$57,693 (70%) covered park ranger and supervisory staff salaries and US\$24,725 (30%) was used for administrative expenses. The balance of the endowment account as of December 2009, was US\$922,474 of which US\$738,485 is principal and US\$183,989 is accrued interest.



Major Achievements - 2009

Resource Management and Protection

PfB had a challenging year in the protection of the Rio Bravo Conservation and Management Area because the prolonged dry season allowed for extended forest access resulting in prolonged illegal activities. However, thanks to TFCA funding, PfB was able to maintain its protection program and keep illegal activities to a minimum.

Illegal Fishing and Illegal Cultivation Activities:

Ranger patrols were deployed through out the year on the major water bodies especially the New River Lagoon and Irish Creek. Patrols observed increased fishers near the RBCMA boundaries adjacent to Mennonite lands, seasonal fishers in the lagoon area and signs of illegal net fishing up the Harry Jones Creek, however, rangers had to issue few actual infractions during the year.

Likewise, encroachment on RBCMA for marijuana cultivation was kept to a minimum, with only one field reported in April. No arrests were made as suspects are seldom found by patrols.

Illegal Logging Activities:

This year there was an increased level of illegal extraction activities within, and adjacent to, the RBCMA property. A total of nine incidences were detected and reported during the year within the RBCMA boundaries. Rangers were able to catch and detain a total of 11 persons in five separate illegal logging activities. These persons were charged with illegal harvesting of mahogany at the Orange Walk Magistrate Court. Four of them have been convicted and fined US \$500 to US \$650 each for the offenses. There were instances where nobody was found on the site and the rangers recovered a total of 1,117 board feet of sawed mahogany, 21 mahogany trees and one cedar tree were removed in three separate illegal activities before the ranger were able to detect and halt the illegal operation. Three chain saws were confiscated.

While there were only nine reported incidences within the RBCMA, the Rangers expended considerable resources and time with 10 other illegal forestry incidents that were confined to the neighboring property, Loskot Lands, located on the road leading to San Felipe. Arrests were made in conjunction with the Blue Creek Special Constable who took the lead in two of these cases. PfB rangers took the lead in two other cases. In the first, a bench warrant was issued for one person who had a previous arrest. The second case is now pending before the Orange Walk Magistrate Court. It is clear that abatement on the adjacent property has been helping to reduce the reported incidences in the RBCMA.

Illegal Hunting Activities:

There were nine reported incidences of illegal hunting activities. The heaviest impact was on the Yellow Head Parrot chicks during the months of April through June where in one incident alone a total of approximately 30 chicks were poached from one site.

Evidence also shows that illegal access to RCBMA continues using the seismic oil survey lines that were opened by Belize Natural Energy in 2008-9. Evidence of access was discovered (e.g. motorcycle tracks, animal hides, deer heads) in the Alligator Swamp, Duck Ridge and Jimbo savannah areas. Frequently, rangers simply escort trespassers off the property.

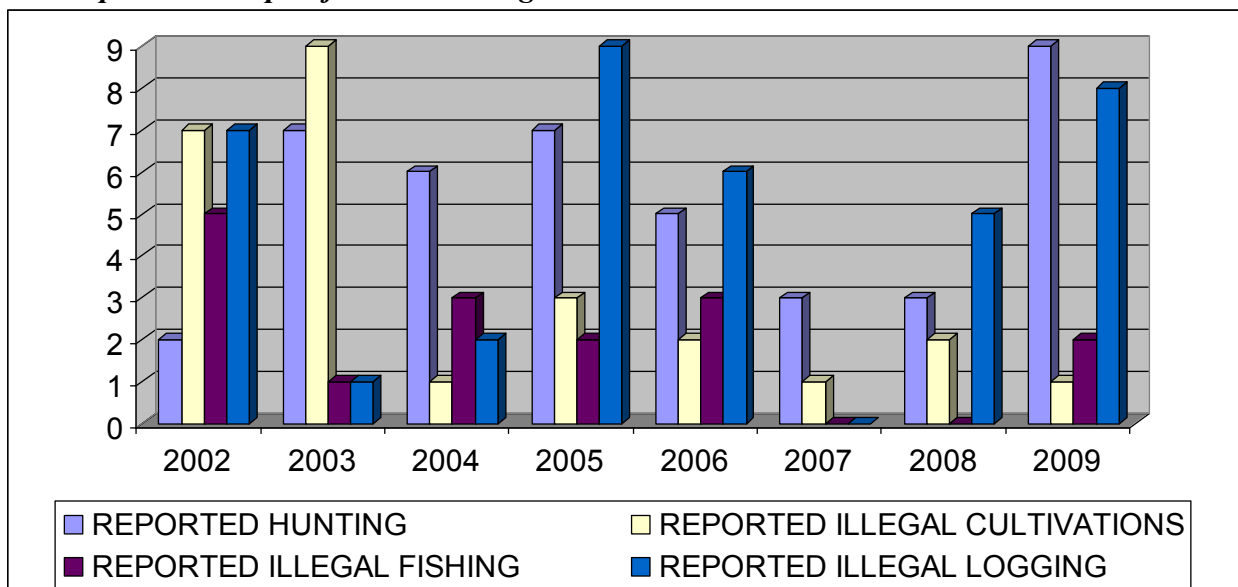
Summary of Illegal Activities from 2002 to 2009:

The graph below shows that there has been a declining trend related to both illegal cultivations and illegal fishing activities within the RCBMA boundaries. Illegal logging and illegal hunting, however, have both presented challenges in 2009. The limited ranger staff must man the entry gates daily and also patrol approximately 73 of the 125 total RCBMA boundary miles. These 73 miles are identified as the most prone to incursions.

Very un-seasonal weather in the year 2007 and early part of 2008 helped to lower the number of incidences that were reported as a significant part of the property remained inundated through what would have been the normal dry season periods in these years. The rapid increase in both illegal hunting and illegal logging in 2009 are perhaps directly attributable to the general downturn in economic activity within the national economy. Increasingly, buffer zone community members seek access to wild areas in order to sustain themselves and their families, albeit through illegal means.

Finally, PfB patrol efforts were also reduced in May 2009 with the loss of four rangers who had been hired using funding provided by Belize Natural Energy for mitigation of the negative environmental impacts caused by the creation of their seismic survey lines. PfB was unable to continue funding these rangers from its limited operational budget.

Comparative Graph of Recorded Illegal Activities on the RCBMA:



Over flights:

A total of 3 over flights were done over the property for the year. Light Hawk provided support for two of these flights which significantly lowered the direct PFB costs. Areas with suspicious activity identified from the air were then investigated with ground patrols. These over flights are particularly effective at identifying changes in forest coverage and structure that are otherwise difficult to detect on foot or with a regular vehicle patrol.



(Aerial view of the Duck Ridge savannah)



(illegal logging site)

Maintenance and Site Development:

The clearing and marking of boundary lines is grueling work. The rangers did a significant amount of boundary line clearing along Labouring Creek, Roof Top, Fracaso, San Felipe and Crystal Creek Lines to clear underbrush and reopen these lines. A total of approximately 13 miles were cleared during the calendar year. Additionally, the rangers also supported a number of maintenance activities within the main field station compound and assisted in clearing several trails within the Hill Bank compound used by guests and visitors.

Research and Monitoring

The rangers supported several research facilities and students during the reporting period. For instance, they assisted a research team from Mount Allison University, Canada, with pre-colonial and colonial archeological sites in the Hill Bank Area and sonar mapping of the New River Lagoon. Many Mayan artifacts were recovered and structures revealed, such as a causeway found connecting the Hill Bank ruins to the Lamanai Maya site assumed to have been used for commerce/trade.

Capacity Building

A Special Constable training was organized by the Forest Department and held at the Police Training Academy in June. Four rangers and the two other staffers successfully completed the training to become certified. PFB now has a complement of 12 staff

members who have been fully trained and certified as Special Constables. This training enables them to understand and enforce the protected areas laws and gives them power to arrest persons caught doing illegal activities in the RBCMA.

Infrastructural Support with Leveraged Funds

Generous Wallace Foundation grants allowed for acquisition of three all terrain vehicles (ATVs - US\$6,680), providing PFB rangers with access to remote areas challenging even for foot patrols, and for the renovation of a field staff building at Hill Bank (US\$7,000). A new guard house at the East Gate entry point and a new visitation house at the entrance of the Hill Bank Field Station grounds were also constructed in 2009 using a grant secured from the World Land Trust (US\$20,000).

A private ranch, Yalbac Ranch, funded the repairs of 5 bridges located within the RBCMA leading from the East Gate entry point to the Yalbac property. All five bridges were completely restored with new logs and hardwood runners and certified to support up to 25 tons with a lifespan of at least 20 years.



(One of the five bridges repaired – Tiger Creek)



(New Guard house at East Gate access point)

Conclusion

The eighth year of operation has turned out to be a year of heightened activity for the rangers, and it has tested their commitment to conservation. The TFCA funded rangers delivered a record number of arrests and resulting court cases in 2009. The most significant loss this season was the poaching of the Yellow Headed Parrot nests on the pine savannah. Lessons learned in 2009 will be extended to 2010 management. We continue to extend our thanks to the TFCA in being able to meet these management objectives and ultimately our mission for the Rio Bravo Conservation and Management Area.

PFB Website: www.pfbelize.org

Belize Audubon Society (BAS)



The Belize Audubon Society (BAS) is a non-governmental, membership organization dedicated to the sustainable management of Belize's natural resources through leadership and strategic partnerships with stakeholders in order to create a balance between people and the environment. For 40 years, BAS has worked in protected area management, environmental education, research, advocacy, biodiversity conservation and community development.

As a TFCA partner, BAS continues to receive the necessary funding to assist in the management of three of the nine BAS managed protected areas: Guanacaste National Park (GNP), St. Herman's Blue Hole National Park (SHBHNP) and Tapir Mountain Nature Reserve (TMNR). Collectively the three are referred to as the "Cayo Parks."

TFCA Fund Disbursement

The reporting period herein is the BAS fiscal year, October 2008 to September 2009 (*see final table*). During this period, BAS received a total of \$201,152 of which \$118,734 (59%) was allocated to the Endowment Account and \$82,418 (41%) was allocated to the Land Management Account.¹⁸ Of the portion in the Land Management Account, \$57,693 (70%) was expended in park management (staff salaries) for GNP, SHBHNP, and TMNR. Thirty percent (\$24,726) was expended in salaries for program coordination overhead which includes the Executive Director, Finance Department, Administrative Support and Park Manager. As of September 30, 2009, the accumulated balance of the Endowment Account was \$868,410, including \$789,290 of paid principal and \$79,120 of accrued interest.

Activities and Accomplishments

As a partner in the TFCA debt swap agreement, BAS continues to receive the necessary funds to implement its vision of protecting some of Belize's key conservation lands and natural resources. Major activities over the past year in the Cayo Parks were focused *on resource management (especially enforcement), education, research and monitoring, capacity building and special events.*

¹⁸ Note that these figures differ somewhat from those presented in the introductory table for the Belize — Schedule of Payments to TFCA Accounts" because BAS has apportioned deposits differently between its accounts. The totals, however, should be the same.

Resource Management and Protection

The TFCA Funds allowed for continued park infrastructure maintenance and staff presence at SHBHNP, GNP and TMNR. Park wardens carry out regular ground patrols to ensure the security of the parks and to maintain protected area integrity. Because of its relative size and difficult accessibility, the TMNR is particularly challenging to monitor and, consequently, experiences the greatest conservation threat. Patrolling is frequently performed in conjunction with Forest Department, the Belize Defense Force and even the local police forces, due to an increase in criminal activity (e.g. robberies). Illegal logging and xate leaf extraction continue to be significant threats. Areas of concern are targeted for additional monitoring and patrolling, and annual over flights with Lighthawk are conducted in April.

As part of BAS coordination with law enforcement agencies, BAS has made strategic investments in improving its radio communications capabilities. In addition to park management oversight, the improved communications infrastructure also allows for improved emergency response capabilities. Finally, patrolling capabilities were improved with the purchase of a motorcycle for the SHBHNP.



Environmental Education and Outreach

The Belize Audubon Society continues its outreach in raising awareness and appreciation for protected areas and biodiversity conservation through the *Nature School Program*. Not only is the Program incorporated into school curriculum, but also the message is communicated through a variety of public media and targets teachers, students, parents and the community at large. In fact, the SHBHNP was highlighted in a dedicated national television broadcast. BAS organized youth outreach activities, cave exploration and bird watching trips and much more. BAS also provided a conservation scholarship program and hands-on experience in protected area management through internship programs.

BAS used **Earth Day** celebrations to expand its outreach and create partnerships under the global themes –“The Green Generation,” –“Project Green Wave” and –“Keep Belize Green, Go Green: It makes \$en\$e.” With funding support from the Protected Areas Conservation Trust, BAS celebrated Earth Day with a three part series of activities: publicity and media

campaign, the mahogany plant distribution for the Greening Initiative, and participation of various embassies, companies, groups (such as scouts) and academia (such as the University of Belize) in third annual Earth Day Fair, which included a lengthy “Walk for a Green Belize.”



Research and Monitoring

Research for the enhancement of the scientific management of the parks is a priority established in the 2009 Strategic Plan. Research has helped to establish and monitor forest ecosystem health indicators and the BAS staff collects data through bird counts and recordings, and other wildlife observations. For example, staff has observed up to 10 different species of snakes at SHBHNP and an actual increase in howler monkey activity at both SHBHNP and GNP.

In May BAS also participated in the National State of Protected Areas Assessment Workshop at which time an assessment was completed for all protected areas under BAS co-management. The workshop introduced useful tools for assessing ongoing management needs of the protected areas and prioritizing research.



Capacity Building

BAS recognizes the high value of its staff and invests to enhance staff skills to improve conservation outcomes. Through staff meetings, retreats and workshops, staff is provided with training contributing to their professional development. During 2009, staff members engaged in several opportunities, including training in: Communications and Hospitality, Emergency Response, Planning Tools: Use of the Logical Framework, Monitoring and Evaluation, A Youth Water Conservation Seminar (*in Nicaragua*), Bird Counts and Banding, and Special Police Constable training.

Of special note is the training conducted by the Belize Disaster and Rescue Team at St. Herman’s Cave. BAS staff was provided with hands-on experience in cave rescues, including reenacting scenarios in search and rescue of victims from water caves.

Special Events

BAS is a membership organization and the 2009 Annual General Meeting was held at Cockscomb Basin Wildlife Sanctuary complete with special outreach activities. Additional highlights organized by BAS, were three 2009 trips to Victoria Peak ,and a three-day adventure hike with participation by many staff and other brave and enthusiastic men and women eager to take on the challenge and enjoy the magnificence of the second highest point in Belize. Finally, BAS was honored by two of its partners, the Belize Forest Department and the National Coast Guard. These partners recognized BAS with awards for its tireless efforts as a steward in protected areas management and the conservation work in 2009. All of these efforts were made possible through the generous contribution of TFCA funding.

**Expense Summary
October 1, 2008 thru September 30, 2009 (in \$US)**

	Budget Oct '08 – Mar '09	Expenses Oct '08 – Mar '09	Budget Apr '09 – Sept '09	Expenses Apr '09 – Sept '09	Total Budget Oct '08 – Sept '09
Endowment	59,367	59,367	59,367	59,367	118,734
Land Management	41,209	41,209	41,209	41,209	82,418
Program Coordination Overhead	12,363	12,353	12,363	12,353	24,726
Park Management	28,846	28,823	28,846	28,823	57,692
Bank Service Charges		33.00		33.00	66
Total	41,209	41,209	41,209	41,209	82,418

BAS website: www.belizeaudubon.org

Botswana

Debt Agreement signed	October, 2006
Type of Agreement	reduction/rescheduling
US budgetary costs	\$7.0 million
Conservation funds generated	\$8.3 million (over 10 years)

Schedule of Payments to TFCA Account through 12/31/09 (U.S. \$)

Date	Forest Grant Fund	Savings Acct.	Grant Disbursements
2009	\$ 1,750,905	\$ 1,916,737	0

1.0 Background

The Governments of the United States of America and the Republic of Botswana signed agreements on October 5, 2006, to reduce Botswana's debt payments to the United States by over \$8.3 million. A fund administrator was created and is entitled the Forest Conservation Botswana Limited (FCB). The TFCA funds will be used to support grants that will conserve and restore important tropical forests throughout the country, including such world famous areas as the Okavango Delta and Chobe National Park region. The Agreements, which were made possible through a contribution of nearly \$7 million by the U.S. Government, were the first such TFCA Agreements concluded in Africa.

The forests covered by the Agreements with Botswana include closed canopy tree cover, riverine forests and dry acacia forests. They are home to the fishing owl, leopard, elephant, hippopotamus and many other wildlife species. People living in and around these forests depend upon them for their livelihood and survival, and these agreements will help ensure the sustainability of the forests for future generations.

The reporting period for this report is February through December 2009. As of December 31, 2009, the Government of Botswana had made a total of 19 out of the scheduled 45 payments under the New TFCA Obligations. A total of \$1,750,905 is still with the Botswana Government in the Tropical Forest Conservation Fund account. An amount of \$1,916,737 has been deposited into the Forest Conservation Botswana Limited bank account.

2.0 Achievements

In February 2009, the new Chief Executive Officer began his duties. By August, he had hired a support staff that included an Office Manager, a Project Manager, a Finance Manager, a Driver and an Office Cleaner. An office space was secured and associated procurements of goods and services were completed (e.g. office stationery, furniture and vehicle).

Much of calendar year 2009 was used in the development of grant-making and governance policies and procedures, including: grant making guidelines, an operations manual, a project proposal template, and several communications tools (e.g. a FCB information brochure and website).

By November 6, the first Call for Project Proposals was published in the Daily News and additional circulation was achieved through a stakeholder and community consultation process. Proposals will be received through February 2010, and grant applications will be evaluated and submitted for the Board's decision in March 2010.

The Board held three meetings during 2009, in March, July and October. Company activities likely will be formally launched during the first quarter of 2010.

Colombia

Debt Agreement signed	March 30, 2004
Type of Agreement	Subsidized debt swap
US budgetary costs	\$7 million
Conservation funds generated	\$10 million (over 12 years)
Private funds contributed	\$1.4 million
TFCA Account Administrator	Fondo para la Acción Ambiental y la Niñez, FPAA

Total Deposits to TFCA Accounts through 12/31/09 (US \$)

Date	Grants Account	Endowment Account	Reserve Account
2004-2009	\$3,262,945	\$6,037,957*	\$1,116,734**

* includes \$1.04 M in investment earnings

** includes \$99,000 in investment earnings

As of December 31, 2009 the Government of Colombia had made 12 out of 26 scheduled payments for a total of \$9.3 million into the TFCA Account (92% amortized).

Background

On March 30, 2004, a subsidized debt-for-nature swap was signed under the TFCA by the governments of the U.S and Colombia and by participating NGOs: The Nature Conservancy (TNC), World Wildlife Fund (WWF) and Conservation International (CI). The U.S. Government provided \$7 million; the Nature Conservancy, Conservation International and World Wildlife Fund contributed a total of \$1.4 million. The agreement was declared effective on September 7, 2004 and will generate approximately \$10 million for forest conservation over 12 years.

The proceeds derived from the debt-for-nature swap for Colombia will contribute to the long-term financial sustainability of Colombia's system of protected areas. Funds will be channeled to NGOs and CBOs with experience and previous work in the protected areas and their buffer zones, to increase connectivity and ecological integrity of tropical forests in Colombia. The TFCA Account will provide direct funding for conservation and sustainable development activities (50%) and an endowment fund (50%) for both public and private protected areas, their buffer zones, and corridors.

Governance

The Oversight Committee has five members and is composed of representatives from the U.S. Government (USAID), the Government of Colombia (Ministry of the Environment, Special Administrative Unit of the National Natural Parks System - UAESPNN), and the three contributing international NGOs (TNC, WWF and CI). The Committee met twice in 2009 and held a strategic planning meeting to review the investment strategy adopted in 2005 and initiate the design of a new investment and fundraising strategy.

Major Achievements in 2009

A Positive Independent Evaluation

During August 2009, a team of external consultants conducted a performance evaluation of the Oversight Committee (OC) and of FPAA in their respective roles of governing and administering the TFCA program in Colombia. Funding for this independent evaluation was provided by USAID through an Interagency Agreement with the USDA Forest Service/Office of International Programs.

The Evaluation Team congratulated the Oversight Committee and FPAA for the overall excellent way in which the TFCA program in Colombia has been governed and administered. The following are key evaluation conclusions¹⁹:

–FPAA has administered the program in general accordance with the TFCA and has demonstrated a clear understanding of best practices in strategic planning, process development and documentation, grant making, and portfolio management. FPAA has set new standards of excellence by achieving ISO 9001-2000 certification and by developing an integrated information management system.”

–Working with residents and settlers in buffer zones of protected areas is a complex undertaking. This sort of extension or outreach is challenging under any circumstances, but even more so when the goal is forest conservation. The objectives include changes in awareness, changes in the means of production and livelihoods, and, ultimately, changes in human behavior. The processes involved are lengthy, and quantitative results may be slow to appear in a three-year project. More sustained periods of engagement may be required.”

–The challenges for FPAA are: strengthening outreach and coordination efforts with other stakeholders and moving ahead with expanded fundraising efforts. All Parties are aware that to be effective, the FCA Endowment must grow.”

In order to manage the first challenge identified by the Evaluation Team, FPAA has defined a cooperation agenda between the TFCA team at FPAA and the Conservation Mosaics team at Patrimonio Natural. Also, the National Parks field staff has been engaged in the strategic planning exercise for the new TFCA grants program.

The Fund has included an expanded fundraising program in its own Strategic Plan and hired a fundraising specialist for the TFCA team. Moreover, members of the Oversight Committee will reach into their own networks to extend this effort.

19

–An Independent Evaluation of the Tropical Forest Conservation Act Fund administered by the Fondo para la Acción Ambiental y la Niñez in Colombia”. John N. Shores and Claudia Martínez. Bogotá, Colombia, October 2009.

Grant Making

In September 2005, the Oversight Committee approved the 2006-2009 grant making strategy for three priority areas: El Tuparro Biosphere Reserve, located in the eastern department of Vichada along the border with Venezuela; the buffer zone of the Yariguíes National Park, in the departments of Boyacá and Santander; and the Oak Forest Conservation Corridor, in Santander and Boyacá, in the buffer area of the Guantotá Alto Río Fonce Flora and Fauna Sanctuary.

The 2006-2009 grant making strategy defined a \$2.6 target and authorized FPAA to open Requests for Proposals for these forest areas. FPAA opened a permanent “window” whereby 77 grants have been approved through 2009.

Between 2006 and 2007, the Oversight Committee approved three projects and allocated \$1.4 million (54% of the target). In October 2008 the Oversight Committee approved the first project for the oak forest corridor and a third project in the buffer zone of the Yariguíes Protected Area. With these decisions, total allocation from the FCA Grants Account reached \$2.7 million, 2% above the investment target.

The investment portfolio is shown in the following table.

Fondo para la Acción Ambiental y la Niñez Tropical Forest Conservation Account - Colombia Grantmaking 2006-2009				
2006 - 2009 Investment target				\$ 2.585.143
Incentives for conservation & sustainable coffee production	Yariguíes buffer zone	Fundación Natura	2006	\$ 315.809
"Orinoco people": Sustainable development in the Tuparro Biosphere Reserve	Tuparro Biosphere reserve	Fundación Omacha Fundación Horizonte Verde	2006	\$ 523.295
Sustainable production and conservation by civil society organizations	Yariguíes buffer zone	Resnatur Fundación CIPAV	2007	\$ 580.002
Conservation and management of oak forests, enhancing connectivity in rural landscapes and implementig conservation in private lands	Oak forest corridor	Fundación Natura Fundación CIPAV	2008	\$ 703.790
Conversion to sustainable cattle ranching	Yariguíes buffer zone	CETA	2008	\$ 573.952
Additional allocation				\$ 51.535
Total investment 2006 - 2009				\$ 2.748.383

Promoting conservation and sustainable coffee

In July 2009 the project “Incentives for conservation and sustainable production in the Yariguíes National Park buffer zone” was successfully completed. Fundación Natura and

its local partner, the Regional Committee of Coffee Growers of Santander, achieved the following main results:

- 199 farms were certified as compliant with the Rainforest Alliance Standard.
- 200 farm owners signed Conservation Agreements to protect natural areas within their properties and increase connectivity between existing forests.
- 1,075 acres of natural forests were placed under protection.
- The local administration approved special legislation to promote conservation through a property tax exemption.
- The local utility is committed to implement a Payment for Ecosystem Services scheme.

This project effectively reduced the impact of deforestation and eliminated negative agricultural practices in the buffer zone of the Yariguíes National Park. This initiative has a high potential to be scaled up in the remaining area of the buffer zone. Fundación Natura has secured funding from regional public authorities and other donors in two different regions and replicated this successful experience.

Sustainable development in the Tuparro Biosphere Reserve

This project, implemented by Fundación Omacha and Fundación Horizonte Verde, managed to significantly increase privately-owned protected areas and generated sustainable economic alternatives for local communities. Some of the goals achieved surpassed proposed targets. The TFCA-funded project has been characterized as “the first integral investment in conservation and sustainable development” in the region. Some of the main results include:

- 19,800 acres of new private protected areas were established.
- 74 acres of wetlands in the private areas were restored.
- two protocols for ex-situ reproduction of two species of ornamental fish were developed with active participation of local communities.
- A regional ecotourism strategy was designed and agreed with local organizations and authorities.

Sustainable production and conservation by civil society organizations

Despite having achieved significant progress, the three organizations behind this project, CIPAV, RESNATUR and RENAPROVEL were unable to solve management issues due to institutional weaknesses in RENAPROVEL. After two suspensions, the Oversight Committee decided to request the implementing agencies to close the project prior to scheduled termination. To date, this initiative has achieved the following results:

- 190 of 247 acres are under sustainable production systems.
- four local groups of young beneficiaries (two more than programmed) have been created to monitor environmental investments.
- 740 of 1,235 acres have been established as private natural reserves.

- 37 of 50 private reserves have been established.
- Local beneficiaries signed 27 of 50 conservation and production agreements.
- 83 of 88 beneficiaries have participated in capacity building processes.

Being able to close a project without jeopardizing its results or negatively affecting its beneficiaries is one of the main lessons learned by the OC and TFCA Administrator.

Conserving the oak forest

Fundación Natura and Fundación CIPAV joined efforts for the conservation and sustainable management of a unique oak forest corridor in the eastern Andes Mountains. Natura has a solid track record in this region, with over a decade of conservation work with local organizations, communities and the National Parks Service. Natura developed the studies that supported the creation of the Guanentá Alto Río Fonce Flora and Fauna Sanctuary; it also owns the Cachalú Biological Reserve, a private protected area and research center.

CIPAV, created in 1986, is a private research center that focuses on sustainable production systems for agriculture and cattle ranching. In recent years it has gained recognition for the development of a model that facilitates the transition from unsustainable cattle ranching to an efficient and sustainable system based on agroforestry and conservation. This model has been successfully pilot-tested in Costa Rica, Panama and Colombia with funding from the World Bank. Beginning 2010, the model will be scaled up in Colombia by a partnership that includes FEDEGAN, the largest cattle ranching federation in Colombia, FPAA, The Nature Conservancy and CIPAV, with funding from FPAA and the Global Environmental Facility GEF/World Bank.

The TFCA project is enhancing connectivity in rural landscapes, protecting the last remnants of oak, stimulating a radical conversion to sustainable cattle ranching and implementing conservation actions in private lands. Eighty productive units, located in the buffer zone of the Guanentá Sanctuary, have already signed up in this conservation and sustainable development initiative.

The project started on January 2009 and has achieved the following results:

- 80 beneficiaries have signed conservation agreements.
- 40 strategic wetlands have been isolated from cattle intervention.
- 3,706 acres of natural forests are under sustainable management including restoration and conservation activities.
- 395 acres of natural Oak forest have been isolated and protected.

Controlling encroachment by cattle ranching

In July 2008 the Oversight Committee approved a grant for a project presented by CETA in the area of influence of the Yariguíes Natural Park. CETA has experience in the

promotion of rural microenterprises and cooperatives. This private organization has teamed up with the regional environmental authority (Corporación CAS) and the municipalities of El Carmen and San Vicente de Chucurí.

Local communities have demonstrated great interest in taking part in the project and are actively involved in its activities. Main results during 2009 include:

- 76 project beneficiaries have signed conservation agreements.
- 29 young locals are participating in the capacity building process (goal was 15).
- Communities have committed to protect 740 acres of land for restoration and conservation (goal was 360 acres).
- 35 strategic wetlands are being isolated and protected.
- two demonstration farms have been established and have started a certification process for organic cattle production.

Summary Table
FPAA Management Years (2004-2009)
(In US\$ thousands)

TFCA Account Data	2005 - 07	2008	2009	Total 2004 - 2009
No. of proposals received (including profiles)	71	6	-	77
No. of approved projects ²⁰	4	2	-	6
Approved FCA funding	\$1,419	\$1,329	-	\$2,748
Beneficiary counterpart match	\$1,075	\$848	-	\$1,923
Total value of grants	\$2,494	\$2,177	-	\$4,671
Counterpart as % of FCA grants	76%	64%	-	70%
FPAA disbursed funding	\$589	\$631	\$401	\$ 1,621
Amount spent on administration	\$364	\$125	\$126	\$ 615
TFCA Account balance - end of year				
Sinking (Grants) account	\$1,718	\$1,362	\$1,635	-
Endowment account	\$3,440	\$4,473	\$6,038	-
Reserve account	\$641	\$ 874	\$1,117	-

Fund's Website: www.accionambiental.org

²⁰ While the chapter text itemized only five total grants, the first grant ever approved was awarded (in 2005) to the Colombian Ministry of the Environment Parks Unit for an environmental impact assessment of Isla de Salamanca National Park (ISNP). This preceded the Fund Grant Investment Strategy, although ISNP is one of the five forested areas that was eventually identified as Fund a priority. See 2005 Congressional Report for details.

Costa Rica

Debt Agreement signed	September, 2007
Type of Agreement	subsidized debt-swap
U.S. budgetary costs	\$12.6 million
Conservation funds generated	\$26 million (over 16 years)
Private funds contributed	\$2.5 million

Schedule of Deposits to TFCA Account through 12/31/09 (U.S. \$)

Date	Forest Grant Fund	Grant Disbursements
2009	\$ 3,834,687	0

Background

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 the next 16 years. 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. 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 will help conserve several important forest areas in Costa Rica. The Osa Peninsula is home to the scarlet macaw and many other bird species, as well as to the squirrel monkey and jaguar. The La Amistad region contains the most extensive tract of untouched forest in the country, and is the source of much of Costa Rica's fresh water. The Maquenque Wildlife Refuge area is home to the great green macaw, while the Tortuguero region contains a rich variety of forest ecosystems. The area north of Rincon de la Vieja contains rich dry forests, and the Nicoya Peninsula's dry forests and mangroves are important to the preservation of water resources in the region.

Major Achievements

During the first year of the program, progress towards grant making was stymied by a number of issues. The Government of Costa Rica (GOCR) Attorney General made a determination that the Ministers for the Finance and the Environmental Ministries could only bind the government within scope of their authorities. This required a review of those limited authorities relative to the TFCA agreements. Subsequent delays included concerns about the GOCR tax treatment relative to the TFCA account deposits and earnings, the finalization of a Trust Agreement for fiduciary stewardship of the account, and specific concerns raised by the Fund Administrator [the Costa Rica – United States of America

(CRUSA) Foundation] regarding the allowance for administrative expense allocations. The 2008 achievements were therefore limited to: consolidation of the Oversight Committee (OC) membership, regular OC meetings (12), completion of a “gaps analysis” to further refine strategic planning priorities, and drafting of all necessary policies and procedures by the CRUSA to begin implementation of grant making (e.g. operations manual, grant-making manuals).

Calendar year 2009 continued to offer impediments to grant making. The principal obstacle was the OC decision to dismiss CRUSA as Fund Administrator and to re-compete the position. On October 2009, after a rigorous selection process, the OC named a new Fund Administrator for the TFCA Fund: Costa Rica’s National Institute for Biodiversity (INBIO). INBIO has 20 years of experience in biodiversity conservation.

INBIO designated a multidisciplinary technical committee and a Project Director for the start up and development of the grant making mechanism and other TFCA Fund Administrator functions. INBIO presented to the OC a very comprehensive and clear Work Plan on October 28. The Work Plan includes designs for communications and monitoring and evaluations plans to be completed by February 2010. A Call for grant proposals is expected by March 2010.

In a parallel process, INBIO conducted a review of the existing TFCA strategic plan which serves as a framework for decision making not only for grants, but also for potential land purchases and the establishment of an endowment. INBIO has also developed a set of financial scenarios affecting the allocation of TFCA monies. The proposed budget includes a Grants Account, an Endowment Account and the possibility of a Land Acquisition Account (up to a maximum of \$3.5 million over the life of the TFCA program).

By year’s end, the OC had completed an evaluation report reflecting the changes and progress to date. One final product of calendar year 2009 was the completion of a Trust Agreement between the INBIO and the initial Trustee (the BCT Bank).

While no grants have yet been disbursed, the TFCA account has been accruing capital. The Central Bank of Costa Rica currently serves as both the source of deposits and the fiscal agent for the TFCA account. The Bank has made its scheduled deposits in accordance with the agreement accumulating to a total of \$3,834,687 (w/o interest or capital gains).

Website: www.canjeusacr.org

El Salvador

Debt Agreement Signed:	July 12, 2001
Forest Agreement Signed:	September 14, 2001
Type of agreement:	reduction/rescheduling
GOES debt service saving:	\$21 million
US budgetary costs:	\$7.7 million
Conservation funds generated:	\$ 14 million (over 26 years)
Leverage:	1.8:1

Schedule of Payments to TFCA Account through 11/30/09

	Accrued Deposits (US\$)	Grant Approvals (US\$)
11/30/09	\$8,143,710	\$2,961,362

Background

The TFCA agreement was signed in September 2001, as an additional debt relief mechanism that added an account to the existing El Salvador Enterprise for the Americas Initiative Fund (FIAES). The first payment to the TFCA account was made October 24, 2001. By December, the Commission had increased its membership by one to include a member representing the forest sector and began grant-making in accordance with its existing procedures and schedules. This TFCA account facilitates the administration, protection, restoration, and the sustainable use and management of forests in El Salvador.

Achievements 2009

In 2009, with funding from the TFCA account, FIAES financed 23 biodiversity restoration and protection projects totaling \$1,171,908 with an additional \$342,391 in counterpart funding from the beneficiary communities (22% of the total amount). These 23 projects covered 134,879 acres of tropical forest, including mangrove coastal areas of the national System of Protected Natural Areas, known by its Spanish acronym, SANP.

The FIAES projects contributed to the protection and restoration of natural areas of global importance, such as *Ramsar sites* (globally prioritized wetlands). Ramsar sites included in the 2009 grants are the Lake Güija Complex, the Olomega Lagoon, the Bay of Jiquilisco, Cerrón Grande Wetlands and the El Jocotal Lagoon. TFCA funding has contributed significantly to the conservation of these sanctuaries for migratory birds and other wildlife.

Two *UNESCO Biosphere Reserves* also benefited from 2009 FIAES grants: Apaneca-Illamatepec and Jiquilisco-Xiriualtique. Both reserves were declared in November 2007 and together they make up 7.34 % of the total national territory, and are part of the 15 conservation areas of the country.

In the Bay of Jiquilisco Biosphere Reserve alone, TFCA funded five initiatives. These five conservation projects were developed by experienced local non governmental organizations (NGOs) such as the Community Development Association of the Nancuchiname Forest (ADESCOBN), Association Mangle, Women´s Movement of El Salvador (MSM), The Community Development Association of the Island of Pirrayita (ADESCOPIP), and the Integrated Cooperation Center of Alternative Technologies (CENCITA).

Other conservation areas included, four projects in los Cobanos, three projects in El Imposible-Barra de Santiago, two projects in each area of Alto Lempa and the Chingo Volcano, and one project in each of the following the Balsam Coast, the Gulf of Fonseca, Jaltepeque, Nahuaterique, Northern San Vicente, Tecapa-San Miguel and Trifinio. In total the TFCA account provided funding for the protection of 12 of the 15 priority conservation areas of El Salvador (*Table 1*).

As always, TFCA grants also supported the Protected Areas System (SANP) through institutional strengthening, improving guard services and tourism related infrastructure, providing for biodiversity research (including monitoring of biodiversity indicators), and the development of park plans and their implementation. Since the beginning of the TFCA program, the SANP has been strengthened through 67 biodiversity conservation initiatives.



Junior park guards on patrol in the El Jocotal Lagoon Natural Area in the department of San Miguel.

TFCA Success Stories

In 2009, the Salvadorean Association of Self-determined Women (AMS) from the Department of San Miguel developed a project for the protection and conservation of one of the most important wetlands in El Salvador, the El Jocotal Lagoon. The cost to manage this RAMSAR site was \$69,649, of which FIAES awarded a grant for \$55,246 and AMS committed counterpart funds of \$14,403,

The El Jocotal Lagoon spans an area of 2,371 Ha and is the source of livelihood for 650 persons who live along its buffer zone. Grant activities included the development and training of a park guard service, a junior park guard educational program, ecosystem monitoring and research, the completion of 240 land and water patrols, and the maintenance of the lagoon retention wall. A local eco-tourism component helped develop environmental interpretative stations and the formation of naturalist guides from the community. The 60 families living in the immediate vicinity of the lagoon also benefited from a solid waste management pilot project.

The intervention of AMS has assured the participation of women in many opportunities once considered the exclusive domain of men. Success in this project depended greatly on close coordination and the formation of alliances with key local actors including the community development association, local government, the health clinic, schools and the Attorney General of El Salvador.

TABLE 1. Tropical Forest Conservation Act (TFCA) Financed Projects, 2009

N°	Institution	Protected Natural Areas	Conservation Areas	Total financed US\$		
				TFCA	Match	Total
1	ALFALIT	Colima	Alto Lempa	47,421	15,290	62,711
2	ARDM	Montaña de Cinquera	Alto Lempa	44,242	10,687	54,929
3	ADESCOBN	Bosque Nancuchiname	Bahía de Jiquilisco	46,196	22,267	68,463
4	CENCITA	La Normandía	Bahía de Jiquilisco	56,906	17,918	74,824
5	ASOCIACIÓN MANGLE	Sur Occidente de Bahía de Jiquilisco	Bahía de Jiquilisco	77,124	39,183	116,307
6	MSM	Sur Occidente de Bahía de Jiquilisco	Bahía de Jiquilisco	99,898	24,976	124,874
7	ADESCOPIP	Sur Oriente de Bahía de Jiquilisco	Bahía de Jiquilisco	48,972	10,038	59,010
8	FUTECMA	Complejo Taquillo	Costa del Balsamo	74,453	18,609	93,062
9	CODECA	Conchagua	Golfo de Fonseca	47,174	12,401	59,575
10	AMBAS	Barra de Santiago	Imposible - Barra de Santiago	59,436	13,336	72,772
11	SALVANATURA	Bosque El Imposible	Imposible - Barra de Santiago	42,221	17,836	60,057
12	ADESCONE-A	Santa Rita - Zanjón El Chino	Imposible - Barra de Santiago	42,607	8,974	51,581
13	FUNDESA	Escuintla	Jaltepeque	30,150	7,538	37,688
14	ASOCIACIÓN GAIA EL SALVADOR	El Balsamar	Los Cóbano	28,262	16,040	44,302
15	FUNDACION ARRECIFE LOS COBANOS	Los Cóbano	Los Cóbano	102,414	26,071	128,485
16	CATIE	Los Farallones	Los Cóbano	36,276	9,510	45,786
17	ASOCIACIÓN AGAPE	Plan de Amayo	Los Cóbano	28,415	7,660	36,075
18	ADESCOCA	Cacahuatique	Nahuaterique	41,304	7,668	48,972
19	FUNPROCOOP	La Joya -	San Vicente Norte	30,000	7,500	37,500
20	AMS	El Jocotal	Tecapa - San Miguel	55,246	14,503	69,749
21	CEPRODE	San Diego - La Barra	Trifinio	58,690	14,676	73,366
22	ASAPROSAR	La Magdalena	Volcán Chingo	50,640	13,710	64,350
23	FUNDASER	Paraje Galán	Volcán Chingo	23,861	6,000	29,861
TOTAL				1,171,908	342,391	1,514,299

Beneficiary Population

The 23 2009 TFCA funded FIAES projects were distributed throughout 10 of the 14 departments of El Salvador and in 12 of the 15 priority conservation areas. A total population of 10,849 families benefitted from these projects, including 52% females and 48% males. Children made up 42% of the total beneficiary population. Table 2 disaggregates the beneficiary data by project.

Employment Generated

TFCA funded projects in 2009 generated 147 permanent jobs as project coordinators or park guards. Women held 26% of the project coordinator positions and 24% of the park guard positions. The project that created the greatest number of permanent jobs was the “Development and Conservation of El Imposible National Park through Protection, Sustainable Tourism and Citizen Participation.” The project implementer, the Ecological Foundation of El Salvador (SalvaNATURA), augmented employment opportunities with environmental education, community development and ecotourism activities.

TFCA grants also created 39,152 temporary jobs often for project implementation. For instance, the project to conserve sea turtles on the San Juan del Gozo Beach, implemented by the Salvadoran Women’s Movement (MSM), generated positions for the management of sea turtle hatcheries. Table 3 provides details on employment creation by project.

Project Outcomes

The TFCA trust fund support for the protected natural areas of El Salvador in 2009 was the largest to date. The trend during the period 2002-2008 has been to provide financial support for 10 different projects annually, but in 2009, 23 projects were funded. The 2009 projects for the conservation of protected natural areas make up 34% of the total number of projects funded in this category over the lifespan of the trust fund in El Salvador (*Table 4*).

FIAES maintains rigorous collective data on project outputs and outcomes, more information, in fact, than would be appropriate for this report. However, by way of illustrative example, the following are results of “reconstruction” projects alone. The 2009 grants responsible for the construction and maintenance of park and buffer zone infrastructure, include: park operation centers (11); stone barriers as soil conservation structures (150 m); barbed wire and cement post fences (15,400); trails (37,712 m); living fence soil conservation structures (62,000 m); fire breaks (189,000 m); pedestrian bridges (two); interpretive visitors centers and associated infrastructure (two); marine boat docks (30m); observation towers (eight); water cisterns for fire management; and much more.

While communities benefit from this infrastructure, more direct community assistance took several forms, particularly direct initiatives to improve water and sanitation. For instance, projects improved access to potable water, realized community clean-up campaigns, organized solid waste collection and disposal systems, provided for environmental education and associated trainings, supplied tree seedlings, and even developed risk management maps and emergency flood evacuation simulations.

TABLE 2. Tropical Forest Conservation Act (TFCA) Beneficiary Population, 2009

Nº	Intitution	Protected natural areas	Population				Total population
			Men	Women	Boys	Girls	
1	ALFALIT	Colima	1,524	2,153	1,535	2,320	7,532
2	ARDM	Montaña de Cinquera	317	343	123	133	916
3	ADESCOBN	Bosque Nancuchiname	442	455	497	544	1,938
4	CENCITA	La Normandía	352	413	298	273	1,336
5	ASOCIACIÓN MANGLE	Sur Occidente de Bahía de Jiquilisco	268	267	226	225	986
6	MSM	Sur Occidente de Bahía de Jiquilisco	681	659	210	200	1,750
7	ADESCOPIP	Sur Oriente de Bahía de Jiquilisco	315	327	165	168	975
8	FUTECMA	Complejo Taquillo	1,063	987	531	584	3,165
9	CODECA	Conchagua	631	661	352	333	1,977
10	AMBAS	Barra de Santiago	736	729	493	481	2,439
11	SALVANATURA	Bosque El Imposible	243	237	134	136	750
12	ADESCONE-A	Santa Rita - Zanjón El Chino	737	828	556	551	2,672
13	FUNDESA	Escuintla	1,403	1,971	1,017	1,232	5,623
14	ASOCIACIÓN GAIA EL SALVADOR	El Balsamar	215	310	204	307	1,036
15	FUNDACION ARRECIFE LOS COBANOS	Los Cóbanos	317	317	129	121	884
16	CATIE	Los Farallones	1,297	1,341	1,134	1,204	4,976
17	ASOCIACIÓN AGAPE	Plan de Amayo	506	530	740	724	2,500
18	ADESCOCA	Cacahuatique	351	480	638	589	2,058
19	FUNPROCOOP	La Joya - Sisimico	67	59	41	24	191
20	AMS	El Jocotal	741	1,012	623	723	3,099
21	CEPRODE	San Diego - La Barra	2,436	2,639	834	903	6,812
22	ASAPROSAR	La Magdalena	2,998	3,010	2,356	2,366	10,730
23	FUNDASER	Paraje Galán	200	300	100	150	750
TOTAL			17,840	20,028	12,936	14,291	65,095

TABLE 4. Tropical Forest Conservation Act (TFCA) Strategic Indicators Result, 2009

INDICATOR	2002	2003	2004	2005	2006	2007	2008	2009	ACUMULATED TOTAL 2002-2009
Nº of approved projects	10	4	5	4	4	9	8	23	67
Nº of finalized projects	10	4	5	4	4	9	8	23	67
Agroforestry (acres)	0	0	0	0	0	0	0	0	0
Pure reforestation (acres)	0	0	0	0	5	17	4	17	43
Partial reforestation (acres)	0	0	49	106	0	4	91	0	250
Protected natural areas (acres)	57,314	19,260	29,261	25,752	26,870	33,442	32,207	134,879	358,985
Water / soil conservation (acres)	0	0	0	0	0	0	0	9	9
Total of acres	57,314	19,260	29,310	25,858	26,875	33,463	32,302	134,905	359,287
Benefited population	39,725	6,823	20,011	28,207	5,695	24,903	17,760	65,095	208,219
Permanent jobs	69	22	33	29	24	61	57	147	442
Wage-earning work days	750	2,059	1,944	480	1,678	6,409	5,648	39,492	58,460

TABLE 3. Tropical Forest Conservation Act (TFCA) Generated Employment, 2009

N°	Intitution	Protected natural areas	Temporary Jobs	Permanent Jobs		
			Wage-earning work days	Men	Women	Total
1	ALFALIT	Colima	2,006	6	1	7
2	ARDM	Montaña de Cinquera	902	3	2	5
3	ADESCOBN	Bosque Nancuchiname	471	7	1	8
4	CENCITA	La Normandía	854	7	0	7
5	ASOCIACIÓN MANGLE	Sur Occidente de Bahía de Jiquilisco	5,972	5	0	5
6	MSM	Sur Occidente de Bahía de Jiquilisco	6,229	3	3	6
7	ADESCOPIP	Sur Oriente de Bahía de Jiquilisco	396	2	1	3
8	FUTECMA	Complejo Taquillo	4,480	8	1	9
9	CODECA	Conchagua	318	4	1	5
10	AMBAS	Barra de Santiago	1,571	6	3	9
11	SALVANATURA	Bosque El Imposible	1,050	12	1	13
12	ADESCONE-A	Santa Rita - Zanjón El Chino	1,050	5	1	6
13	FUNDESA	Escuintla	384	5	2	7
14	ASOCIACIÓN GAIA EL SALVADOR	El Balsamar	1,127	2	1	3
15	FUNDACION ARRECIFE LOS COBANOS	Los Cóbanos	4,716	5	4	9
16	CATIE	Los Farallones	471	4	1	5
17	ASOCIACIÓN AGAPE	Plan de Amayo	614	2	2	4
18	ADESCOCA	Cacahuatique	670	3	2	5
19	FUNPROCOOP	La Joya - Sisimico	771	4	1	5
20	AMS	El Jocotal	946	4	4	8
21	CEPRODE	San Diego - La Barra	1,628	5	2	7
22	ASAPROSAR	La Magdalena	2,352	4	3	7
23	FUNDASER	Paraje Galán	174	3	1	4
TOTAL			39,152	109	38	147

Conservation of Sea Turtles in El Salvador

While it may seem unusual for a “forestry” program to support sea turtle conservation, one must not forget the vital functions of the mangrove forest as a hatchery habitat for many coastal marine species and as a protective buffer of the shoreline.

Four of the eight globally endangered sea turtle species nest in El Salvador. These four species include: the Olive Ridley Sea Turtle (*Lepidochelys olivacea*), the Green Sea Turtle

(*Chelonia mydas gassizzi*), the Hawksbill Turtle (*Eretmochelys imbricata*), and the Leatherback Turtle (*Dermochelys coriacea*).

Salvadoran beaches are important nesting sites, so it is critical to provide protection for this habitat. A new law was passed in February, 2009 permanently prohibiting the hunting or harvesting of sea turtles or sea turtle products and by-products for commercial sale. Due to the ecological link to coastal mangrove forests, this statute influenced the strategic programming of TFCA funds. The Board supported eight sea turtle grants (\$182,966) generating US\$46,164 in counterpart funding (*Table 5*). These grants have been quite successful. Compiled data from eight different 2009 sea turtle projects show:

- Purchase of 401,422 sea turtle eggs for species conservation.
- 62,608 sea turtle eggs donated for incubation as community counterpart.
- Incubation of 464,030 eggs in hatcheries.
- Liberation of 363,309 hatchlings.
- 78% hatchlings gestation success from incubated eggs.

A great measure of success is the true change in behavior and attitudes of local populations. Through conservation training, 560 ex-turtle egg commercial harvesters (traders) became egg harvesters for the species conservation program. Employment was generated for 16 hatcheries during eight months and the hatchling releases became celebrations for over 2,400 community members.

Adult Olive Ridley Sea Turtle returning to the Pacific Ocean after depositing her eggs in Cangrejera Beach. Photograph provided by FUTECSMA.



TABLE 5. Sea turtle projects (only turtle figures included) TFCA and EIA funds 2009

N°	Protected natural resources, Marine coastal ecosystems, and buffer zones	Trust	Type of institution		Total of Projects	Total financed US\$		
			NGO	ADESCO		FIAES	MATCH	TOTAL
1	PROMESA	AID	X		1	22,410	5,603	28,013
2	ADESCOIM	AID		X	1	25,000	5,114	30,114
3	MSM	TFCA	X		1	24,737	9,185	33,922
4	ASOCIACION MANGLE	TFCA	X		1	20,300	5,109	25,409
5	ADESCOPIP	TFCA		X	1	19,696	4,182	23,878
6	AMBAS	TFCA		X	1	20,923	4,496	25,419
7	FUTECSMA	TFCA	X		1	25,000	6,250	31,250
8	FUNDARRECIFE	TFCA	X		1	24,900	6,225	31,125
	TOTAL		5	3	8	182,966	46,164	229,130



Sea turtle hatchery managers depositing eggs for incubation in Los C6banos Beach.

TFCA Success Stories:

Since 2002 FUNDARRECIFE has worked in coordination with the Women’s Environmental Health and Sanitation Community Development Association (ADESCOSAM) and FIAES in the recuperation of marine and coastal resources of the Los Cobanos Complex Protected Natural Area. This protected area contains mangroves, marine habitat and the most diverse coral reef formations found in El Salvador.

Unfortunately, the coral formations are threatened by industrial, agricultural and fishery contamination as well as sediment and solid wastes deposited by rivers that empty into the area. Other environmental pressures on the natural area include the illegal extraction of coral, inappropriate fishing methods and uncontrolled tourism.

In 2009, FIAES awarded a grant \$102,414 to FUNDARRECIFE and ADESCOSAM for elaboration of a protection plan, park guard vigilance, research and sustainable natural resource management in 20,736 hectares of the natural area. The grant helped procure equipment and training for the park guard team allowing it to complete more than 200 guard patrols and to implement the park management plan. Associated communities benefited from solid waste management and environmental education.

The natural resource recuperation and protection component supported the reef and biodiversity monitoring program, which included a new program for the protection and conservation of sea turtles. This program reported 67 newly tagged turtles and the release of 53,536 hatchlings. Ex-turtle egg traders were trained and licensed to safely collect eggs according to specific methodology and noting appropriate data about the nesting activities. These people receive an economic incentive for their participation during nesting season to help compensate for lost income.

Table 7. TFCA Summary (\$US)

Fund Data	2002-2007	2008	2009	Total All Years.
No. of proposals submitted	-	-	-	-
No. of proposals approved	36	8	23	67
Total approved funding for grants	\$1,445,129	\$344,325	\$1,171,908	\$2,961,362
Total of counterpart match (grantee cost-share)	\$236,052	\$72,901	\$342,391	\$651,344
Total matching funds as % of approved	16%	21%	29%	22%
Amount spent on administrative costs	*	\$77,377	\$110,741	\$269,567
Administrative costs as % of grants approved	-	22%	9%	9%
Interest and capital gained on investments	\$1,202,343	\$335,584	\$399,959	\$1,937,886
Fund balance at the end of the year	\$5.9 M	\$6.4 M	\$6.15	n/a

website: www.fiaes.org.sv

Guatemala



Debt Agreement signed:	September 8, 2006
Type of agreement:	Subsidized debt swap
US Budgetary Cost:	\$15 million
Conservation Funds Generated:	\$24 million (over 15 years)
Private funds contributed:	\$ 2 million

Payments Received by the FCA Fund from January to December 2009²¹

Payment Date	Total Payment	Endowment Fund	Funds Available for Grants
Previous balance (12/31/2008)	\$5,059,009.90	\$1,145,454.48	\$3,454,976.06
2009	\$2,069,014.88	\$ 474,272.70	\$1,384,840.72
TOTAL	\$7,128,024.78	\$1,622,727.18	\$4,839,816.78

Background

In 2006, the Governments of the United States of America and the Republic of Guatemala, together with The Nature Conservancy and Conservation International Foundation, concluded agreements which reduced Guatemala's official debt to the United States and would generate \$24 million to conserve tropical forests in Guatemala. The Government of Guatemala (GOG) committed these funds over the subsequent 15 years to support grants to non-governmental organizations and other groups to protect and restore the country's important tropical forest resources. The agreements were made possible through contributions of over \$15 million by the U.S. Government under the Tropical Forest Conservation Act (TFCA) of 1998 and \$2 million total from Conservation International and The Nature Conservancy.

The existing *Foundation for the Conservation of Natural Resources and Guatemalan Environment* (FCG) was selected to be the TFCA Fund Administrator. The Forest Conservation Agreement (FCA) establishes three accounts: the Debt Service Account to receive the GOG deposits, the Grants Account and the Endowment Account. The latter is expected to be capitalized with \$2.1 million in five years.

The parties to the Guatemala TFCA agreement identified four priority regions which will benefit from the TFCA grants. These regions have been selected based upon their: a)

²¹ **Note:** The rate of exchange used throughout this report was \$1.00 = Q.7.50. A rate of exchange is needed because the Guatemalan Government pays into the Debt Service account in local currency (Quetzals). The Endowment fund is kept in U.S. Dollars.

ecological importance (esp. biodiversity) in the regional and national context; b) consistence with political priorities and national strategies as determined by the Guatemalan Protected Areas System (SIGAP); and, c) social and economical importance for Guatemala and Mesoamerica. The four priority regions are:

1. **The Biosphere Maya Reserve** - with emphasis in the Lacandon National Park; the Multiple Use Zone, the Laguna del Tigre National Park (which includes special protection zones), and community forestry concessions and the biological corridors.
2. **The Volcanic Chain of the Guatemalan Occidental Highlands** - with emphasis in the volcanic region that extends from the Pacaya Volcano National Park and the Alux Forest Reserve to the Tacana Volcano. This includes all altitudinal ranges in the Multiple Use Watershed of the Lake Atitlan Reserve.
3. **The Motagua-Polochic System and the Caribbean Coast** - with emphasis in the Bocas del Polochic Wildlife Refuge, the dry Motagua ecosystem and the Gulf of Honduras drainage, including protected areas and all watersheds draining into the Caribbean.
4. **The Cuchumatanes Region** – with conservation activities focused on the region of Todos Santos Cuchumatan, Cruz Maltin, Magdalena Pepajau and other habitats supporting the following threatened or endangered species: *Hyla Perkinsi*, *Bradytriton silus*, *Bolitiglosa jacksoni*, *Ptychohyla macrotympanum*, *Hyladendrophasma*, as determined by the Alliance of Zero Extinction (AZE).

Grant-making activities

Seven TFCA grants have been approved to date. Project implementation is monitored through periodic reports by outsourced, contracted specialists. These reports are reviewed and approved by the Administrator and recommendations are shared with grantees.

In CY 2009, the Administrator processed the second disbursement to all seven on-going projects, as well as the third disbursement to three projects. In total, \$414,695 was disbursed. Cumulative disbursements for 2008-2009 amount to \$845,677 and cumulative matching funds have, thus far, amounted to approximately \$ 250,000.

In late 2009, the Oversight Committee approved the launch of a Second Call for Proposals based upon the recommendations and priorities produced in a consultant's report. Approximately, \$2.5 million has been budgeted for this second round of grants which are expected to be awarded in June/July of 2010.

In addition to a Second Call for proposals in 2010, the TFCA Oversight Committee anticipates the development of communications and fundraising strategies. The Guatemala TFCA program also anticipates hosting an EAI/TFCA Secretariat sponsored independent evaluation.

First Grant Projects Approved 2008-2009

Title	Organization	Geographical area	Approved amount (US\$)
–Strengthening of Sololá municipality regional parks system and sustainable development advertising in the biological corridor in the south of RUMCLA”	Vivamos Mejor	Volcanic Chain	255,201.31
–Strengthening of institutional capacities and sustainable community development for the conservation of natural and cultural patrimony of Sierra del Lacandon National Park”	FDN	Mayan Biosphere	281,572.42
–Strengthening of community administration of local management of communal forests in Quetzaltenango and Tonicapán, Guatemala	HELVETAS	Volcanic Chain	259,012.05
Municipal and community management for the conservation of Cerro Cucho and Cerro Saquibut in San Marcos, Guatemala	HELVETAS	Volcanic Chain	266,098.04
–Conservation strategy for landscape and high-priority species of the semiarid region in Motagua Valley”	FDN	Motagua-Polochic	190,832.05
–Resolution of 3 management and territorial governance conflicts in protected areas of the Caribbean of Guatemala”	FUNDAECO	Motagua-Polochic	124,764.7
–Design, proposal and advertising of a protected areas regional subsystem for northern Huehuetenango, through alternative strategies of conservation”	FUNDAECO	Cuchumatanes	230,965.49
TOTAL			1,608,446.06

Governance and Administration

The Oversight Committee (OC) approved Annual Budgets (with an authorized administrative ceiling of 10% of account deposits), Annual Program Plans, OC Internal Regulations, an Investment Policy Statement and the Duties of FCG as the FCA Fund Administrator and Trustor of the Guatemala-TFCA Trust. In addition, OC members and the TFCA Administrator participated in the Annual Meeting of TFCA Funds held in Santa Marta, Colombia. Material was developed and distributed which depicts the history, structure, and achievements of the FCA Fund in Guatemala.

Ten (10) OC meetings were held in 2009. Mr. Juan Carlos Godoy Herrera, TNC representative, was elected Vice-president of the OC for the period 2009-2010 and one new OC Term Member was selected from the *Instituto de Agricultura, Recursos Naturales y Ambiente* (IARNA). A Technical Commission was tasked with prioritizing activities to be funded at the Second Call for Proposals.

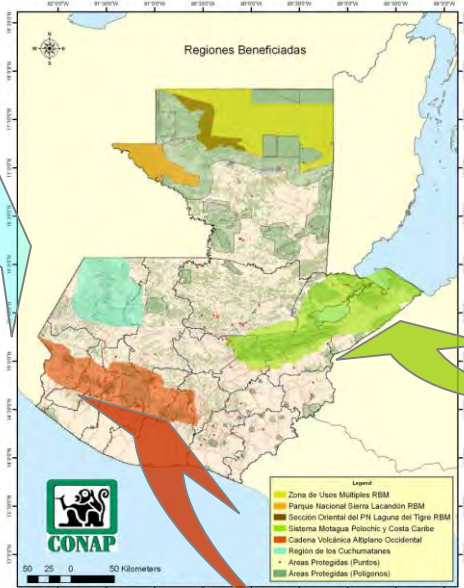
An independent audit of FCA accounts issued a clean opinion of the FCA financial statements for the calendar year 2008. This report is available in the Fund’s webpage in English and Spanish versions.

Project Impacts in 2009

PROJECT: Design, proposal and advertising of a protected areas regional subsystem for northern Huehuetenango, through alternative strategies of conservation

LOCATION: Huehuetenango, Cuchumatanes region.

ACHIEVEMENTS: 40 community consultations for environment diagnostics in four municipalities. Training to municipal forest technicians. Building of a tree nursery in San Mateo Ixtatán.



PROJECT: Conservation strategy for landscape and high-priority species of the semiarid region in Motagua Valley

LOCATION: El Progreso and Zacapa; Motagua-Polochic and Caribbean Coast region.

ACHIEVEMENTS: Delimitation of conservation areas: two technical studies for the establishment of Private Natural Reserves. 2,000 trees were planted. 28 teachers of the schools in the project area received environmental education modules.

PROJECT: Municipal and community management for the conservation of Cerro Cucho and Cerro Saquibut in San Marcos, Guatemala.

LOCATION: San Marcos, Volcanic Chain region.

ACHIEVEMENTS: Formation of nine communal committees; two communal reforestations were done (15 has). Creation and equipment of 3 protected areas and environment Departments (DAPMAS) for the same number of municipalities. Four forest management plans are in production.



PROJECT: Strengthening of institutional capacities and sustainable community development for the conservation of natural and cultural patrimony of Sierra del Lacandon National Park

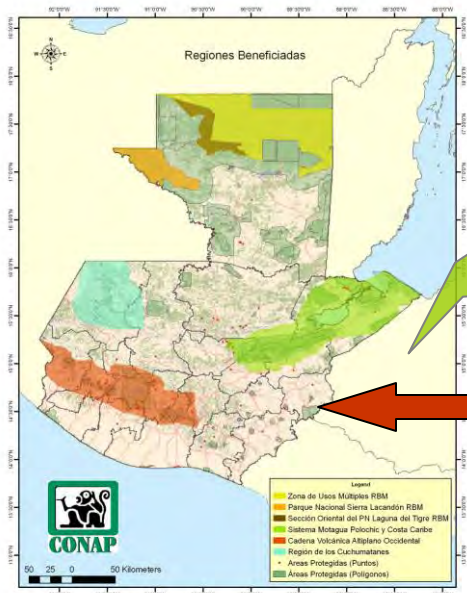
LOCATION: La Libertad, Petén; RBM region.

ACHIEVEMENTS: Establishment of permanent control stations in El Porvenir, Yaxchilán, Ceiba de Oro, and El Ceibo. 16 monthly inter-institutional patrols with National Army, DIPRONA (PNC), CONAP Región VIII and IDAEH are taking place. nine filed claims to the Crimes against Environment Fiscalía for detected illicit acts. 140 members of COCODES from 19 communities trained in topics such as: municipal code, civil participation, decentralization, environment and SIGAP laws.

PROJECT: Resolution of 3 management and territorial governance conflicts in protected areas of the Caribbean of Guatemala

LOCATION: Izabal, Motagua-Polochic and Caribbean Coast region

ACHIEVEMENTS: Development of registration and cadastral studies of three sites. Development of a zonification proposal to Sierra Santa Cruz. Convening of roundtables and reactivation of the legal process of incorporation of Cerro Sarstun into CONAP.



PROJECT: Strengthening of community administration of local management of communal forests in Quetzaltenango and Totonicapán, Guatemala

LOCATION: Quetzaltenango and Totonicapán, Volcanic Chain region.

ACHIEVEMENTS: 13 cooperative agreements with 13 communities were signed. 10 community forest promoters were hired. 13 Community Forest Offices (OFCs) were equipped. Three tree nurseries for reforestation were established.

PROJECT: Strengthening of Sololá municipality regional parks (PRM) system and sustainable development advertising in the biological corridor in the south of RUMCLA

LOCATION: Sololá, Volcanic Chain region.

ACHIEVEMENTS: Delimitation of areas and development of technical studies to propose two new PRM. 75,000 organic coffee seedlings were produced. 269,000 forest seedlings and their reforestation, through the establishment of two tree nurseries.



Summary Table (\$US)

Fund Data	2006-2007	2008	2009	Total
No. of proposals submitted	107	-	-	107
No. of proposals approved	-	7	-	7
Total approved funding for grants	-	1,608,446	-	1,608,446
Total of counterpart match (grantee cost-share)	-	-	249,617	249,617
Total matching funds as % of approved grants	-	-	16%	16%
Amount spent on administrative costs	254,314	204,266	206,844	665,423
Administrative costs as % of grants approved	n/a	13%	n/a	n/a
Interest and capital gained on investments	91,543 *	192,663*	361,132	645,338
Fund balance at the end of the year	2,836,213	4,453,745	6,653,441**	n/a

*Interest earned in the Escrow account was transferred to the Debt Service account as capital when the Guatemala-TFCA Trust was established in September, 2008.

** Includes Endowment Account of \$1,622,727.



Indonesia

Debt Agreement signed: June 30, 2009
Forest Agreement signed: June 30, 2009
Type of Agreement: subsidized debt swap
US budgetary costs: \$ 20 million
Private funds contributed: \$ 2 million
Conservation funds generated: \$ 30 million (over 8 years)

Schedule of payment to TFCA Account through 12/31/09 (US\$)

Date	Forest Grant Fund (GOP deposits)
2009	\$2,001,305

Background

The Governments of the U. S. and Indonesia signed a debt-for-nature swap agreement on June 30, 2009 that will reduce Indonesia’s debt payments to the U.S. by \$30 million over eight years. In return, the Government of Indonesia will commit these funds to support grants to protect and restore tropical forests in Sumatra. The agreement was made possible through contributions of \$20 million by the U.S. Government under the Tropical Forest Conservation Act of 1998 and a combined donation of \$2 million from Conservation International and the Indonesian Biodiversity Foundation (Yayasan Keanekaragaman Hayati Indonesia, or KEHATI). This unique partnership among governments and non-governmental organizations was the first ever in Indonesia as well as the largest debt-for-nature swap of its kind thus far.

Major Achievements in 2009

In 2009, representatives from the U.S., GOI, Conservation International, and KEHATI selected three additional member organizations (Indonesia Business Links, Transparency International, and Syiah Kuala University) to complete the Oversight Committee. KEHATI will serve as the initial Fund Administrator and a Director was appointed to manage the TFCA program. In 2010, the Committee will develop a strategic plan and grant-making policies and procedures, with the expectation of issuing its first grants in mid-2010.

The balance of the Government of Indonesia deposits into the TFCA account by the end of calendar year 2009 was \$2,001,305. The estimation of administrative expenses during that period (including Trust Fund service fees) is \$43,662 and the capital gains on deposits equaled \$212.

Jamaica

Debt Agreement signed	September 21, 2004
Type of Agreement	Subsidized debt swap
US budgetary costs	\$6.5 million
Conservation funds generated	\$16 million (over 19 years)
Private funds contributed	\$1.3 million

Schedule of Deposits to TFCA Accounts through 12/31/09 (U.S. \$)

Date	Forest Conservation Grant Fund (US\$)	Grant Disbursements
2004-2008	\$4,164,973	\$345,096
2009	\$ 927,391	\$254,363
Totals	\$5,092,364	\$599,459

The Governments of Jamaica and the United States, together with The Nature Conservancy (TNC), concluded a subsidized TFCA debt swap on September 21, 2004, to reduce Jamaica's debt to the United States by US\$15,989,527. The agreements were made possible through a grant of \$6.5 million from the United States and a contribution of \$1.3 million from TNC. The payments are slated to be made in scheduled installments over a period of 19 years, into a Fund established for tropical forest conservation in Jamaica. This Fund is known as the *Forest Conservation Fund* (FCF) of Jamaica, and it is managed and administered by the Jamaica Protected Areas Trust (JPAT), a registered Company in Jamaica.²²

Jamaica has unique flora and fauna composed of a high percentage of endemic species, including 28 percent of its flowering plants and 25 breeding bird species. A growing number of plant and animal species are identified as vulnerable to extinction, critically imperiled or rare. The Giant Swallowtail Butterfly, endemic orchids and the Jamaican iguana are examples. The aim of this debt-for-nature swap is to help Jamaica in its fight to safeguard the valuable forests and rich biodiversity in several areas. Seven geographic regions were considered "priority areas" by the TFCA agreements, these include:

1. Blue and John Crow Mountains National Park (Blue Mountain Forest Reserve), adjacent National Water Commission lands, plus buffer areas of unprotected closed broadleaf forest in the Rio Grande, Swift River, Buff Bay, Morant, Yallahs, Hope and Wag Water watersheds.
2. Cockpit Country Forest Reserve, plus outlying Forest Reserves, and adjacent areas of closed broadleaf forest.

²² The original Fund Administrator was the Environmental Foundation of Jamaica (EFJ) - created under the U.S. Enterprise for the Americas Initiative (2005 – 2007).

3. Litchfield Matheson's Run and Stepheney-John's Vale Forest Reserves, adjacent Crown lands, outlying Forest Reserves (Bull Head and Mount Diablo) extending into the upper portions of the Rio Minho, Rio Cobre and Rio Bueno/White River watersheds, Crown lands in the Dunn's River watershed, and the Dry Harbour Mountains.
4. Inland portion of Negril Protected Area, plus the forested area in and around Dolphin Head Mountains (Retirement, Raglan Mtn., Geneva and Bath Mtn., Quasheba Mtn. and Baulk Pen) and Burnt Savannah.
5. Portland Bight Protected Area, Terrestrial portion of the Portland Bight Sustainable Development Area located in the lower Rio Minho and Rio Cobre watersheds.
6. Other forest reserves and Crown lands managed by the Forestry Department such as Gourie, Ballintoy Forest Reserve, Hellshire and Lowe River Forest Reserves.
7. Spring Vale and Bogue Forest Reserves plus the Upper and lower Black River Morasses.

Grant-making 2009

The Oversight Committee, through JPAT, is currently implementing a Five-Year Strategic Plan (2006 – 2011) along with a one-year Work Plan. The five Working Teams²³ established through the 2006 strategic planning process were reduced to four after consolidation and completion of start up functions. Manuals and procedures developed in 2007 continued to be refined and amended through 2009, particularly as a result of a program audit conducted to assess grant making effectiveness. Additionally, 2009 saw a shift in the Fund strategic direction and development of a FCF Communications and Outreach Strategy.

A request for grant applications (RFAs) was sent out in late 2009 with priority on three geographic locations and three thematic areas. The sites included: the Blue and John Crow Mountains National Park (incl. the Hope and Yallahs Watersheds), the Cockpit Country, and the Upper Rio Minho. The three thematic areas were: Management of Forest Ecosystems for Climate Change Adaptation, Alternative Livelihoods, and Slope/Hillside Stability.

As of December 31, 2009, the RFA resulted in a total of 52 grant project concepts had been submitted, of which 50 were eligible and 31 were shortlisted for development into full project proposals. Twenty-six project proposals were received at the end of February 2010. Grant selection and approval is anticipated for late April 2010.

In addition to the Call for Proposals, FCF includes an "Expressions of Interest" (EOI) within its grant making mechanisms. The EOI is an effort to seek more targeted proposals

²³ Monitoring and Evaluation; Priority Setting; Grant Making and Investment Philosophies; Management Mechanisms; and Communications.

in specific areas while seeking to identify technical skills and NGOs/CBOs with greater capacity in these areas. In 2009, six EOIs were received of which five were eligible. The five expressed interest in addressing three FCF identified project categories:

- Forest establishment, restoration and conservation within the seven FCF priority sites;
- Legal and policy research related to forest conservation and management, and;
- Development of a capacity building program for NGOs/CBOs to enhance the capacities of these groups in the areas of project management and implementation, proposal writing and financial sustainability.

Discretionary Grants

In 2009, the FCF also issued “Discretionary Grants” (a small grants program) outside of the annual RFA Call period. These grants range in size up to J\$300,000 per grant to eligible grant recipients and eligible activities include only those identified in the TFCA statute and bilateral agreements. Applicants are required to submit a letter of interest, a project description, work plan and budget. These are reviewed on a quarterly basis and decisions made during the quarterly Oversight Committee meetings. Recipients of discretionary grants are not exempt from standard submission of timely progress and financial reports. The total amount budgeted for the Discretionary Grants Fund in 2009 was J\$1,500,000.

One example of a 2009 discretionary grant was a request for sponsorship of “Green Expo.” A grant of US \$2,790 was awarded to offset some of the communications, transportation, marketing and administrative costs associated with hosting the event. Green Expo is an environmental exposition organized by the Jamaica Conservation and Development Trust (JCDDT). It is held during National Environmental Awareness Week, June 5-7, 2009. The purpose of Green Expo is to raise public awareness and it exposes the public to environmental legislation and environmentally-friendly products, services and practices.

The University of the West Indies (UWI) Environmental Management Unit (EMU) was the recipient of another 2009 discretionary grant of US\$1,450 for their Caribbean Conference on the Environment. The conference was convened under the theme of “Caribbean Environments: Perspective, Practice, and Policy” on the UWI Mona Campus from July 7-8, 2009. The small grant was used to sponsor a session on Conservation of Protected Areas (Parks and Protected Areas).

A final example of a 2009 discretionary grant was the US\$558 awarded to the Jamaica 4-H Clubs for their National Youth in Agriculture Sponsorship Fund Project. The grant resulted in a Forest Conservation Fund Scholarship at the College of Agriculture, Science and Education (CASE). In fact, the funds were used by the institution to offset the cost of laboratory and equipment fees.

FCF Communications and Outreach Strategy – Phase 1

A larger 2009 grant of US \$55,384 was awarded to The Forest Conservancy (TFC) for implementation of the FCF Communications and Outreach Strategy – Phase 1. The aim of the project was to attract increased applications for grant support by enhancing the FCF’s visibility, and increasing awareness of its work. The project included exhibitions at Green Expo 2009, the 2009 Trelawny Producers and Marketing Organizations (PMO) Conference and the 2009 Denbigh Agricultural and Industrial Show. A FCF Logo Competition was also held.

Status of 2008 Projects

While the selection grant applications for the 2009 grant cycle will not occur until early 2010, a sample of three (3) 2008 grants is provided here. An extensive listing of 2007 and 2008 grants can be found in last year’s Congressional Report.²⁴



Mangrove seedlings in the wet nursery



Cows Gate Lodge

1. A three-year grant of US\$61,780 to the **Port Royal Marine Laboratory** to offset the cost of mangrove seedling propagation and the subsequent reintroduction of these seedlings into denuded coastal areas is currently being implemented. Intervention is needed because very few mature parent plants currently exist to provide seeds for natural regeneration due principally to the destructive impact of hurricanes and man-made activities. To date the nursery has produced over 10,000 seedlings including mangrove and sand dune species.
2. A three-year grant assisting the **Accompong Maroon Council** with the development of an eco-tourism attraction in the Cockpit Country, in the form of a trail and overnight rest stops. The aim is to reduce the dependence of the local people on the forest resources by providing an alternate source of income through tourism. The overall grant amount is US\$61,227. Cows Gate Lodge is almost complete and the framework for the Quick Step Lodge has been erected. Trail maintenance continues and reforestation activities are slated to begin in spring 2010.

²⁴ Operation of the Enterprise for the Americas Initiative and the Tropical Forest Conservation Act., 2008 Annual Report to Congress. May 2009

3. A three-year grant of US \$174,445 is being implemented by The **Biotechnology Centre**. Its purpose is to increase research on select native hardwood forest species contained within Jamaica's biodiversity 'hotspots'. The project is working to address the threats to forest cover arising from local use (e.g. removal for "yam-sticks", charcoal and medicinal purposes), and provide seedlings of revenue generating native species for reforestation in the buffer zone communities. Plant propagation will be assisted through research identifying the best propagation methods for species with an existing recognized demand and a shortage of supply. The survey results will aid the prioritization of the native, endemic and endangered plants (especially keystone species used by native fauna) identified for production. Four ethno-botanical surveys will be carried out to identify the economically important forest biodiversity used by local people; one has already been completed. The literature review has been completed for all 13 chosen native tree species and at least 14 plants have been established in the gene bank collection of which three are chosen native species. Several tissue culture experiments have been successful and a sprouting box has been created to propagate seeds and cuttings.

Fund Evaluation and Governance

In 2009, the TFCA Oversight Committee and the JPAT Board of Directors hosted a program evaluation sponsored by the EAI/TFCA Secretariat in Washington, D.C. The evaluation found generally good compliance with all agreements and highlighted a number of efficiency and effectiveness recommendations common to many fund evaluations. However, it also recommended structural change stemming from the fact that "two-board structure" established by the FCA has proven to be inefficient, expensive and confusing.

Three options were recommended for consideration by the Parties to the TFCA agreements. The U.S. and Jamaican Governments, in conjunction with the governance bodies for both JPAT and the FCF, are currently reviewing these options and a consensus decision is anticipated in early 2010. During the period of deliberations, grant making and grant processing continue uninterrupted.

Financial Status

The JPAT Fiscal Year is April through March of each year. Efforts were made to accommodate the 2009 *calendar year* reporting of this annual report. JPAT has done so based principally upon the yet to be completed April 1, 2009 to March 31, 2010 fiscal year data.

During 2009, the Fund deposits were principally invested in medium to short-term Notes. Total interest earned in 2009 on the FCA deposits as calculated in the Summary Table below does not include the sum retained by the Bank in the form of withholding tax. Claims were made to the Taxpayer Audit and Assessment Unit (GOJ) throughout 2009 for the reimbursement of withholding tax

Grant Information Summary Table (US\$)²⁵

Fund Data	2007²⁶	2008²⁷	2009	Total
No. of proposals submitted	46	31	n/a	77
No. of proposals approved	9	5	n/a	14
Total approved funding for	\$819,053	\$326,267	n/a	\$1,145,320
Total of counterpart match (grantee cost-share)	\$143,648	\$145,896	n/a	\$289,544
Other leveraged matches (e.g. co-financing)	\$176,426	\$37,671	n/a	\$214,097
Total matching funds as % of approved	39%	56%	n/a	44%

General Information Summary Table (US\$)²⁸

Fund Data	2007²⁹	2008³⁰	2009³¹	Total
Amount spent on administrative	\$118,818	\$133,128	\$130,216	\$382,162
Interest gained on investments ³²	\$320,442	\$268,051	\$455,180	\$1,043,673
Capital gained on investments ³³	\$164,609	\$840,528	\$732,419	\$1,737,556
Fund balance at the end of the year (end-of-calendar year, Dec. 31)	\$2,632,020	\$3,150,374	\$3,561,779	n/a

Website: www.jpat-jm.com

²⁵ This table is identical to the table presented in the 2008 Congressional Report because approval of proposals from the 2009 Call will be finalized April 9, 2010. In the 2008 congressional report, due to a significant change in the exchange rate of the Jamaican dollar which occurred between 2007 and 2008, and to facilitate ease of reference, the then current rate of J \$84.68: US \$1 was been used for the calculations in the summary table.

In this report, the followings rates have been used for calculation: 2007 - J \$70.62: US \$1; 2008 – J \$ 80.47: US \$ 1; and 2009 – J \$89.60: US \$1.

²⁶ April 1, 2007 – March 31, 2008

²⁷ April 1, 2008 – December 31, 2008

²⁸ In the 2008 congressional report, the then current rate of J \$84.68: US \$1 was been used for the calculations in the summary table. In this report, the followings rates have been used for calculation: 2007 - J \$70.62: US \$1; 2008 – J \$ 80.47: US \$ 1; and 2009 – J \$89.60: US \$1.

²⁹ April 1, 2007 - March 31, 2008

³⁰ April 1, 2007 - March 31, 2008

³¹ April 1, 2008 - March 31, 2008

³² *Interest gained on investment* represents total interest earned on investment for the year.

³³ *Capital gained on investment* represents the portion of interest earned and added to the investment, plus the net change to the fund by way of new monies added. According to the accountants this translates as follows: In most instances both the principal and interest from mature investments are rolled into new investments, and as a result, some of the “interest gained on investment” is included in the “capital gained on investment.” It is therefore inaccurate to add the “interest gained on investment” and the “capital gained on investment” to get a total, because this effectively duplicates some of the gains.

Panama I

Debt Agreement signed	July 10, 2003
Type of Agreement	subsidized debt swap
US budgetary costs	\$5.6 million
Conservation funds generated	\$10 million (over 14 years)
Private funds contributed	\$1.2 million

Schedule of Payments to TFCA Account through 12/31/09 (U.S. \$)

Date	Forest Grand Fund (a.k.a. Forest Action Fund)	Trust Fund (Endowment)	Grant Disbursements
2003-2008	2,301,840	2,301,840	1,892,078
2009	353,472	353,583	389,050
TOTAL	2,655,312	2,655,423	2,281,128

I. BACKGROUND

The TFCA agreements were signed on July 10, 2003 with the Government of Panama (GOP), USAID, The Nature Conservancy (TNC) and Fundación Natura, a Panamanian NGO that functions as the Fund Administrator and Secretariat of the Oversight Committee. Through these agreements, Panama reduced its debt with the U.S. by \$10 million at a cost to the U.S. Government of \$5.6 million with an additional \$1.16 million provided by TNC. As part of the transaction, Panama agreed to endow a Tropical Forest Conservation Trust with half the total amount (\$5 million), and to use the balance to create the Forest Action Fund (the Chagres National Park Fund) to benefit short and long term recipients after payments have been completed by Year 14.

The objective of the Chagres National Park Fund is to improve the management of a critical area known as the Upper Chagres River Basin, which encompasses Chagres National Park (CNP) and certain areas outside the Park. This watershed provides 50% of the necessary water for Panama Canal operations and 80% of the water for human consumption in Panama City and Colon. Grants are provided to non-profit organizations supporting the conservation of the CNP to mitigate conservation threats in accordance with the Chagres Park Management Plan.

Mission Statement of the Forest Action Fund

The Forest Action Fund promotes activities designed to preserve, protect, and manage the natural and biological resources of the Chagres National Park and its buffer area.

II. MAJOR ACHIEVEMENTS IN 2009

Disbursements from the GOP to the TFCA accounts have been completed in accordance with the payments schedule for an accumulative total of approximately \$2.6 million each for the Grants and Endowment accounts. About \$1,892,078 has been disbursed as grants through 2009.

The Fund Work Plan and Budget (*Table 1*) were approved by the Oversight Committee in March. The total 2009 budget was \$569,027, including a "reserved fund account" of \$81,816 required to cover the first four months of the following year. A reserved fund is a corrective mechanism used to compensate for the misalignment of the budgeting cycle with the schedule of deposits from the GOP.

The budget for the Investment of 2009 Chagres Fund amounts to \$487,211 distributed in the long-term and short-term fund management programs. The long-term line item (\$375,099) includes carry-over from 2008 commitments. It represents 77% of annual investments, and was distributed among the operation of Chagres National Park (59.5%), the Fundación Parque Nacional Chagres (30.5%). This final 10% of the Long-term budget was allocated for the conservation impact monitoring and evaluation program entitled, "Measures of Success."

Table No. 1
Chagres National Park
2009 approved and executed budget - in US\$

Components	Budget	%	Execution (12/2010)	%
INVESTMENTS (January – December 2009)				
I. Long Term Program <i>(greater than 3 years)</i>	375,099	77%		
- Chagres National Park	223,268	60%	188,908	85%
- Measures of Success <i>(Monitoring of Indicator Species)</i>	37,566	10%	37,566	100%
- Co-Administration	114,265	30%	110,478	97%
II. Short Term Program <i>(less than 3 years)</i>	55,797	11%	52,098	93%
III. Fund Administrator	56,315	12%	55,929	99%
TOTAL	487,211	100%	444,978	91%
RESERVES (January - April 2010)				
I. Long Term Program	52,566			
- Chagres National Park	18,000			
- Measures of Success	7,566			
- Co-Administration	27,000			
II. Short Term Program				
III. Fund Administrator	29,250			
TOTAL	81,816			
GRAND TOTAL	569,027			

A. *Long-Term Program:*

The long-term program is managed by the Fundación Chagres. It includes the strengthening of the administrative management plan, the implementation of the annual work plan, and the improved operations of the grants program implemented by the National Environmental Authority (ANAM) through the CNP authorities. A local scientific NGO, SOMASPA, manages the conservation impact monitoring program – Measures of Success.

The long-term program includes the contract oversight by Fundación Chagres of park business plan development and a legal review of the Executive Decree (No. 73) which created the CNP itself. In addition, Fundación Chagres facilitates the acquisition of goods and services for the CNP and SOMASPA including:

- Contracting for construction and maintenance of infrastructure, equipment, and vehicles;
- Field and communication equipment, uniforms, fuel and food;
- Supplies, office equipment and cleaning products;
- Insurance policies for vehicles and maintenance services.

Fundación Chagres supports the ***Community Development Management and Environmental Education*** subprograms. Within Community Development, Fundación Chagres supported socio-economic analysis in the communities of Mono Congo, San Vicente de la Tranquilla, Quebrada Ancha and Embera Puru. The analysis should guide development interventions that are consistent with the protected area, park land-use zoning, and the interests of the communities living within the protected area. These development interventions are designed to attract private sector alliances and to support fundraising with prospective donors.



As part of the Environmental Education subprogram, Fundación Chagres implemented a –Sister Schools" program with the objective of providing urban students (Panama City) the opportunity to associate themselves with CNP community schools in order to learn of the socio-economic impacts on environmental management of the park.

In 2009, a total of 10 schools and 1,217 students participated in the Sister Schools program.

In 2009, the Fundación Chagres executed 95% of the budgeted program funds. The following are examples of elements of the *Administrative Management Program*:

- A strategic alliance was established with the Panama Canal Authority for the construction of a Checkpoint at Puerto de Vigía.
- Twelve officials were trained in the use and application of an information system developed by CATHALAC in conjunction with USAID's Conservation of Biodiversity in the Panama Canal Watershed Project.
- An occupational health program was provided, in collaboration with the Department of Occupational Health, for 26 officials. They learned the legal basis for enforcement of occupational health standards, occupational health-related concepts and identification of workplace hazards.
- The Chagres Fund co-financed infrastructure maintenance in Campo Chagres, Cerro Azul, Alhajueta, Cuango and Boquerón.

The long-term program includes traditional "boots on the ground" elements such as the *Control and Patrolling Program* under which CNP personnel demarcated 25 km of the park boundary and placement of signage in the area of Cuango River to Culebra. The park personnel also provided control and surveillance of biodiversity and the natural and cultural resources of the park through the completion of 322 terrestrial patrols, 44 aquatic patrols, 13 over flights, 37 visits and 16 special operations.

An important component of maintaining park property integrity is working closely with private land holders. The *Land Management and Community Development Program* served to monitor the sale and purchase of land in the park. An agreement between ANAM and the Panama Canal Authority was signed to initiate the park's cadastral process in 2010. The CNP staff also monitors farm land use plans and provides services for improving the productive capacity of communities such as Par Puru and Tucipono.

As part of the same program, the CNP staff convenes meetings to discuss issues of community interest, such as land tenure litigations, property disputes and activities incompatible with conservation of the protected area. Examples of issues discussed are: community waste management (e.g. Puerto de Vigía), the establishment of captive breeding programs for select wildlife species, business planning, and school garden programs (e.g. in the communities of Quebrada Benitez, Quebrada Fea, Peñas Blancas, Quebrada Ancha and South Gatuncillo).

The *Environmental Communication, Promotion, and Education Program* improved awareness on environmental issues through an on-going outreach program. A large event was conducted in the community of Salamanca at the XXV Anniversary of the Park with the participation of 21 schools, community-based organizations, government and private entities. Other outreach initiatives included: the launching of a CNP Newsletter, the further development of environmental education teaching materials, and development of assorted thematic materials such as CNP's birds and orchids guides.

In 2009, the *Natural Resource Management and Conservation Program* continued to train rangers and CNP volunteers in the prevention, fighting and control of forest fires in order to safeguard the ecological integrity of the protected area and to increase safety of personnel during fires. An additional element of the program having received focus in 2009 was the use of information management (esp. maintenance of an electronic database) for natural resources management. Specifically, the data was used to rationalize slash-and-burn permits, forest resources harvesting and controlled logging, forest fires and environmental crimes.

The *Environmental Monitoring Program* continued to work closely with the Monitoring Committee for the Upper Chagres Basin. This committee helps to implement the *Measures of Success* Component managed by SOMASPA. In 2009, the component worked with researchers from McGill University on the distribution and abundance of primates (*Saguinus geoffroyi* and *Aotus zonalis*) in the CNP. Other inventory and monitoring efforts targeted the diversity of orchids' bees in the cloud forests, bats, amphibians, and aquatic insects in the Upper Chagres. Harpy eagle nests were even monitored with occasional over flights. Educational and scientific materials were produced to disseminate the findings. The SOMASPA webpage (www.somaspa.org) contains additional information.

B. *Short-Term Program*

The short-term TFCA grants program is oriented towards collaboration with other Government of Panama Ministries (e.g. Education, Agriculture and Health) in support of communities in and around the CNP. Benefiting communities (esp. schools) receive technical assistance in areas such as farm management, collective gardening, increased productivity, animal husbandry, water supply management, reforestation and organizational strengthening. Private sector support is frequently leveraged in these livelihood initiatives, and environmental conservation is always the foundation of the assistance.

In 2009, five projects were in the submission stage of technical, financial and external audits and two projects completed their final implementation in the field. Examples of short-term grants would include a collaborative effort (w/ APROCUEENCA) to establish farm management plans and 10 model sustainable production farms.



C. TFCA Account Governance and Fund Management:

The Oversight Committee is composed of one representative each from the U.S. and Panamanian Governments, a representative from TNC, and two representatives from non-profit environmental NGOs (Smithsonian Foundation and Panama's Audubon Society). The Oversight Committee met four times in 2009 to review and approve the program's budget and management, as well as to oversee implementation of the work plan and completion of its fiduciary responsibilities.

Fundación Natura, is the Fund Administrator for both Panama TFCA programs. —Ntura” is recognized as a valued and high performing administrator.

TFCA Summary Table
Chagres National Park Conservation Fund (currency in U.S. dollars)

Fund Data	Fiscal Years				Total
	2003-2006	2007	2008	2009	
No. of proposals submitted	88	2	2	5	97
No. of proposals approved	16	2	1	5	24
Total GOP deposits to Forest Mgt. Acct. (exclusive of endowment)	1,574,392	368,269	359,180	353,472	2,655,313*
Total <i>annual budget approved</i> for grants	2,188,781	749,246	539,841	430,896	NA**
Total <i>disbursed</i> funding for grants (Chagres)	826,720	535,911	529,447	389,050	2,281,128
Total of counterpart match (grantee cost-share)***	215,251	7,500	49,979	57,665	330,395
Other leveraged matches (co-finance)	47320	0	0	397,561	444,881
Total matching funds as % TFCA grants <i>disbursed</i>	32%	1%	9%	117%	34%
Amount spent on admin. costs	168,285	79,483	69,259	55,929	372,956
Administrative costs as % of GOP deposits into Forest Mgt. Acct.	11%	22%	19%	16%	14%
Interest and capital gained on TFCA investments	43647	10,432	3,797	1,798	59,674
Fund balance at the end of the year****	2,134,604	386,339	150,610	125,458	N.A.

* This includes a \$64,557 refund from the previous year (2008).

** The figure provided in this row are annual budget approval figures and can include figures approved, but not expended, from previous years (in other words, roll-over funding).

*** This does not apply to all components of the grants distribution. For co-administration and long-term grants, there is not a counterpart requested of the grantee (Chagres Foundation).

**** Does not include the Endowment Account balance.

Panama II

Debt Agreement signed	August 19, 2004
Type of Agreement	subsidized debt swap
US budgetary costs	\$6.5 million
Conservation funds generated	\$10.9 million (over 12 years)
Private funds contributed	\$1.3 million

Schedule of Payments to TFCA Account through 12/31/2009 (U.S. \$)

Date	Forest Grant Fund (a.k.a. Forest Action Fund)	Trust Fund (Endowment)	Grant Disbursements
2004-2008	1,193,722	2,938,522	830,906
2009	413,215	505,041	263,211
TOTAL	1,606,937	3,443,563	1,094,117

I. BACKGROUND

This is the second TFCA agreement completed with the country of Panama. The first one was established in 2003, for the Chagres National Park. This second TFCA agreement was signed in August, 2004 by the Government of Panama (GOP), the U.S. Government (USG), The Nature Conservancy (TNC) and Fundación Natura, a Panamanian NGO that functions as the Fund Administrator and Secretariat of the Oversight Committee. Through the agreements, Panama reduced its debt with the USG by \$10.93 million at a cost of \$6.5 million, with an additional \$1.3 million provided by TNC. As part of the transaction, Panama agreed to endow a Tropical Forest Conservation Trust with half of the total amount, (i.e., \$5.465 million) and use the remainder to create the Forest Action Fund (the Darien National Park Fund) to benefit recipients in and around Darien National Park (DNP) for a 12 year period.

The two TFCA swaps share management structures, including an Oversight Committee composed of USAID, the Panamanian Ministry of Economy and Finance, TNC, two Panama-based NGOs, and the Fund Administrator, Fundación NATURA, acting as the Secretariat. The two TFCA accounts for the Chagres and the Darien regions are managed separately by Banco General, a Panamanian bank.

The Darien National Park (DNO) consists of 579,000 ha in the Darien region, and was established in 1980 through Executive Decree No. 21. The Park was designated as a *World Heritage Site* by UNESCO in 1980 upon request of the Government of Panama, and later in 1983 was recognized as a *Biosphere Reserve* by the Man and Biosphere Program of UNESCO. The DNP shares borders with Los Katios Park in Colombia and is part of the *Mesoamerican Biological Corridor*.

The population located within and around the Park maintains an ethnic diversity represented by afro-darienites and peasants migrating from the central provinces and three Indigenous tribes: Kunas, Embera and Wounann who are based along the river banks.

Mission Statement

The Forest Action Fund (FAF) promotes activities designed to preserve, protect, and manage the natural, cultural, and biological resources of the Darien National Park and its buffer area, in accordance with the Park Management Plan. The FAF also promotes activities to mitigate major threats to the park.

II. MAJOR ACHIEVEMENTS IN 2009

Disbursements from the GOP to the Forest Action Fund have been completed in accordance to the schedule establishing the FCA, resulting in an accumulated disbursement total of US\$1,606,937 by the end of 2009. The Oversight Committee approved the 2009 Work Plan and the respective budget for a total of US\$454,928 distributed in four strategic lines, as shown in Table 1 below.

Table No. 1
Darien National Park
2009 approved and executed budget - in US\$

Components	Budget	%	Execution (12/2010)	%
Grants and Fund Administration (January – December 2009)				
I. Fund Administration (Natura)	64,843	14%	64,843	100%
GRANTS				
II. Strengthening ANAM's capabilities to manage DNP	329,955	73%	224,749	68%
III. Strengthening Program of Darien's organizations	48,563	11%	31,554	65%
IV. Small Grants Program	10,908	2%	6,908	63%
TOTAL	454,928	100%	328,054	72%
RESERVES (January - February 2009)*				
I. Fund Administration (Natura)	12,542			
GRANTS				
II. Strengthening ANAM's capabilities to manage DNP	49,267			
III. Strengthening Program of Darien's organizations	35,129			
IV. Small Grants Program	0			
TOTAL	96,937			
GRAND TOTAL	551,865			

- A "Reserve" has to be maintained in order to keep the operation of the Fund ongoing during the first two months of the year to accommodate to payment schedule as agreed by both Governments.

D. Strengthening of ANAM's Capacities to Manage DNP

In 2009, the National Environmental Authority (ANAM) for the Darien National Park issued Resolution No. AG-0451-2009, published in Gaceta Oficial No. 26,354, by which ANAM formalized the approval of the DNP Management Plan as amended (2007). The Resolution also formalized the movement of DNP Park headquarters to the Yaviza community and approved park operational centers in Chepigana, Balsas, Pirre, Boca de Cupe, Cruce de Mono and Casa Vieja. The Darien Fund played a supporting role in the updating of this management plan.

The DNP work plan was implemented in 2009 with administrative support from Fundación PANAMA. The work plan included: infrastructural projects (e.g. security upgrades for the Jaque Operative Center), demarcation of 15-kilometers of DNP boundaries, extension to 70 communities from the "DNP Support Network" in sustainable development, and technical assistance to community-based organizations. New protocols were also developed for "control and patrolling" and "emergency procedures." Finally, support was provided to ANAM's Climate Change and Desertification program through climate research grants for experimental plots in the Rancho Frio Operative.

Table No. 2
Darién National Park
Capacity Building events during 2009

Topic	Participants
1. Business management	<ul style="list-style-type: none"> • 25 DNP staff from ANAM's Regional Administration, Community-based Organizations (CBOs) and the support network
2. Mountain rescue	<ul style="list-style-type: none"> • 11 collaborators
3. Visit to the Metropolitan and Soberania National Parks	<ul style="list-style-type: none"> • Rangers and technicians from DNP
4. Solid waste management	<ul style="list-style-type: none"> • 40 students, representatives of Ministries of Health and Education, the Border and Ecological Police, the National Environmental Authority, the Pinogana Municipality, and DNP personnel.
5. Biodiversity monitoring techniques	<ul style="list-style-type: none"> • 10 rangers
6. Environmental legislation	<ul style="list-style-type: none"> • 44 local authorities and collaborators from the Darién region
7. Recycled paper processing	<ul style="list-style-type: none"> • 25 participants from ecological groups (CBO); members within the DNP support network and other community members of Pinogana, Boca de Cupe, Púculo and Paya.
8. Course for Latin American rangers in the Education and training Center for Protected Areas.	<ul style="list-style-type: none"> • The Head of Control and Patrolling of the DNP attended this course from Sep. 6 – Oct. 30 in Embalse, Córdoba, Argentina.

The TFCA program in the Darien was able to leverage contributions from other funds, such as Panama’s Ecological Trust (FIDECO), for the implementation of the DNP Management Plan. Most of this co-financing was provided in support of DNP infrastructure, park demarcation, and the procurement of equipment. For example, grants allowed for the trail terracing at the Rancho Frío, Pirre’s Operative Center and construction of restrooms at the Balsa Operative Center; demarcation of over 99 km. of the park’s perimeter, from Punta Santa Bárbara to Boca de Paca; and the purchase and installation of communication equipment at Cerro Pirre. In addition, four radio programs on wildlife management, environmental volunteerism, waste management and recycling, and climate change were also developed and broadcast.

Table No. 3
Darien National Park

Implementation of the Control and Patrolling Program of the Management Plan

PROGRAMMED ACTIVITES	RESULTS
1. Staff rotations at Operation Centers	Performed every month in each Operation Center.
2. Detection of new critical areas in three sites of the DNP	Three tours performed to Sambú, río Sábalo, Jaqué and Garachiné.
3. Domestic use DNP permit records processed and analyzed	Six permits issued for family use. Development of survey for recording information.
4. Air patrols to establish baselines of different key sites	Three flights performed, covering the areas of Garachiné, río Sambú, río Balsas, río Tuira y Cerro Pirre. Clearing of land was observed in Sambú and Balsas.
5. Terrestrial patrols	Four hundred fifty-nine were performed. Detection of new trails and encroachment (in Rancho Frío and Cruce de Mono), confiscation of bush meat, and verification of land invasions in the DNP neighborhood.
6. Aquatic patrols	One hundred fifty were performed. Control of illegal logging and sale of wildlife products; education and outreach in communities.
7. Geo-referenced location of community work areas	Conducted in four communities of Alto Tuira. In Río Balsa, no progress was made because of orders from the Indigenous leaders of the Collective Lands Congress.

E. Strengthening of Darien Community-based Organizations

Phase I of the program entitled *Strengthening of DNP Community-Based Organizations* is near completion. This program includes six pilot projects implemented by the six CBOs and has generated several lessons that will be integrated in Phase II. Among these improved practices is the need for:

- a permanent technical presence to provide robust technical assistance;
- extended project timelines (greater than one year);

- an early focus on organizational dynamics rather than timely product delivery (e.g. relations among organizations, community members and traditional authorities);
- establishment of strict financial controls and secure cash flows to remote areas;
- an integration of the community in the DNP management decisions through clearly defined roles and authorities. Development of acceptable participatory protocols.

Fundación Natura’s design for the second phase of the *Strengthening of DNP Community-Based Organizations*, will focus on how organizations can gradually improve their capabilities in six thematic areas: organizational, technical, environmental, legal, accounting-administrative, and marketing. Interviews were conducted with three local non-profit organizations (APRODISO, CEGEL, Tierra Nueva) as potential organizations responsible for strengthening CBOs in accordance with the terms of reference. Ultimately, the Oversight Committee awarded the three-year grant to APRODISO and targeted nine CBOs as beneficiaries to the strengthening program.

F. Small Grants Program

The short-term TFCA grants program is oriented towards collaboration with other Government of Panama Ministries, especially the Ministry of Health (MINSA), in support of communities in and around the DNP. Benefiting communities receive technical assistance in areas public health hazards, particularly management of solid waste. Small grants have allowed for the acquisition of trash collection and land fill equipment. Grants have also produced a trash collection systems manual and associated MINSA trainings.



Meeting with the community of Tucutí. Equipment for garbage recollection in the community of Tucutí

G. Fund Administration

Fundación Natura administration included technical and accounting visits, participation in different events and project coordination meetings with implementing organizations and DNP staff. Table 4 provides a sampling of Fundación Natura’s work plan administration.

Table No. 4
Work Plan Components Monitored By Fundación Natura, 2009

COMPONENTS	ACTIVITIES
Monitoring, Technical Assistance, and Control	<ul style="list-style-type: none"> ■ Review of terms of reference ■ Consulting environmental impact study, Tucutí ■ Proposal for the solid waste management system ■ Progress technical reports ■ Monitoring session of the PND – PMEMAP Management
Countable Administrative Control	<ul style="list-style-type: none"> ■ Audits and financial reports ■ Applications and procedures for disbursements (FPMA, Tucutí) ■ Completion of the project implemented by CICA ■ Financial close-outs of the projects performed by the CBOs ■ Procedures to extend projects
To award: Strengthening of local organizations to support the management of the Darien National Park	<ul style="list-style-type: none"> ■ Design of organizational training cycle ■ Preparation of Terms of Reference ■ Circulation of Terms of Reference to the technical committee and Consolidation of observations ■ Budget for the project's three phases ■ Meeting USAID-Natura ■ Presentation to the Oversight Committee
Fund administration and management	<ul style="list-style-type: none"> ■ Technical and financial progress reports from the Darien Fund ■ Coordination of meetings of the Technical Committee ■ External audit of the Fund for the 2008 period completed

TFCA Summary Table
Darien National Park Conservation Fund (currency in U.S. dollars)

Fund Data	Fiscal Years				Total
	2005-2006	2007	2008	2009	
No. of proposals submitted	20	6	1	3	30
No. of proposals approved	3	8	1	2	14
Total GOP deposits to Forest Mgt. Acct. (exclusive of endowment)	505,041	321,390	367,291	413,215	1,606,937*
Total <i>annual budget approved</i> for grants	537,072	396,422	331,531	390,085	1,655,110**
Total <i>disbursed</i> funding for grants (Chagres)	225,423	377,589	227,900	263,211	1,094,123
Total of counterpart (grantee cost-share)***	25,958	49,823	0	0	75,781
Other leveraged matches (co-finance)	9,900	0	0	196,500	206,400
Total matching funds as % TFCA grants <i>disbursed</i>	16%	13%	0	75%	26%
Amount spent on administrative costs	84,045	73,610	66,123	64,843	288,621
Administrative costs as % of GOP deposits into Forest Mgt. Account	17%	23%	18%	16%	17.8%
Interest and capital gained on TFCA investments	8,022	4,547	2,132	2,957	17,658
Fund balance at the end of the year****	203,595	78,333	153,733	242,360	N.A.

* This includes a \$509 refund from the previous year (2008).

** The figures provided in this row are annual budget approval figures and can include figures approved, but not expended, from previous years (in other words, roll-over funding).

*** This does not apply to all components of the grants distribution. For co-administration and long-term grants, there is not a counterpart requested of the grantee (Fundación PANAMA).

**** Does not include the Endowment Account balance.

Paraguay

Debt Agreement signed	June, 2006
Type of Agreement	Debt reduction
US budgetary costs	\$4.8 million
Conservation funds generated	\$7.4 million (over 12 years)

Schedule of payment to TFCA Account through 12/31/09 (US\$)

Date	Forest Grant Fund (GOP principal deposits)	Forest Grant Fund (GOP interest deposit)	Grant Disbursement
2009	3,609,725	210,121	39,434

Background

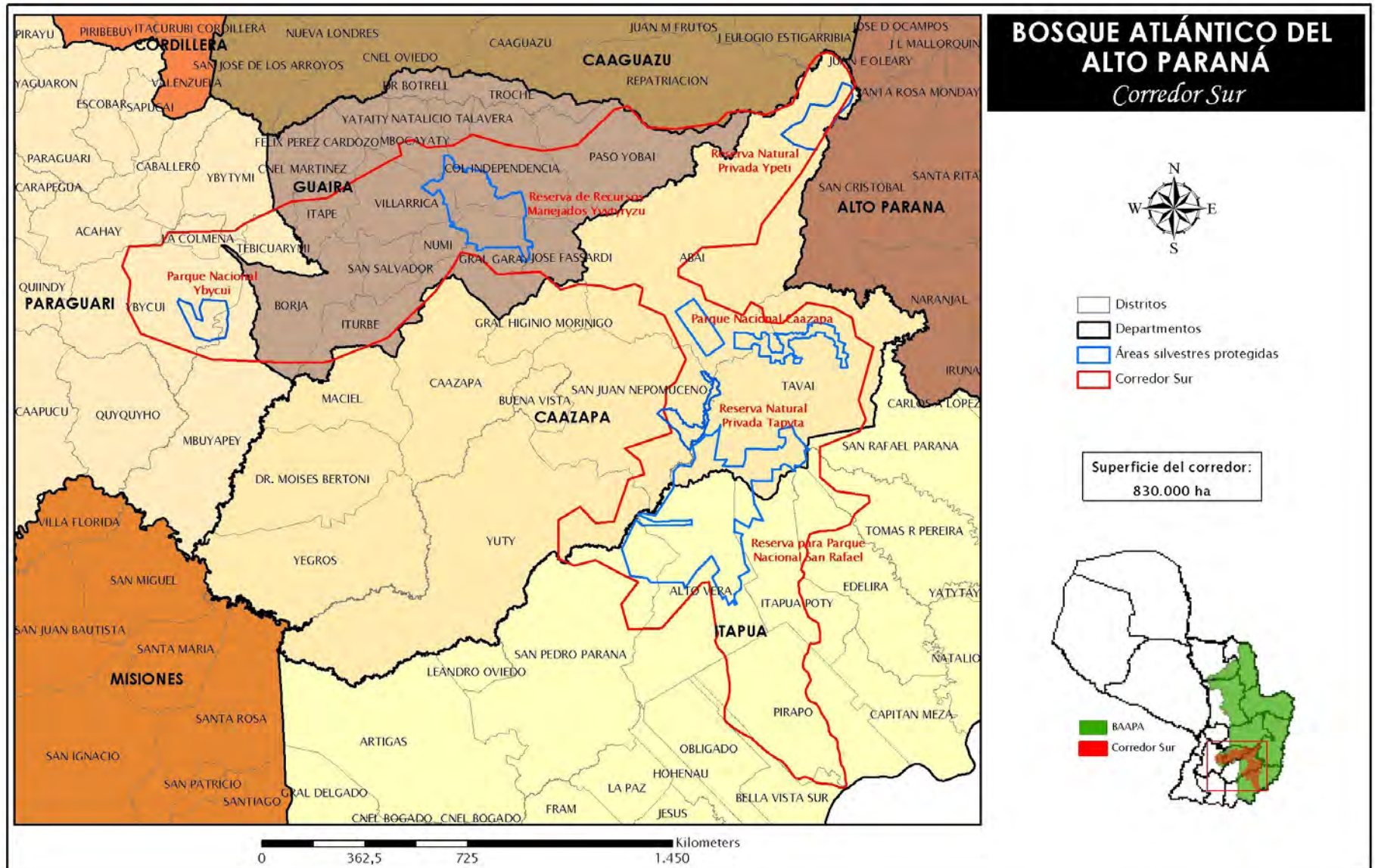
In July 2006, the United States of America and the Republic of Paraguay concluded agreements to reduce Paraguay's debt payments to the United States by nearly \$7.4 million. The agreements were made possible through a U.S. Government contribution of nearly \$ 4.8 million. In return, Paraguay has committed these funds over the next 12 years to support grants to conserve and restore important tropical forest resources in the southern corridor of the Atlantic Forest of Alto Parana (BAAPA). Special attention will be given to consolidate and enhance protected areas and biological corridors, particularly among the following: San Rafael National Park, Caazapá and Ybycuí National Parks, Ybyturuzú Resource Reserve and the Tapytá and Ypetí Private Reserves.

After the compliance of required legal, bureaucratic and administrative process, the Paraguayan Tropical Forest Conservation Fund was finally legally established in February, 2008.

Governance

Although the Fund was established in February 2008, the Tropical Forest Conservation Board was formed in September 2007 with seven members: four representatives from civil society organizations, two representatives from the GOP, and one from the U.S. Government. In 2009, the Board convened eight ordinary (quorum required) and four technical meetings.

The Board experience some turnover in 2009 as one NGO member resigned and both government representatives were replaced in accordance with the procedures established in the bilateral agreement. By November 2009, the Board elected a new President and Vice President, Mr. Miguel Gomez and Fr. Feliz Kasamatsu respectively. The Fund staff currently includes two individuals: an Executive Director and an Administrative Assistant.



2o. Request for Grants Applications October 2009



Liliana Ayalde, US Ambassador to Paraguay; Jerónimo Bellasai, Vice Ministry of Finance; and Aida Aquino, TFCF Board President.



Grant Making Activities

The TFCF Paraguay initiated its operations in September 2008. Since that time, two public Requests for Applications (RFAs) have been issued. The first call for grant application was conducted in September 2008, for which grants were awarded in March 2009. Three projects were selected out of 37 applications, which are currently being executed in the Southern Corridor of the BAAPA, in three protected areas (San Rafael National Park, Ybyturuzu Managed Resource Reserve and Tapyta Private Reserve) benefiting also the communities living in the buffer zone. The total approved amount for the first call was US\$ 250,000 with an average project duration is 24 months. Grants were awarded in a public ceremony with participation of representatives of governmental and non-governmental organizations, international cooperation institutions, the U.S. Ambassador to Paraguay and the Minister of Environment. *Table 1* summarizes basic information of the ongoing projects.

The second call for proposals was launched in a public event on October 2009 with the attendance of the Vice Ministry of Finance, other Paraguayan Government authorities, and the U.S. Ambassador to Paraguay. Lessons learned from the first call allowed for modification of the Grant Application Guide. A workshop for prospective applicants was provided in order to clarify the procedures about the RFA and to facilitate preparation of applications. Twenty-three (23) applications of project profiles were received and an independent project evaluation committee, composed of three members from outside and two members representing the Board, examined the proposals. Out of 23 project profiles, 11 were selected for the second stage to prepare the full proposals. These were completed by February 2010. The final selection will be done in March.

Table 1: Projects summary – First Call for Proposals

a. Project Title:	Forest restoration in Gral. E.A. Garay District, Ybyturuzu Managed Resource Reserve.	Conservation and sustainable use of resources in Tapyta Private Reserve and its influence area.	Preservation of natural resources in San Rafael National Park and its environment.
b. Grantee:	Main: CODES Associated: Asociación Franciscana	Main: Fundación Moisés Bertoni Associated: Desarrollos Madereros S.A	Main: PROCOSARA Associated: Municipalidad de Alto Verá
c. Duration:	24 months	24 months	19 months
d. Start Date	09/2009	07/2009	06/2009
e. Location:	Ybyturuzú Managed Resource Reserve	Tapyta Private Reserve	San Rafael National Park
f. Objectives	<ul style="list-style-type: none"> • Restoration of the degraded forests in the project area by implementing an effective and sustainable forest preservation and afforestation programme. • To educate and raise consciousness and awareness towards natural resources preservation among inhabitants, farmers, leaders and educators in the District. • To initiate a process to enhance quality of life of poor farmers in the area, through capacity building and technical assistance to implement sustainable agricultural production. 	<ul style="list-style-type: none"> • To provide sustainable income sources to low income communities nearby Tapyta Private Reserve. • To raise awareness regarding the importance of natural resources and biodiversity available in the area. • To strengthen the control system of Tapyta Private Reserve. • To strengthen the participation of local communities and local private sector on natural resources conservation and local development to assure sustainability. 	<ul style="list-style-type: none"> • To preserve and conserve effectively San Rafael NP, particularly in water springs areas. • To educate, raise awareness and diffuse the importance of preservation of San Rafael NP among approximately 1000 students and educators in the area of influence. • To implement afforestation in small farmers properties in the Mboi kae creek watershed, introducing sustainable production techniques and diversifying agriculture production.
g. Grant amount	US\$ 64.953	US\$ 88.621	US\$ 96.805
h. Grant disbursement (as of 12.31.09)	US\$ 12.991	US\$ 17.724	US\$ 8.720

Exchange rate 1 US\$=5000 PYG

Major achievements 2009

- Approval of the 2009 Annual Work Plan and Budget.
- Approval of three selected projects from the first request for grant applications.
- Signature of implementation of Grant Agreements.
- Inclusion of local communities living inside and around the protected areas.
- Compliance with all Paraguayan legislation on Environmental Impact Assessment.
- Organization of two workshops on grant preparation for potential grantees.
- Preparation of grant agreements, administrative rules for grant recipients, standardized forms for technical and financial reporting.
- Development and maintenance of the Fund's website.
- Preparation and implementation of a second Call for Proposals.
- Participation in TFCA/EAI and REDLAC meetings in Santa Marta, Colombia.
- Organization of an environmental funds seminar in coordination with USAID/Paraguay.
- Continued support by the Governments of U.S. and Paraguay, and permanent collaboration of NGOs representatives in the Board for the Fund's initiatives.

Summary Table (\$US)

Fund Data	2008	2009	Total
No. of proposals submitted	37	23	60
No. of proposals approved	3	pending	3
Total approved funding for grants	-	250,379 *	250,379
Total grant disbursements	-	39,434 *	39,434
Total of counterpart match (grantee cost-share)	-	207,527 *	207,257
Total matching funds as % of approved grants	-	83 % *	
Amount spent on administrative costs	33,000	41,585	74,585
Administrative costs as % of grants approved	-	16.6 % *	29.8%
Interest and capital gained on investments	37,022	87,866	124,888
End-of-year Fund balance	2,928,219	3,844,810	n/a

* all these figures were performed in 2009, however, refer to the 2008 Call for Proposals.

Average Exchange Rate (source: Central Bank of Paraguay-BCP):

2009: 1 US\$ = 4600 PYG

2008: 1 US\$ = 4267 PYG

Website: www.fondodeconservaciondebosques.org.py

Projects under implementation



Environmental Education in San Rafael NP



Installation of plants and trees nursery



Destruction of fish hunting trap



Native trees production

Peru I

Debt Agreement signed:	June 26, 2002
Forest Conservation Agreement:	June 26, 2002
Type of Agreement:	subsidized debt swap
US budgetary costs:	\$5.5 million
Conservation funds generated:	\$10.6 million (over 12 years)
Leverage:	1.93: 1
Private funds contributed:	\$1.1 million

Table N° 1 - Schedule of Payments to TFCA Account Through 12/31/09 (U.S. \$)

Date	Accrued Deposits	S-T & M-T Grant Disbursements	L-T Disbursements to ProNaturaleza
2002-2008	4,628,195	2,084,650	1,295,713
2009	1,038,920	502,770	336,453
Total	5,667,115	2,587,420	1,632,166

Background

The Peru agreement represented the second time conservation groups joined the U.S. Government in financing a TFCA subsidized debt swap. Under the agreement, The Nature Conservancy, Conservation International and the World Wildlife Fund each committed approximately \$370,000 for a total of \$1.1 million. The USG allocated \$5.5 million to cancel a portion of Peru's debt to the United States. The Government of Peru committed to providing the local currency equivalent of approximately \$10.6 million for tropical forest conservation over the next 12 years. Thus for every \$1 of U.S. funds, almost \$2 will be spent on conservation activities in Peru.

The TFCA Fund has prioritized its intervention in 17 protected areas that belong to the National Natural Protected Areas System (SINANPE): Cerros de Amotape National Park, Cordillera Azul National Park, Alto Purús National Park, Manu National Park, Otishi National Park, Bahuaja Sonene National Park, Tumbes National Reserve, Pacaya Samiria National Reserve, Tambopata National Reserve, Bosque de Pómac Historical Sanctuary, Machupicchu Historical Sanctuary, Purús Communal Reserve, Amarakaeri Communal Reserve, Asháninka Communal Reserve, Machiguenga Communal Reserve, Laquipampa Wildlife Refuge and El Angolo Hunting Reserve, in total 10.6 million hectares, equivalent to 54% of SINANPE (8.22% of Peru's territory).



All grants are short-term (less than three years) with the exception of one long-term grant recipient explicitly identified as a beneficiary by the Oversight Committee. This grantee, the Peruvian Foundation for Nature Conservation, "ProNaturaleza," is designated to receive \$3.3 million over a 12-year period. The remaining \$7.2 million is to be allocated to short-term grants.

Governance

The first Peruvian TFCA agreement is a –subsidized debt swap,” meaning the agreement utilized both appropriated and private funds. The Debt Swap Agreement directs the generated cash flows to a TFCA account managed by a Fund Administrator, the Peruvian Trust Fund for National Parks and Protected Areas (Profonanpe). The Forest Conservation Agreement (FCA) identifies a local Oversight Committee (OC) for the TFCA account within Profonanpe that includes one representative each from the USG and the Peruvian Government, and one from the local branch of each contributing NGO (TNC, CI, WWF). The Oversight Committee serves to ensure that the terms of the agreement are observed and to review grant applications. Profonanpe is the Technical Secretary of the OC which met 6 times in 2009.

Since January 2008, the Monitoring and Evaluation Unit (MEU), an operational arm of the TFCA-Peru Fund, functioning under the Oversight Committee and managed by Profonanpe, reinitiated grant-making after a brief hiatus in 2007. An amendment to the Forest Conservation Agreement (FCA) required the creation of the MEU in order to implement competitive grant-making.

Major Achievements 2009

There was a selection of three short-term projects through tender with co-financing from the Forest Conservation Fund, managed by the Americas Fund (EAI). Thirteen proposals were received for this tender, and three projects were selected for a total amount of US\$830,393. The TFCA-Peru Fund contribution is for US\$300,000, that is, for each US\$1.00 provided by the TFCA-Peru Fund, we are leveraging US\$1.77 of other’s funds. These three projects are scheduled to start in April 2010.

New Grants Scheduled to begin April 2010

Grantee	TFCA Grants Fund	Co-financing	Counterpart Match			Grand Total	Grant Period
		EAI partner	Grantee	Beneficiaries	Total		
AIDER	\$ 100,000	\$ 100,000	\$ 39,892	\$ 16,200	\$ 56,092	\$ 256,093	24 mos.
APECO	\$ 100,000	\$ 100,000	\$ 150,000	\$ -	\$ 150,000	\$ 350,000	18 mos.
CEDIA	\$ 100,000	\$ 100,000	\$ 24,300	\$ -	\$ 24,300	\$ 224,300	18 mos.
<i>totals</i>	\$ 300,000	\$ 300,000	\$ 214,192	\$ 16,200	\$ 230,392	\$ 830,393	-

Active TFCA-Peru Fund Account Grants in 2009

#	Year	Grantee	Title/Purpose	Amount Approved en US\$	Status
1	2003	ProNaturaleza	Pacaya Samiria National Reserve	3,300,000	Active
2	2008	ProNaturaleza	Participatory management for conservation and sustainable development of the dry forest at the Pomac Forest Historical Sanctuary and buffer zone. II Stage.	191,265.54	Active
3	2008	Endangered Wildlife Help-Frankfurt Zoological Soc.	Strengthening and consolidation of the protection, control, oversight and operations continuity of the Las Piedras River control post, Alto Purus National Park	190,525.98	Active
4	2008	Machu Picchu Institute (IMAPI)	Strengthening environmental management and ecological remediation in the Apu Pachatusan Municipal Conservation Area and the Macchu Picchu Historical Sanctuary buffer zone	160,835.19	Active
5	2008	Assoc.for Conservation of the Cutivireni Patrimony (ACPC)	Participatory management of the Ashaninka Community Reserve and the Otishi National Park and buffer zone	191,265.54	Active
6	2008	Asociación para la Investigación y Desarrollo Integral – AIDER Assoc. for Research and Integral Development	Building management skills at the Tumbes National Reserve. Organizing livestock herding and awareness raising.	166,946.13	Active
7	2008	Endangered Wildlife Help-Frankfurt Zoological Soc.	Training plan for personnel and stakeholders involved in managing the Natural Protected Areas System of Peru (SINANPE).	191,265.54	Active
8	2008	Law, Enforcement and Natural Resources (DAR)	Grant fund management proposal – ACBT.	143,449.16	Active
9	2009	AIDER - Asociación para la Investigación y Desarrollo Integral	Participatory management and products system sustainable to reduce deforest into Tambopata National Reserve and buffer zone.	100,000.00	disbursed 2010
10	2009	<i>Asociación Peruana para la Conservación de la Naturaleza</i> – APECO (Peruvian Association for Nature Conservation)	Bioregional and Frontier Strategy Conservation to support integral management Alto Purus National Park	100,000.00	disbursed 2010
11	2009	Centro para el Desarrollo del Indígena Amazónico – CEDIA Development Center for the Amazonian Native	Support to the management, sustainable production and financial structure to the Allpahuayo Mishana National Reserve.	100,000.00	disbursed 2010

Additionally, complementary funds have been generated through four existing short-term projects promoted by TFCA-Peru Fund (project numbers 2,5,7 and 8 in the table below) for a total amount of US\$ 139,337, out of which US\$ 96,696 come from the German government through the KfW and US\$ 42,641 come from other organizations and beneficiaries from the TFCA-Peru Scholarship Fund. Between matching funds and co-financing, a total of de US\$669,729 has been leveraged.



Photo: View of non-contacted indigenous people in the Madre de Dios Territorial Reserve neighboring PNAP. The project contributes to protection of forest and the territory of indigenous people's living in voluntary isolation.

Active Grants 2009

No. 1. *Pacaya Samiria National Reserve 2002-2014 (2009 budget: US\$ 336,453.00)* ProNaturaleza is encouraging sustained management of the main natural resources used by the indigenous peoples within the National Reserve (2,080,000 ha.). Since 2007, it has contributed to improve their marketing skills for preparing business plans. It also supports the Pacaya Samiria Reserve's management in their oversight and control strategy with 142 Voluntary Rangers and by putting in place a financial sustainability plan.

No. 2. *Participatory management for conservation and sustainable development of the dry forest at the Pomac Forest Historical Sanctuary and buffer zone. II Stage. May 2008-. May 2010 (2009 budget: US\$ 126,245.74)* ProNaturaleza has been able to recover 1700 hectares (25% of the Bosque de Pomac Historical Sanctuary surface) which were occupied by squatters until January 2009, who were illegally logging and changing the use of natural dry forests which have high natural and archaeological value. ProNaturaleza continues supporting oversight and control through the improvement of checkpoints, by supporting 250 Voluntary Rangers and through actions to manage resources with the population in the buffer zone. Additionally, it is reforesting the recovered area through co-financing with German KfW for US\$ 33,829.

No. 3 *Strengthening and consolidation of the protection, control, oversight and operations continuity of the Las Piedras River control post, Alto Purus National Park, May 2008 to May 2011. (2009 budget: US\$ 45,486.72)* AVISA/SZF supports oversight and control of the Las Piedras River watershed in Madre de Dios to prevent and impede the entry of illegal loggers to the Alto Purús National Park (2,510,694 ha) and to the Madre de Dios Territorial Reserve for indigenous peoples living in voluntary isolation (829,941 ha), thus contributing to the direct and indirect protection of 3.3 million ha of forests and non-contacted indigenous people.

No. 4 *Strengthening environmental management and ecological remediation in the Apu Pachatusan Municipal Conservation Area and the Machu Picchu Historical Sanctuary buffer zone. June 2008 to June 2010. (2009 budget: US\$ 70,994.78)* IMAPI promotes the participation of local governments located in the Machu Picchu Historical Sanctuary Buffer Zone and its area of influence through the consolidation of municipal conservation areas, by establishing plantations (102,720 native plant seedlings in 77 ha) and preventing forest fires for the conservation of the watershed heads of Cusco and Urubamba cities and neighboring villages (Apu Pachatusan: 1,450 ha).

No. 5 *Participatory management of the Ashaninka Community Reserve and the Otishi National Park and buffer zone. August 2008 to July 2010. (2009 budget: US\$72,240.24)* The Association to Preserve Cutivireni's Heritage (ACPC) is strengthening indigenous organizations so they take part in ANP management (490,441.43 ha) and forest conservation, training them and supporting the preparation of the Asháninka Communal Reserve Master Plan for 2010-2014, which is being formulated through co-financing of the PAN Program, financed by KfW, amounting to US\$62,867.

No. 6 *Building management skills at the Tumbes National Reserve. Organizing livestock herding and awareness raising. August 2008 to July 2010. (2009 budget: US\$95,083.68)* AIDER is preparing the Tumbes National Reserve (19,267 ha.) Master Plan for 2010 – 2014, and is contributing to reducing deforestation generated by the cattle raising activity through the formulation of regulations and zoning for pasture arrangement and use.

No. 7 *Training plan for personnel and stakeholders involved in managing the Natural Protected Areas System of Peru (SINANPE). May 2008 to May 2011. (2009 budget: US\$41,611.50)* AVISA-SZF has prepared and is implementing the SINANPE training plan for 2009 – 2013, aimed at improving local and regional capacities for conservation. Additionally, it has developed 20 training events nationwide to build capacities in protected area management through co-financing from other organizations for US\$8,940.00.

No. 8 *TFCA Scholarship Fund. July 2008 to June 2011. (2009 budget: US\$51,107.33)* Law, Environment and Natural Resources (DAR) manages the TFCA-Peru Scholarship Fund to improve the capacities of technical and administrative personnel who work in SINANPE public and private organizations. It granted 43 training scholarships to

officials related to SINANPE in 2009 for a total amount of US\$ 54,190, also generating co-financing for US\$ 33,701.

Peru TFCA Account - Summary Table US\$

Fund Data	2002-2007	2008	2009	Total
No. of proposals submitted	15	32	13	60
No. of proposals approved	15	7	3	25
Total <u>approved</u> funding for grants	\$4,855,599	\$1,235,553	\$300,000	\$6,391,152
Total disbursed funding for grants*	\$2,881,352	\$531,979	\$839,223	\$4,252,553
Total of counterpart match (grantee cost-share)	-	\$55,778	\$264,903	\$319,872
Other leveraged matches (e.g. co-financing)	-	\$154,606	\$405,636	\$560,242
Total matching funds as % TFCA grant approved	-	16%	223%	14%
Amount spent on administrative costs and the operation of an TFCA M&E Unit	\$180,366	\$148,261	\$153,037	\$481,664
Administrative costs (plus TFCA M&E Unit) as % of GOP deposits to Acct.	5%	14%	15%	8%
Interest and capital gained on TFCA investments	\$46,677	\$27,092	\$49,581	\$123,350
Fund balance at the end of the year	\$545,591	\$968,347	\$1,131,614	n/a

* Because the single long-term grant to ProNaturaleza of \$3.3 million was approved in 2002, but is only disbursed periodically, the disbursement figures actually provide a more accurate assessment of cash flows.

** Exchange rate: 2,89 Nuevos Soles per 1 USD

Website: www.tfcaperu.org and www.profonanpe.org.pe

Peru II

Debt Agreement signed:	September, 2008
Forest Agreement signed:	September 2008
Type of Agreement:	reduction/rescheduling
US budgetary costs:	\$19.6 million
Conservation funds generated:	\$25 million (over 7 years)

Table N° 1
Schedule of Payments to TFCA Account Through 12/31/09 (U.S. \$)

Date	Accrued Deposits to Grants Account	Grants Approved
2009	\$ 5,404,969	\$899,764

Mission Statement

To support the management and development of innovative projects aimed at the conservation, maintenance and recovery of the tropical forests and at the sustainable development of the communities that live in the tropical forests and the surrounding areas, channeling financial resources and using technical criteria.

Background

The Governments of the United States of America and the Republic of Peru signed agreements in September 2008 to reduce Peru's debt payments to the U.S. by over \$19.6 million. In return, the Government of Peru has committed these funds, which will generate \$25 million over seven years, to support grants to protect the country's tropical forests.

Peru is one of the most biologically rich countries on earth. Funds generated by the debt-for-nature program will help Peru protect tropical rain forests of the southwestern Amazon Basin and dry forests of the Central Andes. These areas are home to dense concentrations of endemic birds such as the Andean Condor and Parakeet; primates including the Peruvian Yellow-tailed Woolly Monkey and Howler Monkey; other mammals such as the Jaguar, Amazonian Manatee, Giant Otter, Spectacled Bear and Amazon River Dolphin; as well as unique plants. Rivers supplying water to downstream settlements originate in many of these forests, and people living in and around the forests depend on them for their livelihood and survival.

This agreement with Peru will complement an existing TFCA debt-for-nature program in Peru dating from 2002, a 1997 debt swap under the Enterprise for the Americas Initiative (EAI), and the United States-Peru Trade Promotion Agreement, which includes a number of forest protection provisions. With this agreement, Peru will be the largest beneficiary

country under the Tropical Forest Conservation Act, with more than \$35 million generated for conservation [*\$25 M in 2008 and \$10 M in 2002*].

Major Achievements in 2009

The TFCA agreement with FONDAM in Peru has been one of the fastest to become operational. The requirements of the Framework agreement were completed in 2009 allowing for the transfer of resources from the Ministry of Economy and Finance to the Tropical Forests Account. By March 2009, a Trust agreement was signed with Niklas Partners Investment, and a Strategic Plan received Board approval. Notably, the plan permits the use of the same four funding modalities as are used with the EAI accounts – also administered by FONDAM: 1) Call for Proposals (a.k.a. tenders or request for proposals); 2) Co-financing (cost-sharing partnerships); 3) Special Projects (small grants under \$10,000); and 4) Key Development Projects (e.g. potentially higher impact innovation grants). This report tracks expenditures using these categories.

Also in 2009, FONDAM commissioned a study to develop conservation impact measures for its TFCA grants program. The studies have prioritized establishment of resource baselines and impact indicators. Once baselines were established, the first Call for Proposals was held in June 2009.

Progress was made with the Co-financing program in August 2009 when FONDAM entered into an agreement with the National Fund for Protected Natural Areas of Peru, PROFONANPE. Each Fund agreed to commit up to \$1,000,000 towards grants targeting conservation in the buffer zones of the national parks within the areas deemed eligible by the second TFCA agreement. Collaborative exchanges continue with other grant-making organizations to enrich project design, programming and monitoring, as well as to collaborate on capacity building of potential grant beneficiaries.

Strategic Objectives

Four strategic objectives were established under the new Strategic Plan. Each of the four has targeted intermediate results and indicators (using a Results Framework) further detailing the specific grant activities and expected outcomes. The four strategic objectives include:

1. To support local communities in the management and development of sustainable economic activities which are compatible with the conservation of tropical forests.
2. To promote national, regional and local public and private initiatives to protect and develop the Protected Natural Areas, buffer zones and the recovery of degraded areas.
3. To develop scientific, technical and traditional knowledge in order to improve the management and integrated use of the tropical forests, giving priority to medicinal plant species.
4. To develop technical, scientific and institutional competences to improve the management capacity of the tropical forests.

Grant-Making

The Board allocated up to \$2,000,000 for the first *Call for Proposals* held in June 2009. A total of 26 grant proposals were received, of which 18 qualified and 3 were ultimately approved. Preparation and review of grantee operational plans has somewhat delayed implementation. For this first TFCF tender, only two of the four strategic areas for intervention were considered due to the limited scope of grantee capabilities. During the first quarter of 2010 there will be another tender with the balance of the first tender and will consider the four strategic objectives.

A special tender for proposals was called under the *Co-financing* program with PROFONANPE. Of the 13 proposals submitted, only 3 were approved. There was a limited participation in this tender because of the lack of qualifying executing organizations in the areas. While this is somewhat common in other countries, it is rarer in Peru and, in fact, this is the first time this situation has occurred in the decade of FONDAM operations. FONDAM anticipates issuing a new tender during the first quarter of 2010 to utilize the balance of budgeted funds for this modality.

An additional co-financing agreement was signed in late 2009 with the Critical Ecosystem Partnership Fund (CEPF) managed by Conservation International. This represents a long-term FONDAM commitment of US\$ 905,000 to supplement the CEPF cost-share. CEPF is particularly interested in pilot projects for payment for ecosystem services (PES) and Reduced Emissions from Deforestation and Degradation (REDD). A tender is being prepared for 2010.

Three (3) *Key Development Projects* were approved in 2009. The Pacifico University won a \$100,000 grant to implement a project entitled, "Capacity Building in Economic Valuation of Natural Heritage in the Loreto Region." The original proposal included the Ayacucho and Madre de Dios regions, however, for technical reasons it was limited to a single region.

The remaining 2 Key Development projects were issued in support of Native Communities. The first is entitled, "*Production and marketing of ethnic cocoa produce in agroforestry systems in native communities of Imaza Awajun - Amazon.*" The second is entitled, "*Aquaculture Development in Native Communities Tsunsuntza, Tumberos, Najen, Shain, Palk and Numpartkain*".

In summary, in 2009, FONDAM approved grants totaling \$899,764 for 9 different projects across three grant-making modalities: Call for Proposals (3), Co-financing (3), and Key Development Projects (3). No Special Projects (small grants under \$10K) were issued in 2009.

Summary Table 2009

Fund Data	2009	Totals All Years
1. Classic National Level RFP		
1.1 No. of proposals submitted	26	26
1.2 No. of proposals approved	3	3
1.3 Total counterpart match	\$29,984	\$29,984
1.4 Counterpart as % of grants approved	10%	10%
1.5 FONDAM grant amount approved	\$299,884	\$299,884
2. Co-financing Support		
2.1 No. of proposals submitted	13	13
2.2 No. of proposals approved	3	3
2.3 Cost-share contribution	\$29,996	\$29,996
2.4 Co-finance match	\$299,960	\$299,960
2.5 Counterpart as % of support approved	110%	110%
2.6 FONDAM grant amount approved	\$299,960	\$299,960
3. Special Projects (approx. 10K)		
3.1 No. of proposals submitted	-	-
3.2 No. of proposals approved	-	-
3.3 Total counterpart match	-	-
3.4 Counterpart as % of support approved	-	-
3.5 FONDAM grant amount approved	-	-
4. Axis of Development Projects		
4.1. No. of proposals submitted	4	4
4.2 .No. of proposals approved	3	3
4.3. Total counterpart match	\$57,748	\$57,748
4.4. Counterpart as % of support approved	19%	19%
4.5. FONDAM grant amount approved	\$299,960	\$299,960
5.. TOTALS		
5.1 No. of proposals submitted	43	43
5.1= (1.1+2.1+3.1+4.1)		
5.2. No. of proposals approved	9	9
5.2= (1.2+2.2+3.2+4.2)		
5.3. Total counterpart match	\$417,688	\$417,688
5.3= (1.3+2.3+2.4+3.3+4.3)		
5.4. FONDAM support approved 5.4= (1.5+2.6+3.5+4.5)	\$899,764	\$899,764
5.5. Amount spent on administration	\$212,883	\$212,883
5.6. Admin. Costs / new grant approvals (5.5/5/4)	24%	24%
5.7. Admin. Costs / Total administrated accounts (5.5/(5.4+5.3+5.9))	11%	11%
5.8 Investment Portfolio annual yield	n/a	n/a
5.9 Interest earned for the Fund	\$664,000	\$664,000
5.10 Fund balance at the end of the year	\$4,956,353	\$4,956,353
5.11 Total Assets as of Dec.31, 2009 (in Financial Statements)	\$5,856,117	\$5,856,117

Republic of the Philippines

Debt Agreement signed:	September 19, 2002
Forest Agreement signed:	September 19, 2002
Type of Agreement:	reduction/rescheduling
GOT debt service saving:	approximately \$ 8.3 million
US budgetary costs:	\$5.5 million
Conservation funds generated:	\$ 8.2 million (over 14 years)



On September 19, 2002, the U.S. Government and the Government of the Republic of the Philippines (GRP) signed the necessary agreements to establish the Philippines Tropical Forest Conservation Foundation (PTFCF). The Debt Reduction Agreement cancelled the interest accruing on loans from the U.S. Government with a total outstanding principal of \$41,377,000. The amount of interest reduced (\$8.2 million) will be paid into a local currency account to provide for forest conservation activities for the next 14 years.

PTFCF provides grants to projects implemented by civil society organizations, research institutions and individuals whose activities aim to conserve, maintain or restore tropical forests in the Philippines. These projects may consist of one or more of the following eligible types of activities: (1) protection; (2) natural resource management; (3) capacity building; (4) restoration or sustainable use; (5) research on medicinal uses; (6) livelihood of forest dwellers, and; (7) coastal forest management and protection. Since 2005, PTFCF has provided over 100 grants to non-governmental organizations and community-based organizations working for forest conservation throughout the Philippines.



1 of the 44 chainsaws confiscated in Palawan and the large tree that was felled by the illegal loggers.

Highlights – 2009

2009 was a year of growth and development for PTFCF. Like a large tree in the forest with its buttress roots anchoring its weight to the forest floor, the Foundation was able to weather the economic crisis, reconstitute the Board of Trustees, formalize its strategies while continuing with the same level of grant making support and expanding forest conservation activities to new areas in the Philippines.

PTFCF continued to increase the number of hectares restored through reforestation and restoration projects, while at the same time strengthening support for forestry law enforcement in Sierra Madre and Palawan. Given the effectiveness of these grants, the Board of Trustees (BOT) conducted a Strategic Plan Review during which the Board assessed the current strategies and added new ones to reflect changing realities and challenges in Philippine forest conservation.

PTFCF grants for anti-illegal logging have been particularly effective. Continued support for both the Isabela Province anti-illegal logging task force, and the Palawan community-based anti-timber poaching operations, resulted in confiscations of wood, illegally processed lumber, equipment and in filing cases against lumberyard operators and owners. The Isabela task force alone confiscated over 1.5 million board feet of timber. The Palawan operation has confiscated 44 chainsaws with 15 cases filed against the owners/ operators.

Due to losses incurred during the 2008 global economic crisis, PTFCF developed a new financial investment strategy consisting of strong moves for asset recovery followed by funds protection. The new strategy enabled PTFCF to recover almost all of its losses.

Grant Making

As with previous years, PTFCF issued its annual call for proposal setting forth the priority activities for the year. This was done during December 2008 to enable the Foundation to evaluate and approve proposals and disburse grants in time for the rainy season when most reforestation activities are best done. In addition to this, the Foundation still receives and evaluates proposals, subject to availability of funds during the year for other eligible activities. Approved projects generally exhibit the following characteristics: (1) focuses on addressing key threats; (2) reflects local consultative processes; (3) identifies specific activities, partners, expected results and implementation mechanisms; (4) conservation approach is technically feasible while livelihood support is economically viable; (5) builds human and institutional capacity; and, (6) can be implemented within 3-4 years.

For 2009, PTFCF received a total of 112 proposals, 91 of which were in response to the public call for proposals made during the last month of 2008. Of the 91, eight were ultimately approved. Three grants (of 21 submitted) were also approved after the first quarter evaluation. To this total of 11 approved ~~area grants~~, 25 ongoing area grants from previous years brought the total number of area grants supported in 2009 to 36. The sum increases to 51 when PTFCF ~~micro-grants~~ are included.

New PTFCF Projects Approved in 2009 (US\$)

Name of Grantee	Project Title	Amount Requested	Counterpart	Duration
Pusod Inc	Lipa Headwaters Council Strategic Planning on February 5, 2009	1,079		Feb. 5, 2009 - April 5, 2009
Samahan ng Sablayanong Mapagkalinga sa Kalikasan, (SASAMAKA) Inc.	Sustaining Sablayan Forest Restoration Project (Year 2)	29,424	8,661	Feb. 2, 2009 - Jan. 31, 2010
Kinaiyahan Foundation, Inc. (KFI)	Enhancement of Community-based Initiatives towards Rehabilitation and Protection of Community Watersheds in Marilog Uplands (Year 2)	38,118	20,612	Feb. 9, 2009 - Feb. 8, 2010
Paglilingkod Batas Pangkapatiran Foundation, Inc. (PBPF)	Protecting our People's Biodiversity Heritage in the Ancestral Forest of Maragusan, Compostela Valley Province (Phase 2)	33,243	30,913	Jan 5 - Dec 31, 2009
Palawan NGO Network	Palawan Para-Enforcers	2,157		March 15 - June 30, 2009
CAVAPPED	IEC and Advocacy Campaign for Forest Protection and Conservation of the Northern Sierra Madre Nature Park	2,157	1,359	March 15, 2009 – May 15, 2009
Kasanyangan Rural Development Foundation (KRDFI)	Community-based biodiversity Management and Adoption of Vermi-Composting and Natural Farming Technologies at WMSU's Forest Reservation	34,833	25,215	May 4 2009 - May 3, 2010
University of the Philippines College of Baguio Educational Foundation, Inc. (UBCB)	Multi-sectoral Assessment of Baguio City's Forest Conservation Status	2,157	895	April 8, 2009 - May 31, 2009
Task Force Sierra Madre - NQ	Forestry Law Enforcement Learning Exchange	431		April 20, 2009 - May 1, 2009
Alternative Law Groups Inc. (ALG)	Discussion Session on Rule of Procedure for Environmental Cases	1,834		April 10, 2009 - June 10, 2009
Pacasaday Manobo Association (PAMAAS), Inc.	Pacasaday towards Economic and Environmental Development	21,970	15,260	May 15, 2009 - May 14, 2010
Landcare Foundation of the Philippines, Inc. (LFPI)	Continuation and Expansion of Community-based Conservation of Indigenous Trees	41,475	22,708	May 18, 2009 - May 17, 2010

Tanggol Kalikasan	Oplan Sima II	37,735	383,068	Feb. 1, 2009 - Jan. 31, 2010
Palawan NGO Network Inc.(PNNI)	Nuestra Paragua	43,144	16,179	May 1, 2009 - April 30, 2010
Isla Biodiversity Conservation	Establishing a locally Managed Wildlife Sanctuary, Calayan Island	15,377		August 1, 2009 - July 31, 2010
WWF Philippines in Partnership Sibuyan Mangyan Tagabukid Tribal Association	Watershed Management and Biodiversity Conservation in Sibuyan Island Philippines	43,144	36,543	July 1, 2009 - June 30, 2010
Bangsa Palawan Philippines, Inc.	Conserving Mangrove Resources through Rehabilitation and Protection Project (Phase II)	35,292	16,460	July 15 2009 - July 14, 2010
ISFI-ADDU	Strengthening Governance Capacities to Rehabilitate the MONO-ALAH Watershed	15,101	11,325	August 1, 2009 - July 30, 2010
Omagieca	Sustainable Tourism Enterprise Development in Bantayan	2,157	2,187	August 1, 2009 - July 30, 2010
PUSOD, Incorporated	Addressing Vulnerabilities of Malarayat Ecosystem and Dependent Communities to Climate Change	31,746	12,436	July 28, 2009 - June 30, 2010
Haribon	Reprinting of a policy paper on Restoring Philippine Rainforests	2,157		Sept. 15, 2009 - Oct. 30, 2009
Cagayan Valley Partners in People Development (CAVAPPED)	NAREK Conservation Planning Workshop	1,821	202	Sept. 15, 2009 - Oct. 31, 2009
LAFCCOD	Continuity of the Mangrove Forest Development in the selected municipalities of Lanao del Norte	2,157		July - Oct. 30, 2009
Friends of the Environment for Development and Sustainability, Inc (FRIENDS)	Merging Socio-Economic development and Biodiversity Conservation in Mt. Palali through Community-Based Management Approach	43,067	32,203	Oct. 1, 2009 - Sept. 30, 2009
Center for Empowerment and Resource Development	Towards a Provincial Level Community-Based Mangrove Protection and Management in Northern Samar	25,932	22,011	Oct. 1, 2009 - Sept. 30, 2010
Project Seahorse	Community-Based Mangrove Rehabilitation to Enhance Coastal Habitats in Seven Danajon Bank Sites - Yr2	16,665		Oct. 1, 2009 - Sept. 30, 2010
Philippine Forestry Education Network (PFEN)	National Conference on Strengthening Forestry Education in Addressing Climate Change and Water Security	2,157		Nov. 8, 2009 - Nov. 15, 2009
NTFP-EP	A Sweet Exchange between Palawan and the South of France: Support for IP participation	2,067	539	Nov. 3, 2009 - Feb. 28, 2009

First Philippine Conservation Incorporated	Identification of Forest Restoration Sites	2,026	1,963	Nov. 16, 2009 - Dec. 16, 2009
Association of Foundations	Social Development Week 2009	5,393	40,987	Nov. 16, 2009 - Mar. 31, 2010
Fostering People's Education, Empowerment and Enterprise (FPE3)	A Review of Isabela Province's Competitiveness for Development to Benefit Communities of Isabela	4,530		May 12, 2009 - Dec. 15, 2009
FPE3	Calawis Community Rainforestation Training Workshop and Nursery Establishment	2,157		Dec. 15, 2009 - Mar. 15, 2010
Soil and Water Conservation Foundation (SWCF)	Dipterocarp Tree Domestication and Use on Public and Private Lands in Selected Sites to Expand and Conserve Philippine Forests Yr III	28,809	14,841	Dec. 8, 2009 - Nov. 30, 2010
FPE3	San Jose Community Rainforestation Training Workshop and Nursery Establishment	2,157		Dec. 15, 2009 - Mar. 15, 2010
Caraga Conference for Peace and Development (CCPD)	BANTAY KABUHATAN	31,731	77,541	Jan. 19, 2010- Jan. 19, 2011
Task Force Sierra Madre - NQ	Save Sierra Madre Network Summit	1,079		Sept. 10, 2009 - Oct. 10, 2009
TOTAL		606,478	794,111	

Forest Conservation

PTFCF pursued efforts to reforest and restore forest lands, particularly in key biodiversity areas and critical watersheds. Forest restoration activities in 2009 amounted to almost 260 hectares, for a cumulative total over all grant years of more than 1,500 hectares. These are planted with indigenous tree species, following a keystone species approach whereby pioneering local species are first planted to enable ecological succession towards a climax forest. This approach, while both time and resource consuming, approximates natural forest growth and ensures full ecosystem services from such forests. For areas designated by the communities as production areas, PTFCF supported agroforestry activities, although most communities prefer to engage in non-timber forest product (NTFP) production and development.

To support the restoration and reforestation projects of PTFCF, operations of project nurseries were enhanced. A variety of site-appropriate species of indigenous trees, dipterocarp species and mangroves species were grown and nurtured at project nurseries.

In addition restoration and reforestation, PTFCF expanded support for forest land management and forest protection activities. While almost all of our projects have land management and/or forest protection components, PTFCF approved three (3) projects that aim for the protection of standing, intact forests. For these three projects, the principal

components consisted of forest community engagement and education, patrols and interdiction and, where appropriate, the confiscation of illegally cut timber and the tools and equipment used.

The shift towards promoting forest law compliance and enforcement aims to protect the remaining intact forest blocks, particularly in Luzon and Mindanao. While these forests are designated as protected areas, there is minimal intervention in forest law enforcement activities. As a consequence, these forests are threatened by illegal logging, poaching and land conversion. Support for forest protection and forest land management for 2009 covered 793,106 hectares for a cumulative total over all grant years of 1,093,076 hectares.

2009 PTFCF Coverage (hectares)

	Coastal (2009)	Lowland and Upland (2009)	Totals
Restoration/Reforestation	58	195	253
Forest Protection/management	46,650	746,203	792,853
Forest with improved Management	46,708	746,398	793,106

2005-2009 PTFCF Coverage (hectares)

	Coastal	Lowland and Upland	Totals
Restoration/Reforestation	691	1,820	2,511
Forest Protection/management	47,732	1,042,833	1,090,565
Forest with improved Management	48,423	1,044,653	1,093,076

The PTFCF's supports forest protection activities in two key forest blocks representing approximately 40% of the remaining primary forest cover of the Philippines. These areas are the Northern Sierra Madre Natural Park, the largest block of contiguous forest in the Philippines, and the Palawan Forest Corridor, which encompasses several protected areas, community conserved areas and indigenous people's ancestral domain. Aside from featuring several forest types, such as dipterocarp, mangrove, beach, montane and ultramafic forests, these areas also harbor many endemic as well as endangered species of flora and fauna.

PTFCF support for forest protection and management was also complemented by strategic engagement in: (1) networking and advocacy with the Environmental Law Enforcement Working Group of the DENR, (2) support for the formulation of Special Rules of Court for Environmental Cases, (3) capacity enhancement support for the newly designated Philippine Green Courts, as well as (4) continuing support for the Environmental Defense Fund.

Last October 2009, two tropical storms passed close to Metro Manila causing massive flooding, the loss of lives and millions worth of damage to property. One of the main factors for the urban exposure to the disaster was the degraded state of Metro Manila's watersheds. Various government agencies, civil society organizations as well as the private sector have come together to address the flooding and its severe impacts on human health and safety. For its part, PTFCF has focused on restoring the ecosystem services of

the Marikina Watershed by working with local communities and other civil society organizations to establish the first two - of the many needed - community nurseries in the Marikina Watershed.

Governance and Administration

The Board of Trustees was able to meet four times during the year. The Board approved the annual budget, the call for proposals and the grants for the year. In addition to the regular items, the BOT was reconstituted -- electing two new NGO members of the Board while extending the term of the three remaining members. The BOT also formally recognized the position of NGO alternates and provided for their rights and responsibilities as members of the BOT. More significantly, the BOT conducted a strategic plan review and formulated a new revised three-year strategic plan. The strategic plan reaffirmed the Foundation's vision but revised and fleshed out the mission, goals and strategies to be pursued by PTFCF.

As part of its networking and advocacy efforts, PTFCF participated in numerous public fora and conferences. Increasingly, inputs from PTFCF are sought on new forest management initiatives by both government and multilateral or donor agencies. In 2009, the Malaysia's Economic Planning Unit and its Forestry Department asked PTFCF to host a study visit. As the Malaysian government is seriously considering the establishment of a conservation fund, the Malaysian delegation wanted to learn about PTFCF's grant making processes, fund administration procedures and forest conservation program.

Financial Performance

The financial year that ended on December 31, 2009 was one of major reform. PTFCF became a refocused and more flexible institution. Budget accountability and sustainability measures turned to concrete implementing mechanisms safeguarding the fund's finances and operations. Investment guidelines were revised and are now in effect, enhancing efficiency. Clear accountability and greater transparency in procedures are also being practiced.

As of December 31, 2009, assets amounted to US\$3.5 million, which is up by 59% compared to 2008, as majority of losses in equities were recovered and placed in treasury bills. Principal sources of investments were cash flows from semi-annual remittances of the Philippine Government and interest income from investments. An annual budget was drawn from the investments and was used for quarterly disbursements to grantee projects and administrative expenses.

PTFCF Fund Balance and Financial Data (US\$)

In US\$	2008	2009	Increase (Decrease)	%
Capitalization				
Due to Projects	406,273	419,374	13,101	3%
Accounts Payable	7,585	3,803	(3,782)	-50%
Fund Balance	3,652,334	4,488,873	836,539	23%
Other Financial Data				
Total Assets	4,066,192	4,912,050	845,858	21%
Cash and Cash equivalents	587,075	501,322	(85,753)	-15%
Financial Assets	2,220,147	3,529,415	1,309,268	59%
Available for sale – financial assets	1,212,182	865,423	(346,759)	-29%
Office equipment, furniture and fixtures	13,519	7,472	(6,047)	-45%
Other Assets	33,269	8,418	(24,851)	-75%

The fund balance increased significantly by 23% due to the recovery of 2008 losses and a decrease in total grants issued compared to the previous year. Grants *dispersed* in 2008 totalled \$806,000. In 2009, grant *approvals* amounted to only \$606,000.

Net income for the year was US\$648,000, which is 52% higher than the previous year's US\$1.2 million loss due to the gains from the redemption of investment in equities. Return on financial assets was 4.4% as investments (losses recovered) were made mid-year and interest rates on short-term investments fell.

PTFCF Revenues and Expenses

For the years ended December 31 (in US\$)		2008	2009
Total Revenues	Funds received from RP Government	738,312	635,196
	Interest Income	191,533	155,434
	Gain from Redemption/Recovery of losses		923,779
Expenses	Grants		606,478
	From 2008 cycle	615,592	-
	From 2007 call	191,312	-
	Program Support	164,719	154,783
	Administrative	110,071	108,533
Losses	Unrealized loss from ING Funds	1,008,011	195,806
	Loss on Redemption	111,574	-

Investment Strategy

The PTFCF staff recommendation for a rebalancing and a conservative portfolio was approved by the BOT (with only US\$1M exposure in equities representing 20% of the portfolio). As a result, the Board revised the investment policy developed by a financial adviser which scheduled a five-year recovery plan. The fortunate outcome was that the Fund was able to take advantage of the stock market rally during the last two quarters of the year. *The move was a success as 83% of the 2008 losses were recovered.*

Proceeds from the recovery were invested in treasury bills in a sequential manner in order to secure the budget up to 2014 and beyond. Placements were made in Citibank and Philippine National Bank (PNB), details below. To summarize, the investment in equities benefited from a bull run during the last two quarters, spurred by recovery in international financial markets, resulting in an unrealized loss of only US\$195,000, representing 17% of 2008 losses.

	Phil. National Bank	Citibank	Notes
Current Account	52,879	108	
US\$ Savings	2,438		
SDA	86,289		Central Bank's Special Deposit Account
Philippine Equity Fund		865,423	Market value
RP Treasury Bills	2,857,066	586,060*	Part of recovered 2008 losses*
Certificate of Deposit	445,897		

Summary Table

	2002-2007	2008	2009	Total/ Average Percentage
Number of proposals submitted	456	177	124	757
Number of proposals approved	53	37	36	126
Total approved funding for grants	1,263,639	615,592	606,478	2,485,709
Total of counterpart match (grantee cost-share)	671,309	595,290	794,110	2,060,709
Other leveraged matches (e.g. co-financing)	0	47,815	0	47,815
Total matching funds as percentage of approved	53%	104%	131%	85%
Amount spent on administrative costs	255,182	110,071	108,533	473,786
Administrative Costs as percentage of grants approved	20%	18%	18%	19%
Interest and capital gained on investment	375,793	191,533	155,434	722,760
Fund balance at the end of the year	5,031,475	3,652,334	4,488,873	n/a

Website: www.ptfcf.org