

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

**AND**

**THE TROPICAL FOREST  
CONSERVATION ACT**

**2010 ANNUAL *SUPPLEMENTAL*  
REPORT**

**April 2011**



# EAI/TFCA 2010 Annual Report

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## **Executive Summary**

This report summarizes new and continuing activities during calendar year 2010 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 2010, 17 TFCA agreements and eight EAI agreements had been concluded with 18 countries. Together, these programs have generated or will generate more than *\$443 million* to support environmental protection, child survival and child development, and tropical forest conservation activities. Both programs support 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 4,363 grants totaling \$204.5 million, including \$7 million in 2010*, to support environmental activities and child survival and child development programs in these countries. These programs have together leveraged an additional estimated *\$105.5 million* from cost-share contributions from grantees and co-financing agreements with partners. In addition, *\$92 million* has been generated to date from investment income. The collective balance remaining in these local accounts for ongoing and future activities is about *\$79 million*.

### ***Tropical Forest Conservation Act (TFCA)***

As of December 2010, approximately \$174 million in congressionally-appropriated funds have been used to conclude 17 TFCA debt-for-nature agreements with 14 countries: Bangladesh, Belize, Botswana, Brazil, Colombia, Costa Rica (two agreements), 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 *\$18 million* to ten of these agreements, enabling more debt to be treated and, in turn, generating more funds for conservation. The TFCA programs will generate more than *\$266 million* for grants and projects to help protect and sustainably manage tropical forests in beneficiary countries. As of December 2010, the local "TFCA Funds" have awarded 518 *grants* and otherwise invested in protected area activities totaling over *\$45 million*, including over *\$14 million* in 2010 alone. The collective balance accumulated through December 2010 in these local accounts was about *\$64 million* in grants accounts and *\$28 million* in endowment accounts.

## 2010 EAI/TFCA REPORT

### 1.0 Introduction

This report summarizes new and continuing activities undertaken in calendar year 2010 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 \$18 million to ten of the 17 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 2010, actively supporting grants for small projects and monitoring the use of grant funds for ongoing projects. Examples of activities financed include: significant coastal marine and mangrove projects in Colombia, El Salvador and Belize; a broad array of childhood development and survival projects in Jamaica, Colombia, Peru and El Salvador; and protected area management and renewable natural resource income generating projects in most each of the EAI countries.

Two of the eight EAI programs had expired by 2010, 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 \$79.5 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)	Scheduled 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	\$ 1.4
Bolivia	PL 480	Aug-91	\$ 38.4	\$ 30.7	\$ 7.7	\$ ** 21.8	Sep-06	\$ 9***
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	\$ 42.6
El Salvador	PL 480	Dec-92	\$ 335.0	\$ 268.4	\$ 67.0	\$ 25.6	Sep-13	\$ 11
	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	\$ 4.8
	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	\$ 10.7
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
<b>TOTAL</b>			\$ 1,976.3	\$ 1,051.5	\$ 752.1	\$ 176.9		\$ 79.5

\* 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.

\*\*\* Approximate amount. Bolivia Fund did not report in 2010.

To date, the eight Americas Funds have competitively issued grants in excess of \$204 million, including more than \$7 million in 2010. 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 2010		Grants All Years		Grants Account Balance (\$M)	Endowment Balance (\$M)
		No.	(\$M)	No.	(\$M)		
Argentina	A	13	0.74	46 <sup>1</sup>	3.1	1.38	0
Bolivia <sup>2</sup>	A	27	2.6	272	18.7	9.0	0
Chile	D	0	0	620	28	Fund expired	
Colombia	A	63	1.8	871	40.2	9.6	33
El Salvador	A	11	.3	840	47.6	11	0
Jamaica	A	36	2.2	1,202	36.9	4.8	0
Peru	A	32	2.0	394	24.0	10.7	0
Uruguay	D	0	0	118	5.85	Fund expired	
<b>TOTAL</b>	A or D	155	7.0	4,363	204.5	46.5	33.3

## 2.2 Earnings and Leveraged Contributions

As of December 2010, the eight EAI Americas Funds had generated additional funds totaling approximately \$197 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.

<sup>1</sup> 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.

<sup>2</sup> These are figures from the 2009 Congressional Report. The Bolivia Fund did not report in 2010.

**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	1.2	n/a	1.2
Bolivia <sup>1</sup>	21.8 <sup>2</sup>	5.5	7.6	7.8
Chile	18.7	10.5	0.96	4.4
Colombia	41.6	25.8	13.1	25.1 <sup>3</sup>
El Salvador	41.2	6.5	n/a	18.6
Jamaica	21.5	3.6	2.4	17.9
Peru	22.8	17.2	7.0	17.2
Uruguay	6.2	4.2	n/a	0.21
Sub-totals	<i>176.9</i>	<i>74.5</i>	<i>31.06</i>	<i>92.4</i>
	<i>Augmented Total</i>	<i>197.96</i>		

<sup>1</sup> These are figures from the 2009 Congressional Report. The Bolivia Fund did not report in 2010

<sup>2</sup> 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.

<sup>3</sup> This is a 2009 figure. No investment income figure was provided for 2010 in Colombia.

## 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 2010, the U.S. Government had concluded 17 TFCA agreements with 14 countries: Bangladesh, Belize, Botswana, Brazil, 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 \$266 million to conserve tropical forests in these countries. Negotiations for one more TFCA agreement was begun at the end of 2010 and is expected to be completed by 2011.

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

Country (ordered by year of agreement)	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
Brazil	USAID	8/2010	19.5	0	21.0	2015
Costa Rica II	USAID	9/2010	19.6	3.9	27.0	2024
TOTAL	n/a	n/a	174.1	18	266.4	n/a

As of the end of 2010, the local TFCA boards and oversight committees together had approved 518 grants and otherwise invested in protected area activities totaling over \$45 million, including more than \$14 million in 2010 alone. The collective balance accumulated through December 2010 in these local accounts was about \$64 million in grants accounts and \$28 million in endowment accounts. Seven of these programs include endowments. The newest TFCA programs, Costa Rica II and Brazil, are expected to be fully operational in 2011. 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 2010		Grants All Years		Current Account Balance (\$ M)	Endowment Account Balance (\$ M)
		No.	(US\$)	No.	(US\$)		
Bangladesh	A	6	\$ 384,628	59	\$ 3,938,082	\$ 7.60	--
	D	--	\$ 531,500	--	\$ 1,349,100	--	--
Belize	A	5	\$ 400,348	19	\$ 3,638,915	--	\$ 6.09
Botswana	A	15	\$ 618,773	15	\$ 618,773	\$ 4.60	--
Brazil		--	--	--	--	\$ 2.00	--
Colombia	A	--	--	6	\$ 2,748,000	\$ 2.80	\$ 6.40
Costa Rica I	A	5	\$ 513,950	5	\$ 513,950	\$ 0.95	\$ 3.83
Costa Rica II	A	--	--	--	--	\$ 4.20	--
El Salvador	A	12	\$ 504,893	79	\$ 3,466,255	\$ 6.30	--
Guatemala	A	13	\$ 2,553,942	20	\$ 4,162,388	\$ 7.80	\$ 2.10
	D	--	\$ 651,256	--	\$ 1,454,316	--	--
Indonesia	A	3	\$ 1,656,008	3	\$ 1,656,008	\$ 5.80	--
Jamaica	A	15	\$ 2,182,035	29	\$ 3,327,355	\$ 1.80	\$ 2.86
	D	--	\$ 748,556	--	\$ 1,348,015	--	--
Panama I	A	1	\$ 337,617	25	\$ 4,246,381	\$ 0.16	\$ 3.00
	D	--	\$ 254,702	--	\$ 2,535,830	--	--
Panama II	A	2	\$ 525,568	16	\$ 2,180,678	\$ 0.15	\$ 3.90
	D	--	\$ 462,211	--	\$ 1,556,334	--	--
Paraguay	A	10	\$ 204,269	13	\$ 454,648	\$ 4.60	--
	D	--	\$ 135,353	--	\$ 174,787	--	--
Peru I	A	6	\$ 1,489,386	31	\$ 7,880,538	\$ 1.32	--
	D	--	\$ 618,708	--	\$ 4,829,355	--	--
Peru II	A	21	\$ 2,288,683	30	\$ 3,187,664	\$ 9.04	--
Philippines	A	42	\$ 874,196	168	\$ 3,366,295	\$ 4.94	--
<b>TOTALS</b>		<b>156</b>	<b>\$ 14,534,296</b>	<b>518</b>	<b>\$ 45,385,930</b>	<b>\$ 64.06</b>	<b>\$ 28.18</b>

### 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. Seven of the current TFCA programs are based on bilateral debt restructuring agreements: Bangladesh, Botswana, Brazil, El Salvador, Paraguay, Philippines, and Peru II. The other ten TFCA programs are based on subsidized debt swap agreements that include, in addition to congressionally appropriated funds, \$18 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 I	12.6	1.26	1.26	-	-	15.12	26.1
Costa Rica II	19.6	3.9	-	-	-	23.5	27
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
<b>Total</b>	\$104	\$12.1	\$4.10	\$0.84	1.0	\$122	\$174

### 3.3 Earnings and Leveraged Contributions

As of December 2010, the 17 EAI Americas Funds had generated additional funds totaling at least \$27.7 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 tropical forest conservation. Table VII below shows the distribution of income and leveraged contributions for the 17 Funds since their inception. The figures can be considered conservative in as much as the TFCA Colombia Fund did not report these types of figures, yet it has the largest balance in its endowment account of all the agreements.

**Table VII. Estimated Contributions Leveraged and Investment Income Earned  
By EAI Americas Funds 1993-2009**

Country (chronological order)	Agreement Signature Date	As of Dec. 31, 2010		ALL YEARS		
		Current Account Balance (\$ M)	Endowment Account Balance (\$ M)	Estimated Cost Share Contribution from Grantees	Estimated Leverage from Co-financing Agreements	Estimated Interest and Capital Gains Income
Bangladesh	9-2000	\$ 7.60			\$ 8,750	\$ 3,031,225
Belize	8-2001		\$ 6.09	\$ 196,883	\$ 403,191	\$ 1,899,348
El Salvador	9-2001	\$ 6.30		\$ 781,968		\$ 2,265,985
Peru I	6-2002	\$ 1.32		\$ 639,123	\$ 1,025,831	\$ 144,254
Philippines	9-2002	\$ 4.94		\$ 2,455,545	\$ 47,815	\$ 968,346
Panama I	7-2003	\$ 0.16	\$ 3.00	\$ 408,181	\$ 444,881	\$ 60,987
Colombia	4-2004	\$ 2.80	\$ 6.40	\$ 1,923,000		?
Panama II	8-2004	\$ 0.15	\$ 3.90	\$ 101,569	\$ 265,977	\$ 19,086
Jamaica	9-2004	\$ 1.80	\$ 2.86	\$ 1,259,233	\$ 472,758	\$ 1,313,572
Paraguay	6-2006	\$ 4.60		\$ 318,574		\$ 245,625
Guatemala	9-2006	\$ 7.80	\$ 2.10	\$ 839,540		\$ 1,062,231
Botswana	10-2006	\$ 4.60		\$ 1,974	\$ 7,592	\$ 239,657
Costa Rica I	9-2007	\$ 0.95	\$ 3.83	\$ 302,169		\$ 54,319
Peru II	9-2008	\$ 9.04		\$ 2,489,209	\$ 698,455	\$ 1,018,229
Indonesia	6-2009	\$ 5.80		\$ 247,459	\$ 34,611	\$ 6,385
Brazil	8-2010	\$ 2.00				
Costa Rica II	9-2010	\$ 4.20				
<b>TOTALS</b>		<b>\$ 64.06</b>	<b>\$ 28.18</b>	<b>\$11,964,427</b>	<b>\$ 3,409,861</b>	<b>\$12,329,249</b>

### 3.4 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 program investments. On this basis, it is estimated that the ten 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 VIII below. This acreage figure may be considered conservative because none of the debt reduction deals, nor the newest debt swap deal (Costa Rica II), have acreage contributing to the total.

**Table VIII. 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 I	Operational	Six designated priority protected areas	4,800
9	Indonesia	Operational	Thirteen designated priority protected areas	18,182
10	Costa Rica II	beginning operations	Five defined regions identified w/o acreage	<i>uncertain</i>
TOTAL Program Acres for all Years				67,837

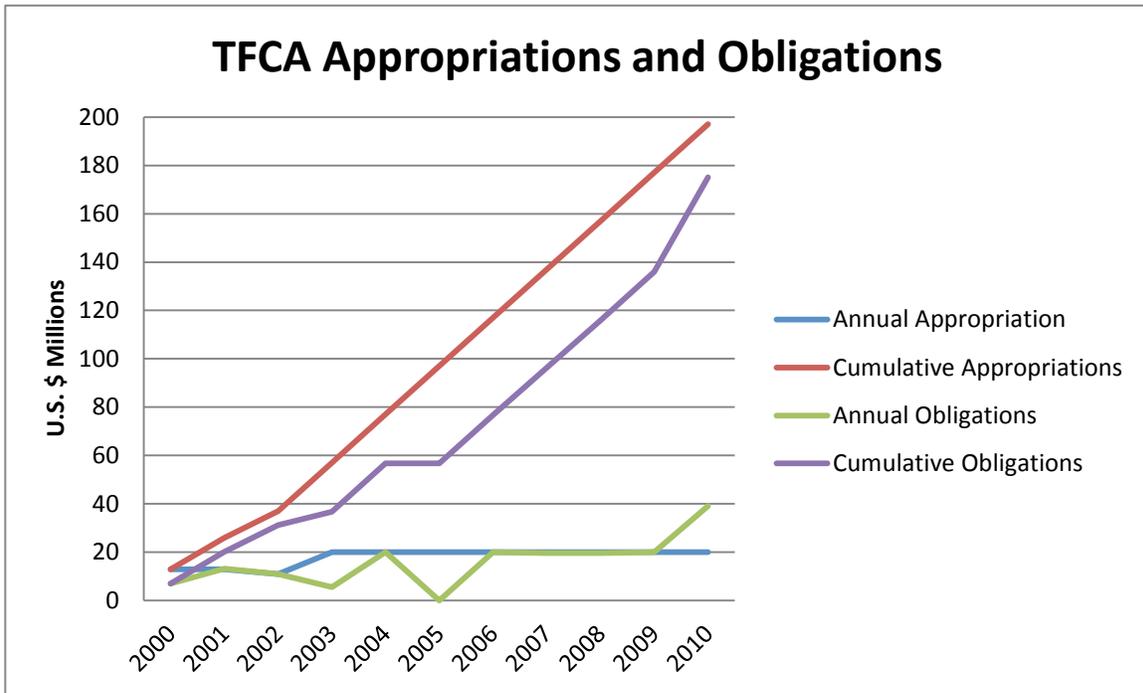
### 3.5 TFCA Reauthorizations: 2001 - 2010

TFCA’s most recent authorization by the House and Senate expired at the end of FY 2007. While Congress continued to appropriate the program, it 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.”

### 3.6 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 2010, \$175 million had been obligated to the 17 completed TFCA agreements.<sup>2</sup> The graph below illustrates TFCA appropriations and obligations.

<sup>2</sup> Table IV in Section 3.1 “TFCA at a Glance” listed the obligated amount as \$174.1 million. The \$175.1 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.



**Table IX. 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	2	39.1	175.1	21.9

### 3.7 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 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 2010, the EAI/TFCA Secretariat contracted with the U.S. Forest Service to conduct independent program audits and evaluations of the programs in Paraguay and Guatemala. 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. For both the Paraguay and the Guatemalan programs, the governance bodies and the Fund Administrators received good marks. As is common to many newly operational grants programs, the grant expenditure rates are lagging behind the expected pace for grant awards. In addition, the conservative decision making of the respective Boards has resulted in a predominance of grant allocations to the larger well-established environmental conservation NGOs, at the expense of building capacity through the local fledgling NGOs. Consequently, a concerted effort of institutional strengthening and partnering among prospective grant recipients is underway.

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. As a logical follow on activity, the Secretariat commissioned an EAI/TFCA Board Fiduciary Responsibility Handbook (2011) with the hope of providing Board strengthening trainings as needed.

# 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	Mr. Michael Stahl Deputy Assistant Administrator for International and Tribal 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	Lawrence I. Sperling Director of International Affairs (DOI)
8. Dr. Valdis Mezainis Director of International Programs, USDA Forest Service	none

### EAB Private Sector Members

### Appointment - Vacancy Date

9. Mr. Peter Seligmann, Chairman & CEO, Conservation International	1999 - active
10. Mr. Jan Hartke, Executive Director, The Clinton Foundation	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).	
	<b>Category</b>	<b>Function</b>	<b>Criteria</b>	<b>Rating</b>
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**

## 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 USD 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**

Due to Argentina's financial crisis in 2001-2002, the GOA missed five quarterly interest payments to the Fund. The GOA eventually caught up on these missed payments, and interest payments are currently on schedule.

The GOA 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. The Fund approved ten grants totaling USD 277,000 in 2004.

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 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. Fifty three (53) grant proposals were received for this Call by the deadline of January 31, 2009. Subsequently, seven grants totaling US\$ 302,690 were approved (more details in the Summary Table below). The organizations sponsoring these approved projects have not been able to start their implementation, however, due to the Government of Argentina's issuance of new extensive requirements for additional documentation and the subsequent slow processing of the information provided.

The “X Convocatoria” (Tenth Call) was issued December 2009. Sixty (60) grant proposals were received by the deadline of March 30, 2010. Subsequently 13 grants totaling USD 739,768 were approved. These approved proposals are in the same situation as those of the Ninth Call, however. The new requirements and the glacial pace of processing have effectively frozen implementation of the projects approved by the Board in the Ninth and Tenth Call for projects. We are hoping that new leadership recently appointed at the Environment Secretariat may be open to resolve the situation.

Since its inception, the Fund has approved USD 3,095,000 in grants.

**Table 1. 2010 Approved Grants (13)**

Institution	Projects	Duration	Grant (US \$) rounded	Project Objectives
	<b>CENTER REGION</b>			Province of Cordoba, Buenos Aires and City of Buenos Aires
Argentine Ecosystems	Biodiversity and training	24 months	\$23,609	Promote biodiversity in the Cordoba mountain range by promoting the protection of butterflies as an indicator of biodiversity in the region. Set up a data base of existing butterflies.
Fundacion Visa Silvestre Argentina (local WWF)	Private land conservation	24 months	\$68,026	Strengthen the existing private land conservation network, establish a sustainable financial structure , promote creation of new areas, and set up information and tools for public use.
Pro social housing	Waste treatment system	12 months	\$76,726	Develop and build a sustainable sewage treatment plant for the community by building a series of biodigestors.
Fundacion Nosotros	Eco communities	12 months	\$46,590	Train and provide tools to intellectually disabled individuals in activities related to biodiversity conservation.
Fundacion Amistad	Drinking water	5 months	\$6970	Build a water well for a community and set up corresponding tank, piping and system.
	<b>CUYO REGION</b>			Provinces of Mendoza, San Juan, San Luis
Fundacion Espacios Verdes	Environmental social education	10 months	\$57,294	Develop, set up, and strengthen the technical capacity and knowledge in environmental topics of tourist infrastructure operators in the region. Provide training and tools for tourist operators.
	<b>NORTHEAST REGION</b>			Provinces of Chaco, Formosa, Misiones, Corrientes and Entre Rios
REDES	Childhood and waste recycling communities	24 months	\$41,590	Create a recreation space for the children of people working/recycling a waste dump and living in the area surrounding the dump. Set up a kindergarten and maternity care for infants.
Obrar Asociacion Civil	Solar energy system for rural school	12 months	\$68,554	Set up solar panels for hot water system and provide training in personal hygiene. Provide a solar oven and stove for daily cooking for students and staff.

	NORTH WEST REGION			Provinces of Catamarca, Jujuy, Salta, La Rioja, Santiago del Estero and Tucuman
Proyungas	Center for environmental education for NW of Argentina	24 months	\$64,808	Build a center for Environmental Education for the region dedicated to energy efficiency standards and renewable energy. Organize environmental promotion activities, provide the tools and information to share with other organizations and groups.
Fundacion UOCRA	Renewable energy for rural communities	24 months	\$69,129	Set up a biodigestor for the production of biogas and organic compost, install a solar panel for hot water and a photovoltaic system for the local school. Set up 20 solar hot water systems for community members.
Comunidad Aborigen de Cienaga	Combat desertification	24 months	\$65,332	Implement a pilot program for the recovery of native species in Andean region. Provide training in water and soil management, and replicate in small landowners' plots, providing follow-up training and advice.
	PATAGONIA NORTH REGION			Provinces of La Pampa, Neuquen, Rio Negro
Asociacion Civil Pro Patagonia	Conservation of genetic resources	24 months	\$75,934	Promote the production and consumption of local products like quinoa and araucana hen eggs (blue shelled eggs with high nutritional value), and other native products in the Mapuche communities. Strengthen community labor practices.
	PATAGONIA SOUTH REGION			Provinces of Chubut, Santa Cruz, Tierra el Fuego
Los Cuatro Lagos	Natural agriculture	24 months	\$75,206	Promote natural agriculture and study desertification in 8 rural schools. Set up pilot plots of land and provide training and materials for herbs and leguminous plants.

## 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 (as explained above), the Board functioned independently of the GOA from 1995-2002. A new nine-person Board was confirmed in August 2003. The U.S. Embassy representative to the Americas Fund board is the Counselor for Environment, Science, Technology and Health.

The Fund has renewed its contract with the part-time accountant hired in 2004. The accounting firm Price Waterhouse & Co. was contracted and carried out the external auditing for the periods of September 1, 2006 to August 31, 2010.

As mentioned earlier, 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.

In the past year, the Government of Argentina has imposed a number of new requirements for the disbursement of funds to NGOs and private companies which are affecting Fund activities.

## Sustainability

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

**Summary Table (USD)**

					Total
<b>Fund Data</b>	<b>2002-2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	
No. of proposals submitted	339	-	53	60	452
No. of proposals approved	26	-	7	13	46
Total approved funding for grants	1,260,716	-	302,690	739,768	2,303,174*
Total disbursed funding for grants	474,828	221,522	279,953	222,333	1,198,636
Total of counterpart match (grantee cost-share)	296,668	-	475,089	379,897	1,151,654
Other leveraged matches (e.g. co-financing)	-	-	-	-	-
Total matching funds as % of approved grants	23.5%	-	157%	51%	50%
Amount spent on administrative costs	80,891	22,525	36,306	30,634	170,356
Investment Income	692,929	173,216	152,915	164,437	1,183,497
Fund balance at the end of the year	1,782,205	1,732,764	1,470,120	1,382,875	n/a

*\* total approved since inception (1993) is \$3,095,000*

## Bolivia



The Foundation for the Protection and Sustainable Use of the Environment (Fundación PUMA), since its establishment in 2002, has achieved notable successes. In 2003, it started managing the Enterprise for the Americas Initiative (EAI) and has financed so far, 159 projects in all Bolivian regions covering 74 municipalities out of the 317. PUMA bylaws distinguish the roles of the founding members (the governments of Bolivia (GOB) and the U.S. Government (USF)), and the roles of the Board of Directors, providing the founders with special rights and responsibilities, but at the same time requiring that these powers be exercised jointly. Thus, effective direction of PUMA requires founding members to participate together 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 despite U.S. efforts, the Board of Directors unilaterally filled the vacuum and made several decisions that exceed their authority, which has raised USG concerns as a founding member.

In response to this development, lately the USG's principal objective has been to reengage the GOB to work together to reinstate good corporate governance procedures at PUMA. The USG has long initiated efforts to establish a dialogue with the GOB for agreeing on direction to be given to the Board of Directors. Additionally, the USG has invited the GOB to provide their views for improving the administration of PUMA, and further aligning its program with Bolivia's National Development Plan.

### ***Creation of the PUMA Foundation***

The EAI in Bolivia was created through a bilateral debt reduction agreement with the 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 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 to be created for this purpose. In May 2001, the PUMA Foundation is created and in November 2002, it received a transfer of US\$17.6 million in EAI funds from FONAMA.

### ***PUMA's Mission and Approach***

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

### 2009 Summary Table<sup>3</sup>

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](http://www.fundacionpuma.org)

<sup>3</sup> No calendar year 2010 information was either requested by, or submitted to, the EAI/TFCA Secretariat

## Colombia



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 of America 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 childhood, with a focus on early childhood.

In order to do this, 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). FPAA also supports early child development (such as social franchises and endowments) and promotes the design of programs in both thematic areas. It does so by directing grants to initiatives of NGOs, Community-based Organizations (CBOs) and other eligible entities, through competitive processes.

### Major Achievements in 2010

#### ***Monitoring strategy implementation***

Implementation of an Organizational Strategic Plan for 2009-2012 was monitored during 2010 using a set of Key Performance Indicators (KPIs), designed according to the Balanced Scorecard methodology. The following table presents progress achieved during 2009 and 2010. The last column reports the accumulated result for both years vis a vis the four year target.

**KEY PERFORMANCE INDICATORS 2009-2012**

Strategic Objectives (SO)	Performance Indicator	Baseline (Jan. 2009)	4-year target 2009-2012	Progress 2009		Progress 2010	
SO1: Monitor, measure and communicate results	1.1 Annual Reports on "Results & Impacts" are prepared and distributed	0	4	1	25%	0	25%
SO2: Fundraise and diversify donor base	2.1 New donors are engaged.	5	3	5	167%	3	267%
	2.2 New contributions (sinking funds) are secured from both current and new donors.	\$ 0	\$ 5.000.000	\$ 4.590.025	92%	\$ 916.267	110%
SO3: Enhance long term financial sustainability (EAI Endowment and Dedicated Subaccounts; TFCA Endowment)	3.1 The Glen Nimmicht Scholarship Fund for Early Childcare & Development is consolidated with contributions to its endowment.	\$ 1.000.000	\$ 2.400.000	\$ 0	0%	\$ 0	0%
	3.2 The Fund for Innovations in Early Childcare & Development is strengthened with contributions to its endowment.	\$ 4.000.000	\$ 4.000.000	\$ 0	0%	\$ 0	0%
	3.3 The TFCA Endowment is strengthened with new contributions.	\$ 6.037.957	\$ 2.000.000	\$ 0	0%	\$ 0	0%
SO4: Implement Programs and allocate grants (EAI Sinking Fund)	4.1 Funds from the EAI Sinking Account are allocated to Conservation and Sustainable Development programs and projects during the period (% of programmed investments; data in Colombian pesos).	\$ 12.946.030.352	\$ 12.946.030.352	\$ 1.426.141.000	11%	2.185.479.878	28%
	4.2 Funds from the EAI Sinking Account are allocated to Early Childcare & Development programs & projects during the period (% of programmed investments; data in Colombian pesos).	\$ 7.159.092.589	\$ 7.159.092.589	\$ 1.887.436.000	26%	1.418.403.529	46%
SO5: Build capacities and valorize intangible assets	5.1 Community-based organizations participating in the Capacity Building Program in Ecotourism improve the quality of their services.	0	5	0	0%	0	0%
	5.2 Childcare & development organizations participating in the ECD Capacity Building Program improve the quality of their services.	0	5	0	0%	0	0%

The Annual Report on Results and Impacts for 2010 (**Strategic Objective 1**) has been delayed one quarter. The report will be produced in March 2011 using the sustainability reporting guidelines developed by the Global Reporting Initiative – GRI. This network-based organization pioneered the world’s most widely used sustainability reporting framework. The framework sets out the principles and performance indicators that organizations can use to measure and report their economic, environmental, and social performance ([www.globalreporting.org](http://www.globalreporting.org)).

Fundraising efforts for programs financed by sinking funds (**Strategic Objective 2**) continued delivering positive results in 2011, with additional donations for \$916k. Performance in this strategic objective is surpassing the four year targets, both in terms of new donors to FPAA (267%) as well as of new contributions (110%). The Fund is achieving its objective of diversifying its donor base with 8 new donors in the first half of the strategic planning period.

Two of the three new donors in 2010 are from the corporate sector, Cerrejón Coal and Philip Morris International, and their donations were attracted by the Conserva Colombia Incentive program, where both companies will be able to implement their corporate social responsibility strategies through the creation of local protected areas in the regions where they operate. The Forest Carbon Partnership Fund (FCPF), administered by the World Bank, is the third new donor in 2010. This donation will be administered by FPAA on behalf of the Colombian Ministry of the Environment and will enable the Fund to support the formulation of the

Readiness Preparation Plan for the National REDD Strategy (Reduced Emissions from Deforestation and Degradation).

Despite the gradual recovery of the global financial system, fundraising targets for endowments (**Strategic Objective 3**) are still difficult to achieve. In order to strengthen this initiative, the Executive Secretariat, with support from an external consultant, designed a Marketing and Communications Plan that focuses on the three programs under this Strategic Objective: the Glen Nimnicht Scholarship endowment fund, the endowment fund for Innovations in Early Childcare and Development, and the Tropical Forest Conservation Agreement endowment. The plan will be implemented in 2011-2012.

Scheduled investments from the Americas Account sinking fund (**Strategic Objective 4**) in Conservation and Sustainable Development programs (CSD) reached 28% as of December 2010. In the case of the Early Childcare and Development component (ECD), the aggregate implementation level after two years reached 46%<sup>4</sup>.

Finally, no progress is reported yet in **Strategic Objective 5**. However, the capacity building program for the community-based micro enterprises that manage ecotourism services in National Protected Areas has been designed and initiated. Effects will be monitored and measured in 2011. The capacity building program for ECD grassroots organizations was contingent on the results of a Request for Proposals (RFP) that closed in 2010 (please refer to **Capacity Building in ECD**, in the grant making section below). Nine local organizations from the Caribbean region of the country were selected to receive grants for institutional strengthening and capacity building. Monitoring will therefore begin in 2011.

### **Grant making**

In 2010, 63 new grants were approved by the Fund's Board and financed with funds from the Americas Account. The total allocation of \$1.88 million was approved as follows: \$1.14 million (61%) for 15 projects in Conservation and Sustainable Development (CSD) area and \$740 k for 48 projects in the area of Early Child Development (ECD).

#### ***Conservation and Sustainable Development – (15 grants in 5 thematic areas)***

- **Coastal and marine ecosystems.** This Request for Proposals (RFP) was opened by FPAA under the strategic partnership with CI Colombia. Three grants were awarded to leading environmental NGOs and Universities working in conservation and sustainable development projects in coastal and marine ecosystems in the Colombian Pacific region.
- **Agroecosystems in the Andean region.** This program operates 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. Three grants were approved in the 2010 RFP.
- **Malpelo Management Plan.** FPAA's Board and CI approved a \$200k grant for Fundación Malpelo to co-finance the implementation of the management plan for

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<sup>4</sup> Data for this indicator in Colombian Pesos (COP).

the Malpelo Protected Area in 2011. The funds originate in the Malpelo Endowment Subaccount, created within the Endowment of the Americas Account and operated by FPAA. The Malpelo Endowment has provided stable funding for the efficient management of this marine protected area for three consecutive years now, including the critical turmoil of the global financial system, thus proving its usefulness as a sustainable mechanism in conservation finance.

- **Biodiversity business and communities.** This RFP was opened by FPAA together with Fondo Biocomercio, a partner Colombian environmental fund, under 2010 International Year of Biodiversity. Four projects, presented by community based micro enterprises in strategic partnerships with the private sector, were selected and received grants from the Americas Account.
- **Conserva Colombia Incentive Program.** During 2010, FPAA and The Nature Conservancy - TNC held a new RFP for the Conserva Colombia program and selected four projects to create new local regional protected areas in strategic ecosystems not covered by the National Parks System. This RFP was funded jointly by the Americas Account (\$104k) and by Philip Morris International's corporate social responsibility initiative (\$104k).

***Early Child Development- ECD (48 grants in 3 thematic areas)***

- **Innovations in ECD.** This special program was created by the Fund's Board with the purpose of identifying and supporting innovative approaches to ECD and ECD finance. The first investment under the program has funded the systematization of "My First Steps", an innovative methodology for ECD in poor urban contexts, developed by Genesis Foundation and CID Foundation. The systematization will allow the parties to determine the potential of developing a **social franchise**, a new mechanism in the growing discipline of ECD finance.
- **Scholarships for Early Childcare and Development (ECCD).** The Glen Nimnicht Scholarship Fund (GNSF), created under a partnership with the Colombian foundation CINDE, provided 38 scholarships in 2010. These grants allowed low income beneficiaries to take courses and develop internships and training in specialized institutions. In 2010, FPAA formulated a marketing and communications plan with the intention of strengthening the fundraising drive for the GNSF.
- **Capacity building in ECD.** This RFP was opened by FPAA using a phased market-based approach. Needs for capacity building, formulated by small local NGOs and CBOs from the Caribbean region, were identified and appraised in phase one. Subsequently, stronger and experienced Colombian organizations offered tailor-made programs to satisfy these demands. This led to the selection of nine pairs of organizations that will begin project implementation in 2011. All partnerships will be monitored in order to evaluate both the enhanced institutional capacities in the "demand" side and the strengths to build capacities in the "supply" side.

Enterprise for the Americas Initiative (EAI) Account Grant making and leveraging - 2010						
Conservation and Sustainable Development	Grants	EAI Grants	Counterpart Grantee	Counterpart Partner	Counterpart Total	Total Investment
Partnership with Conservation International Colombia RFP Coastal and marine ecosystems	3	\$ 374.479	\$ 285.904	\$ 0	\$ 285.904	\$ 660.383
Partnership with PBA Corporation RFP Agroecosystems - Andean region	3	\$ 90.826	\$ 178.304	\$ 290.577	\$ 468.881	\$ 559.706
Malpelo Protected Area Action Plan 2011	1	\$ 200.003	\$ 245.460	\$ 0	\$ 245.460	\$ 445.463
Partnership with Fondo Biocomercio RFP Biodiversity business and communities	4	\$ 368.608	\$ 397.213	\$ 0	\$ 397.213	\$ 765.821
Partnership with The Nature Conservancy RFP Conserva Colombia Incentive (1)	4	\$ 104.211	\$ 272.658	\$ 0	\$ 272.658	\$ 376.869
<b>Subtotal CSD</b>	<b>15</b>	<b>\$ 1.138.127</b>	<b>\$ 1.379.539</b>	<b>\$ 290.577</b>	<b>\$ 1.670.115</b>	<b>\$ 2.808.242</b>
Early Child Development	Grants	EAI Grants	Counterpart Grantee	Counterpart Partner	Counterpart Total	Total Investment
Innovations in ECD ECD Franchise "My First Steps"	1	\$ 23.486	\$ 0	\$ 0	\$ 0	\$ 23.486
Partnership with CINDE Glen Nimnicht Scholarship Fund - GNSF	38	\$ 28.397	\$ 30.769	\$ 81.242	\$ 112.012	\$ 140.409
ECD - RFP Capacity building - Caribbean region	9	\$ 687.733	\$ 183.488	\$ 0	\$ 183.488	\$ 871.221
<b>Subtotal ECD</b>	<b>48</b>	<b>\$ 739.617</b>	<b>\$ 214.257</b>	<b>\$ 81.242</b>	<b>\$ 295.500</b>	<b>\$ 1.035.116</b>
<b>Total grant making 2010 - EAI Account Colombia</b>	<b>63</b>	<b>\$ 1.877.743</b>	<b>\$ 1.593.796</b>	<b>\$ 371.819</b>	<b>\$ 1.965.615</b>	<b>\$ 3.843.358</b>
Notes: (1). Two projects were funded with resources from the Americas Account and the other two were funded with a donation from Philip Morris Int. The amount reported here corresponds exclusively to the funds from the Americas Account.						

The total value of approved grants funded by the EAI Account under FPAA's administration (2001 – 2010) currently totals \$40.2 million over 871 projects. In 2010 alone, FPAA disbursed \$1.3 million to projects under implementation.

### **ISO 9001-2008 Certification**

Compliance under the ISO 9001 standard guarantees that formalized high quality processes are being applied by the Fund Administrator. FPAA's Quality Control System was first certified in 2008 by the independent accreditation and certification firm Bureau Veritas Quality International. In 2010, the system was recertified by BVQI as compliant with the new version of the ISO 9001-2008 norm. FPAA is the only EAI/TFCA Fund certified and has proven to be an effective element of fundraising.

### **Fund Management**

**Governance.** The EAI Administrative Council is the same as the FPAA Board of Directors. The Council/Board has one USG (USAID), two GOC (National Planning Ministry and Ministry of the Environment), and four civil society representatives. The Board is chaired by Ms. Adela

Morales, Executive Director of Carolina Foundation and representative of childhood NGOs. The Board held five ordinary meetings throughout the year.

<b>Leveraging and Sustainability</b>
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Co-financing for 2001-2010 has resulted in cost-share proportions of 51% from the EAI Account's Sinking Fund (\$40.2 million) and 49% from partners, implementing organizations and other beneficiaries (\$ 38.9 million).

After the 2008-09 global financial crisis, the markets experienced a recovery largely due to policy support in developed markets and continued emerging-market dynamism. 2010 was marked by financial market volatility and slower economic recovery. FPAA and the financial managers (UBS - The Arbor Group) carefully monitored the markets and made minor adjustments to the investment strategies for the sinking and endowment funds of the EAI Account. By the end of 2010 the EAI Account reached \$ 42.6 million, distributed into a sinking fund (\$9.6 million) and an endowment fund (\$33 million).

**Summary Table**  
**FPAA Management Years (2001-2010)**  
(In USD millions)

EAI Account Data	2001-6	2007	2008	2009	2010	Totals 2001-2010
No. of proposals approved	555	95	83	75	63	871
FPAA disbursements	\$ 31.7	\$ 5.7	\$ 3.2	\$ 1.9	\$ 1.3	\$ 43.9
EAI approved funding amounts	\$ 33.6	\$ 2.1	\$ 1.7	\$ 0.9	\$ 1.8	\$ 40.2
Total counterpart match	\$ 31.5	\$ 2.1	\$ 1.9	\$ 1.4	\$ 2.0	\$ 38.9
Total value of projects	\$ 65.2	\$ 4.2	\$ 3.6	\$ 2.3	\$ 3.8	\$ 79.1
Total match as % of grants	194%	100%	112%	156%	105%	97%
Amount spent on administration	\$ 2.0	\$ 0.7	\$ 0.7	\$ 0.8	\$ 0.9	\$ 5.1
Account balance at end of year		\$ 38.5	\$ 37.7	\$ 40.9	\$ 42.6	n/a
<i>Sinking fund (in USD)</i>		\$ 14.9	\$ 11.5	\$ 10.6	\$ 9.6	n/a
<i>Endowment fund (in USD)</i>		\$ 23.6	\$ 26.2	\$ 30.3	\$ 33.0	n/a

Fund's Website: [www.accionambiental.org](http://www.accionambiental.org)

## El Salvador



The Enterprise for the Americas Initiative (EAI) agreement was signed in June, 1993, and the EAI Fund in El Salvador (a.k.a. FIAES) was operational by August 1994. FIAES originally administered 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. While there is some treatment of the TFCA account included below, a separate chapter of this report is dedicated to solely to the FIAES TFCA account. This chapter focuses on the two EAI accounts.

### **Mission Statement**

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

### **2010 Achievements**

FIAES now has 17 years of grant making experience. It is well recognized as one of the major programs in El Salvador that support local Non-Governmental Organizations (NGO's) and Community Development Organizations (ADESCOS for its acronym in Spanish) dedicated to promoting child survival and environmental conservation activities.

During 2010, FIAES financed 11 projects totaling \$327,769.00 with funding from AID and PL-480 accounts, leveraging \$87,531.00 in local counterpart contribution (Table 1A). These projects focused on the improvement of environmental conditions for children living in and adjacent to conservation areas, institutional strengthening of NGOs, research centers and ADESCOs. Funds from the EIA accounts have supported programs in the strategic areas of *a) Applied research for the protection of natural resources, b) Prevention and control of contamination, c) Childhood survival and development and d) Watershed management.*

#### a) Applied Research for the Protection of Natural Resources

In 2010 FIAES continued support to development of the second phase of the Central American University José Simeón Cañas (UCA) project entitled ***Environmental impact of the discharge of shrimp production wastewater on the chemical and physical characteristics of the water of***

**Jiquilisco Bay.** The objective of this study is to determine the chemical composition of wastewater generated from the semi-intensive and extensive shrimp production activities and its impact on water quality and postlarval shrimp in Jiquilisco Bay. The environmental quality laboratory, which was founded and equipped during the first phase of the project, provided analysis of water and sediments in cooperative shrimp farms and Jiquilisco Bay. The results of this study have provided valuable information for the technical management of shrimp farms using wild species.

Shrimp farming cooperatives directly benefitting from the study and other project activities included El Torno, La Carranza, Senderos de Paz and Verde Mar in the township of Salinas El Potrero, municipality of Jiquilisco in the department of Usulután. Problems with shrimp production, which affected the commercial value, motivated FIAES to provide additional support to shrimp cooperative members. Shrimp survival rate was well below average sometimes dropping to 50% and survivors were not reaching expected size, weighing between 7-10g compared to the typical 14g. The FIAES funded project provided cooperative members, 25 per cooperative, with technical assistance and equipment to improve marine shrimp production and management. Information from the study was essential in developing improved shrimp farm management techniques using bay water, improving productivity and reducing environmental impact.

FIAES also provided support and technical assistance to the Environmental Awareness and Education Institute (IPA) to complete the applied research project entitled ***Scientific analysis of point source industrial contamination of the Sucio River of San Juan Opico and design of strategic alliances with private industry producing the waste.*** This ongoing study is evaluating contamination sources at 5 different points along the Sucio River which flows through one of the biggest industrial parks in the country. The project is expected to benefit 12,537 families, or 76,426 people, who live in riverside communities. It includes the creation of public-private alliances and is expected to develop plans to promote cleaner production with public participation.

#### b) Prevention and Control of Contamination

The four contamination prevention and control projects implemented in the 2010 project cycle have contributed to the improvement of basic sanitation and health conditions in rural communities benefitting 604 families, a total population of 3,621. Communities reported a 30% decrease in the incidence of diarrhetic illness as the result of construction and adequate management of 97 dry composting family latrines. In addition, the introduction of 100 firewood saving stoves of both the Armenia and Onil models helped to reduce the incidence of acute respiratory illness by 35%. The stoves disproportionately benefit the women and children, the most vulnerable segment of the population.

#### c) Childhood survival and development

FIAES contributed to the survival and development of 300 infants from communities in Tacuba, Ahuachapán with the most alarming chronic malnutrition statistics in the country. FIAES awarded the Integrated Development Association (ADIC) to provide daily food programs, conduct medical consultations, supply micro-nutrient vitamins, medicines as well as early childhood stimulation and school readiness programs for children between 2 and 5 years of age. These activities improve social and learning skills while creating optimal conditions for

growth and development. In addition, FIAES delivered technical assistance for the diversification of family farms promoting crops of high nutritional value to the farm families and generate extra income, stimulating local economy. The project achieved a 90% reduction in malnutrition measured in a baseline study pre and post project implementation indicating the project's success in reducing the infant mortality in Tacuba.

#### d) Watershed Management

Four watershed management projects were funded during the 2010 project cycle. These have improved soil conditions; permeability and water infiltration in 59,614 acres affected by erosion and deteriorated soils caused by inappropriate cultivation practices. Improved soils and greater permeability has contributed to the replenishment and protection of underground reservoirs as well as above ground water sources.

#### **2010 Project Cycle Portfolio**

**Table 1** describes the 23 environmental initiatives that were financed during 2010. Funding from the Enterprise for the Americas Initiative (EIA) trusts, including *PL-480* and *AID II*, financed 11 projects, while funding from the Tropical Forest Conservation Act (TFCA) provided financial support for 12 projects. *PL-480* and *AID II* funds were distributed in the different strategic areas in the following manner: **watershed management** projects received the greatest amount of funding totaling \$135,546 (41% of EIA funds), **contamination prevention and control** received \$118,894 (36% of EIA funds), **applied research** required \$48,098 (15% of EIA funds) and **child survival and development** received \$25,231 (8% of EIA funds). A total of \$832,662 was invested in 2010 project cycle with \$327.769 in contributions from EIA and \$504,893 in funding from the TFCA.

TABLE 1. Total Project Portfolio Summary per Strategic Area, 2010 (EIA y TFCA accounts)

Nº	Strategic area	Type of institution			Total of projects	Total financed US\$		
		NGO	RESEARCH CENTER	ADESCO		FIAES	MATCH	TOTAL
1	Protected natural resources, Marine coastal ecosystems, and buffer zones	6	1	5	12*	504,893	130,640	635,533
2	Prevention and control of pollution	3	0	1	4	118,894	29,306	148,200
3	Applied research	1	1	0	2	48,098	13,043	61,141
4	Watershed and continental aquatic ecosystems Management	2	0	2	4	135,546	37,626	173,172
5	Child survival and progress	1	0	0	1	25,231	7,556	32,787
<b>TOTAL</b>		<b>13</b>	<b>2</b>	<b>8</b>	<b>23*</b>	<b>832,662</b>	<b>218,171</b>	<b>1050,833</b>

*\*Includes 12 projects that have been financed through the TFCA trust fund in the protected natural area program. EIA has financed 11 projects in four different strategic areas.*

TABLE 1.A Project Portfolio Summary per Strategic Area, EIA 2010

N°	Strategic area	Type of institution			Total of projects	Total financed US\$		
		NGO	RESEARCH CENTER	ADESCO		FIAES	MATCH	TOTAL
1	Prevention and control of pollution	3	0	1	4	118,894	29,306	148,200
2	Applied research	1	1	0	2	48,098	13,043	61,141
3	Watershed and continental aquatic ecosystems management	2	0	2	4	135,546	37,626	173,172
4	Child survival and progress	1	0	0	1	25,231	7,556	32,787
<b>TOTAL</b>		<b>7</b>	<b>1</b>	<b>3</b>	<b>11</b>	<b>327,769</b>	<b>87,531</b>	<b>415,300</b>



**Success Story:**  
**BALSAMO – FIAES Project**

*One of 50 producers with between .35 ha. And 1.4 ha. Who diversified crops to protect soils and improve their families' diet. San Lucas, municipality of Cuisnahuat.*

FIAES provided technical assistance and funding to the local NGO, the Balsamo Association to improve conditions for 280 families from the communities of Los Conces, Los Monces and las Marias, located in the township of San Lucas, municipality of Cuisnahuat in the department of Sonsonate.

Homes in the target communities did not have potable water for human consumption or household use. The population normally obtained water from springs and rivers, but as these sources are greatly reduced during the dry winter season families were obliged to ration water consumption to 3 gallons of water per day. These diminishing water resources are further threatened by deforestation and inadequate grain production and grazing practices that have caused serious soil degradation and erosion throughout the headwaters of Entre Rios and Pululuya Rivers watershed.

The BALSAMO-FIAES project worked with local residents to identify problems and solutions to improve the environmental conditions affecting their welfare and livelihoods. The local population prioritized the need to increase forest cover in the principle watershed, soil conservation and protection as well as improved diet and food security.

As a result the communities have initiated a process of regeneration and more efficient management of natural resources in the area. Producers were able to reduce the impact of farming and contributed to the diversification of family farms to include crops other than basic grains. The total investment in this 18 month project was \$112,106, of which FIAES financed \$89,685 and the BALSAMO Association provided \$22,421 in local counterpart.

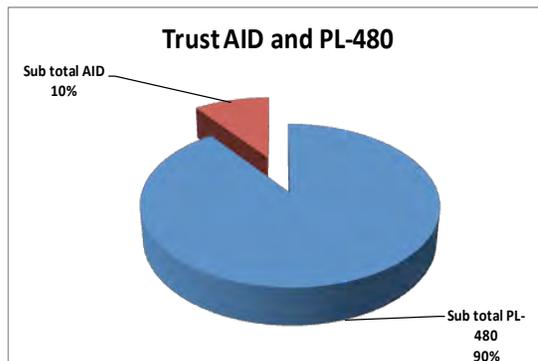
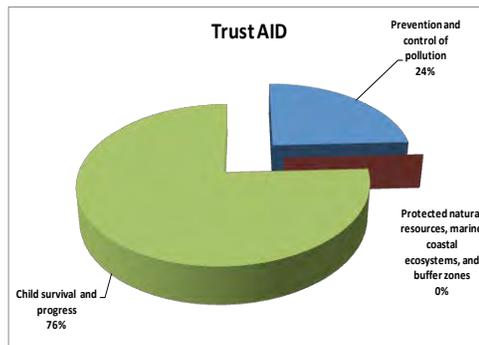
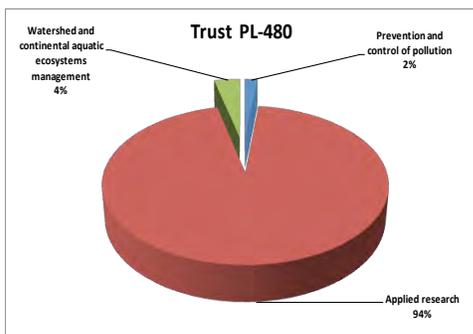
**Beneficiary Population**

Projects financed through EIA funding during 2010 benefitted 89,825 people. Graph 1 describes the population benefitting from each strategic area. Data is disaggregated by the two EAI accounts based upon the source of the treated debt: old USAID loans, or PL-480 debt.

**TABLE 2. Beneficiary Project Portfolio beneficiary population, 2010**

N°	Strategic area	Trust	N° of projects	Population				Total population
				Men	Women	Boys	Girls	
1	Prevention and control of pollution	PL-480	1	470	499	214	242	1,425
2	Applied research	PL-480	2	36,107	39,353	408	558	76,426
3	Watershed and continental aquatic ecosystems management	PL-480	4	776	846	667	639	2,928
Sub total PL-480			7	37353	40698	1289	1439	80779
1	Prevention and control of pollution	AID	3	782	858	291	265	2,196
2	Protected natural resources, marine coastal ecosystems, and buffer zones	AID	0	0	0	0	0	0
3	Child survival and progress	AID	1	3,252	3,298	150	150	6,850
Sub total AID			4	4034	4156	441	415	9,046
Grand total			11	41387	44854	1730	1854	89,825

**Graph 1. 2010 Trust Fund Beneficiaries per Strategic Area**



## Employment Generation

**Table 3** summarizes the employment generated per strategic area in the 11 FIAES' projects financed with the AID and PL-480 trust funds in the 2010 calendar year. It can be noted that the 11 projects made possible by EIA trust funds generated 20 permanent positions that were filled by 6 women and 14 men. In addition, the projects created temporary skilled and unskilled positions amounting to 23,119 work days.

TABLE 3. Generated employment, 2010

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	1	9,954	1	0	1
2	Applied research	PL-480	2	1,404	1	3	4
3	Watershed and continental aquatic ecosystems management	PL-480	4	9,954	7	1	8
	Sub total PL-480		7	21,312	9	4	13
1	Prevention and control of pollution	AID	3	1,110	3	1	4
2	Protected natural resources, marine coastal ecosystems, and buffer zones	AID	0	0	0	0	0
3	Child survival and progress	AID	1	697	2	1	3
	Sub total AID		4	1,807	5	2	7
Grand total			11	23,119	14	6	20

## Relevant Project Activities

The most important activities developed under the 11 financed projects are:

- Construction and education in the use of 97 dry composting family latrines and 100 firewood saving stoves, 40 armenia models and 60 onil models.
- Construction of 24,460 linear meters of soil and water conservation practices and structures, improving conditions in 275 acres of agricultural and forested lands.
- Nursery production, outplanting and field management of 9,553 trees in 275 acres.
- Cultivation of 16 acres of green manure in agricultural lands, producing 5,900 lbs. of seed and 55 tons of biomass that was reincorporated into the soil. Improvement in the health and nutrition of 500 children.
- Construction of four wastewater treatment systems, eliminating contamination sources of standing wastewater in homes.
- Construction of 197 household composts, producing 23,900 lbs. of organic fertilizer.

- Launching of 18 waste management campaigns involving community clean-ups and basic sanitation efforts to reduce disease and vectors.
- Construction of 60 high production poultry units with layer and meat-producing chicken breeds for family consumption and sale.
- Construction of 27 swine production facilities for family consumption and sale.
- Preparation of three natural disaster risk maps and one disaster simulation.

### **Institutional Strengthening Activities for FIAES and Partner Organizations**

Continued capacity building and human resource development is one of FIAES' most important investments, and has incorporated five cross-cutting objectives that support organizational strengthening and individual development that must be met in all FIAES' projects. These include *gender equity, prevention and mitigation of social and environmental risks, solid waste management, environmental education and community organization.*

FIAES earmarks funding in each project budget for training technical personnel, partner organization board members and staff and most importantly project beneficiaries to assure the implementation of cross-cutting objectives during project development.

In projects with basic sanitation components, FIAES monitors the receptivity and effectiveness of household use of clean and appropriate technologies such as the firewood saving stoves, wastewater filters and dry composting latrines. Similar monitoring and evaluation practices are conducted for solid waste management. FIAES requires partners to closely coordinate efforts with community health promoters from the Ministry of Health and Social Services (known by the Spanish acronym MSPAS). Close coordination strengthens local capacities and maximizes resources and impact of the project interventions.

As in past years, FIAES continues to establish partnerships to provide training to NGOs, research centers and community development associations. Letters of intent and agreements have been signed with the Ministry of Environment and Natural Resources (MARN), Center of Fishing Development of the Ministry of Agriculture (CENDEPESCA/MAG) and the U.S. Peace Corps among others.

### **FIAES-UNDP Alliance: Strengthening Institutional Capacities to Work for Climate Change Adaptation**

With the objective of increasing El Salvador's ability to cope with climate change, the United Nations Development Program (UNDP) launched the pilot project, *"Integrating Climate Change Risks into National Development Processes and UN Country Programming"*. The project supports the efforts of five United Nation countries to integrate climate change risk considerations into national development plans and policies and long-term planning. El Salvador, Nicaragua and Columbia in the Americas and Malawi and Green Cape in Africa were selected for participation in the program because of their vulnerability, the seriousness of their current efforts to adapt to climate change and the significant level of public participation in the processes.

The UNDP selected FIAES as its local counterpart to facilitate the execution of this project on a national level based on FIAES's leadership role in environmental protection, long standing working relationship with multiple organizations in the environmental sector and interest in developing and incorporating climate change adaptation policy throughout FIAES' programs.

In order to effectively incorporate climate change adaptation measures at a national level in FIAES' projects, it was necessary to revise terms of reference for competitive grants, strategic areas and cross-cutting objectives. As a result, climate change and climate variability adaptation measures were incorporated in each of the strategic areas and with defined activities eligible for financing. A new cross-cutting objective, entitled *Integrating Vulnerability and Adaptation to Climate Change* was developed along with activities eligible for financing and indicators of low, medium and high impact. In addition, FIAES will require funding applicants to incorporate climate variability information in area profiles included in each grant proposal. The terms of reference format will be modified to reflect these requirements.

### **FIAES-MARN Alliance**

New terms of reference for public competition for the 2010 project cycle were developed. In order to comply with the Salvadoran Ministry of Environment and Natural Resources and to strengthen its alliance, FIAES redefined its strategic areas to reflect the new vision of the 2009-2014 MARN administration. New programs include: *(a) ecosystem management (b) territorial planning (c) contamination prevention and control, and (d) energy.*

Cross-cutting objectives have also been revised to include the following themes: *(a) strengthening of citizenship and territorial governance, (b) promotion of clean and efficient production, (c) participatory processes in the recuperation of key ecosystems, (d) facilitating local processes to reduce vulnerability and risk management and (e ) improving knowledge management.*

### **Fund Management**

FIAES is governed by an administrative board of directors comprised of a representative of the government of the United States of America, two government representatives of El Salvador and five local NGOs.

Thirteen full-time employees support the administrative board in all operational activities including, management, technical coordination, financial and operative administration of FIAES funded projects. FIAES' staff also supervises the completion of project goals in the field, audits project performance, and disseminated project achievements.

The Administrative Board has standing policies and regulations to guarantee transparency, due diligence and profitability of trust funds. Following these policies, FIAES conducted a public bid to designate a financial institution to manage trust funds. It was determined that Banco Agricola should continue as the trust fund manager. Earnings from January 1 to December 31 of 2010 in PL-480 and AID accounts were **\$558, 572**.

**Table 5** (below) presents capacity building trainings offered in the 2010 project cycle. FIAES trained NGOs, community development associations and research centers whose proposals qualified in the preliminary phase. Technical personnel from FIAES, MARN and USAID formed part of commissions involved in the grant selection process.

FIAES also provided administrative management and technical training to improve management effectiveness in the 2010 project cycle, and modified the project cycle to coincide with the calendar year.

**TABLE 4. Strategic Management Indicators, Enterprise of the Americas Initiative Fund, 2010**

INDICATOR	ACCUMULATED TOTAL 1995-2009	2010	ACCUMULATED TOTAL 1995-2010
N° of approved Projects *	858	23*	881
N° of finalized Projects *	851	23	874
Agroforestry (acres)	7,656	90	7,746
Pure reforestation (acres)	12,384	35	12,419
Partial reforestation (acres)	1,569	430	1,999
Protected natural areas (acres)	301,356	0 (**)	301,356
Water /soil conservation (acres)	16,648	59,614	76,262
Total of acres	339,613	60,168	399,781
Child survival projects	76	1	77
Benefited population	511,392	129,964	641,356
Permanent Jobs	1,935	101	2,036
Wage-earning work days	1150,199	26,124	1176,323

*(\*) includes 12 TFCA projects. FIAES did not accept new proposals in 2010; (\*\*).All protected natural area projects were financed with TFCA funding.*

**TABLE 5. Training activities carried out by FIAES, Enterprise of the Americas Initiative Fund, 2010**

Courses (given to NGO and ADESCOS representatives)	Number of participants 2001-2009	Number of participants 2010
Evaluation and project preparation	1248	53
Management of project (Administrative / Financial)	521	41
Management of project (Technical aspects)	521	41
Management of fund	369	41

## Counterpart Funding

The primary counterpart funding provided for FIAES' projects is provided by partner organizations and beneficiary communities, usually in-kind. The amount of counterpart required by FIAES depends on the financial capacity of potential partners. Community development associations are required to provide 20% of the amount requested from FIAES, while research centers and NGOs are expected to provide 25% of the funding requested by FIAES. Total counterpart support for the 2010 project cycle was \$87,531 (see Table 1.A).

## Sustainability

Internal support for sustainability includes training personnel in the administrative and technical functions of FIAES. At the administrative level, FIAES maintains several systems of internal controls, including an internal auditing unit. At the technical level, FIAES promotes environmental, social and economic sustainability through the integration and strengthening of local governance and the promotion of strategic alliances among municipal stakeholders to assure support for community-managed projects. In addition, FIAES attempts to leverage other entities to achieve its conservation objectives.



### Success Story: APSIES – FIAES Project

*In the municipality of Chinameca, 97 families of Las Marias and Oromontique have reduced the use of agrochemicals with organic fertilizer.*

FIAES awarded the Intercomunal Health and Service Association of El Salvador (**APSIES**) a grant for the “*Soil protection and conservation and integrated management of the Ereguayquín River watershed.*” This watershed is situated in the Conservation Area of Tecapa-Chinameca, in the eastern region of the country. This 21 month project benefitted 97 rural families in the communities of Las Marias and Oromontique, in the municipality of Chinameca in the department of San Miguel. Total investment in the project was \$119,251, of which FIAES provided \$95,382.00 and \$23,869 in counterpart from APSIES.

During the project APSIES estored vegetation in the headwaters of the Ereguayquín River watershed and has effected a change in conventional farming practices among small producers with the double objective of conserving soil and improving productivity.

Reversing the deteriorated condition of the watershed has been especially challenging because grain crops have been planted in inappropriate areas without adequate conservation practices and is continuously subjected to torrential rains.

One of the most important project conservation goals financed by FIAES was the reforestation of approximately 48 ha through agroforestry systems, including living fences and small plantations as well as the implementation of soil and water conservation activities in approximately 29 ha. In addition, the project has contributed to the diversification of agricultural and livestock production with the development of fruit orchards and poultry. Some families were able to supplement their income with the sale of fruit and poultry products.

**Table 6. Summary Table (\$US) (EIA)**

Fund Data	AÑOS				Total
	1994-2007	2008	2009	2010	
No. of proposals submitted	1470	32	109	23	1,634
No. of proposals approved	778	24	27	11	840
Total approved funding for grants	\$44,953,911	\$719,936	\$1,599,836	\$327,769	\$47,601,452
Total of counterpart match (grantee cost-share)	\$5,838,560	\$164,289	\$397,861	\$89,832	\$6,490,542
Other leveraged matches (e.g. co-financing)					
Total matching funds as % of approved	13%	23%	25%	27%	14%
Amount spent on administrative costs	\$4,128,693	\$68,895	\$172,374	\$130,175	\$4,500,137
Administrative costs as % of grants	9%	10%	11%	40%	9%
Interest and capital gained on investments	\$16.72 M	\$591,557	\$717,974	\$558,572	\$ 18.60 M
Fund balance at the end of the year	n/a	\$11.1 M	\$10.58 M	\$11.00 M	n/a

**Table 7. Summary Table (\$US) (EIA y TFCA)**

Fund Data	AÑOS				Total
	1994-2007	2008	2009	2010	
No. of proposals submitted	1470	32	109	23	1,634
No. of proposals approved	814	32	50	23	919
Total approved funding for grants	\$46,399,040	\$1,064,261	\$2,771,744	\$832,662	\$51,067,707
Total of counterpart match (grantee cost-share)	\$6,074,612	\$237,190	\$740,252	\$220,456	\$7,272,510
Other leveraged matches (e.g. co-financing)					
Total matching funds as % of approved	13%	22%	27%	26%	14%
Amount spent on administrative costs	\$4,418,559	\$359,454 *	\$393,815 *	\$373,268 *	\$5,545,096
Administrative costs as % of grants	10%	34%	14%	45%	11%
Interest and capital gained on investments	\$18.83 M	\$927,141	\$1,117,933	\$886,661	\$21.76 M
Fund balance at the end of the year	n/a	\$17.5 M	\$16.73 M	\$17.43 M	n/a

FIAES Website: [www.fiaes.org.sv](http://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.

As scheduled, the EFJ is in the **final two years** of existence under the Enterprise for the Americas Initiative (EAI) agreements (a total of US\$21.26 million has been received up to the end of fiscal year 2009-10). Jamaican stakeholders are now lobbying to identify new sources of funds for the EFJ as it is considered one of the most responsive and effective local sources of grant funding.

The EFJ has a strong record of efficient funds management, meeting its administrative ratio of 25% of grant disbursements as well as generating US\$17.94 million in interest on the funds received to extend the life of the organization. In its 18 years of operation, the Foundation has managed over 1200 grant projects across the length and breadth of Jamaica valued at over US\$36.94 million.

The Vision of the organization as stated 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."

### **Mission**

The principal objectives of the Environmental Foundation of Jamaica (EFJ) are (i) to promote and implement activities designed to conserve and manage the natural resources and environment of Jamaica; and (ii) to encourage the improvement of child survival and child development in Jamaica. The EFJ achieves its objectives through grants to eligible non-government institutions.

The core business of the EFJ is to use the mechanism of grant-making in creative ways, both responsive and proactive, to assist civil society to find solutions to problems, and exploit opportunities in the environment and child development. These funds are expected to provide sustainable responses that together contribute to sustainable national development.

Each year the Board of Directors approves a budget providing resources to the Secretariat for work in the following areas:

- *Grantmaking*: Response to requests/proposals from the community.
- *Programs*: Initiating action to address issues of national importance. EFJ collaborates with several stakeholders to plan and implement these programs.
- *Members*: The EFJ provides support to members in areas of their own development as institutions and in those areas in which their work reflects the mandate of the EFJ.
- *Fundraising*: The EFJ recognizes the need to raise funds in order to continue to support the environment and child sectors in Jamaica beyond the life of the current agreement.

### Project Impacts

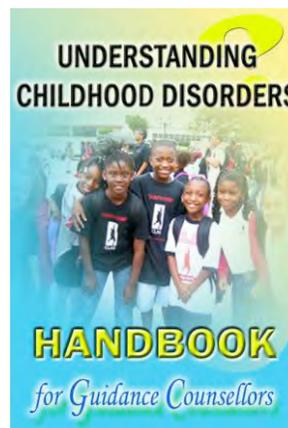
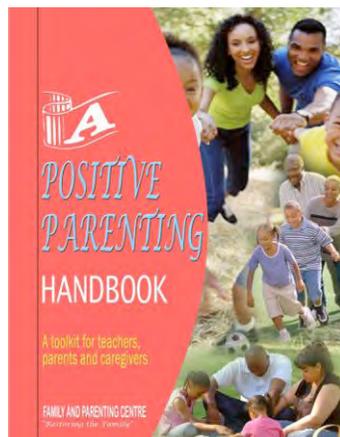
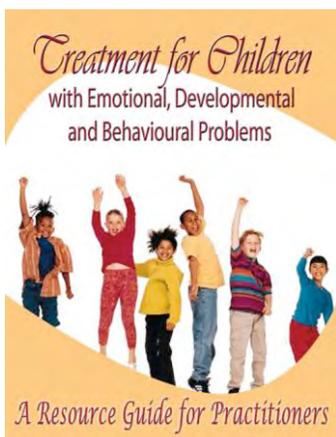
A recent review of just 50 grants completed between 2007 and 2009, demonstrates project impacts among a variety of output and outcome indicators:

- over 14,000 children directly benefited,
- over 2,228 parents were trained in a wide range of topics<sup>5</sup>,
- over 385 children mediators and 331 peer educators were trained, particularly in at-risk communities
- 12 national policies were positively developed
- over 28 hectares of land managed sustainably

### Major Achievements in 2010

*(This report covers EFJ's fiscal year, August 1, 2009 – July 31, 2010)*

As the EFJ considered both its reach and its impact over time, we are proud of our association with critical publications that have produced baseline information, spurred national debate and action and recorded critical successes and failures for learning. This year, the EFJ highlights several environmental and child health and development publications. The following is a sampling of the latter:



<sup>5</sup> Includes childcare and protection, income generation, child development, early stimulation and materials development, hospitality skills, conflict resolution, violence prevention, counseling, sensitization on abuse.

Over 3,310 of these handbooks were developed and published by the EFJ through the Family and Parenting Centre, and NGO based in Western Jamaica

### **Jamaica Association for the Deaf**

The EFJ has also been working closely with *the Jamaica Association for the Deaf* (JAD) to increase awareness on the potential causes of deafness as well as information on the Jamaican Sign Language and abilities of deaf persons. For example 2010 saw a change in legislation which now permits the hearing-impaired to apply for a driver's license, once they present an audiologist's certificate confirming their level of hearing.

### **Impact on Jamaican Fisheries**

Following the Government's designation of nine (9) new Fish Sanctuaries, the EFJ continued its support of Jamaica's national progress towards protected areas management. The Foundation awarded grants to two NGOs to support the completion of Management Plans for four of the new sanctuaries. Important features of these plans include engaging in collaborative discussions with the fishermen and other regular users of the fish sanctuaries, conducting baseline assessments as well as developing strategies for public education and monitoring and enforcement. They have also established best practices and basic guidelines for the management planning process that will serve as a model for other sanctuary managers.

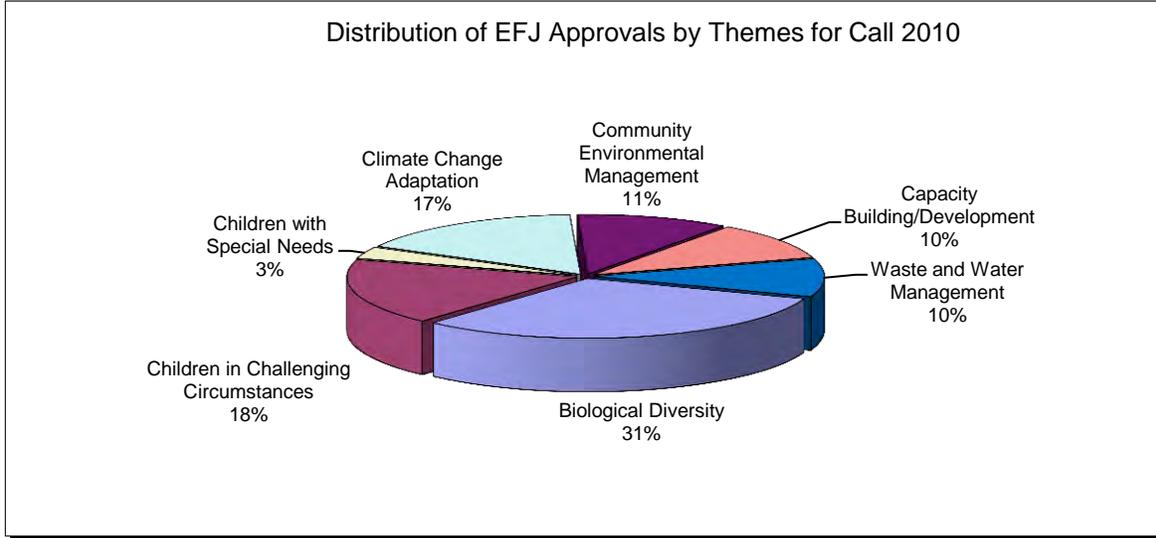
### **Support for Inner-city Children**

The EFJ provided critical support to RISE Life Management Services, who have been working in Kingston since 1980 and have expanded its mandate to include educational interventions for at-risk youth and training programs. EFJ support reached over 100 adolescents in 6 communities in the inner city. This was done through literacy and Life Skills Education programs utilizing information and communications technology such as an internet based program to prepare children for the national High School entrance exams (called GSAT – Grade Six Achievement Test). RISE has also embarked on an environmental project with another NGO to implement an environmental education program for 120 youths in the RISE Kidz Club in three inner-city communities.

### **Grant-Making Activities**

At the beginning of the new financial year, on August 1, 2010, the EFJ had 257 active grants, including 70 new grants approved from the prior Call for Proposals. The Board awarded 36 grants totaling just over US\$1.4million from the 123 proposals eligible for review.





The **Discretionary Grants** Committee also approved 34 grants totaling ~US\$68,000. The Foundation continues to utilize these grants to accommodate critical out-of-call and low-budget requests that fit within the EFJ's thematic areas of focus for the relevant financial year. The Discretionary Grants can be categorized in the following broad areas:

Events (workshops, meeting coordination) or publications	-	24 grants
Individual support (scholarships, attendance at critical events)	-	6 grants
Infrastructure Support (equipment, materials, technology)	-	4 grants

#### ***UNDP GEF Small Grants Program (SGP)***

The Foundation continued its commitment to this Program under the United Nations Development Program's Global Environment Facility's. In 2009-2010, the EFJ committed and provided US\$50,000 in grant funds to SGP grantees whose objectives and applications also met the EFJ themes and standards. The Foundation co-funded 5 mutually beneficial grant awards with the SGP, which complemented the activities funded directly by the SGP and assisted the applicants in meeting their counterpart funding requirements.

In addition to the co-funding arrangements, the EFJ became the National Host Institution (NHI) for the SGP in Jamaica. The Foundation signed a contract for the service in April 2010 and it was successfully renewed after six (6) months through to December 31, 2010.

#### ***University of the West Indies (UWI)/EFJ Biodiversity Centre***

The University of the West Indies (UWI) and the EFJ have collaborated to establish a Biodiversity Centre at the Port Royal Marine Laboratory. In addition to being a resource for UWI researchers and students, the Centre is an eco-tourism destination for international visitors, local schools, NGO and private groups. It is well within reach of the capital city, and offers a range of attractions from a boat ride on Kingston Harbour, to an indoor/"dry" tour of

the flora and fauna in the waters of Jamaica. The Centre houses an indoor display with interactive zones and, aquarium exhibits are complemented by an outdoor facility with typical dry-limestone cactus and sand dune coastal habitats transitioning into a mangrove tree/forest habitat with flow-through seawater connected by a boardwalk. There is also a hatchery donated by the European Union, which is facilitating the preservation of endemic and naturally occurring Jamaican species, like local seahorses, in danger of being lost to overfishing.

## **List of Grants Awarded through the EFJ's Call for Proposals in 2010**

### **USAID Debt Grants – Child Survival and Development**

#### **Theme: Children in Challenging Circumstances**

<b>Organization</b>	<b>Project Title</b>	<b>Approve Amount</b>
Agency for Inner-city Renewal (AIR)	Counseling Intervention: Crime Induced Trauma In Children	J\$5,000,000
Alpha Boys' School	Reading for Life Literacy Project for Institutionalized Youth	J\$1,000,000
Children First Agency	Children, Parents and Communities Against Violence	J\$3,001,000
Council of Voluntary Social Services	Enhancement of the Child Sector Capacity Building for the National Volunteer Centre	J\$3,000,000
Family and Parenting Centre	An Alternative Education and Behavioural Intervention Plan for Emotionally Distrubed Childern	J\$5,760,000
Rise Life Management	Adolescent Computer Based Literacy & Violence Prevention Education Program	J\$4,263,000
U.W.I., Sir Arthur Lewis Institute For Social And Economic Studies	Caribbean Child Research Conference - Promoting Child Rights through Research	J\$1,500,000

#### **Theme: Children with Special Needs**

<b>Organization</b>	<b>Project Title</b>	<b>Amount Approved</b>
Genesis Academy	Facilitating Integration of Children and Young Adults with Development Challenges into the Wider Community by Targeting Communication, Nutrition and Psycho-social Development	J\$1,940,000
Jamaica Association For the Deaf	Parents as Partners: Building Parenting Skills of Parents and Establishing a Parent Support System for Parents of Deaf Children	J\$2,200,000

**Total AID (9 items)**

**J\$ 27,664,000**

## PL-480 Debt Grants – Environmental Conservation and Management

### Theme: Biological Diversity

Organization	Project Title	Amount Approved
Caribbean Coastal Area Management Foundation Ltd.	Implementing Fish Sanctuaries in Portland Bight through Public Education	J\$5,739,350
Caribbean Coastal Area Management Foundation Ltd.	Generating Non-Government Support for Protected Areas	J\$1,487,000
Jamaica Conservation and Development Trust	Green Expo 2011	J\$5,000,000
Jamaica Environment Trust	Changing Public Perceptions Towards Sea Turtles and Implementing Sea Turtle Monitoring in 3 target areas	J\$4,069,900
Jamaica Environment Trust	Building Appreciation for Nature in Children at Risk	J\$4,051,000
Jamaica Environment Trust	School's Environment Programme	J\$6,670,000
Jamaica Institute of Environmental Professionals	5th Biennial Conference on the Environment under the theme "Balancing National Development and Environmental Protection"	J\$3,700,000
Negril Area Environmental Protection Trust	The Management Program of the Negril Great Morass	J\$1,290,000
University of Technology, Faculty of Science and Sport	Analyses and Preservation of Endemic Jamaican Plants in the Cockpit Country Region	J\$5,537,800
UWI, Department of Life Sciences	Mitigating Crocodile-human Interactions: Is Relocation a Viable Management Strategy	J\$3,349,300

### Theme: Capacity Building/Development

Organization	Project Title	Approved Amount
United Way Of Jamaica	Technical Assistance Support Fund for Project Development and Implementation	J\$5,000,000
CARIMAC	Communication Strategy Design & Implementation for the Environmental Foundation of Jamaica	J\$8,461,750

**Theme: Climate Change Adaptation/Renewable Energy**

<b>Organization</b>	<b>Project Title</b>	<b>Approved Amount</b>
Association of Development Agencies	Conducting Energy Audits and Energy Conservation Workshops for NGOs	J\$4,915,000
Foundation For Environmental & Economic Development Ltd.	Establishment of a Crop Drying System Utilizing Solar Heating and Waste Oil for Energy	J\$4,500,000
Mona GeoInformatics Institute/Advanced Media	“When The Sea Rises” – A Documentary on Sea Level Rise in the Caribbean	J\$3,385,000
Oxford Women in Progress Benevolent Society	A Sustainable Development for the Establishment of Pandanus Plots, Rainwater Harvesting and Solar Electricity	J\$3,998,727
Rowlandsfield Community Dev Benevolent Society	Rowlandsfield Renewable Energy (Solar) Project	J\$2,615,000
St. Andrew High School	Science Block - Photovoltaic Energy Project	J\$2,200,000

**Theme: Community Environmental Management**

<b>Organization</b>	<b>Project Title</b>	<b>Approved Amount</b>
Local Initiative Facility for Urban Environment	Support for LIFE Sustainable Plan	J\$2,755,100
New Horizon Christian Outreach Ministries	Sustainable Environmental Enterprise for Skills Training Community Income Generation	J\$7,610,624
St. Thomas Environmental Protection Association	STEPA Land Management, Environment Education and Resource Centre	J\$3,775,194

**Theme: Waste and Water Management**

<b>Organization</b>	<b>Project Title</b>	<b>Approved Amount</b>
Bellevue Farmers PMO	Bellevue Water System Extension	J\$1,095,700
Christiana Potato Growers Co-op Association	Community Environment Management with a focus on: Recycling; Community Based Environmental Enterprise	J\$4,790,000
Douglas Castle Production and Marketing Org.	Entombment of Springs in Douglas Castle District	J\$696,202
Protect the Environment Trust	Educating and Empowering Schools, Businesses and CBOs on the Proper Disposal And Recycling of Plastic Bottles and Containers	J\$3,024,130
St. Mary Charities	Carron Hall Solar Water Pump Project	J\$1,461,400
Top Road Water Users	Top Road Community Residential Water Project	J\$2,417,800

**Total PL480 (27 items)** **J\$103,595,177**

**Grand Total (36 items)** **J\$131,259,177**

**Summary Data (US\$)<sup>6</sup>**

<b>Fund Data</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>Total 1993-2010</b>
No. of proposals submitted	503	200	149	4,487
No. of proposals approved	141	43	36	1,202
Total approved funding for grants *	\$3,942,506	\$1,537,718	\$2,165,135	\$36,942,853
Total of counterpart match (grantee cost share)	\$693,373	\$1,541,301	\$1,355,870	n/a
Other leveraged matches (e.g. co-financing)	\$511,177	\$735,776	\$1,121,380	n/a
Total matching funds as % of approved	31%	148%	114%	n/a
Amount spent on administrative costs	\$754,949	\$593,208	\$540,726	\$14,377,053
Interest and capital gained on investments	\$1,460,000	\$801,964	\$705,476	\$17,937,440
Fund balance at the end of the year	\$9,070,000	\$6,089,110	\$4,811,929	n/a

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<sup>6</sup> 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); J\$85.67 : US\$1.00

## 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 Americas Account (EAI) account. The Tropical Forest Account (TFCA) will be reported in a separate section.

The creation of the TFCA Account required a change in the FONDAM governance body overseeing both accounts. The FONDAM Board increased in size from eight to ten members (three from the Peruvian Government representing the Ministries of Agriculture, Environment and Economy & Finance), one from the U.S. Government, and six representatives from non-governmental bodies, 2 of them being experts in forestry.

### **Mission Statement**

The FONDAM promotes activities aiming to preserve and protect the natural and biological resources of Peru in a sustained and environmentally friendly manner, as well as improving child survival and development.

### **Major Achievements in 2010**

In 2010, FONDAM successfully fulfilled its conservation objectives through grant-making. Additionally, it succeeded in augmented its initiatives resulting in greater conservation impact through leveraging of resources and strategic partnerships.

The FONDAM has been participating in partnership with the Wildlife Conservation Society (WCS), Amazon Conservation Association (ACA), the Protection and Sustainable Use of the Environment Foundation (PUMA) of Bolivia and the Peruvian Society for Environmental Law (SPDA), to implement the USAID's "Initiative for the Conservation of the Amazon Basin" (ICAA). The Consortium is well organized and meets its commitments to USAID. The monitoring of indicators demonstrates that the program is exceeding targets. The success in implementing the program has served to prepare a proposal for ICAA II.

Another partnership example is FONDAM's work with Moore Foundation on a project entitled "Updating and Implementation of Stage I of the Master Plan of the National Park: Ichigkat Muja Cordillera del Condor and Tuntanaim Communal Reserve." The first stage, of which, is closely coordinated with the National Service of Protected Areas by the State – SERNANP.

## Grant Activities

FONDAM continues to employ *four grant-making mechanisms*: 1) Call for Proposals (a.k.a. tenders or request for proposals), 2) Co-financing or cost-sharing partnerships, 3) Key Development Projects (e.g. potentially higher impact innovation grants entitled Axis of Development grants), and 4) Special Projects (i.e. small grants under \$10,000). In 2010 the dollar amounts approved in each of these categories were US\$ 1,199,679 for 12 grants under the Call (the 16<sup>th</sup>); US\$340,000 awarded to four co-financing projects; US\$ 199,851 for 2 Axis of Development projects; and US\$243,889 for 14 Special Projects grants. The 2010 approved grant total, therefore, is US\$ 1,983, 420 dollars.

### ✓ **Tenders:**

In 2010, the 16<sup>th</sup> Call for Proposals was completed targeting the thematic areas of Water Management and Eco-business, Nutrition and Food Security, and Water and Sanitation (in the regions of Puno, Cusco, Apurimac, Ayacucho, Huanuco, Huancavelica, and Loreto).

Sixty five proposals were submitted and 12 projects were approved, which represent a FONDAM commitment of US\$ 1,199,679 with a counterpart match of US\$ 588,002. Most of the projects are currently developing operating plans. The 12 award winning grants are listed below by title, but without their corresponding implementing entity or grant amounts.

- 1) "Drinking water and Sustainable Sanitation for Rural localities of Conocco and Huaracco-Anco- Churcampa- Huancavelica."
- 2) "Siembramonte: Integral Water Management in the Paca Micro basin."
- 3) "Reduction of Productive Losses and Characterization of Local Ecotypes of Sour Sop with Organized Small Producers: Applying the Participative Warranty System and Obtaining the Green Certificate to Improve Its Market Entry in Areas of Rio Negro, District of Perené, Province of Chanchamayo."
- 4) "Recovery of the Aguaje Wetlands and Sustainable Agricultural Diversification, with the Participation of the Yurimaguas District Communities."
- 5) "Local Management and Sustainable Development through Ecotourism by the Youth in the Matsés Native Community."
- 6) "Sustainable Management of Palm Trees in the Wetlands of the San Juan de Madre de Dios Sector, Improving the Fruit Harvest and Marketing."
- 7) "Development of a Sustainable Agroforestry Models: Exploitation and Generation of Value-Added of SachalInchi in Integral Production Areas in the District of Inahuaya, Loreto".
- 8) "Improving the Competitiveness of the Small Producers of Organic Cacao from the Satipo Province, Junin Region".
- 9) "Civil Society, Educational Institutions and the Local Government Promoting Healthy Lifestyles in High-Andean Communities from the Capaya District, Aymaraes Province".
- 10) "Production and Ovine Dairy Agro-industry for Nutritional Food Security of Children in the Huashapampa Micro-basin".

- 11) "Sustainable Exploitation of Native Cacao in VRAE's Sphere of Influence, Pangoa and Rio Negro Satipo Districts- Junin".
- 12) "Safe Water and Sustainable Sanitation, Promoting Healthy Housing with Priority for the Children in Ichupata, Huamaguilla, Huanta".

✓ **Co-financing**

Four Co-financing Projects were approved which represent commitments for a total of US\$340,000 from FONDAM, US\$340,000 from the co-financing partners and US\$ 48,000 in cost-share contributions, for a total of US\$728,000. To date, from these initiatives two of them (50%) are still developing their operating plans.

The two projects which began implementation under completed operating plans in 2010 are:

- 1) "Improvement of Mother-child Health in the District of Sauri, Sanchez Carrion Province, La Libertad Region" submitted by the NGO: Instituto de Investigación y Promoción del Norte IDIPS. The FONDAM grant is for US\$100,000 with co-financing from Spain's ANESVAD Foundation for an amount of US\$100,000, and an IDIPS cost-share contribution of US\$18,000, for a total of U.S. \$ 218,000.
- 2) "Improvement of Mother-Child Health in the Jorge Chavez and Jose Galvez Districts, Province of Celedin, Cajamarca Region submitted by the NGO: CPS- Development. The FONDAM grant is for \$100,000 with co-financing from Spain's ANESVAD Foundation for an amount of US\$100,000, and a CPS-Development cost-share of US\$15,000, for a total of \$ 215,000.

The two projects still developing their operating plans are:

- 1) "Improvement of Mother-Child Health in the Encañada District, Province of Cajamarca, Cajamarca Region" submitted by the Cayetano Heredia Foundation- FUCH. The FONDAM grant is for US\$100,000 with a co-financing contribution from Spain's ANESVAD Foundation of US\$100,000 and a grantee cost-share contribution of US\$ 12,000 for a total of U.S. \$ 212,000.
- 2) "Implementing Bio-gardens and Basic Sanitation Units (BSU) in Educational Institutions Located in the Apurimac and Cusco Regions with Peru's Energy Network Inc. (REP)", submitted by ADRA. The FONDAM commitment equals US\$ 40,000 with a co-financing contribution from REP for US\$40,000 and ADRA cost-share commitment of US\$3,000, for a total of \$83,000

✓ **Development Axis Projects**

During 2010, 2 projects were approved which represent a FONDAM commitment of US\$ 199,851 and a counterpart match of US\$78,157, for a combined total of US\$278,008. One of the two grantees remains in the process of developing operating plans. The projects are:

- 1) "Improving the quality of life of the Tupac Amaru Rural Community, Province of Lauricocha, Huanuco, Through Photovoltaic Energy" submitted by the NGO entitled IDMA. The FONAMA

grant is for US \$100,000 with a counterpart cost-share contribution of US\$59,647, for total of US\$ 159,647.

- 2) "Developing the Production of Cacao, Fish Farming and Taricaya Turtles in the Native Communities Settled in the Buffer Zone of the Yschtkag National Park and the Tuntanain Natural Reserve- Condorcanqui- Amazonas" submitted by the NGO entitled AGROVIDA. The FONDAM grant is for US \$99,851 with a counterpart cost-share contribution of US\$ 18,510, which totals US\$ 118,361.

### ✓ **Special Projects**

Twenty three proposals were submitted and 14 Special Projects have been approved which represent a FONDAM commitment of US\$ 243,889 with counterpart cost-share contributions of US\$ 140,997, for a total of US\$ 384,887. The 14 Special Projects are:

- 1) "Learning and Agro Ecological Innovation Center in Pachacamac".
- 2) "Changing the Attitude of Educational Agents to Improve the Quality of Life and to Efficiently Conserve the Environmental Surroundings in Five Districts in the Province of Chinchao".
- 3) "Implementing and Training of an Ecological Nursery and Scientific Work Station for the Students of the State Educational Institution: Santa Rosa N° 7073, in the Villa Maria District".
- 4) "Building Healthy Environments in the Pichjapuquio Rural Community- Paca Micro-basin."
- 5) "Model of Development and Sustainable Management of the Historic Sanctuary: Pomac Forest: Conditioning the Ecotourism Lodging."
- 6) "Recovering Degraded and Deforested Chestnut Forests in Madre de Dios".
- 7) "Food Security for the Mothers Clubs of the Ñunyajalca de Bagua Grande Rural Community – Amazonas."
- 8) "Growing Up Healthy for the Future."
- 9) "Developing Capacities in Agro-ecological Production and Raising Laying Hens for the Food and Nutritional Security of the Children in Poor Families in the Amotape District in the Province of Paita, Department of Piura."
- 10) "Improving the Food Security of the Families Belonging to the Association of Minor Animal Farmers: Emanuel de San Agustin de Cajas ACAMESAC, with a Local Market Scope."
- 11) "Promoting theMicroenterprise Management of Ovine Dairy By-products for Food security in the Lastay Community."
- 12) "Strengthening Local Markets which Include Basic Sanitation Services in the Rural Community of Yungaqui, District and Province of Anta, Cusco Region."
- 13) "Developing State Capacities for the Promotion of Sanitation Markets in the Province of San Marcos in the Cajamarca Region."

- 14) "Monitoring and Protection of the Plant of Biological Treatment of Sewage PBTS-Macray, Quillo."

✓ ***Project and Resource Management***

FONDAM has been providing financial resource and project management services to other public and private entities both national and international. Examples include agreements made with the Odebrecht Association, the World Bank (Japanese Fund for Social Development), The Nature Conservancy, the Inter-American Bank of Development (BID) and the Andean Corporation of Promotion (ACP). The partnership with the latter is for the Interoceanic Initiative of the South.

At the request of the Corporación Andina de Fomento (CAF), a project entitled "Productive and Management Capacity Building for Alpaca Producers, Quispicanchis – Cusco", will be managed and monitored by FONDAM under a Framework Agreement. The project aims to strengthen the value chain of raising alpacas and is implemented by DESCO.

FONDAM was also selected by the World Bank to manage a project entitled "Participatory Intervention Model to Improve Child Nutrition", in the amount of US\$ 1,959,660. The model will be demonstrated in three regions of Peru: Cajamarca, Amazonas and Huanuco and will focus on 20 districts in approximately 200 communities. FONDAM is co-financing the three-year effort at the level of US\$ 50,000. Its aim is to improve nutrition and level of development of children under three years of age, through participatory interventions to increase awareness and improve local capacities to manage, promote changes in attitude and behavior in local, community and district actors in very poor districts of the highlands and jungle of Peru. The first disbursement of \$300,000 was disbursed in late December.

Finally, FONDAM participates both as contributor and financial administrator of an initiative entitled "AQUAFONDO" promoted by the Environmental Endeavors Group (GEA Group) and The Nature Conservancy (TNC). Its objective is to establish a revolving fund (an endowment) for the Water of Lima and Callao. The Fund will promote a new culture of water conservation in the basins the Chillón, Rimac and Lurin rivers. Grants will be provided to protect and improve the availability and quality of water in the three basins.

**Summary Table**

The Summary Table presented below has been prepared based amounts as of December 31, 2010. This information refers to the Americas Fund (EAI). The resources managed by the FONDAM come from two Debt Swap Operations, as well as from Special Operations by the Project Management and Resource Management.

<b>SUMMARY TABLE 2010 AMERICAS ACCOUNT</b>					
<b>Fund Data</b>	<b>Cumulative</b>			<b>Cumulative</b>	<b>Notes</b>
	<b>Until 31/12/09 US\$</b>	<b>Adjustments</b>	<b>Total 2010</b>	<b>Until 31/12/2010 US\$</b>	
<b>1. Classic National Level RFP</b>					
1.1.No. of proposals submitted	1,542		65	1,607	
1.2.No. of proposals approved	182	2	12	196	
1.3.Total counterpart match	6,237,527	4,686,670	588,002	11,512,199	<b>1</b>
1.4.Counterpart as % of approved grants	35%		49%	66%	
1.5.FONDAM approved grants	17,976,938	-1,733,397	1,199,679	17,443,220	<b>2</b>
<b>2.Co-financing Support</b>					
2.1.No. of proposals submitted	213		6	219	
2.2.No. of proposals approved	57	-6	4	55	
2.3. Cost share Contribution	6,531,323	-2,765,443	48,000	3,795,880	
2.4.Co-finance match	8,122,825	-1,439,380	340,000	7,023,445	
2.5. Counterpart as % of approved grants	219%		113%	217%	
2.6.FONDAM approved grants	6,678,153	-3,031,016	340,000	3,987,137	<b>3</b>
<b>3. Special Projects (aprox. 20 K US\$)</b>					
3.1.No. of proposals submitted	220	0	23	243	
3.2.No. of proposals approved	128	-12	14	130	
3.3.Total Total counterpart match	677,149	108,293	140,997	926,439	<b>4</b>
3.4. Counterpart as % of approved grants	44%		58%	66%	
3.5.FONDAM approved grants	1,540,740	-387,820	243,889	1,396,809	<b>5</b>
<b>4. Axis of Development Projects</b>					
4.1.No. of proposals submitted	18		1	19	
4.2.No. of proposals approved	11		2	13	

4.3.Total counterpart match	985,635	-118,473	78,157	945,319	
4.4. Counterpart as % of approved grants	82%		39%	76%	
4.5.FONDAM approved grants	1,196,623	-157,947	199,851	1,238,527	
<b>5. Fund Totals</b>					
5.1.No. of proposals submitted (1.1+2.1+3.1+4.1)	1,993		95	2,088	
5.2.No. of proposals approved (1.2+2.2+3.2+4.2)	378	-16	32	394	
5.3.Total counterpart match (1.3+2.3+2.4+3.3+4.3)	22,554,459	453,667	1,195,156	24,203,282	
5.4. FONDAM approved grants (1.5+2.6+3.5+4.5)	27,392,454	-5,310,180	1,983,419	24,065,693	
5.5.Amount Spent on administration	7,003,055		629,357	7,632,412	<b>6</b>
5.6.Admin. Costs / approved grants	26%		32%	32%	
5.7.Admin. Costs / Total administrated accounts (5.5)/(5.4+5.3+5.9)	10.54%		16.21%	11.66%	
5.8.Investment Portfolio anual yield	22.9%		6.9%		
5.9.Interest earned for the Fund	16,472,000		704,155	17,176,155	
5.10.Fund balance at the end of the year	12,388,000		10,689,627	n/a	
5.11 Total Assets as of Dec. 31 (according to financial statements)	16,330,213		16,091,271	n/a	

NOTES:

1. There has been a total review of information from the 1st tender and we are amending the total amount of counterparts. The amendments have been made, considering not only the Executor, but also the beneficiaries and others, thus, the larger amount.
2. To 12/31/09, the call for tenders XIV and XV was considered and the adjustments column is presented, because it failed to obtain projects that could be approved.
3. Co-financing operations have not yet been fulfilled with Ensemble, Moore, and Odebrecht for that reason \$ 3 'million provisioned to 12/31/2009 for this modality have been removed, operations will be resumed when they are fully locked.
4. To 12/31/09, contributions made by the beneficiaries and others were not considered. Such contributions were regularized for 2010.
5. To 12/31/09, some 20 projects were under evaluation, only 6 of them were approved.
6. The 2010 FONDAM administrative expenses are divided in the Americas Account and the Tropical Forest Account and correspond to 57 % and 43 %, respectively.

## **Annex IV**

# **TFCA COUNTRY REPORTS**

## Bangladesh



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

Bangladesh is situated at the unique confluence of the Ganges-Meghna-Brahmaputra (GMB) river systems, the second largest river system in the world which drains an area of 1,086,000 km<sup>2</sup> from China, Nepal, India and Bangladesh. Because of this unique geophysical location, the country, despite its small size (147,570 km<sup>2</sup>), has been endowed with rich biological diversity. But due to tremendous population pressure and lack of proper conservation efforts, the biodiversity resources (flora, fauna) have been dwindling at an alarming rate.

Arannayk Foundation (AF), also called the Bangladesh Tropical Forest Conservation Foundation, was established in July 2003 jointly by the Government of Bangladesh (GOB) and the United States Government (USG) under the provisions of the US Tropical Forest Conservation Act (TFCA) of 1998 in order to conserve a viable representative population of Bangladesh's rapidly disappearing tropical forests. It is registered as a not-for-profit company limited by guarantee and not having a share capital. It is managed by an independent Board of Directors composed of one representative each from the Government s, and five representatives from non-governmental organizations.

The AF has a threats-based strategic plan addressing forests and biodiversity conservation through partnerships and building local capacity. Priority grant themes include conservation of threatened and endangered tropical forest species, protected area partnerships, restoration of degraded forests, ecotourism development, coastal biodiversity conservation, homestead agroforestry, environmental education, and climate change mitigation and adaptation. The Foundation promotes alternative income generating (AIG) activities among the poor people living in the vicinity of the forests as a key strategy to restring and conserving biodiversity in the remaining forests of Bangladesh.

The AF's grant making operations started November 2006. By 2009, it awarded 51 grants, of which 30 were completed by December 2009 and 21 continued in 2010.

### **Grant Making in 2010**

During 2010, the Board of Directors of the AF approved six new projects. Thus the AF financed a total of 27 projects in 2010 (see list in Table-1). The new projects of 2010 include three grants for the improvement of livelihood of the communities within three protected areas, one grant for capacity building of NGOs and relevant organizations in community organizing and forest conservation. One grant has been approved for promotional activities on forest and

biodiversity conservation at national level and one grant for biodiversity (flora, fauna) monitoring in five protected forest areas of the country.

**Table-1: Arannayk Grant Disbursements 2010**

Project Title	Implementing Entity	Date of Commencement	Duration (Years)	Amount of grant (USD)	Amount disbursed in 2010 (USD)
1. Pilot Level Community Based Participatory Herbal Gardens in Keshabpur, Jessore	IDO	Nov 2006	8	74,627	3,749
2. Pilot Level Community Based Participatory Herbal Gardens in Rangamati	Juno Pawr	Nov 2006	8	81,474	6,795
3. Recolonization and mass propagation of Civit ( <i>Swintonia floribunda</i> )	IFESCU	Nov 2006	5	44,776	7,367
4. Recolonization and mass propagation of Banspata ( <i>Podocarpus nerifolia</i> )	IFESCU	Nov 2006	5	44,776	8,959
5. Coastal Biodiversity Conservation through Creating Alternative Income Generation Facilities in Kaliganj, Satkhira	Uttaran	Nov 2006	4	68,388	8,997
6. Coastal Biodiversity Conservation through Creating AIG Facilities in Paikgacha, Khulna	CFSD	Nov 2006	3	60,570	3,330
7. Homestead Agroforestry through Improved Management Practices in Sitakunda and Mirsharai, Chittagong	Prottiyashi	Nov 2006	5	51,471	9,031
8. Homestead Agroforestry through Improved Management Practices in Chandanaish and Patiya Upazila of Chittagong	CODEC	Nov 2006	5	51,471	8,780
9. Homestead Agroforestry through Improved Management Practices in Tala, Satkhira	Uttaran	Nov 2006	5	60,157	9,117
10. Community-based management of the Itchari Community Reserve Forest, Khagrachari	BIRAM	Jun 2009	3	87,719	25,655
11. Community-based Conservation of Forest Resources and Enhancing Rural Livelihood in Rangamati of CHT	Hill Flower	Jun 2009	3	87,614	27,930
12. Restoration of Hilly Biodiversity through Community Based Bio-Resource Management at Dighinala, Khagrachari	Anando	Jun 2009	3	87,593	24,810
13. Community Based Forest Resource Management for Sustainable Development in Rowangchari, Banderban Hill District	Tah Zing Dong	Jun 2009	3	74,701	28,633
14. Indigenous Community Based Sustainable Management of Chimbuk Hill Forest in Bandarban Hill District	Humanitarian Foundation	Jun 2009	3	83,544	31,230

Project Title	Implementing Entity	Date of Commencement	Duration (Years)	Amount of grant (USD)	Amount disbursed in 2010 (USD)
15. Swamp Forest Restoration in Haor Areas of Sunamganj District	CNRS	Jun 2009	3	86,731	23,952
16. Access to Food Security and Accelerated Livelihood towards Biodiversity in Khaliajuri Upazila, Netrokona	SUS	Jun 2009	3	87,371	32,957
17. Inani Protected Forest Area (PFA) Co-management - NGO component	SHED	Jun 2009	3	234,496	88,948
18. Restoration and Conservation of Biodiversity in the Denuded Hills in Sitakunda and Mirsharai, Chittagong - NGO component	YPSA	Jun 2009	3	82,501	19,474
19. Restoration and Conservation of Biodiversity in the Denuded Hills in Banskhal, Chittagong - NGO component	DAM	Jun 2009	3	87,987	22,796
20. Restoration and Conservation of Biodiversity in Barind Dhamoirhat Sal Forest, Naogaon - NGO component	Padakhep	Jun 2009	3	51,765	13,605
21. Restoration and Conservation of Biodiversity in Singra Sal Forest, Dinajpur - NGO component	RDRS	Jun 2009	3	81,052	28,051
22. Biodiversity monitoring in selected protected forest areas	Jahangirnaga University	Oct 2010	1	86,868	27,912
23. Promotional and awareness raising activities of the Arannayk Foundation	BCL	Oct 2010	1	86,868	0
24. Capacity building of stakeholders for improved planning and management of forest and biodiversity conservation projects	PROSHIKA	Oct 2010	1	86,868	33,984
25. Livelihood support to forest user groups in co-managed protected forest areas, Lawachara	Lawachara CMC	Oct 2010	1	14,478	0
26. Livelihood support to forest user groups in co-managed protected forest areas, Remakelanga	Rema-Kalenga Nishorgo Sangstha	Oct 2010	1	14,478	0
27. Livelihood support to forest user groups in co-managed protected forest areas, Satchari	Satchari Nishorgo Sangstha	Oct 2010	1	14,478	0
<b>Total:</b>				<b>1,974,822</b>	<b>496,062</b>

## Other Significant Achievements

### 1. Updating Arannayk's Strategic Plan

The first Strategic Plan of the AF was prepared in 2002. In 2009, the AF Secretariat undertook an initiative to update its strategic plan for 2010 - 2015 incorporating certain new program areas viz., swamp forests and climate change response activities. The USAID Bangladesh

Environment Sector Assessment and Strategic Analysis Mission 2009 reviewed the ongoing activities of the AF and the draft updated strategy document. The mission assessed the latter to be consistent with the National Biodiversity Strategy and Action Plan (NBSAP) of Bangladesh and also responsive to climate change. The Mission, however, recommended certain priority rankings for the different program areas proposed by the AF Secretariat and emphasized more on scaling up of AF's operations and on undertaking fund raising efforts for that purpose. To make the AF more effective in the short-term, the Mission also suggested the following strategies:

- Be more flexible to allow needs-based projects and a greater diversity of small grants, including small grants to be given to individual researchers for not only biodiversity issues but also social research relevant to conservation.
- Provide support to academic research institutions for applied research regarding identification, restoration and conservation of endangered flora and fauna in Bangladesh.
- Provide a forum for policy dialogue and promote networking among participating communities for sharing of best practices among participants.
- Strengthen efforts for dissemination of information about the Foundation in order to raise its profile.

In January 2010, the Board of Directors of the AF reviewed the recommendations of the USAID mission and thus finalized the revised Strategic Plan (2010-2015) of the AF.

## **2. Development of biodiversity profiles of project sites**

A project launched in the later part of 2010 involving Jahangirnagar University (JU), Savar, Dhaka, has initiated an intensive study to document the biodiversity resources (flora, fauna) of the protected forest areas of Bangladesh. In three protected areas, the JU researchers found some critically endangered species like Hog Badger, flying squirrel and over 200 species of birds. The floristic composition of those forests was also encouraging, having more than 150 species of trees and shrubs. The AF has taken an initiative to publish biodiversity profiles of the protected forest areas including five community conserved forests of the CHT and five co-managed protected forest areas under the jurisdiction of the Forest Department.

## **3. Establishing Synergies and collaboration with USAID's IPAC Project**

During 2010, the AF initiated a collaborative program with the USAID funded Integrated Protected Area Co-Management (IPAC) Project to provide supplementary financial support (as revolving fund) directly to the Co-Management Councils in co-managed protected forest areas for alternative income generating activities of the forest dependent groups. In the first instance, this collaborative activity has been launched in three protected forest areas: Lawachara National Park, Satchari National Park and Rema-Kalenga Wildlife Sanctuary in the northeast region of Bangladesh. Based on the experiences of this first initiative, the collaboration might be extended to other co-managed protected forest areas in the future.

## **4. Exchange of knowledge**

The AF organized a study visit for the Forest Officers and community leaders of Community Forestry Program in Nepal for seven days in AF project sites and other areas. The study visit was supported by the DFID, Nepal. The participants exchanged their experience with the staff of the Forest Department of Bangladesh and with the staff and community members of the AF-supported projects during their field visit. In addition, an officer of the AF Secretariat participated in an international workshop on 'Strengthening Community Forestry Networks and

Federations in Asia' at Bangkok, Thailand in March, 2010, where he presented a vision of developing networks and federations of the community forestry groups and support organizations in Bangladesh. Given the usefulness of the proposed model, IPAC and the AF are working towards its application in Bangladesh. The AF also supported an NGO representative to attend a Regional Workshop of Community Leaders for management of Community Forests in Nepal.

#### **5. Documentation of AF Activities**

In 2010, the AF published its Annual Report 2009 in an attractive format in its website as well as in printed form and widely distributed its copies. The AF also produced two video documentaries highlighting the community based conservation of forests in the CHT and co-management of protected forest areas. One video showed the successful efforts of the on propagation and restoration of two critically endangered tree species, and the second was more general message on AF initiatives. Both are available on YouTube.

#### **6. Developing a New Logo for the AF**

With the aim of promoting the image of the organization more widely, the AF decided to strengthen its public relations activities. As a part of this initiative, the Board of Directors of the AF adopted a new logo for the organization by organizing a logo design competition. Forty-six designs were submitted by different organizations, one of which was selected and awarded. The new logo of the AF has a tag line, "Conserving forests of the future" following the name of the organization. The AF introduced its new logo from January 2011.

#### **7. Policy Interventions**

AF actively participated in the process of amending the Social Forestry Rules of Bangladesh and in developing the draft Protected Area Rules. Due to the former, forest conservation communities shall now have the right to invest in social forestry plantation in buffer zones of the protected areas with their own finances (from various sources) and they would receive 75% of the final timber harvest. The old rule allowed for only 45% benefits.

### **Project Impacts**

#### **1. Conservation of biodiversity in rural homesteads**

The homestead agroforestry projects, implemented in three different areas, identified the existing and endangered tree species and promoted agroforestry systems. The projects served to create awareness on the need for conserving the biodiversity resources of the homestead forests among the local people including school students. All the project participants planted endangered native species of trees in their own homesteads and many of them adopted improved cook stove in order to reduce consumption of fuelwood.

#### **2. Biodiversity conservation and livelihood improvement in a coastal area**

The Coastal Biodiversity projects in Khulna and Satkhira districts restored endangered fruit and timber trees of the respective localities in the homesteads of the project participants. The project in Satkhira has also established a germplasm center of the endangered fruit and timber of the coastal area in order to supply planting stock. A project in Paikgacha, Khulna has established ten rain water harvesting devices to provide safe drinking water to the beneficiary households for up to four months in the dry season.

### **3. Community-based conservation of medicinal plants**

One project on conservation of medicinal plants established two 'Trifolia Villages' at Keshabpur Upazila of Jessore district. The fruits of *Umbilica officinalis*, *Terminalia belerica* and *T. chabula* trees are collectively called 'Triphala', which are widely used in herbal medicine preparations throughout the Indian sub-continent. Each household of those villages have planted the three above mentioned species of medicinal plants in their homesteads along with a medicinal vine *Piper chaba* and a medicinal tree *Terminalia arjuna*. It is expected that when the trees will start bearing fruits, the Triphala Villages will produce 'Triphala' fruits at a scale good enough to attract traders. A second project in the Chittagong Hill Tracts is trying to scale up conservation in the home gardens of the traditional healers for easy access of the villagers to the herbal raw materials for primary health care.

### **4. Restoration of two critically endangered tree species of Bangladesh forests**

The Institute of Forestry and Environmental Sciences, Chittagong University (IFESCU) has successfully developed propagation protocols for two critically endangered species (*Swintonia floribunda* and *Podocarpus nerifolius*) and produced desired number of seedlings for distribution to relevant agencies. The saplings supplied by the IFESCU have been planted in forests and eco-parks managed by the Forest Department, germplasm centers of other Universities, tea gardens and private lands. IFESCU has also established a 3.5 acre seed orchard of *Swintonia floribunda* and a 1.5 acre seed orchard of *Podocarpus nerifolius*. During the exploration of these two species in the forests, the researchers observed that few other species have also become critically endangered such as *Anisoptera scaphula*, *Hopea odorata*, *Protium serratum* (*Bursera serrata*), *Castanopsis indica*, *Duabanga grandiflora*, *Dipterocarpus costatus*, *D. alatus* and *D. turbinatus*. The IFESCU team has collected seeds of the above species and raised seedlings for establishing seed orchards within their germplasm center.

### **5. Capacity development of indigenous communities for sustainable management of community conserved forests**

The five indigenous community based forest and biodiversity conservation projects in the Chittagong Hill Tracts have empowered the communities. They have established participatory forest management systems for the local (communal) forests and enforced customary rules and enrichment planting of suitable indigenous species. One project in Banderban Hill District has established gravitational flow system (GFS) device of channeling water supply from the community reserve forest to the village. There are huge local demands for scaling up and replicating the project activities. In all the projects, the implementing entities have established revolving fund systems to provide communities with access to interest free loans for alternative income generating activities. Loan qualification requires the planting of 1-5 indigenous tree species in their home gardens.

### **6. Establishment of co-management system in five protected forest areas**

The five projects on collaborative management of protected forest areas have successfully organized the local communities for forest conservation. Each project has identified the threats to the biodiversity resources of the forest including the number of forest dependent people and inventories of resource extraction. Out of the five projects, one project (Inani, Cox's Bazar) has already established Co-management Council (CMC) involving different stakeholders for the conservation of the local forests. In all the co-management project sites, village-based forest conservation forums have been established and conservation activities are promoted. The

project participants have also capitalized local revolving funds through group savings. They have also started adopting improved cook-stoves (ICS) to save fuelwood.

### Leveraging EAI/TFCA Resources

The AF is in dialogue with the German Development Agency (GtZ) for their possible involvement in a Protected Forest Area Co-Management Project in the southern Bangladesh (Chunati Wildlife Sanctuary). 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 2011.

The Integrated Center for Mountain Development (ICIMOD) has approached the AF to work jointly with them in the field of medicinal plant conservation, utilization and marketing in the Chittagong Hill Tracts (CHT). ICIMOD has already been supporting two NGOs in the CHT to promote production of some important medicinal plants by the indigenous hill communities. The ICIMOD team visited the project areas in the CHT along with the Executive Director of AF. Subsequently ICIMOD proposed the AF to take lead in the management of the project for the remaining 15 months period of the ongoing project. Though the detail of this prospective collaboration is yet to be finalized, it is expected that the AF-ICIMOD collaborative program on medicinal plants will begin in early 2011.

**Summary Table**

<b>Fund Data</b>	<b>2002 - 2008</b>	<b>2009</b>	<b>2010</b>	<b>Total</b>
1. No. of proposals submitted	469	82	54	605
2. No. of proposals approved	44	9	6	59
3. Total approved funding for grants (\$)	3,022,304	531,149	384,628	3,938,082
4. Total disbursed funding for grants (\$)	452,855	364,745	531,500	1,349,100
(a) Total of counterpart match (grantee cost-share)	-	-	-	-
(b) Other leveraged matches (e.g. co-financing)	-	8,750	-	8,750
5. Total matching funds as % of grant approved	-	.016%	-	.016%
6. Amount spent on administrative costs (\$)	503,988	155,400	169,247	828,635
7. Administrative costs as % of grants approved	17%	29%	44%	21%
8. Investment income (\$)	1,727,065	718,419	585,741	3,031,225
9. Fund balance at the year-end (\$)	6,618,541	7,309,899	7,630,792	n/a

## Belize

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

### Schedule of Payments to TFCA Account Through 12/31/10 (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
2,589,000	857,469	782,473	857,469	782,473	857,475	782,511	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.

## Belize Audubon Society (BAS)



The Belize Audubon Society (BAS) is a non-governmental, membership-based organization dedicated to the sustainable management of Belize's natural resources through leadership and strategic partnerships with stakeholders in order to achieve create and maintain a balance between the needs of both people and the environment. As a partner in the Debt for Nature Swap Agreement, BAS continues to receive the necessary funding to assist in the management of three of the nine BAS managed protected areas known as the Cayo Parks: Guanacaste National Park (GNP), St. Herman's Blue Hole National Park (SHBHNP) and Tapir Mountain Nature Reserve (TMNR).

### RESOURCE MANAGEMENT AND PROTECTION

#### *Maintenance*

Staff continues to ensure the upkeep of the Cayo Parks, through the maintenance of the trail systems, buildings, and boundary lines. Infrastructure was developed (e.g. cave walkways) to safely accommodate visitor access and to improve monitoring of illegal activities and impacts. Repairs were made on warden posts and bridges and boundary lines were surveyed and physically demarcated.

#### *Patrols and Enforcement*

Patrols were conducted by BAS personnel, during the period, totaling 179 - SHBHNP; 1,515 - GNP; 89 - TMNR. Of the three Cayo Parks, TMNR faces most challenges related to illegal incursions such as illegal xate harvesting, logging and illegal hunting. Additional pressure of illegal incursions was placed on TMNR resulting from loggers traversing the reserve to access legally licensed timber concessions on neighboring lands. While BAS has a policy disallowing such traversing of the reserve, the GOB Forest Department has allowed it. BAS has conducted patrolling and impact analysis in conjunction with the Forest Department. Two additional persons were temporarily employed to enhance enforcement efforts. Patrols have found violations of concession license stipulations, confiscated equipment and halted associated harvesting. Suspected violators are also escorted off the reserve.



Aerial view of SHBHNP after hurricane Richard



Toyota pick-up found with equipment south of the Reserve

Through the BAS partnership with Light Hawk, two over-flights were conducted for this period for the Cayo Parks (Feb. and Dec.). While little land use change has been registered within the parks, suspected incidents are reported and ground sites inspected in conjunction with the Forest Department. The December over-flight allowed for an aerial assessment of the impact of Hurricane Richard.

#### *On-Site Management Challenges*

In an effort to improve BAS capabilities in safety and security in the Protected Areas and to enhance enforcement, BAS assessed its communications needs and updated its equipment and systems. Certain facilities have been upgraded and renovated in order to better secure BAS assets and resources. In addition to increased patrolling and enforcement measures, BAS has conducted sting operations with the Police Department and the Belize Tourism Board. Joint patrols are common.

#### *Hurricane Richard Impacts Cayo Parks*

Hurricane Richard, on October 24<sup>th</sup>, resulted in tremendous damage in all three Cayo Parks. Nearly all trails were inaccessible and almost unidentifiable. Fortunately, neither SHBHNP nor GNP received major infrastructure damage with the exception of damage to the outdoor restrooms, bridges and stairs. Thanks to interested and affected stakeholders (e.g. Forest Department and PACT) both human and financial resources were made available to conduct timely site rehabilitation and recovery.

#### **Research and Monitoring**

BAS has partnered with the University of Belize to host periodic student interns to achieve its research and monitoring objectives. This year a faunal survey of the SHBHNP was completed and the data will provide baseline information and allow management to make more informed decisions and update management plans. Adaptive management is also served through the BAS Annual Christmas Bird Count with country-wide participation.

#### **Environmental Education and Outreach**

During the 15 month period from October 2009 through December 2010, a total of approximately 4,000 students visited Guanacaste National Park (GNP) and St. Herman's Blue Hole National Park (SHBHNP) and given a guided interpretative tour by BAS staff. Staff of SHBHNP also conducted presentations to the buffer community schools of Armenia Village and St. Margarets' Village. The BAS Education Manager, along with assistance of BAS staff and student interns, developed effective educational materials for the Nature School Program. The curriculum for the Nature School Program is becoming more strategic and highly interactive.

BAS welcomed a total of 17 work experience students to the Cayo Protected Areas. These students assisted with visitation management and on-site maintenance as they expanded their knowledge of conservation and protected areas management. The BAS Protected Areas Manager and Park Director participated in conservation extension programs through the Nature School Program and community schools.

## Capacity Building

BAS staff was also given the opportunity to advance their professional knowledge and experience through different capacity building fora, such as:

- At the bi-annual general staff meeting and retreat, BAS provided the opportunity for all staff to participate in an emergency response training covering topics such as: risk mitigation, emergency preparedness and response, and situational scenarios.
- Staff participated in a National Search and Evacuation Training providing participants with the ability to provide prompt, effective and efficient rescue response services to emergencies occurring in the wilderness or simply within the parks.
- Specialized BAS staff also benefitted from an Introductory Training to Herbarium Use and Basic Curation covering elements such as plant identification and research methodologies.
- A Navigation and Map Reading Training was provided by the Forestry Department in order to increase the effectiveness of BAS patrol and enforcement.
- The Park Director of SHBHNP participated in a technical Workshop on Wood Thrush bird species in Veracruz, Mexico as this species is now being monitored regionally as the population has been declining in the US. The objective of the workshop was to form an international alliance to monitor, protect and conserve this bird species and gather more information on its habitat. This was also an opportunity for the Park Director to collaborate in regional monitoring activity and share his expertise as well as expand his skills and knowledge.



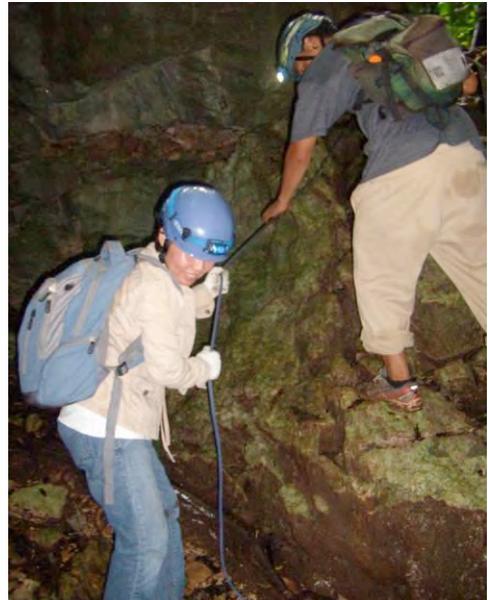
## Other Leveraged Activities

In April of this year the BAS joined the rest of the world in celebrating the 40<sup>th</sup> Anniversary of Earth Day. In continuing with the KEEP BELIZE GREEN, GO GREEN – IT MAKES \$EN\$E initiative launched in 2006, BAS continued to promote Reduce, Re-use, Recycle among all Belizeans through the use of “green” bags and once again distributed and encouraged the planting of mahogany seedlings. Since the start of the initiative approximately 4000 seedlings have been distributed throughout Belize with many schools engaging in the annual reforestation efforts.

BAS also held an art competition entitled “*Make Today’s Trash, Tomorrow’s Treasure...Reduce, Re-use, Recycle*” which gave high school students the opportunity to showcase the unique ways in which “garbage” can be re-used and recycled. The main event to inspire individuals across the country to take pride in our environment was the enthusiastic participation in the Second Annual “Walk for a Green Belize” on April 24<sup>th</sup>. The walk and clean-up of the roadside from Belize City to GNP brought together approximately 850 participants, which included the embassies, city councils, environmental and corporate organizations, and schools. GNP also hosted the official Earth Day ceremonies focusing on Climate Change and with cultural entertainment provided through the courtesy of the Embassy of Mexico.



The Maya La Candon dance group from the State of Chiapas, Mexico, performing a dance dedicated to the four cardinal points of Earth.



Once again for a second year, BAS held a Crystal Cave Exploration trip as part of the annual summer camp activities. Staff of SHBHNP conducted the guided tour of the cave. In addition to the adventure, participants learned from interpretation about Mayan culture contributions at these important sites.

While the year continued to challenge the BAS staff with Cayo Parks conservation issues, the funding provided through the TFCA debt treatment profoundly valuable. It continued to allow for necessary measures to be taken ensuring the maintenance of the integrity and resources of the protected areas. Through community outreach and education, much of Belize civil society was successfully catalyzed to engage in the environmental conservation work. BAS staff

members maintained high morale as they performed their respective duties, from community education to law enforcement, and had access to opportunities to refine their skills and knowledge through capacity building. For all of this, the Belize Audubon Society is very grateful to the U.S. public for their support of the TFCA programs.

## **Financial Reporting – October 2009 to March 2010**

### **Cayo Park Protected Areas (GNP, SHBHNP, TMNR) Land Management Funds Budget/Expense**

During the reporting period (October 2009 to September 2010), BAS had received a total of US\$201,152, of which US\$82,418 were transferred to the Land Management Account. Bank charges were minimal at only US\$130. Again this year, 70% of the Land Management budget was expended for direct park management (staff salaries) for GNP, SHBHNP, and TMNR. The remaining 30% were used for management expenses which included salaries for Program Coordination Overhead (e.g. Executive Director, Finance Department, Administrative Support and Park Manager). This then translates to a total of US\$57,647 expended in direct Park Management costs and US \$24,706 expended in indirect Program Coordination.

### **Endowment Fund**

For the period October 2009 to September 2010, a total of US\$118,734 was transferred to the Endowment Account. As of April 21<sup>st</sup> a second investment portfolio was opened within the Endowment Account which yielded an 8 percent interest rate as opposed to the 9 percent interest rate being earned on the initial endowment account. As of September 30, 2010 the accumulated endowment balance for the first endowment investment portfolio (at 9%) was \$1,011,102. Principal amount for the period 2009/2010 including allocations of \$59,367 received October 14, 2010 is US\$927,777, with a total accrued interest of US \$83,326. The accumulated endowment balance for the second endowment investment portfolio (at 8%) was US\$61,465. The principal amount was US\$59,367, which is allocation received April 21<sup>st</sup>, 2010 with an accrued interest of US\$2,098. Total endowment fund (combining investment portfolios) therefore, had a balance of US\$1,072,567.

*Total endowment allocations received to date as per the payment schedule is \$712,404 with interest earned totaling \$360,163.*

## Toledo Institute of Development and 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 aims to maintain the connectivity between the protected areas and to mitigate the negative impacts on the areas by destructive practices on neighboring private lands. As part of this objective, TIDE has actively acquired lands particularly in the Maya Mountain Marine Corridor (MMMMC), 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 is currently being financed through the TFCA program and other friends and partners of TIDE. Funds are used for the management of the TIDE lands and park improvement as per the TFCA Forest Conservation Agreement.

### Private Lands Initiative

The Private Protected Lands Initiative (PPLI) is headed by TIDE's Terrestrial Manager, an Assistant Terrestrial Manager, and 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 TFCA Debt-for-Nature Swap. TIDE's goal for its protected lands is to reduce threats to biodiversity and water quality 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 come in the form of 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 DNS rangers and Education Officer continue to educate residents about the dangers of fire especially in the dry season. The DNS rangers also assist with our reforestation activities 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 2010

- TIDE finalized the purchase of the "Kerns" parcel of land bringing the total acreage of TIDE lands to 23,000. TIDE rangers cleared approximately 15 miles of boundary lines (approximately 10% of the total), erected ten regulatory signs on a newly acquired parcel, and reforested four miles of striped riparian forest 5,000 hardwood and *inga* plants.

- Rangers continue to conduct biodiversity monitoring on three of the major land parcels (block 127, Kerns and Starcher). In 2010 amphibians were added to the monitoring program as they are excellent indicators of watershed health. The rangers also participated in conducting a baseline assessment of fish assemblage in the Rio Grande River bordering the TIDE lands. These baseline assessments and monitoring efforts will allow our biologist to measure watershed management effectiveness.
- The DNS rangers received training in Fire Management in conjunction with rangers from neighboring private lands. The DNS lands are part of the Coastal Pine Savannah ecosystem in the MMMC, and as such require prescribed fire for proper management.
- Two of the TFCA rangers participated in an annual bird ecology course designed and delivered by bird experts from Massachusetts Audubon Society. These efforts are extended to the communities where school children assist in bird identification.
- The acquisition of a new outboard engine allowed the TFCA rangers to conduct a total of 150 day and night patrols (100 patrols on land and 50 patrols on rivers).
- TIDE's education and outreach initiatives continue to engage the surrounding communities in very positive ways:
  - TIDE involved local institutions, tour guide associations, the Belize Defense Force, and NGOs in celebrating international environmental awareness events such as Earth Day, Biodiversity Day, and International beach cleanup day, among others.
  - TIDE's delivered conservation presentations to 680 students at the elementary level within the MMMC. Additionally, rangers visited 41 households targeting hunters and fishers and presented material on the importance of conservation and sustainable development.
  - TIDE'S award-winning Freshwater (Soccer) Cup continues to gain international recognition for innovation in social and environmental enhancement. The Freshwater Cup program, known for creatively engaging communities in environmental conservation, was invited to share its experience at the University of California.
  - TIDE 6<sup>th</sup> annual summer camp on the theme "The Importance of Biodiversity" was attended by 130 children and 30 volunteers from 10 communities within the MMMC. Participants from the inland communities and the coastal communities 'exchanged ecosystem visits' to enrich their understanding of the ecological linkages.

### **Leveraging Financial and Institutional Resources**

- TIDE continues to serve on the Executive Council of the Association of Protected Areas Managers (APAMO). Through APAMO, TIDE has participated in the development of

draft National Forest and Responsible Tourism policies, supported the revision of the Fisheries Act (through the Ministry’s Fisheries Advisory Board), and participated in a coalition against offshore drilling within protected areas.

- TIDE senior marine biologist represents APAMO on the University of Belize Education Research Institute (ERI). Marine and Terrestrial research priorities have been identified and a strategic plan has been developed for ERI.
- TIDE was invited to be on the UNDP Equator Initiative Board of Directors and to host the Latin and Central America Community Knowledge Service meeting in Belize.
- TIDE also participated in the REDD+ (Reducing Emissions from Degradation and Reforestation) Belize Three-Year Work Plan and hopes to benefit from this initiative.
- Some direct financial resource leverage for land management was possible in 2010. In particular, funds were leveraged from both the Machaca Hill Ecotourism Lodge and The Nature Conservancy. The summary table below captures this leverage.

### **Conclusion**

The funds acquired under the TFCA agreement continue to make up the largest percentage required for the management of the lands. TIDE continues to prioritize fund raising from diverse sources in an effort to create financial sustainability for conservation. TIDE staff remains highly dedicated and committed to protecting the resource for future generations.

**Summary Table (\$U.S.)**

<b>Fund Data</b>	<b>2002-2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>Totals</b>
Total approved funding for grants (TFCA Land Management)	494,034	82,422	82,422	82,422	741,300
Total approved funding for grants (TFCA Land Purchase account.)	667,500	-	-	-	667,500
TFCA Endowment account	486,989	118,734	118,734	118,734	843,191
Other leveraged matches (e.g. co-financing)	121,796	28,664	19,140	20,521	190,121
Total matching funds as % TFCA Land Management grant	25%	35%	23%	25%	26%
Amount spent on administrative costs	124,768	24,727	24,727	24,727	198,949
Administrative costs as % of Land Management grants	25%	30%	30%	30%	27%
Interest and capital gained on TFCA investments	155,860	52,171	98,605	91,638	398,275
Fund balance at the end of the year (Endowment & Land Purchase accounts)*	637,088	951,283	1,227,989	1,159,662	n/a

\*Note: Amounts are determined on a cash basis.

## Program for Belize (PFB)



Program 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 pursuance 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 where 60% of the area is managed for strict preservation. Sustainable economic activities, such as tourism and timber extraction, are being implemented in the remaining buffer areas.

PFB pursued TFCA authorized activities during the ninth year of operation to maintain Programme for Belize's protection programme and personnel. The TFCA funds allowed PFB to continue to deploy its ranger force to manage and patrol various hotspots on the RBCMA. Funds were also used to provide the ranger unit logistical support, including the transportation, communications and required general administration.

### Reporting Period Activities (Year #9)

#### Resource Management and Protection –

The PFB fiscal year is from October through September. This fiscal year was a challenging period for the rangers particularly given the limited man power per unit area. TFCA funds continue to support PFB's forest protection program through abatement and management of illegal activities. Achievement of some of our objectives are highlighted in this report.

Our rangers did not encounter any *illegal fishing activities* throughout the entire reporting period within RBCMA waterways and the adjacent New River Lagoon area. Patrols were deployed throughout the year on the major water bodies especially the New River Lagoon and Irish Creek. We only recorded two instances in the month of March 2010 where individuals were found moving within the waterways, but without signs of illegal activity.

PFB was able to complete a total of three overflights during the reporting period over the RBCMA thanks to assistance from the LightHawk Organization. One purpose of the overflights is to identify suspected *marijuana cultivation clearings* (generally about one acre each). Only one old clearing was identified in February, while three additional sites were located in April. All were near the Cornelio Swamp and have been water-logged and inaccessible since heavy rains in May. Six additional clearings were identified and destroyed as a result of a *December 2010* overflight.

*Illegal logging* continues to occur in private lands adjacent to the PFB property belonging to the New River Enterprise Limited/Joe Loskot. PFB rangers recorded a total of eight illegal logging incidences within this property over the reporting period. Despite several PFB advisories, this landowner does not wish to take any preventive action to deter these activities on his land.

The illegal logging that occurred adjacent to the RBCMA was a major concern for PFB rangers as it contributed to a rise in illegal logging incidences on RBCMA property. Rangers recorded a total of five separate illegal logging incidences along our property boundary adjacent to the public roadway that buffers the RBCMA and NRE lands. The five incidents occurred between December 2009 and February 2010. The scale of the extraction has been small and ranges from 1 to 13 high value species (mahogany or cedar). While suspects are seldom identified, one incident in June resulted in the arrest and successful prosecution of 4 persons after staking out their logging vehicle. Rangers continue to work closely with local police and the forestry department on reporting and confiscations.



(Trees cut into logs by illegal loggers found on roadside)

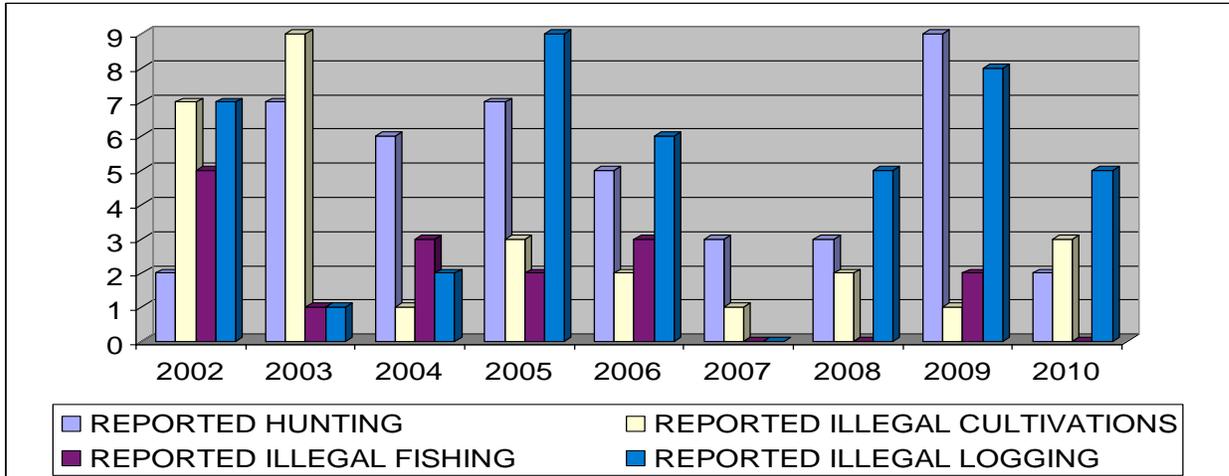


(Illegally processed planks recovered from illegal logging site)

On a positive note, PFB has been improving its capabilities to provide evidence (e.g. chainsaws and lumber) and successfully prosecute defendants in cases of possession of illegal forest products and trespassing in local courts. Often these cases can last as long as one year in duration.

PfB documented 2 incidences of *illegal hunting* activities during the reporting period. In the first, an illegal camp site was found in the Jimbo area containing deer skin and curassow feathers. It is suspected that these hunters were from the Rancho Dolores community. The second incident occurred in the Crystal Creek area where a site was found with 20 expended shotgun shells. No other evidence of loss of animals or anyone was found in the immediate area.

The graph below reflects a declining trend related to both illegal cultivations and illegal fishing activities within the RBCMA boundaries. Illegal logging, however, continues to present challenges annually for PFB rangers and is further compounded by the activities taking place in adjacent private lands and along public roadways bordering the RBCMA. The limited ranger staff continues to man the entry gates daily and must also patrol approximately seventy-three (73) miles of critical boundary lines that are prone to illegal incursions on a daily basis. The RBCMA has an estimated one hundred twenty-five (125) miles of boundary lines that buffer the property.



Additional ranger duties include the clearing of boundary lines, trails and roads; biological monitoring; field station maintenance; permitting and overseeing logging certified logging operations; and, supervision of on-site ‘development’ activities, such as seismic exploration.

### Research and Monitoring

Increased monitoring during the nesting season for the **Yellow Headed Parrot (YHP)**, carried out with the help of two temporary rangers, contributed to the significantly reduced incidences of chick theft from the Pine Savannah areas. The temporary rangers were hired for six months through funding provided by two grants from the Minnesota Zoo/EWCL (nearly \$7,000 total). They were both dedicated to the monitoring and protection of the YHP. The grants also allowed for the production and dissemination of informational flyers designed to educate community members, especially students, about the importance and significance of the Yellow Headed Parrot and the RBCMA Pine Savannahs.

It is estimated that only thirteen nest sites were poached with nine being destroyed (to gain access to the chicks) and a total of 10-15 chicks may have been removed from these sites. No other YHP chick theft incidents were reported for the period. This can be compared to losses of over 30 chicks stolen from one site alone during the previous year, when the rangers were otherwise occupied with seismic oversight operations during nesting season.



(Rangers checking Yellow Head Parrot nest site for chicks)  
Savannah)



(EWCL staff shooting video of YHP chicks for documentary)

(EWCL staff on tour of YHP sites in the Savannah)



(YHP nesting site in the Savannah)

Through a combination of residual seismic exploration monitoring funds, carbon sequestration funds and TFCA grant funds, PFB rangers received a complete set of field gear. The gear included: pants, shirts, t-shirts, belts, hats, water canteens, backpacks and boots, 3 pairs of handcuffs and 3 pairs of binoculars.

### Other Activities Leveraged or Counterpart Funding Opportunities

A number of infrastructural improvements were made possible through a combination of TFCA funds, the World Land Trust, and residual funds from the seismic exploration activities. A combined total of approximately \$67,400 was invested into the facilities at the East Gate entry post. The facilities include a “green” guard post complete with internal bath facilities, bedrooms and living area capable of accommodating both rangers and researchers.

PfB also completely renovated the secondary building at the East Gate entry in February. Both facilities are connected to the well served by a new water pump a pressure tank. All buildings include a newly installed septic system. The solar system was upgraded with new batteries, inverter and switch panel at this gate which now provides 24 hour electricity to both buildings and powers running water and communications.



(New Main Building on Site – Side View)  
View)



(Secondary Building at East Gate - Front View)

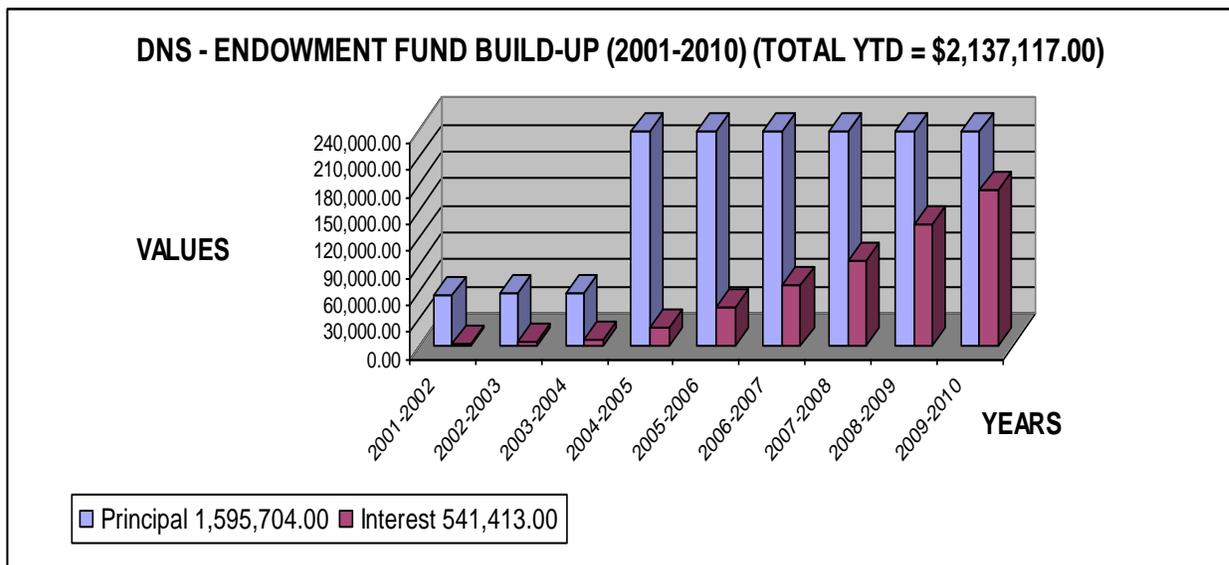
In August, work commenced to restore and renovate 2 buildings and also to construct 2 new buildings thanks to \$100,000 funding from the **MAS-BCF/Wallace Foundation**. The works include renovations and repairs to be done on the Bergen’s Gate Ranger post, the North Gate Ranger post, and a mobile Ranger/Guard post. A fourth building will be a newly constructed office and management facility which will be installed at the Hill Bank field station that will serve to enhance coordinating and management activities for protection and other station related activities.

PfB is working in conjunction with **neighboring private landowners** (e.g.the Gallon Jug and Yalbac properties) to establish a more secure gate pass/time stamp system that will allow all the properties more coordinated control on the movements of vehicles and persons entering the access gates/roads and doing business within each property. The effort will also include visitor information regarding the ecosystems and about the rules and regulations that must be followed on entry into each property.

**Budget Distribution** *(all figures in Belize Dollars – or nearly double \$U.S. amounts)*

Programme for Belize has received both disbursements from the Government of Belize for the fiscal year 2009-2010 totaling \$402,304. Of this total, \$237,468 (59%) was transferred to the Endowment Account and \$164,836 (41%) was transferred to the Land Management Account.

Each fiscal period, PfB expends approximately 100% of the budget in the Land Management account. Approximately \$115,385 (70%) of this covered salaries for all the Rangers. The other 30% or \$49,451 was used to cover administrative expenses. The total actual endowment funds accrued, plus interest earned, totals \$2,137,117 as at September 30, 2010.



The TFCA program continues to support a RBCMA ranger force of ten. Rangers are deployed for field monitoring at entry points and for daily patrols, both terrestrial and aquatic. PfB rangers continue to ensure that the RBCMA remains under active and effective management and protection.

## 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.

To date PACT Foundation has awarded 19 grants. The following information covers the reporting period January – December, 2010. The PACT Foundation TFCA account balance as of December 31, 2010 was US\$ 2,789,994.



Figure 1: Visitors enjoying Rio Blanco



Figure 2: Mayan Woman selling arts and crafts

### Major Achievements in 2010

At the commencement of the operational year in January 2010, the PACT continued to administer five PACT Foundation grants from the previous 2009 grant cycle: 1) *“Revision to the Sarstoon Temash National Park Management Plan”* awarded to the Sarstoon Temash Institute for Indigenous Management (SATIIM); 2) *“Organizational Capacity Building and Education Program”* awarded to the Community Baboon Sanctuary Women’s Conservation Group (CBSWCG); 3) *“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); 4) *“Park Management and Community Outreach for Rio Blanco Mayan Association”* awarded to the Rio Blanco Mayan Association (RBMA); and, 5) *“Development of a financial sustainability plan for the Rancho Dolores Environment and Development Company (RDEDCL).*

The first three grant recipients of the 2009 grant cycle were repeat awardees in the subsequent (fourth) grant cycle. This grant cycle commenced in September 2010 with the RFP and the projects were awarded in December 2010. All five projects support protected areas. These included: 1) *“Enhancing Biodiversity Conservation in the Sarstoon Temash Region”* awarded to the Sarstoon Temash Institute for Indigenous Management; 2) *“Improving Organizational Management and Sustainability”* awarded to the Community Baboon Sanctuary Women’s Conservation Group; 3) *“Caye Caulker Forest Reserve --Habitat Restoration and Outreach Phase III”* awarded to the Forest and Marine Reserves Association of Caye Caulker; 4) *“Gap funding for Natural Resource Management, Protection and Monitoring of Billy Bacquerdier National Park”* awarded to the Steadfast Tourism and Conservation Association; and, 5) *“Forest Inventories for Assessment of Environmental Services and Sustainable Extraction Practices”* awarded to the Ya’axché Conservation Trust. These five projects commenced implementation in January 2011.

Two projects funded under the third RFP, experienced challenges and were therefore not funded for subsequent activities: the Rio Blanco Mayan Association and Rancho Dolores Environment and Development Company. Both experienced governance turnover challenges which delayed the implementation of the respective projects. Nevertheless, the former did establish a monitoring presence in the Rio Blanco National Park and assisted the community schools of Santa Cruz and Santa Elena with much needed solar panels and laptops. The latter project, despite the internal challenges, was still able to produce a Rancho Dolores financial sustainability park plan.

Valuable lessons are being learned and applied to strengthening of the PACT grants management process. All grantees experienced some degree of difficulty in project management, such as the timely submission of reports. Consequently, projects required a high level of ‘compliance’ support and constant oversight from the PACT Officers. The outcomes of increased PACT assistance and monitoring were grantees with strengthened management capacity and successful projects. Improved communications ensure appropriate and timely guidance is provided and ensures that any contraventions to the grant agreements are diagnosed early during project implementation of the project and corrective measures are put in place.



Figures 3 & 4: FAMRACC enjoying the replanting of mangroves

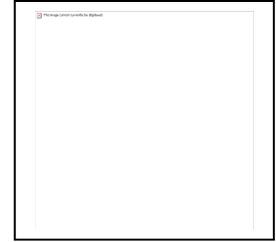
## Leveraging of TFCA Resources

Cost-sharing 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 were also sourced from each of the grantees as well as from the U.S. Peace Corps and the University of Arkansas.

**Summary Table \$US**

<b>Fund Data</b>	<b>2007 - 2008</b>	<b>2009</b>	<b>2010</b>	<b>Totals</b>
No. of proposals submitted	15	8	5	28
No. of proposals approved	9	5	5	19
Total approved funding for grants	\$348,575	\$163,500	\$153,094	\$665,169
Total of counterpart match (grantee cost-share)	\$83,672	\$45,591	\$67,620	\$196,883
Other leveraged matches (e.g. co-financing)	\$86,772	\$40,918	\$85,380	\$213,070
Total matching funds as % of approved grants	49%	53%	100%	62.25%
Amount spent on administrative costs	\$87,758	\$40,830	\$42,868	\$171,456
Administrative costs as % of grants approved	25%	25%	29%	26%
Interest and capital gained on investments	\$460,579	\$200,663	\$208,962	\$870,204
Fund balance at the end of the year	\$2,125,301	\$2,395,300	\$2,789,994	n/a

## Botswana



**Date of Agreement:** October 5, 2006  
**Type of Agreement:** reduction/rescheduling  
**U.S. Budgetary Costs:** \$7.0 million  
**Conservation funds generated:** \$8.3 million over ten years (through 2016)  
**Fund Manager:** Forest Conservation Botswana

### Schedule of Payments to TFCA Account through 12/31/10 (U.S. \$)

Date	Forest Grant Fund	Savings Acct.	Grant Approvals
2010	\$ 1,798,955	\$ 2,417,728	\$ 618,773

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, particularly within the country's system of national protected areas, especially the Okavango Delta and Chobe National Park regions. 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 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 a home for a variety of wildlife species, including the fishing owl, leopard, African elephant and hippopotamus.

### Program Overview and Administration

In 2007, the Government of Botswana approved the legal registration of Forest Conservation Botswana 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, (from the Ministry of Environment, Wildlife and Tourism), and five representatives of local Community- Based, Academic and Environmental Organizations. The Board of Directors meets quarterly (4 meetings in a year) to consider project proposals and other business of the company. The Board developed a three-year Strategic Plan to provide direction and focus in program implementation.

The company started its operations in 2009, a year used to develop of grant-making and governance policies and procedures, including: grant making guidelines, an operations manual, a project proposal template, and several communications tools. The first Call for Project Proposals was issue in Nov. 2009 with a submission deadline of February 2010. Board approvals were completed by May 2010.

## Grant-Making

The TFCA program in Botswana is a small grants program (typically under US\$ 100,000) to provide direct funding for projects to local community and environmental organizations.

As of December 2010, the TFCA Board had awarded 15 grants totaling P4,075,033 (about US\$ 618,773) to Environmental NGOs, Community Based Organizations and academic institutions, which supported the following activities:

- Establishment of community indigenous tree nurseries and gardens in the North, South East and South Western Botswana.
- Development of land use management plan for a Community Forest Reserve in the Okavango Delta
- Development of community livelihoods based on morula fruit tree and other non-timber forest products compatible with the conservation and management of the Thotayamarula Forest.
- Development of inventory of Botswana's medicinal plants.
- Land reclamation projects at two sites in the central District of Botswana.



Ithuseng Community Development Trust: community indigenous tree nursery, the picture on the left shows the mokgwae seedlings that will be planted in the fenced garden on the right. Mokgwae is a medicinal plant which has been over-harvested over the years.

The signing of grant agreements for four of the 15 awarded grantees have been delayed due to reasons such as grant approval occurring at the final Board meeting of the year on December 9, 2010 (Matsheng Community Development Trust and Somarelang Tikologo); late requests for budget increases (University of Botswana – Department of Biological Sciences), and a U.S.-based grantee (Virginia Tech. University) arranging banking through an in-county implementing partner.

### Summary Table 2010

(with approximate US\$ amounts based upon exchange rate cited in footnote)

Fund Data	2009	2010	Total
No. of proposals submitted	--	81	81
No. of proposals approved	--	15	15
Total approved grant funding	--	P4, 075, 033 (US\$ 618,773)	P4, 075, 033 (US\$ 618,773)
Total of counterpart match (grantee cost sharing)	--	P13, 000 (US\$ 1,974)	P13, 000 (US\$ 1,974)
Other leveraged matches (e.g. co-financing)	--	P50,000 (US\$ 7,592)	P50,000 (US\$ 7,592)
Total matching funds as % of approved grants	--	1.5%	1.5%
Amount spent on administrative costs	P773,229 (US\$ 117,411)	P1,413,369 (US\$ 214,613)	P2,186,598 (US\$ 332,024)
Investment Income	P62,397 (US\$ 9,475)	P1,515,906 (US\$ 230,183)	P1,578,303 (US\$ 239,657)
Year-end Fund balance	P13,269,623 (US\$ 2,014,926)	P30,409,992 (US\$ 4,617,605)	n/a

*Currency Exchange Rate:*

1 Botswana Pula = 0.1518450 USD (<http://www.bankofbotswana.bw>) January 7, 2011

## Brazil

<b>Debt Agreement signed</b>	August , 2010
<b>Type of Agreement</b>	bilateral debt reduction
<b>U.S. budgetary costs</b>	\$19.5 million
<b>Conservation funds generated</b>	\$21 million (over 5 years)

### **Schedule of Deposits to TFCA Account through 12/31/10 (U.S. \$)**

*(includes neither investment income nor administrative expenses, only direct deposit amounts)*

<b>Date</b>	<b>Escrow Account</b>	<b>Grants Approved</b>
2010	\$2,042,160	\$0

The Governments of the United States of America and the Federative Republic of Brazil signed a Debt-for-Nature Agreement in August to reduce Brazil's debt payments to the United States by close to \$21 million over the next five years. In return, the Government of Brazil has committed these funds to support grants to protect the country's tropical forests. Under the Agreement, grants will support activities to conserve protected areas, improve natural resource management, and develop sustainable livelihoods for communities that rely on forests.

Brazil is one of the most biologically-rich countries on earth. Funds generated by the Agreement will help Brazil protect its biodiversity in areas such as the Atlantic Rainforest (Mata Atlantica) as well as the Caatinga and the Cerrado Biomes. Together, the biomes cover approximately 50 percent of Brazil's territory and are home to some of the world's most unique wildlife, such as Black-faced Lion Tamarins, Brazilian Gold Frogs, Blue-Bellied Parrots, and the Brazilian rosewood. The Atlantic Rainforest alone contains more than 250 species of mammals, more than 750 species of reptiles and amphibians and nearly 1,000 species of birds.

### **Major Achievements in 2010**

Entry into force of the TFCA Agreements was dependent, in part, upon the completion of a Technical Cooperation Agreement (TCA) between the Government of Brazil and the Fund Administrator, The Brazilian Biodiversity Fund (FUNBIO). The TFCA has been completed, however, other conditions for the transfer of the Escrow account balance should be completed in early 2011.

The TFCA Board is scheduled to meet for the first time in March 2011. The Board will be composed of one representative from the U.S. Government; representatives from three Government of Brazil Ministries (External Relations, Treasury and Environment); the National Council for Biodiversity (CONABIO); a Brazilian Environmental NGO; the National Council on Forests (CONAFLO); and the National Council of the Atlantic Forest Biosphere Reserve.

## Colombia



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

### Total Deposits to TFCA Accounts through 12/31/10 (US \$)

Date	Grants	Endowment	Reserve
2004-2010	\$2.753.824	\$6.437.058	\$0

On March 30, 2004, a subsidized debt-for-nature swap was signed under the Tropical Forest Conservation Act (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, with the purpose of increasing connectivity and ecological integrity of the country's tropical forests. The TFCA Account will provide direct funding for conservation and sustainable development activities in both public and private protected areas, their buffer zones, and corridors (50%) and for the creation of an endowment fund (50%).

As of December 31, 2010 the Government of Colombia had made 14 out of 26 scheduled payments for a total of \$9.4 million into the TFCA Account (92% amortized).

During the year the Oversight Committee (OC) and its Financial Commission analyzed the financial situation of the different TFCA sub-accounts. As a result of the analysis, the OC transferred the entire amount deposited in the Reserve sub-account into the Grants. In this scenario, projected financial returns would be higher and the OC would also have a greater capacity to fund the Second Investment Strategy (2011-2016). The OC decided to accelerate closure of the Reserve and ordered the transfer of US\$1,401,380 into the Grants sub account<sup>7</sup>.

<sup>7</sup> Exchange rate USD \$1= \$1.831 Colombian pesos.

## Governance

The Oversight Committee (OC) 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 OC met twice in 2010. Julia Miranda, Director of the Special Administrative Unit of the National Natural Parks System, chaired the Committee during 2010.

## Major Achievements in 2010

### Second Investment Strategy (2011-2016)

During its second ordinary session of 2010 (October), the OC approved a new investment and fundraising strategy for the three prioritized forest areas: Serranía de los Yariguíes, Andean Oak Forest Corridor and Tuparro Biosphere Reserve. The OC reserved \$2.8 million to fund this Second Investment Strategy for 2011-2016. This means that by 2016, the Grants sub account will be practically expired.

Following recommendations from the Independent Evaluation Mission that reviewed TFCA Colombia in August 2009, the Request for Proposals (RFP), to be opened in 2011, will stimulate the presentation of projects within the framework of landscape scale conservation programs. New grants will allow for technical studies to assess ecosystem conditions and conservation values in TFCA priority forested areas; implement reforestation, protection or restoration actions; enhance capacities and skills of local producers and youth groups; conduct environmental monitoring; and design and implement financial mechanisms for conservation, among others. TFCA investments aim to secure conservation project sustainability, promote on-site biodiversity conservation, ecological processes and environmental services and contribute to sustainable production systems. Eligible projects will be required to assess their contributions to the national conservation targets and to implement an impact monitoring system.

Another recommendation from the evaluation mission was for the OC to define conservation targets for the areas. Targets were established following recommendations from recognized institutions including IDEAM, Instituto Humboldt, and The Nature Conservancy. The OC decided to use the Minimum National Conservation Targets (MNCT) as a ceiling for each forest area. The following table presents the results achieved by the projects that were funded in the first investment strategy (2006-2009) and presents basic data for the 2011-2016 investment strategy.

ANDEAN OAK FOREST CORRIDOR	
TFCA Investment Strategy I - 2006-2010	
Area under conservation in TFCA-funded projects	1.500 has
Minimum National Conservation Target (MNCT) for the area	15.428 has
TFCA contribution to MNCT	9.7%
TFCA Investment Strategy II - 2011-2016	
Conservation target	1.600 has
Expected TFCA additional contribution to MNCT	10.3%
Programmed allocation by TFCA Oversight Committee	\$1.095.000
Expected match	\$210.000
Aggregate TFCA contribution to MNCT (expected)	20%
YARIGUIES NATIONAL PARK – BUFFER ZONE	
TFCA Investment Strategy I - 2006-2010	
Area under conservation in TFCA-funded projects	698 has
Minimum National Conservation Target (MNCT) for the area	11.690 has
TFCA contribution to MNCT	6%
TFCA Investment Strategy II - 2011-2016	
Conservation target	1.630 has
Expected TFCA additional contribution to MNCT	13.9%
Programmed allocation by TFCA Oversight Committee	\$1.095.000
Expected match	\$210.000
Aggregate TFCA contribution to MNCT (expected)	20%
EL TUPARRO BIOSPHERE RESERVE	
TFCA Investment Strategy I - 2006-2010	
Area under conservation in TFCA-funded projects	11.899 has
Minimum National Conservation Target (MNCT) for the area	311.824 has
TFCA contribution to MNCT	3.8%
TFCA Investment Strategy II - 2011-2016	
Conservation target	TBD
Programmed allocation by TFCA Oversight Committee	\$645.000
Expected match	\$210.000
Aggregate TFCA contribution to MNCT (expected)	TBD

In the Andean Oak Forest Corridor, the TFCA projects financed in the first investment strategy contributed 9.7% to the MNCT. The 2011-2016 conservation target has been set at an additional 1.600 has, thus bringing the expected aggregate TFCA contribution to 20%.

In the case of the forest area in the buffer of Yariguies National Natural Park, the target is to add 1,630 hectares to the 698 has that were placed under conservation thanks to the TFCA first strategy projects. This will also raise the expected aggregate TFCA contribution to 20%.

The total amount set aside by the OC for the Request for Proposals (RFP) to be opened in Yariguies and Andean Oak Forest Corridor in 2011 is \$2.2 million<sup>8</sup>.

The OC also decided to adopt a new approach for the **Tuparro Biosphere Reserve**. Investments during 2011-2016 will focus on the Tuparro National Natural Park, which is the core of the Biosphere Reserve. A decision on the specific design for Tuparro will be adopted in March 2011. The OC has allocated \$645,000 from the Grants Account to be invested in this area between 2011 and 2016.

### **Building conservation alliances at the regional level**

As a result of fundraising efforts in 2010, FPAA and Corporación Autónoma Regional de Santander (CAS) began negotiations of a strategic partnership under which CAS would contribute technical and financial resources for the TFCA RFP in 2011. This partnership with a CAS is an important precedent, as the Regional Corporations administer a substantial amount of public resources and represent a critical development planning entity.

### **Current Investment Portfolio**

The 2006-2009 grant making strategy resulted in the allocation of \$2.7 million to five projects in the three priority forest areas. Only three projects were active in 2010 and were monitored closely by FPAA. Those three are:

#### *1) Sustainable production and conservation by civil society organizations (Yariguies)*

During 2009, the OC decided to proactively anticipate project termination due to difficulties between the implementing organizations, RESNATUR, Renaprovel and CIPAV. In 2010, the OC and FPAA served as mediators in order to avoid jeopardizing the results achieved so far. The implementing organizations were able to agree on a plan to finalize the project, reduce risks and achieve impacts in the most relevant components, and gather information on project results.

The project was successfully closed by October 2010 with the following results:

- 40 capacity building activities were successfully implemented
- 130 beneficiaries developed new landscape management skills and knowledge
- 161 hectares were established under sustainable production
- 126 hectares were designated under strict protection measures
- 1.020 hectares were established as private natural reserves
- 50 private reserves were established
- 2 local youth groups (out of 4) developed 2 conservation projects
- 96 conservation agreements were signed

Notwithstanding the institutional tensions and inevitable delays, the investment made by TFCA in this project strengthened local knowledge on conservation strategies and contributed to local environmental management through conservation and development

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<sup>8</sup> Exchange rate USD \$1= \$1.860 Colombian pesos.

actions including sustainable cattle ranching and agroforestry. The project also helped to: a) strengthen the local protected areas system by supporting the creation of local private reserves and the resulting protection of forests, b) restore Andean forest ecosystems by promoting reforestation actions implemented by local communities, c) transform traditional production systems into sustainable ones, and d) develop capacities of local partners by promoting knowledge exchange, education activities and interaction among communities.

## 2) *Conserving the oak forest (Andean Oak Forest Corridor)*

This project aims to enhance connectivity at the local level by implementing conservation agreements with local communities, converting traditional cattle ranching into sustainable cattle ranching systems, strengthening local institutions and developing a landscape scale monitoring system.

During 2010 the project achieved the following results:

- 80 beneficiaries signed conservation agreements.
- 8 private natural reserves were registered at the Environmental Ministry and the National Network of Private Natural Reserves
- 20 hectares of wood forest for household consumption were established
- 4 watershed management plans were implemented at the local level
- 80 hectares were established under sustainable cattle production
- 80 families were involved in capacity building activities
- A multi-scale monitoring system was designed and operated

The project contributed to the promotion of ecological integrity and connectivity of oak forests in the Andean Oak Forest Corridor by protecting 1,500 hectares; it also strengthened local protected area systems by supporting project beneficiaries in the process of creating private nature reserves, protecting water resources, and applying sustainability principles to farm management. Finally, the project strongly supported beneficiaries in the process of converting their traditional production systems. This project implemented a landscape scale approach using computer-based tools that helped the organizations establish a methodology to monitor ecosystem conditions.

## 3) *Controlling encroachment by cattle ranching (Yariguíes)*

In July 2008, the Oversight Committee approved a grant for a project presented by the Cooperativa Empresarial de Trabajo Asociado –CETA- in the area of influence of the Yariguíes Natural Park. CETA has experience in the promotion of rural micro enterprises and cooperatives at the local level. This private organization has teamed up with the regional environmental authority (Corporación CAS) and the municipalities of El Carmen and San Vicente de Chucurí.

This project, developed by the local organization CETA, achieved the following results during 2010:

- 76 project beneficiaries signed conservation agreements
- 480 hectares were integrated to a program that aims at reducing conflicts over land and resource use
- 210 hectares were protected and incorporated under restoration processes
- 63 families adopted best practices for sustainable cattle production
- Project beneficiaries assessed their commitment and contribution to project outcomes

CETA commitment to the project is reflected in the support it has received from local communities and in exceeding initial goals. CETA is aware that TFCA resources are limited and therefore has engaged in successful fundraising actions that will allow it to continue with activities that promote on site conservation and sustainable production systems.

**Summary Table**  
**FPAA Management Years (2004-2010)**  
(In US\$ thousands)

TFCA Account Data	2004-08	2009	2010	Total 2004 - 2010
No. of proposals received (including profiles)	77	0	0	77
No. of approved projects (1)	6	0	0	6
Approved TFCA funding	\$ 2.748	\$ 0	\$ 0	\$ 2.748
Beneficiary counterpart match	\$ 1.923	\$ 0	\$ 0	\$ 1.923
Total value of grants	\$ 4.671	\$ 0	\$ 0	\$ 4.671
Counterpart as % of FCA grants	70%	0%	0%	70%
FPAA disbursements	\$ 1.220	\$ 401	\$ 577	\$ 2.198
Amount spent on administration	\$ 489	\$ 126	\$ 126	\$ 741
TFCA Account balance - end of year				
Grants	\$ 3.080	\$ 1.635	\$ 2.754	-
Endowment	\$ 4.817	\$ 6.038	\$ 6.437	-
Reserve	\$ 1.515	\$ 1.410	\$ 0	-

Note: (1) One special project (VIPIS) was selected by the OC in 2005. Five projects were funded under the First Investment Strategy.

Source: FPAA 2010; [www.accionambiental.org](http://www.accionambiental.org)

## Costa Rica I



<b>Debt Agreement signed</b>	September 13, 2007
<b>Type of Agreement</b>	subsidized debt-swap
<b>U.S. budgetary costs</b>	\$12.6 million
<b>Conservation funds generated</b>	\$26 million (over 16 years)
<b>Private funds contributed</b>	\$2.5 million

### **Schedule of Deposits to TFCA Account through 12/31/10 (U.S. \$)**

*(includes neither investment income nor administrative expenses, only direct deposit amounts)*

<b>Date</b>	<b>Forest Grant Fund</b>	<b>Grant Approved</b>
2007-2010	\$ 5,368,576	\$513,950

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 tropical forest areas in Costa Rica that are exceptional for their tropical forest ecology and biodiversity, as well as for the benefits that their natural resources provide to the communities that inhabit the areas. The Osa Peninsula harbors a diversity of habitats and a particular richness of species. 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 region is home to the great green macaw, while the Tortuguero region includes a rich variety of wet lands and 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**

By way of review, the early years of the TFCA agreement were stymied by a number of issues such as legal interpretation of the limited authorities under the bilateral agreement by the Ministers for the Finance and the Environmental and concerns about the GOCR tax treatment relative to the TFCA account deposits and earnings. In addition, in 2009, the contract as Fund Administrator changed entities and, after a rigorous selection process, was issued to Costa Rica's National Institute for Biodiversity (INBIO).

At the beginning of 2010, the new Administrator (INBio) worked with the Oversight Committee (OC) and the selected Trustee (Banco BCT) to accomplish the creation of the endowment for the debt-for-nature swap. After the completion of the Trust Agreement in February 2010, the accounts required by the TFCA were opened. These arrangements allowed for the First Calls for Proposals in 2010.

The Administrator and the Oversight Committee worked together to prepared the documentation that guided the eligible entities to prepare their proposals. A total of 83 proposals were received from 61 organizations, but only 5 grants were awarded in accordance with TFCA planned expenditure allocations. Grants will target activities in environmental education, agroforestry, community-based tourism and the strengthening of community-based organizations in three tropical forest areas (Osa, Amistad and Tortuguero). The 5 projects are expected to start at the beginning of 2011 and together they will receive approximately US\$510,000.

#### Projects awarded in the 2010 Calls for Proposals

NGOs	Principal Area of Action	Duration (years)	Awarded Budget (US\$)	Topical Forest Area
ASIREA	Strength of community-based organization and environmental education	1	30,120	<b>Tortuguero</b> (buffer zone of Pococí aquifer)
ANAI	Agroforestry	2	137,235	<b>Amistad</b> (caribbean buffer zone of IP La Amistad and adjacent biological corridors)
Red Quercus	Environmental education	2	117,661	<b>Amistad</b> (pacific buffer zone of IP La Amistad and adjacent biological corridors)
Fundación Corcovado	Community-based tourism	2	114,973	<b>Osa</b>
FUNDAOSA	Agroforestry	2	110,937	<b>Osa</b> (Amistosa Biological Corridor)

The two public events receiving considerable national media coverage, the Opening of the Call for Proposals and the announcement of the successfully grant award winners, the TFCA II Fund increased its profile in the conservation community. The recognition has created additional opportunities to achieve Fund conservation objectives through partnerships with non-governmental and community-based organizations. The TFCA II Fund is continues to identify an appropriate niche to positively impact conservation, protection, restoration and sustainable use of tropical forest in Costa Rica. The Board was most pleased with the number of proposal submissions and the efficiency of the grant process to date.

**Summary Table (\$US)**

<b>Fund Data</b>	<b>2007-2009</b>	<b>2010</b>	<b>Total</b>
No. of proposals submitted	n/a	83	83
No. of proposals approved	n/a	5	5
Total approved funding for grants	n/a	\$513,950	\$513,950
Total of counterpart match (grantee cost-share)	n/a	\$302,169	\$302,169
Other leveraged matches (e.g. co-financing)	n/a	--	--
Total matching funds as % of approved grants	n/a	59%	59%
Amount spent on administrative costs	n/a	\$127,638 <sup>1</sup>	n/a
Investment Income	n/a	\$54,319 <sup>2</sup>	\$54,319
Fund balance at the end of the year	n/a	\$946,610 <sup>3</sup>	n/a

<sup>1</sup> Amount spent on administrative costs by previous Administrator is not included.

<sup>2</sup> Investment income gained in 2010 after the funds were transferred to the Endowment.

<sup>3</sup> Calculated as 2010 government deposits (\$1,533,878,95) + investment income (\$54,319,02) – funds for grants (\$513,949,69) – administrative costs (\$127,638,00).

Website: [www.canjeusacr.org](http://www.canjeusacr.org)

## Costa Rica II

<b>Debt Agreement signed</b>	October, 2010
<b>Type of Agreement</b>	subsidized debt-swap
<b>U.S. budgetary costs</b>	\$19.6 million
<b>Conservation funds generated</b>	\$27 million (over 15 years)
<b>Private funds contributed</b>	\$3.9 million

### **Schedule of Deposits to TFCA Account through 12/31/10 (U.S. \$)**

*(includes neither investment income nor administrative expenses, only direct deposit amounts)*

<b>Date</b>	<b>Escrow Account</b>	<b>Grants Approved</b>
2010	\$4,238,476	\$0

The Governments of the United States of America and the Republic of Costa Rica, the Central Bank of Costa Rica, and The Nature Conservancy have concluded agreements that will provide more than \$27 million over the next 15 years for tropical forest conservation in Costa Rica. The agreements were made possible by the Tropical Forest Conservation Act of 1998 (TFCA). Together with a previous TFCA program established in 2007, these agreements make Costa Rica the largest beneficiary under the TFCA, with more than \$50 million generated for the conservation, restoration, and protection of tropical forests.

The new TFCA program will support the efforts of the Costa Rican Government, working with the Forever Costa Rica project, a new conservation initiative, to develop and sustainably finance a complete and integrated system of protected areas. TFCA grants will benefit areas such as the Osa Peninsula, including the Terraba-Sierpe mangrove swamps, the Naranjo/Savegre River complex, which contains some of the highest levels of biodiversity in Costa Rica, as well as the La Amistad International Park, home to one of Central America's most diverse ecosystems.

The new agreements were made possible by the contribution of over \$19.6 million by the U.S. Government under the TFCA, as well as a donation of more than \$3.9 million from The Nature Conservancy. The Costa Rica II agreement marked the 17<sup>th</sup> TFCA deal.

### **Major Achievements 2010**

In December 2010, the Oversight Committee (OC) met to discuss the requirements of the "Designated OC Members" and agreed on inviting the Organization of Tropical Studies (OET) and the EARTH University as potential candidates. Both entities sent their institutional resumes and related information for consideration. In January 2011, the OC met officially for the first time and unanimously approved both candidates as Designated Members. With the addition of these two non-governmental representatives, the OC is wholly formed.

A second official meeting is scheduled for February 22, 2011, when OC officers will be elected. In preparation for the meeting, the Fund Administrator, Forever Costa Rica Association (FCA) is preparing the detailed timeline and work plan for issuance of grants in early 2011. The work plan also includes proposed board strengthening trainings for the new Oversight Committee.

## El Salvador



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

### Schedule of Payments to TFCA Account through 11/30/10

	Accrued Deposits (US\$)	Grant Approvals (US\$)
11/30/10	\$8,836,030	\$3,466,255

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 agreement would generate U.S. \$14 million over 26 years. The FIAES Board increased its membership by one to include a representative from the forest sector and began grant making in accordance with its existing FIAES schedules. The program facilitates the administration, protection, restoration, and the sustainable use and management of forest in El Salvador.

### 2010 Achievements

In the 2010 project cycle, the El Salvador TFCA account supported 12 biodiversity protection and forest recuperation projects that covered 52,981 acres of tropical forests and coastal marine areas of the National System of Protected Natural Areas (known as SANP). FIAES' grants have contributed to the conservation and sustainable management of the SANP, RAMSAR and Biosphere Reserve sites. FIAES' grant support allowed for the protection of the natural areas with guard personnel, biodiversity research, biological monitoring for adaptive management, improvements to visitor infrastructure, and general programming support for the sustainable use and management of the natural resources.

Overall project outcomes include an increase in forest vegetation coverage through reforestation and agroforestry systems in the areas buffer zones, as well as the conservation of the SANP protected area habitat. Protection of fragile wetland sites (RAMSAR sites) was a priority of the 2010 grant cycle, including two newly declared RAMSAR sites: the Lake Güija Complex in Metapán and Lake Olomega in San Miguel. The declaration will be of particular help to migratory bird species, some of which are shared with the U.S.

FIAES also provided support for one of the only three UNESCO Biosphere Reserves in El Salvador, "Xirihualtique-Jiquilisco" (the others include "Apaneca-Illamatepec" a tri-national reserve and El Trifinio-La Confraternidad"). FIAES has contributed to the development of two projects within the "Xirihualtique-Jiquilisco" Biosphere Reserve with the Community Development Association of the Nancuchiname Forest—ADESCOBN- and the Mangle Association for the Protection and Development of Lower Lempa—the MANGLE Association.

Table 1 describes the 12 projects and counterpart contributions for the 2010 project cycle. Grant beneficiaries, located in strategically prioritized protected natural areas were all in their second year of the life of the project. The total amount of investment in 2010 was \$635,533 and was comprised of both combined FIAES and counterpart contribution funding. The counterpart contribution totaled approximately 20% of the total investment.

N°	Institution	Protected Natural Areas	Conservation Areas	Total financed US\$		
				FIAES	Counterpart cont	Total
1	ADESCONE-A	Santa Rita - Zanjón El Chino	Imposible - Barra de Santiago	51,529	9,854	61,383
2	AMBAS	Barra de Santiago	Imposible - Barra de Santiago	43,150	9,050	52,200
3	ADESCOCA	Cacahuatique	Nahuaterique	39,870	9,635	49,505
4	ADESCOBN	Bosque Nancuchiname	Bahía de Jiquilisco	44,052	3,199	47,251
5	ARDM	Montaña de Cinquera	Alto Lempa	41,318	6,425	47,743
6	CATIE	Los Farallones	Los Cóbanos	34,917	11,256	46,173
7	ASOCIACIÓN MANGLE	Bahía de Jiquilisco	Bahía de Jiquilisco	22,781	15,000	37,781
8	CODECA	Conchagua	Golfo de Fonseca	37,161	12,416	49,577
9	ALFALIT	Colima	Alto Lempa	52,184	9,640	61,824
10	SALVANATURA	Bosque El Imposible	Imposible - Barra de Santiago	47,353	21,409	68,762
11	ASAPROSAR	La Magdalena	Volcán Chingo	44,713	11,285	55,998
12	FUTECMA	Complejo Taquillo	Costa del Balsamo	45,865	11,471	57,336
<b>TOTAL</b>				<b>504,893</b>	<b>130,640</b>	<b>635,533</b>

N°	Intitution	Protected natural areas	Population				Total population
			Men	Women	Boys	Girls	
1	ADESCONE-A	Santa Rita - Zanjón El Chino	737	828	556	551	2,672
2	AMBAS	Barra de Santiago	736	729	493	481	2,439
3	ADESCOCA	Cacahuatique	351	480	638	589	2,058
4	ADESCOBN	Bosque Nancuchiname	442	455	497	544	1,938
5	ARDM	Montaña de Cinquera	317	343	123	133	916
6	CATIE	Los Farallones	1,297	1,341	1,134	1,204	4,976
7	ASOCIACIÓN MANGLE	Bahía de Jiquilisco	268	267	226	225	986
8	CODECA	Conchagua	631	661	352	333	1,977
9	ALFALIT	Colima	1,524	2,153	1,535	2,320	7,532
10	SALVANATURA	Bosque El Imposible	243	237	134	136	750
11	ASAPROSAR	La Magdalena	2,998	3,010	2,356	2,366	10,730
12	FUTECMA	Complejo Taquillo	1,063	987	531	584	3,165
<b>TOTAL</b>			<b>10,607</b>	<b>11,491</b>	<b>8,575</b>	<b>9,466</b>	<b>40,139</b>

**Table 2** describes the beneficiary population according to gender and age. The 2010 project cycle benefitted 40,139 people. Women and children comprised 74% of the beneficiary population.



**Success Story:  
The MANGLE Association**

*Jiquilisco Bay Mangroves, one of the principle coastal marine ecosystems in El Salvador.*

The Bay of Jiquilisco is one of most important hydrographic resources of El Salvador. The biological and physical characteristics of this large estuary and the dependence of the local population on intensive fishing activities make its conservation a national priority. The area has also been recognized internationally for its importance in the protection of beach and marine birds migrating from North and South America, and was declared as a Ramsar site and a UNESCO biosphere reserve.

FIAES has supported the protection and conservation of the western region of the reserve through grant awards to the Association MANGLE. The 238 families from eight different communities involved in the project depend on fishing as their primary income source. These include: La Tirana, Las Mesitas, La Canoita, Los Cáliz, La Chacastera, Los Lotes, La Babilonia and La Isla de Montecristo. The project's principle objective is the sustainable management of the reserve through environmental education, protection, conservation and sustainable ecotourism to ensure sustainable income generation to community members. An annual mangrove festival now attracts visitors and promotes a local appreciation of the environmental and cultural contribution of the mangrove ecosystem.

Scientific research concerning the structure, composition and function of the mangrove ecosystem was supported through an alliance among FIAES, the MANGLE Association and the Institute of Ocean Science and Limnology of the University of El Salvador, known by the acronym (ICMARES). The investigations are generating important information to aid in the formulation of future management plans. The total cost of the project was \$128,683 with \$79,605 from FIAES and \$49,078 in counterpart funding from the participating communities.

**Table 3** describes the employment opportunities created by TFCA funded projects in 2010. In summary, 82 permanent positions for project coordinators and guard personnel were created and 11,165 days for temporary positions was generated. Permanent coordinator positions were filled by 20% women and 80% men, an increase from previous years, reflecting the positive impact of past gender equity training. Two organizations were particularly key in generation of employment opportunities: the Ecological Foundation of El Salvador (SALVANATURA), co-administrator of the El Imposible National Park, and the Christian Association for Education and Development (ALFALIT), co-administrator of Colima.

**TABLE 3. Tropical Forest Conservation Act (TFCA) Generated Employment, 2010**

N°	Intitution	Protected natural areas	Temporary Jobs	Permanent Jobs		
			Wage-earning work days	Men	Women	Total
1	ADESCONE-A	Santa Rita - Zanjón El Chino	986	5	1	6
2	AMBAS	Barra de Santiago	1,533	7	2	9
3	ADESCOCA	Cacahuatique	1,298	3	2	5
4	ADESCOBN	Bosque Nancuchiname	350	7	1	8
5	ARDM	Montaña de Cinquera	656	3	2	5
6	CATIE	Los Farallones	312	4	1	5
7	ASOCIACIÓN MANGLE	Bahía de Jiquilisco	395	5	0	5
8	CODECA	Conchagua	154	4	1	5
9	ALFALIT	Colima	2,006	6	1	7
10	SALVANATURA	Bosque El Imposible	1,310	12	1	13
11	ASAPROSAR	La Magdalena	1,261	4	3	7
12	FUTECMA	Complejo Taquillo	905	6	1	7
<b>TOTAL</b>			<b>11,165</b>	<b>66</b>	<b>16</b>	<b>82</b>



**Success Story:  
CODECA – FIAES Project**

*View of the Gulf of Fonseca from the Conchagua Complex Natural Protected Area, located at 1,152 meters above sea level.*

The Conchagua Complex, situated at 1,157 meters above sea level, offers a spectacular view of the Gulf of Fonseca, including the islands of Honduras and the coast of Nicaragua. This 1193 hectare complex is comprised of four different areas: El Faro, Yologual, Surabaya and Maquigue. This forested land was a product of the agrarian reform program enacted by the Government of El Salvador back in 1980 and was transferred from the state as part of the National System of Protected Natural Areas.

Since 1998, the Coordinating Association of the Communities for the Development of Cacahuatique (CODECA) has managed the complex in coordination with the Ministry of Environment and Natural Resources. CODECA has worked for the protection and conservation of natural resources with a community development focus including food security, productive initiatives and community organizational strengthening. Successive FIAES grants have supported the following activities: strengthening park protection activities including funding for four park guards, the maintenance of 6,500 linear meters of trails, completion of an inventory of flora and fauna, environmental education, construction and maintenance of 20,000 m<sup>2</sup> of fire breaks, reparation of 5,000 m<sup>2</sup> of fencing, construction of 300 m<sup>2</sup> of camping area and waste removal activities. Productive activities include honey production involving nine families with projection to incorporate other families and tourism development. The total FIAES grant amount was \$84,000 and CODECA provided a counterpart contribution of \$22,317. The income generating component of the grant have been particularly successful for buffer zone families.

## Illustrative Grant Activities

- Protection of natural areas with the incorporation of 68 park guards, both women and men, and the development of 5,944 patrols of prevention and protection during 2010
- Scientific investigation through 21 biodiversity studies in the SANP, planning and monitoring of biodiversity in the areas
- Monitoring of sustainable management indicators in 11 natural areas
- Construction of a Multiple Use Center
- Improvements and maintenance of 5 operational centers
- Maintenance of 14,000 linear meters of guided trails
- Construction of 4 pedestrian bridges—50 linear meters of construction
- Construction of 3 camping areas—330 m2 of terraces
- Construction of one and maintenance of two interpretative centers
- Maintenance of 3 park entrance gates
- Maintenance of 5 observation decks at scenic overlooks
- Maintenance of 7 existing observation towers
- Production and reforestation of 9,573 native plant species
- Afforestation of 135 acres (previously degraded non-forested sites)
- Participation of 49 schools, 2,626 children, in environmental education campaigns
- Maintenance of 70 nesting boxes for the royal and the black-bellied whistling ducks
- Creation of five flood risk maps and 1 natural disaster evacuation simulation

**TABLE 4. Tropical Forest Conservation Act (TFCA) Strategic Indicators Result, 2010**

INDICATOR	2002	200	200	2005	2006	2007	2008	2009	2010	ACUMULATED TOTAL 2002-2010
N° of approved projects	1	4	5	4	4	9	8	23	12	79
N° of finalized projects	1	4	5	4	4	9	8	23	12	79
Agroforestry (acres)	0	0	0	0	0	0	0	0	0	0
Pure reforestation (acres)	0	0	0	0	5	1	4	17	0	4
Partial reforestation	0	0	4	106	0	4	91	0	412	662
Protected natural areas (acres)	57,314	19,260	29,261	25,752	26,870	33,442	32,207	134,879	52,98	411,966
Water / soil conservation	0	0	0	0	0	0	0	9	5	1
Total of acres	57,314	19,260	29,310	25,858	26,875	33,463	32,302	134,905	53,39	412,685
Beneficiary population	39,725	6,82	20,011	28,207	5,695	24,903	17,760	65,09	40,13	248,358
Permanent	69	22	3	2	2	6	57	147	82	524
Wage-earning work days	750	2,05	1,94	480	1,678	6,409	5,648	39,49	11,16	69,625

Projects implemented in 2010 also focused, for the first time, on supporting tourism promotion with potential to generate income for buffer zone populations. These activities catalyze entrepreneurship in the sustainable management of natural resources through crafts, food preparation, tourism guides and promotion of tourist attractions in different protected natural areas.

**Table 5A and Table B** describe \$3.4 million investment accumulated in 79 FIAES projects since 2002, Projects have been developed by grass root level organizations representing the Salvadoran civil society.

Nº	Call Cycle	Implementation year	Institution	Location (Municipality and Department)	Amount (US\$)
1	2001	2002	ADESCOBN	Jiquilisco, Usulután	4,913.94
2	2001	2002	ADESCOCA	Yamabal, Morazán	20,860.51
3	2001	2002	ALFALIT	Suchitoto, Cuscatlán	22,491.38
4	2001	2002	AMS	El Tránsito, San Miguel	23,258.19
5	2001	2002	ASAPROSAR	Chalchuapa, Santa Ana	23,163.63
6	2001	2002	ASFAREP	Jiquilisco, Usulután	23,575.51
7	2001	2002	ASISTEDCOS	Puerto de La Libertad, La libertad	15,521.28
8	2001	2002	FUNDESA	Zacatecoluca, La Paz	23,041.36
9	2001	2002	SAENA	Santa Ana, Santa Ana	20,960.25
10	2001	2002	SALVANATURA	San Francisco Menéndez, Ahuachapán	22,213.95
11	2002	2003	FUTECMA	Chiltiupán and Jicalapa, La Libertad	54,633.00
12	2002	2003	FUNPROCOOP	San Vicente, San Vicente	51,781.00
13	2002	2003	AMS	El Tránsito, San Miguel	54,868.00
14	2002	2003	PRODETUR	Arambala, Morazán	46,760.00
15	2003	2004	AMS	El Tránsito, San Miguel	37,005.00
16	2003	2004	ASACMA	El Congo, Izalco and Armenia, Santa Ana and Sonsonate	42,876.00
17	2003	2004	FUNEDES	San Julián and Caluco, Sonsonate	38,451.00
18	2003	2004	FUNPROCOOP	San Vicente, San Vicente	43,131.00
19	2003	2004	PRODETUR	Arambala, Morazán	38,400.00
20	2004	2005	ADESCOBN	Jiquilisco, Usulután	50,460.00
21	2004	2005	ALFALIT	Suchitoto, Cuscatlán	48,851.00
22	2004	2005	ASACMA	El Congo, Izalco and Armenia, Santa Ana and Sonsonate	49,463.00
23	2004	2005	CEPRODE	Metapán, Santa Ana	50,734.00
24	2005	2006	CEPRODE	Metapán, Santa Ana	46,138.00
25	2005	2006	ADEL OAT	El Paisnal, San Salvador	50,400.00
26	2005	2006	AGAPE	Sonsonate	51,794.00
27	2005	2006	SALVANATURA	San Francisco Menéndez, Ahuachapán	51,527.00
28	2006	2007	ASACMA	El Congo, Izalco and Armenia, Santa Ana and Sonsonate	49,398.00
29	2006	2007	FUNDARRECIFE	Acajutla, Sonsonate	53,473.00
30	2006	2007	AAVSS	San Juan Opico, La Libertad	50,595.00
31	2006	2007	CEPRODE	Metapán, Santa Ana	47,255.00
32	2006	2007	ADESCOLAB	Metapán, Santa Ana	41,393.00
33	2006	2007	ADESCONE - A	San Francisco Menéndez, Ahuachapán	48,553.00
34	2006	2007	ADESCOBN	Jiquilisco, Usulután	51,578.00
35	2006	2007	FUTECMA	Chiltiupán and Jicalapa, La Libertad	49,125.00
36	2006	2007	FUNDESA	Zacatecoluca, La Paz	46,487.00
37	2007	2008	ADESCONE-A	San Francisco Menéndez, Ahuachapán	43,395.00
38	2007	2008	ADESCOBN	Jiquilisco, Usulután	44,067.00
39	2007	2008	ASACMA	El Congo, Izalco and Armenia, Santa Ana and Sonsonate	47,191.00
40	2007	2008	FUNDARRECIFE	Acajutla, Sonsonate	41,474.00
			Sub total		1621,256.00

Table 5B TFC A projects 2007-2009					
Nº	Call Cycle	Implementation year	Institution	Location (Municipality and Department)	Amount (US\$)
41	2007	2008	AAVSS	San Juan Opico, La Libertad	25,000.00
42	2007	2008	CEPRODE	Metapán, Santa Ana	50,000.00
43	2007	2008	FUTECMA	Chiltiupán and Jicalapa, La Libertad	43,293.00
44	2007	2008	FUNDESA	Zacatecoluca, La Paz	49,905.00
45	2008	2009	ALFALIT	Suchitoto, Cuscatlán	47,421.00
46	2008	2009	ARDM	Cinquera, Cabañas	44,242.00
47	2008	2009	ADESCOBN	Jiquilisco, Usulután	46,196.00
48	2008	2009	CENCITA	Jiquilisco, Usulután	56,906.00
49	2008	2009	ASOCIACIÓN MANGLE	Jiquilisco, Usulután	77,124.00
50	2008	2009	MSM	Jiquilisco, Usulután	99,898.00
51	2008	2009	ADESCOPIP	Puerto Parada, Usulután	48,972.00
52	2008	2009	FUTECMA	Chiltiupán and Jicalapa, La Libertad	74,453.00
53	2008	2009	CODECA	Conchagua, La Unión	47,174.00
54	2008	2009	AMBAS	Jujutla, Ahuachapán	59,436.00
55	2008	2009	SALVANATURA	San Francisco Menéndez, Ahuachapán	42,221.00
56	2008	2009	ADESCONE-A	San Francisco Menéndez, Ahuachapán	42,607.00
57	2008	2009	FUNDESA	Zacatecoluca, La Paz	30,150.00
58	2008	2009	ASOCIACIÓN GAIA	El Balsamar, Cuisnahuat	28,262.00
59	2008	2009	FUNDARRECIFE	Acajutla, Sonsonate	102,414.00
60	2008	2009	CATIE	San Julián y Caluco, Sonsonate	36,276.00
61	2008	2009	ASOCIACIÓN AGAPE	Caluco, Sonsonate	28,415.00
62	2008	2009	ADESCOCA	Yamabal, Morazán	41,304.00
63	2008	2009	FUNPROCOOP	San Vicente, San Vicente	30,000.00
64	2008	2009	AMS	El Transito, San Miguel	55,246.00
65	2008	2009	CEPRODE	Metapán, Santa Ana	58,690.00
66	2008	2009	ASAPROSAR	Chalchuapa, Santa Ana	50,640.00
67	2008	2009	FUNDASER	Candelaria de la Frontera, Santa Ana	23,861.00
68	2009	2010	ADESCONE-A	San Francisco Menéndez, Ahuachapán	51,529.00
69	2009	2010	AMBAS	Jujutla, Ahuachapán	43,150.00
70	2009	2010	ADESCOCA	Yamabal, Morazán	39,870.00
71	2009	2010	ADESCOBN	Jiquilisco, Usulután	44,052.00
72	2009	2010	ARDM	Cinquera, Cabañas	41,318.00
73	2009	2010	CATIE	San Julián y Caluco, Sonsonate	34,917.00
74	2009	2010	ASOCIACIÓN	Jiquilisco, Usulután	22,781.00
75	2009	2010	CODECA	Conchagua, La Unión	37,161.00
76	2009	2010	ALFALIT	Suchitoto, Cuscatlán	52,184.00
77	2009	2010	SALVANATURA	San Francisco Menéndez,	47,353.00
78	2009	2010	ASAPROSAR	Chalchuapa, Santa Ana	44,713.00
79	2009	2010	FUTECMA	Chiltiupán and Jicalapa, La Libertad	45,865.00
			Sub total		1844,999.00
			Total		3466,255.00



**Success Story:**  
ADESCOCA – FIAES Project

*Reserve guards on patrol in the Cerro Cacahuatique Natural Area in the Department of Morazan.*

The area Cerro Cacahuatique is a forest located high in the northern department of Morazán with elevations reaching 1700 meters above sea level. The reserve is home to many wildlife species of interest to scientific investigators, such as coati (a raccoon-like mammal) and over 200 avian species of great interest to bird watchers/tourists.

The communities around this area work for the protection of natural resources that provide important ecosystem services for the populations benefit, such as water. Water provides irrigation to local producers in the municipalities of Yamabal and Chilanga and is the source of the head waters of the Grande River of San Miguel, one of the most important rivers in the eastern region of El Salvador.

The community development association, ADESCOCA, has been managing the natural reserve since 1998 in coordination with the Ministry of Environment and Natural Resources of El Salvador (MARN). With financing from the 2010 project cycle, FIAES has strengthened local organizational abilities to sustainably manage the natural reserve, by developing income generating strategies, such as the low impact activity of honey production. Forty hives were established without disturbing the natural habitat of the area. ADESCOCA has re-invested earnings in the protection of the area and supports community development projects.

Additional project components include: organizational strengthening, environmental education (including continuing education for reserve personnel), maintenance of reserve trails and infrastructure, construction of camping areas and interpretive trail, and an explicit “protection” component. The latter includes the maintenance of fences, fire breaks, waste removal activities, and support for maintaining a five member park guard unit. Total FIAES support amounts to \$81,174 and ADESCOCA counterpart contributions total \$17,303.

### **Strategic Alliances**

Four strategic areas are reflected in the new FIAES vision for the 2009-2014: (a) *ecosystem management* (b) *territorial planning* (c) *contamination prevention and control*, and (d) *energy*. A significant driver on the new vision was the Ministry of Environment and Natural Resources’ (MARN) own new protected areas strategy. Accordingly, new cross-cutting objectives have also been developed: (a) *strengthening of citizenship and territorial governance*, (b) *promotion of clean and efficient production*, (c) *participatory processes in ecosystem rehabilitation*, (d) *facilitating local risk management processes*, and (e) *supporting knowledge management*.

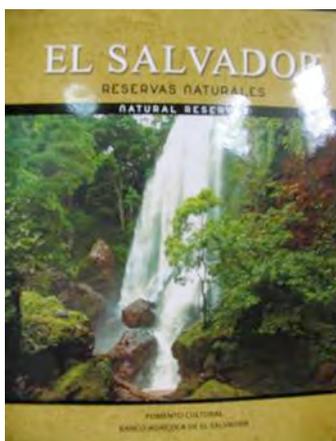
The FIAES strategic area of ecosystem management will focus on improving the welfare and quality of life of the Salvadoran population through the recuperation and stewardship of healthy ecosystems. The program requires that communities recognize the intrinsic value of ecosystems as a critical factor in human development. The objective is to promote activities which maintain the composition, structure and function of healthy ecosystems, whether legally protected or not, thereby improving the condition of ecosystem services for the benefit of the Salvadoran population. Specific objectives include the rehabilitation of key ecosystems, reducing vulnerability and increasing resilience to climate change, and the proper management of protected natural areas.

A second strategic alliance worthy of mention is that with the United Nations Development Program (UNDP) to strengthen institutional capabilities to address climate change adaptation. The UNDP launched the pilot project entitled, *“Integrating Climate Change Risks into National Development Processes and UN Country Programming”*. The principle objective of the project is to integrate climate change risk considerations into national development plans and policies and long-term planning. The UNDP selected FIAES as its local counterpart to facilitate the development of this project, which dovetails well with the FIAES desire incorporate climate change adaptation policy throughout FIAES’ programming. FIAES even modified its **ecosystem management** program to incorporate climate variability and requesting grant applicants to consider climate change adaptation in their project planning.

### **Strategic Alliances in 2010 Publications**

#### **“El Salvador, Natural Reserves”, a product of a public-private alliance.**

During 2010, the co-administrators of the natural reserves in collaboration with FIAES and its Trust Fund manager, Banco Agrícola, jointly published a book that celebrates the natural reserves of El Salvador. The book is an important addition to the ecosystem literature of El Salvador. The book is organized around the country’s three principal geographic sections: the northern mountain range, the central valley and mountain range, and the coast. It features maps and the history of the establishment of 160 natural areas and the invaluable contribution of co-administrators in the care and protection of natural resources. This literary work was sponsored by the culture promotion program of Banco Agrícola, the FIAES’ trust fund manager.



**“The Mangrove Ecosystem of Jiquilisco Bay: Western Region”**

The book “The Mangrove Ecosystem of Jiquilisco Bay: Western Region”, dedicated to the western region of Jiquilisco Bay, was developed as joint effort between the University of El Salvador (UES) and the Mangle Association with financing from FIAES. This publication features the biodiversity of the ecosystem, organic material productivity, morphometry, abundance and distribution of the land crab, *Ucides occidentalis*, physical-chemical composition and tourism capacity, among other relevant features. The collaborative research was completed by a group of national scientists and with the support of the Ocean Science and Limnology Institute. The document was reviewed by 17 specialists from Argentina, Brazil, Spain, Mexico and El Salvador and was financed with TFCA funds in the MANGLE-FIAES 2010 project.

**Fund Management**

**Table 6** summarizes the financial disbursement of TFCA funding. These funds are managed in an exclusive trust fund account by Banco Agrícola (separate from EAI funds), and the revenues generated from the account from January 1 to December 31 of 2010 were US\$328,089.

Since 2010, funding from the TFCA account was used exclusively for the development of the strategic area of **Ecosystem management** (protected natural areas, buffer zones and coastal and marine ecosystems). Since 2009 the project cycles were modified to coincide with the calendar year to simplify financial tracking. Since 2006, FIAES has financed 79 projects with \$3.46 million of TFCA funding. Local counterpart invested in projects was \$410,346, representing 12% of overall project costs. Interests and capital generated since 2002 is close to \$2.2 million.

**TABLE 6. Summary Table (\$US)**

<b>Fund Data</b>	<b>2002-2008</b>	<b>2009</b>	<b>2010</b>	<b>Total</b>
No. of proposals submitted	-	-	-	-
No. of proposals approved	44	23	12	79
Total approved funding for grants	\$1,789,454	\$1,171,908	\$504,893	\$3,466,255
Total of counterpart match (grantee cost-share)	\$308,953	\$342,391	130,624	\$781,968
Other leveraged matches (e.g. co-financing)	-	-	-	-
Total matching funds as % of approved	17%	29%	26%	23%
Amount spent on administrative costs	158,826	\$110,741	\$140,779	\$410,346
Administrative costs as % of grants approved	9%	9%	28%	12%
Interest and capital gained on investments	\$1,537,927	\$399,959	\$328,089	\$2,265,975
Fund balance at the end of the year	\$6.4 M	\$6.15 M	\$6.43 M	n/a

## Guatemala



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

### Payments Received by the FCA Fund from January to December 2010<sup>9</sup>

Payment Date	Total Payment	Endowment Fund	Funds Available for Grants
<b>Previous balance</b> (12/31/2009)	\$7,128,024.78	\$1,622,727.18	\$4,839,816.78
<b>2010</b>	\$2,069,014.89	\$ 477,272.82	\$1,177,939.09
<b>TOTAL</b>	<b>\$9,197,039.67</b>	<b>\$2,100,000</b>	<b>\$6,017,755.87</b>

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 generated \$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 has been capitalized with \$2.1 million.

The parties to the Guatemala TFCA agreement identified four priority geographic regions which will benefit with the TFCA grants. These regions have been selected based upon their: a) ecological importance (esp. biodiversity) in the regional and national context, b) consistence with political priorities and national strategies as determined by the Guatemalan Protected

<sup>9</sup> **Note:** The rate of exchange used throughout this report was \$1.00 = Q.8.00. 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.

Areas System (SIGAP), and, c) social and economic 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 Golf of Honduras watershed, 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*, *Ptychohyala macrotympnum*, *Hyladendrophasma*, as determined by the Alliance of Zero Extinction (AZE).

### **Grant-making activities**

Twenty TFCA grants have been approved to date. In 2010, the Administrator processed the fourth disbursement to all seven on-going projects approved in the 2008 Call for Proposals, as well as the fifth and sixth disbursement to four projects. In total, \$651,256 was disbursed, contributing to a cumulative disbursement total for 2008-2010 of \$1,454,316. The cumulative matching funds from these grants have, thus far, amounted to about \$839,540.

In January 2010, the Oversight Committee launched a Second Call for Proposals based upon the recommendations and priorities produced in a consultants report. Fifty-two (52) proposals were received and, in August 2010 the Oversight Committee awarded 13 projects that amount to approximately \$2.5 million (see Summary Table).

Because the Fund Administrator staff is small, all project monitoring has been outsourced under contract to highly capable specialists. These reports are reviewed and approved by the Fund Administrator and recommendations are shared with grantees.

### 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 Lake Atitlan watershed multiple uses Reserve (RUMCLA)	Vivamos Mejor	Volcanic Chain	255,201
Strengthening of institutional capacities and sustainable community development for the conservation of natural and cultural patrimony of <i>Sierra del Lacandon</i> National Park	Fundación Defensores de la Naturaleza	Mayan Biosphere	281,572
Strengthening of community administration of local management of communal forests in Quetzaltenango and Totonicapán, Guatemala	Helvetas	Volcanic Chain	259,012
Municipal and community management for the conservation of Cerro Cucho and Cerro Saquibut in San Marcos, Guatemala	Helvetas	Volcanic Chain	266,098
Conservation strategy for landscape and high-priority species of the semiarid region in Motagua Valley	Fundación Defensores de la Naturaleza	Motagua-Polochic	190,832
Resolution of 3 management and territorial governance conflicts in protected areas of the Caribbean of Guatemala	FUNDAECO	Motagua-Polochic	124,765
Design, proposal and advertising of a protected areas regional subsystem for northern Huehuetenango, through alternative strategies of conservation	FUNDAECO	Cuchumatanes	230,965
TOTAL			1,608,446

### Second Grant Projects Approved 2011-2012

Title	Organization	Geographical area	Approved amount (US\$)
Community and municipal integral management of water recharge zones of conservation strategic areas in <i>los Altos de Totonicapán and Sierra Santa Rita de Quetzaltenango</i>	Helvetas	Volcanic Chain	199,121
Strengthening of the decentralized management of the municipality regional parks, communal forests and private natural reserves, in priority zones of connectivity in the volcanic chain. Saquibutz – Tewancarnero	Helvetas	Volcanic Chain	198,827
Strengthening of the co-management for the conservation and restoration of the <i>Astillerero de Tecpan</i> municipality regional park (water recharge zone of the Madre Vieja, Motagua and Coyolate rivers watershed) Phase I	CATIE	Volcanic Chain	199,152
Threats mitigation for the conservation elements in the Bosque Nuboso-Sierra de las Minas corridor, through the strengthening of conservation schemes, fire management and economic alternatives development	Fundación Defensores de la Naturaleza	Motagua-Polochic	199,122
Governance strengthening of <i>Parque Nacional Sierra de Lacandón</i> assuring protection actions against threats and conflicts management through the implementation of cooperation agreements	Fundación Defensores de la Naturaleza	Mayan Biosphere	198,259
Strengthening the collective indigenous management for the sustainable conservation of communal forests in the western volcanic chain and Cuchumatanes	Asociación Sotz'il	Volcanic Chain and Cuchumatanes	199,874
Integrated Management of the Quiscab river sub-watershed and strengthening of the biological corridor in the multiple uses reserve of Lake Atitlan watershed	Vivamos Mejor	Volcanic Chain	199,980
Implementation of a participatory planning and management model to micro watersheds for the climate change adaptation in communities of five municipalities in San Marcos.	UICN-CARE	Volcanic Chain	199,833

Support for the establishment and strengthening of community, municipal and private protected areas system, and for the bioculture landscape management in the north border region of Huehuetenango, Guatemala	FUNDAECO	Cuchumatanes	183,394
Local management strengthening and implementation of strategies for the reduction of threats, in three relevant biodiversity conservation areas in the <i>Sierra de los Cuchumatanes</i> , Huehuetenango	ASOCUCH	Cuchumatanes	198,950
Management strengthening of <i>Cerro San Gil</i> , <i>Rio Sarstún</i> and <i>Punta de Manabique</i> protected areas: community participation, finance sustainability and consolidation of core zones in critic points of pressure and deforestation	FUNDAECO	Motagua-Polochic	200,000
Consolidating the protection of the Eastern zone of <i>Laguna del Tigre</i> and its biological corridor, through an special protection system based in strategic alliances among government agencies, community groups and civil society organizations	Asociación Balam	Mayan Biosphere	178,625
Governance strengthening in the multiple uses zone of the Mayan Biosphere reserve, Petén, Guatemala	Wildlife Conservation Society	Mayan Biosphere	198,805
TOTAL			2,553,942

### Governance and Administration

Ten (10) Oversight Committee (OC) meetings were held in 2010. Mr. Juan Carlos Godoy Herrera, The Nature Conservancy representative, was elected President of the OC for the period 2011-2012 and Carlos Rodriguez, Conservation International representative, was elected Vice-President for the same period. The *Instituto de Agricultura, Recursos Naturales y Ambiente* (IARNA) was reelected as OC Term Member for the period 2011-2012. The OC approved an Annual Program Plan and an Annual Budget (with an authorized administrative ceiling of 10% of account deposits). In addition, an OC member and the TFCA Administrator participated in the Annual Meeting of TFCA Funds held in Guadalajara, Mexico (November 8<sup>th</sup>, 2010).

The OC approved the launch of the Second Call for Proposals in January 2010, from which 13 projects were approved to be implemented during the period 2011-2012. The 2010 Second Call was facilitated by the use of a new FCA Fund website, whereby prospective TFCA grant applicants were able to use the website in order to access the required grant proposal paperwork.

An independent audit of FCA accounts issued a favorable opinion of the FCA financial statements for the calendar year 2009. This report is available in the Fund's Webpage in English and Spanish. In addition, the Guatemala TFCA program hosted an EAI/TFCA Secretariat sponsored independent evaluation that was implemented in October 2010.

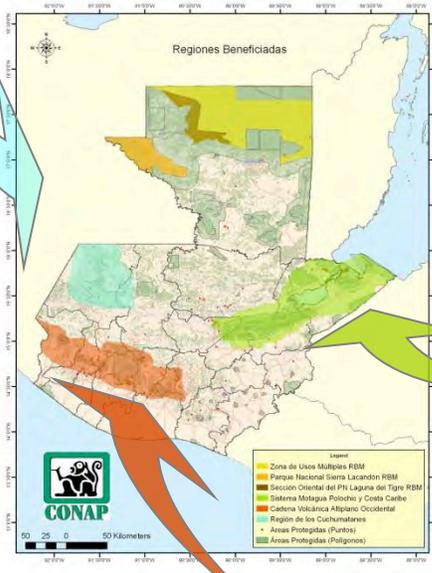
In 2011, the TFCA Oversight Committee anticipates the development of the strategic plan update, communications and fund raising strategies and the conservation impact monitoring program.

## Representative Project Impacts in 2010

**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 4 municipalities. Building of a tree nursery in San Mateo Ixtatán. Input delivery to Mancomunidad office and to the Community forests offices of four municipalities (San Mateo Ixtatán, Santa Cruz Barillas, Nentón and Soloma). Training of 44 community leaders to become forest rangers. 7,000 forest plants of Aliso produced to establish demonstrative plots. Reforestation of 41.7 hectares. in Nentón and management of 38 hectares of natural regeneration.



**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:** 4 technical studies for the establishment of Private Natural Reserves in finca la Laguna, San Agustín Acasaguastlán, El Chile, El Júcaro, El Imposible, Usumatlán, and el Roblar, Teculután done. Building of footpaths and sign posts for Niño Dormido park in Cabañas, Zacapa and Astillero Lo de China in El Júcaro, El Progreso. Building of observation towers in Niño Dormido and Lo de China. 2,000 trees were planted in Los Achiotes watershed with species of *aripín*, *yaje* and cedar. 5,000 plants of *campeche*, *zapotón*, *aripín*, *yaje* and *madre cacao* reforested in Uyus watershed. Delivery of 4 environmental education modules to schools in El Progreso and Zacapa. A breeding center for species of *Heloderma* and *Ctenosaura* built.

**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 14 communal committees. Communal reforestations were done (86 hectares). Creation and equipment of 3 protected areas and environment departments (DAPMAS) for the same number of municipalities. 3 pilot experiences of productive management. 3 forest management plans being implemented. 3 technical studies, master plans and 3 approved agreements by municipal councils for the subscription of 3 municipality regional parks. 20 events of technical training and 33 events of environmental education held.



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

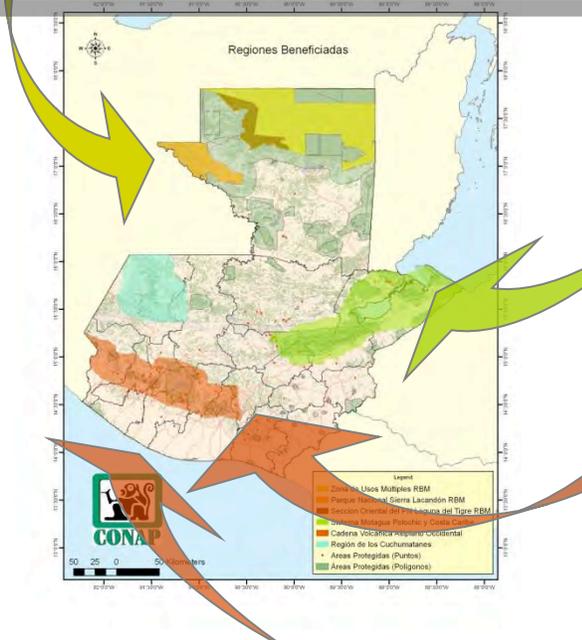
**LOCATION:** La Libertad, Petén; RBM region.

**ACHIEVEMENTS:** Establishment of permanent control stations in El Porvenir, Yaxchilán, Ceiba de Oro, El Ceibo, Centro Uno, Bethel and Guayacán. 16 monthly inter-institutional patrols with National Army, DIPRONA (PNC), CONAP Región VIII and IDAEH are taking place. 4,500 has recovered from invasions. 5,682 board feet of cut timber, livestock, vehicles, guns, chainsaws and 290 fish pounds confiscated. 116 filed claims to the Crimes against Environment prosecutors office for detected illicit acts. 140 members of *Comités Comunitarios de Desarrollo* from 19 communities trained in topics such as: municipal code, civil participation, decentralization, environment and SIGAP laws. 297 women trained in topics such as: gastronomy, pastry and productive projects of mix kitchen gardens. Assistance to communities to present 6 projects.

**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 3 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. Field delimitation (opening and Boundary Stones) of Cerro Sarstun. Conflicts mediation between Blue Creek and Cerro Blanco, and finca los Espinos and Setal. Measurement of *finca* 92 of *cerro* 1019 to propose it as protected area and to be co-managed.



**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. 13 tree nurseries for reforestation were established. 124 has reforested. 13 forest areas georeferenced. 1 environmental education module produced and distributed (1,096 copies). 13,900 working notebooks for first cycle produced. 13,900 working notebooks for second cycle produced. 13 tree nurseries established and 124 hectares reforested.

**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 2 new municipality regional parks (PRM) in cerro Rey Tepepul of Santiago Atitlán and Cerro Ajau of San Juan La Laguna. 2 technical studies and 2 municipal agreements of subscription of PRM Rey Tepepul and PRM Ajau. 75,000 organic coffee seedlings were produced. 269,000 forest seedlings and their reforestation, through the establishment of 2 tree nurseries. Interpretative footpaths of PRM Ikitiu in San Lucas Toliman built. Production of 75,000 organic coffee seedlings. Certification of 147 has with “orgánico coffee” and “Rainforest Alliance” seals. Reforestation of 50 has in high risk zones. Bioengineering practices in 2 gullies of San Lucas Tolimán.



Summary Table (\$ US)

<b>Fund Data</b>	<b>2006-2008</b>	<b>2009</b>	<b>2010</b>	<b>Total</b>
No. of proposals submitted	107	-	52	159
No. of proposals approved	7	-	13	20
Total <i>approved</i> funding for grants	1,608,446	-	2,553,942	4,162,388
Total disbursed funding for grants	803,060		651,256	1,454,316
Total of counterpart match (grantee cost-share)	-	249,617**	589,923**	839,540**
Other leveraged matches (e.g. co-financing)	-	-	-	-
Total matching funds as % of approved grants	-	15.5%**	23%**	20%**
Amount spent on administrative costs	458,580	206,844	206,901	872,325
Administrative costs as a % of approved grants	29%	n/a	8%	21%
Investment Income	284,206*	361,132	416,893	1,062,231
End of Year Fund Balance	4,453,745	6,653,441	9,908,851	n/a

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

\*\*Matching funds reported only for the first call of projects

## Indonesia



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

### Schedule of payment to TFC Account through 12/31/10 (US\$)

Date	Forest Grant Fund (GOP deposits: a sum, not a balance)	Grants Approved
2010	\$6,090,282	\$1,656,008

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 2010**

This was a foundational year for TFC-Indonesia (known locally as TFC-Sumatera), in which the groundwork was laid for sound program implementation. The Oversight Committee, with the support of the Administrator, developed a strategic plan, programmatic policies and procedures, and an investment policy. The Administrator conducted several consultative workshops in key areas of Sumatra, and facilitated proposal writing and project design meetings with potential grantees. The Administrator released the inaugural TFC-Sumatera solicitation (RFP) in June, resulting in 129 concept papers received, from which seven bidders were invited to submit full proposals. The Oversight Committee approved three proposals at the end of the year.

#### **Grant-Making Activities**

The three selected grants will improve the protection and management of 835,000 hectares of /peat forest in Sumatra by the end of three years. Local NGO grantees will strengthen management of Singkil Wildlife Reserve and create corridors with surrounding elephant

habitats in Aceh; strengthen community based forest management and develop ecologically sound spatial plans for the buffer zones around Kerinci Seblat National Park in Jambi and West Sumatra; and facilitate multi-stakeholder coordination for best management practices on the Kampar Peninsula in Riau. Specific grants will include the following activities in the following locations:

- Leuser Ecosystem and Aceh: developing a management plan and boundary demarcation for Rawa Singkil Wildlife Reserve; establishing conservation response units to reduce human – wildlife conflicts; and restoring wildlife corridors;
- Kampar Peninsula and Kerumutan, Riau: developing collaborative management, protection, and spatial plans; providing technical assistance for private sector and community-based palm oil best management practices; developing sustainable economic opportunities for women;
- Kerinci Seblat National Park, Jambi: strengthening participatory conservation based spatial planning in five districts; strengthening community based forest management; and developing sustainable forest management and agro-forestry in buffer zones.

**Summary Table (\$US)**

<b>Fund Data</b>	<b>2009</b>	<b>2010</b>	<b>Total</b>
No. of proposals submitted	0	129	129
No. of proposals approved	0	3	3
Total approved funding for grants	0	\$1,656,008	\$1,656,008
Total of counterpart match (grantee cost-share)	0	\$247,459	\$247,459
Other leveraged matches (e.g. co-financing)	0	\$34,611	\$34,611
Total matching funds as % of approved grants	n/a	17.03%	17.03%
Amount of administrative costs incurred	\$43,662	\$250,000	\$258,642
Administrative costs as % of approved grants	n/a	15%	15.6%
Investment Income	\$212	\$6,173	\$6,385
Fund balance at the end of the year	\$2,001,305	\$5,774,670	n/a

**Special Note:**

A February 24, 2011 press release identified 5 grants awarded, the three identified above, plus one to the Institute Green Aceh to improve protection of the Linge Isac Hunting Reserve in Aceh, and another to an NGO entitled “PETRA) to improve management within and between Batang Toru forested areas and Batang Gadis National Park. The total affected area is, therefore, claimed to be *1.3 million hectares* of peat and dry land forest in Sumatra.

## Jamaica

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

### TFCA Accounts through 12/31/10 (U.S. \$)

Date	Debt Service (Receipts) Account (original deposits as per payment schedule)	Distribution among accounts		
		Forest Conservation Grants Fund	Endowment Account	Grant Disbursements
2004-2009	\$ 5,092,364	--	--	\$ 599,459
2010	\$ 908,145	--	\$ 2,859,360	\$ 748,556
Totals	\$ 6,000,510	\$ 1,793,135	\$ 2,859,360	\$ 1,348,015

<sup>1</sup> The rate of exchange used for 2010 figures is J \$ 85.86: US \$ 1.

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, while formally administered by the Environmental Foundation of Jamaica (EFJ), it is currently administered by the Jamaica Protected Areas Trust (JPAT), a registered Company Jamaica.

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.

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.

### **Major Achievements**

During Call 2009/2010, the Oversight Committee took the decision to make mandatory the use of Help Desk Consultants by applicants. This contributed significantly to the increased quality of project proposals received, an increased number of projects approved, and an increase in the disbursements made. Between 2007 and 2010, a total of J\$ 112,109,129 has been disbursed for projects approved for the same period. Of this amount, J\$ 64,271,037 was disbursed over 2010 alone. Additionally, J\$ 162,115,609 (approximately \$1,888,139) was approved/committed for the period 2007-2010; of this amount, J\$ 74,887,906 (approximately US\$872,209) was committed/approved during 2010.<sup>10</sup>

The Investment Policy Statement was revised during 2010 and final review is underway; approval is expected in early 2011. In 2010, the Jamaica Debt Exchange resulted in a reduction in the rates of return on investments. In the aftermath, the Oversight Committee (OC) met in late 2010 with various financial/investment institutions to determine the best available investment options. After analysis, the best options will be formally presented to the Fund Administrator and OC in early 2011.

***During May 2010, an endowment fund was formally established.*** Thirty-five percent (35%) of each GOJ payment is placed in the endowment fund and as of January 18, 2011, the endowment fund contained J\$ 204,597,478 (with an expected net maturity value of J\$ 207,014,108 between January and April 2011) and US\$ 454,073 (with an expected maturity value of US\$ 476,440 in January 2011).

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<sup>10</sup> The figures in the Summary Table under "total approved grant funding" differs from these figures because the summary table provides information about the total grant funding approved for the life of the entire projects for the project approved in 2007-2008 and 2009/2010 (e.g. through 2014). The figures listed here under the Major Achievements section only are commitments for the existing fiscal year, not the life of the grant.

A long standing concern whereby the semi-annual Government of Jamaica payments were being made in US currency was successfully resolved and since July 2010, payments have been made in Jamaican currency as stipulated in the Forest Conservation Agreement (FCA).

During 2010, significant progress was made prompting the Ministry of Finance and the Public Service to prepare and issue the outstanding taxation exemption order. Indications from various representatives were that two exemption orders were actually required. In late 2010, we were informed that one exemption order had been prepared, and was awaiting issue and signature; the other was still being reviewed by the Legal Department. We anticipated receipt of at least one order before the end of 2010; however, despite numerous assurances, the actual document has still not been issued. In early 2011, we will formally request intervention by our USG representative to finally arrive at a satisfactory resolution.

In late 2010, both the Fund Administrator and the Oversight Committee approved the development and operationalization of a Memorandum of Understanding (MOU) enabling the Forest Conservation Fund to enter into a parallel funding relationship for projects of mutual interest wherever possible with the UNDP Global Environment Facility (GEF) Small Grants Program (SGP) Jamaica. The draft MOU is almost complete and will be presented to the Fund Administrator and OC in early 2011.

### **Grant-Making 2009/2010**

A request for grant applications (RFAs) was published in August 2009. The 2009 Call process continued into, and was completed in, 2010. Due to the fact that a number of high quality project proposals were received and approved for funding, the OC made the decision to combine the 2009 and 2010 allocated funds. No Call was, therefore, held during 2010.

The Call prioritized three (3) geographic locations and three (3) 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. The RFA resulted in the submission of a total of fifty-two (52) Concept Notes, of which fifty (50) were eligible and thirty-one (31) were shortlisted for development into full project proposals. Twenty-six (26) project proposals were received by the end of February.

After a detailed analysis and review by the Technical Review Committee (TRC) and a brief review by the Oversight Committee (OC), fifteen (15) Project Proposals were selected to receive funding from the FCF. The total grant amount approved for the fifteen (15) Projects is US \$2,182,035 (*an average of \$145,469 per project*). The total grant amount approved for short-term projects is US \$1,729,443, while the long-term grants total US \$452,593. The fifteen (15) Grant Recipient Agreements (GRAs) were signed in July 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 in specific areas while seeking to identify technical skills and NGOs/CBOs with greater capacity in these areas. In 2010, the FCF processed the five (5) eligible EOI that were received during Call 2009. The five expressed interest in addressing three (3) FCF identified project categories:

- Forest establishment, restoration and conservation in 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 project management and implementation, proposal writing and financial sustainability.

After reviewing the EOIs, the Oversight Committee decided to proceed with the 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. Three (3) groups were shortlisted to submit project proposals. Proposals were received from two (2) of the three (3) shortlisted groups. The Small Business Association of Jamaica (SBAJ) and the Jamaica Baptist Union (JBU) submitted proposals while the Jamaica Environment Trust (JET) withdrew their application due to organizational challenges. However, the FCF OC subsequently decided that this EOI should be postponed and revisited during Call 2011, based on the financial obligations to support projects already approved for funding under Call 2009.

#### *Discretionary Grants*

In 2010, the FCF also issued Discretionary Grants outside of the annual RFA Call period. These grants range in size up to J\$ 300,000 (approx. US\$3,500) 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 and decisions made by the Oversight Committee. 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 2010 was US\$ 17,470 (although much less was actually used). During the year three Discretionary Grants were issued.

The first discretionary grant in the sum of US \$1,165 was awarded to the Jamaica 4-H Clubs for their National Youth in Agriculture Sponsorship Fund Project. A scholarship was awarded to research hydroponics is an alternative, sustainable method of agriculture with the potential to reduce some agricultural practices that destroy and degrade Jamaica's forests.

The second discretionary grant in the sum of US \$494 was provided to the Jamaica Conservation Development Trust (JCDDT) to organize and host a workshop on the Institutional Framework and Management of the Blue and John Crow Mountain National Park. The associated Forest Reserve is FCF conservation priority and was nominated as a World Heritage Site.

The final discretionary grant was awarded to the Buff Bay Local Forest Management Committee (LFMC) in the sum of US \$1,573. This grant was used to assist in the organization of the Second Annual LFMC National Conference over three days in October 2010. Many LFMCs from throughout the island were present at this conference which was used to highlight best practices in community management of forests.

#### Approved Projects - Call 2009/2010

Although these projects were originally submitted under Call 2009, they were approved and the Grant Recipient Agreements signed in 2010. Fifteen (15) projects were approved for funding under this Call. The next Call will be held in early 2011 in observance of the International Year of Forests.

1. A four-year grant of US \$207,883 was awarded to the Buff Bay Local Forest Management Committee (BBLFMC) to expand on the work done in the past three years under their first grant awarded by the FCF. This second grant builds on that success and aims to implement measures to improve environmental awareness, to expand the mitigation efforts into areas affected by deforestation and soil erosion, and to continue increasing tree cover and diversifying sustainable livelihood options for the communities located within the Buff Bay and Pencar Watersheds in Portland.
2. A grant of US \$112,293 is being implemented over an eighteen (18) month period by the Caribbean Coastal Area Management Committee (CCAM). The purpose of the grant is to assist CCAM in developing a management framework for the Portland Bight Protected Area (PBPA). The management framework will include establishing the whole or part of the PBPA as Jamaica's first Biosphere Reserve, establishing a Local Forest Management Committee (LFMC) and working towards the development of Local Forest Management Plans, identifying means for developing alternative livelihood for local stakeholders, mitigating the effects of climate change, instituting monitoring programs to evaluate the long term success of the PBPA, and developing innovative partnerships with the relevant stakeholders.
3. A two-year project is being implemented by the Clarendon Parish Development Committee Benevolent Society (CPDCBS). Through this grant the Clarendon PDC will reforest mined out lands in Pleasant Valley, Clarendon with timber and fruit trees. The total value of this grant is US \$ 96,624. A previous project which involved reforestation and establishment of various crops on mined out lands in Pleasant Valley was funded by the Global Environmental Fund (GEF) Small Grants Programme (SGP).
4. A three-year project valued at US \$25,658 is being implemented by the Content Gap JAS Farmers Group. This group is implementing the project in their small rural community of Content Gap and the aim is to reforest the steep sloping lands within the community, construct check dams, and train and equip the farmers with the skills necessary for sustainable land management through a series of workshops and training sessions.
5. The Dolphin Head Local Forest Management Committee is implementing a four-year project funded by the FCF at a cost of US \$207,917. The aim of this project is to replant significant areas of denuded and disturbed forest and propagate and replant endemic plants within the Dolphin Head Mountains. Additionally, the Dolphin Head LFMC will develop and promote agro-forestry within Dolphin Head, revitalize eco-tourism as a feasible and sustainable alternative livelihood within the community, and increase forestry and environmental awareness in schools within the area. This group has assumed and expanded the project started by the now defunct Dolphin Head Trust which had received funding from EFJ, GEP and FCF.
6. The Jamaica Conservation Development Trust (JCDDT) is implementing a two-year project entitled "Capacity Building for Forest Conservation and Sustainable Livelihoods in the Blue Mountains". JCDDT is anticipating that this project will increase the level of awareness and knowledge regarding forest conservation and sustainable livelihoods within 40 buffer zone communities in the Blue and John Crow Mountain National Park. The group will be implementing sustainable livelihood initiatives within at least four of these communities and this project is funded in the sum of US \$152,667.
7. In a continuation of their first FCF grant, the Lions Club of Mona has embarked upon a four-year project aimed at reforesting 12 hectares of within the Wallenford area on the buffer zone of the Blue Mountains. This project will also see the maintenance of 36 hectares of seedlings that were previously planted during the first phase at Cinchona. The project is funded in the sum of US \$244,710.
8. The Local Initiative Facility for the Environment (LIFE) is implementing a project entitled reforestation

and development of alternative livelihood activities in the Good Hope Region over a three-year period. The aim of this project is to replant approximately 12 hectares of forests on degraded slopes as well as training of persons in the development and operation of beekeeping enterprises, and the training of persons in rearing goats in houses instead of allowing them to graze on the hillsides. This project received US \$150,727 in funding.

9. The Orange Bay and Black Hill Community Development Committees joined forces to implement Phase 1 of the Orange Bay and Black Hill Nature Conservation Project. Phase 1 of this project is valued at US \$15,886 and will generate feasibility, carrying capacity and marketing research studies to ascertain the potential of several proposed ecotourism initiatives within the area. This phase of the project will be completed within 6-8 months. Phase 2 of the project will see the reforestation of denuded lands within the Swift and Spanish River Watersheds along with the implementation of the recommendations of the feasibility study in regards to the alternative livelihood activities. Approval of Phase 2 is incumbent upon the success of Phase 1.
10. Portland Environment Protection Association (PEPA) is implementing a project over three years, which is aimed at reducing the frequency of landslides in Shirley Castle, Portland. The group will be applying soil conservation measures which include establishing timber and fruit tree species and ornamental plants to provide additional income to the community while assisting in soil conservation. The project includes a workshops and demonstrations, construction of check dams and diversion ditches were necessary. This project is being implemented at a cost of US\$ 85,632.
11. St. Thomas Bee Farmers Association is implementing this project over three years using an agro forestry approach involving high nectar producing tree species such as logwood and mango to reforest a 14 hectare area within the Spring/Hillside Forest Reserve. This reforestation complements the group's aims to establish and strengthen beekeeping enterprises as profitable alternative livelihoods producing honey, queen bees and other hive products. The project is being implemented at a cost of US\$191,483. A previous project was implemented under the USAID PARE program.
12. St. Thomas Environment Protection Association (STEPA) is implementing a project over three years with the aim of educating at least 200 people within 5 communities located at the Southern foot of the Blue Mountains about forest conservation. They also plan to reforest 25 hectares of land within the Spring Dunrobin Forest Reserve and, in conjunction with the St. Thomas Bee Farmers Association, to establish a Local Forest Management Committee within the area. This project is funded to the sum of US \$ 176,652.
13. The University of the West Indies (UWI) Life Sciences Department is implementing a project entitled the "Restorative Potential of Jamaican Tree Species". This group will conduct research to determine the ability of various Jamaican tree species to grow and flourish in various sections of Jamaica. This project will run for three years and will be funded to the sum of US \$144,095.
14. UWI Natural Products Institute in collaboration with the Biochemistry Department is bio-prospecting for Jamaican plants with a history of consumption with an objective of identifying at least 15 Jamaican plants worthy of scientific experimentation. The group will acquire experimental results on the bioactivity of chosen plants for several medical uses including cancer prevention, erectile dysfunction and high blood pressure. This project will run for three years at a cost of US \$139,133.
15. Women's Resource and Outreach Centre (WROC) is implementing a three- year project at a cost of US \$238,071. The aim is to reforest 10 hectares of land in Highland Head and Shortcut Hill with approximately 3,500 forest trees and 1,250 fruit trees. WROC will also be constructing 6 check dams to reduce flooding and soil erosion and will be educating farmers in the communities on sustainable land management practices.



*Apiary developed by St. Thomas  
Bee Farmers Association*



*Soil Erosion Check dam constructed  
from tires in Content Gap*

### **Ongoing Grants from 2007 and 2008 Calls**

There are six (6) active projects and two (2) suspended projects from Call 2007 and four (4) active projects from Call 2008 as shown in the table below.

### **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 governance structural change stemming from the fact that “two-board structure” established by the FCA has proven to be inefficient, expensive and confusing. Alternative governance structures were deliberated for much of 2010 and change is expected in 2011. During the period of deliberations, grant making and grant processing continued uninterrupted, and a number of efficiency and effectiveness recommendations continue to be implemented.

**Table showing Active and Suspended Projects from Calls 2007 and 2008 (Jamaican \$)**

<b>Project Title ( Approval Year 2007, 2008)</b>	<b>Name of Organization</b>	<b>Priority Area</b>	<b>Proj. Duration</b>	<b>Proj. Budget</b>	<b>Amt. Disbursed to Date</b>	<b>Status</b>
Forest Conservation in the Blue Mountain	Jamaica Conservation and Development Trust	Blue Mtns.	4 yrs.	\$ 12,496,009	\$ 7,348,868	ongoing
Restoration of Native Plant Species of the Negril Great Morass	Negril Environment Protection Trust	Negril Morass	2 yrs.	\$ 4,780,082	\$ 645,611	Suspended
Organization and Development of the Forest Sector through the Jamaica Tree Growers Association	Jamaica Tree Growers Association (JTGA)	Island wide	2 yrs. (extended)	\$ 6,603,536	\$ 2,001,330	Suspended
Bull Head Forest Reserve Development Project	Northern Rio Minho Local Forest Management Com.	Bull Head Forest Reserve	1 yr.	\$ 2,529,810	\$ 2,529,810	Ongoing
Reforestation of 25 Has. of Degraded Forest Reserve at Cinchona in the Yallahs Watershed	Lions Club of Mona	Upper Yallahs	3 yrs.	\$ 13,465,080	\$ 9,715,736	Ongoing
Buff Bay Agro forestry Project	Buff Bay Local Forest Management Com.	Buff Bay Watershed	3 yrs.	\$ 6,620,704	\$ 5,810,867	Ongoing
Protected Areas System Master Plan (PASMP)	Jamaica Institute of Environmental Professionals	Island wide	1 yr. (extended)	\$ 9,720,000	\$ 8,650,000	Ongoing
Dallas Forest Conservation Project	Dallas Community Development Council	Dallas, St. Andrews	3 yrs.	\$ 3,451,047	\$ 2,258,550	Ongoing
<b>2007 Grantees Sub-Total</b>				<b>\$59,666,268</b>	<b>\$38,960,772</b>	
The Quick Step Trail: A Product Development and Marketing Strategy for Ecotourism Development in the Cockpit Country	The Accompong Maroon Council	Cockpit Country	3 yrs.	\$ 5,284,680	\$ 4,836,900	Ongoing
Nursery Propagation of Coastal Forest Plants	Port Royal Marin Laboratory, UWI	Port Royal	3 yrs.	\$ 5,229,006	\$ 2,293,200	Ongoing
Identification, Propagation and Dissemination of Native Forest Species	The Biotechnology Centre, UWI	Rio Cobre, Cockpit Country	2 yrs.	\$ 14,772,000	\$ 6,703,288	Ongoing
Propagation Research for Sustainable Management of Bitterwood	Natural Products Institute	Hope River Watershed	2 yrs.	\$ 2,275,749	\$ 1,344,430	Ongoing
<b>2008 Grantees Sub-Total</b>				<b>\$27,561,435</b>	<b>\$15,177,818</b>	

## Financial Status

General Fund information is presented in the Summary tables below. During 2010, the Fund deposits were principally invested in medium to short-term Notes. Total investment income earned in 2010 on the FCA deposits is presented. This amount 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 2010 for the reimbursement of withholding tax on investment income.

**General Information Summary Table (US\$)<sup>3</sup>**

<b>Fund Data</b>	<b>2007-2008</b>	<b>2009*</b>	<b>2010*</b>	<b>Totals</b>
No. of proposals submitted	77	26		103
No. of proposals approved	14	15		29
Total approved grant funding	\$ 1,145,320	\$ 2,182,035		\$ 3,327,355
Total of counterpart match (grantee cost-share)	\$ 289,544	\$ 969,689		\$ 1,259,233
Other leverage (e.g. co-financing)	\$ 214,097	\$ 258,661		\$ 472,758
Total matching funds as % of approved grants	44%	56%		52%
Amount spend on administrative costs	\$ 251,946	\$130,216	\$161,109	\$ 543,271
Investment income	\$ 588,493	\$455,180	\$269,899	\$ 1,313,572
End-of-year Balance	\$ 3,150,374	\$3,561,779	\$4,643,580	n/a

\* January 2009 – December 2010. Due to high quality of project proposals received during the 2009 Call, the decision was taken to combine the funds available for Calls 2009 and 2010.

<sup>3</sup> In this report, the followings rates have been used for calculation: 2007 - J \$70.62: US \$1; 2008 - J \$ 80.47: US \$ 1; 2009 - J \$89.60: US \$1; and 2010 - J \$ 85.86: US \$ 1.

## Panama I

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

**Schedule of Payments to TFCA Account through 12/31/10 (US\$)**

<b>Date</b>	<b>Forest Grand Fund (a.k.a. Forest Action Fund)</b>	<b>Trust Fund (Endowment)</b>	<b>Grant Disbursements</b>
2003-2009	2,655,312	2,655,423	2,281,128
2010	348,749	347,916	254,702
<b>Total</b>	<b>3,004,061</b>	<b>3,003,339</b>	<b>2,535,830</b>

The TFCA agreements were signed on July 10, 2003 among 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 the 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, (i.e., \$5 million, after year 14), and to use the rest to create the Forest Action Fund (the Chagres National Park Fund) to benefit short and long term recipients.

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 important areas outside the Park, in its buffer zone. The Chagres River watershed provides 50% of the necessary water for Panama Canal operations and 80% of the water for human consumption in Panama City. Grants are provided to non-profit organizations supporting the conservation of CNP and which contribute to the mitigation of the identified conservation threats in accordance with the Park Management Plan.

### ***Mission Statement of the Forest Action Fund***

In 2010, the strategic planning process for the Chagres Fund was carried out, which set out the Fund's Mission as follows:

*The Chagres Fund contributes to the conservation, maintenance and reclamation of the forests of the Chagres National Park (CNP) and its buffer zone, consisting of 5 kilometers adjacent to the Park boundaries, through the financing of CNP management programs and environmental initiatives undertaken by non-profit organizations in accordance with the Park Management Plan.*

## Major Achievements 2010

Disbursements from GOP to the TFCA accounts have been completed in accordance with the payments schedule for a cumulative total of US\$ **3,004,061** and US\$ **3,004,303** for the Grants and Endowment accounts, respectively. Approximately, US\$ **254,702** has been disbursed as grants in 2010.

The 2010 Work Plan and Budget (Table 1) were approved by the Fund's Oversight Committee in June. This included the approval of the Strategic Plan for the Chagres Fund, a Work Plan for its implementation, and a supplemental two-year "Transitory Annual Operational Plan" (POA). The latter is designed to allow the CNP management of specific activities to be supported by the central government in the future.

The total 2010 budgeted amount was \$473,150, including a Reserve Account of \$75,499 required to cover the first four months of the following year. A Reserve Account is a corrective mechanism used to compensate for the misalignment of the budgeting cycle with the schedule of deposits from the GOP. The Long-Term program (84% of the budget) included roll over commitments from 2009 and new 2010 activities.

**Table No. 1.**  
**Chagres Fund - 2010 Approved Budget and Execution - in US\$**

Components	Budget	%	Execution (12/2010)	%
<b>INVESTMENTS (January – December 2010)</b>				
<b>I. LONG TERM PROGRAM</b> ( <i>more or equal than 3 years</i> )			<b>261,917</b>	<b>78%</b>
<b>A. Strategic Plans</b>	<b>166,535</b>	<b>42%</b>	<b>94,535</b>	<b>57%</b>
- L.1. Visitor management and strengthening of community participation	85,540			
- L.2. Biodiversity monitoring	57,110			
- L.3. Stakeholders coordination	7,115			
- L.4. CNP advertising and resource management	16,770			
<b>B. Transitory POA</b>	<b>61,512</b>	<b>15%</b>	<b>61,512</b>	<b>100%</b>
<b>C. Management Expenses</b>	<b>90,869</b>	<b>23%</b>	<b>90,870</b>	<b>100%</b>
<b>D. Baseline Preparation (Indicators)</b>	<b>15,000</b>	<b>4%</b>	<b>15,000</b>	<b>100%</b>
<b>II. Short-term Programs</b> ( <i>less than 3 years</i> )	<b>3,700</b>	<b>1%</b>	<b>3,535</b>	<b>96%</b>
<b>III. Fund Management</b>	<b>60,034</b>	<b>15%</b>	<b>59,989</b>	<b>100%</b>
<b>TOTAL</b>	<b>397,651</b>	<b>100%</b>	<b>325,441</b>	<b>82%</b>
<b>RESERVES (Jan. - Apr. 2011)</b>				
<b>I. LONG-TERM PROGRAM</b>	<b>60,491</b>			
<b>II. Short-term Program</b>	<b>0</b>			
<b>III. Fund Management</b>	<b>15,009</b>			
<b>TOTAL RESERVES</b>	<b>75,499</b>			
<b>GRAND TOTAL</b>	<b>473,150</b>			

## Long-Term Component

The recipient organization of the Long-Term program funding is the Chagres National Park Foundation (CNPF).

### A. Strategic Annual Operational Plan (POA):

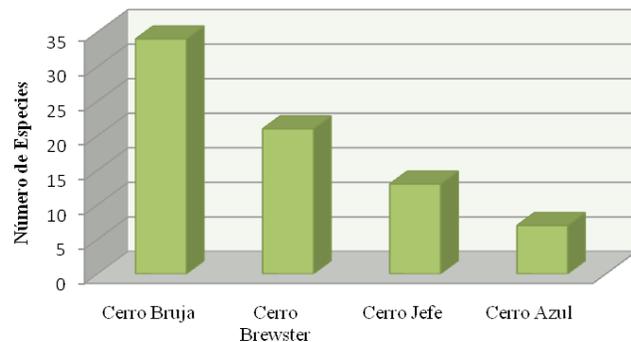
The POA includes four strategic priorities. The first is to strengthen community participation in visitor management. Activities completed under include: a plan for tourists sites; renovation of the Cerro Azul lodging and training facility; improved signage; road rehabilitation; and collaborative work with Panama's Environmental Authority (ANAM) to identify and mitigate sources of pollution.

The second strategic priority is to improve biodiversity monitoring. Good monitoring has enabled park personnel to determine the conservation status of key indicator species. For example, the jaguar population has been maintained at a satisfactory level over the period of review. In the Alto Chagres area, community technicians are trained and practical workshops are provided to cattle ranchers on their role in the proper management of jaguar populations.

Amphibian monitoring shows mixed results, with poor conditions in Cerro Azul and Cerro Jefe, satisfactory in Cerro Brewster, and very good in Cerro Bruja. In addition, a diversity and ecological study was conducted, in conjunction with the University of Panama, on orchid bees of the cloud forests, on families of aquatic insects and on bat samples (11 varieties). All monitoring and evaluation provide information for adaptive management of the resources. Information is available at [www.somaspa.org](http://www.somaspa.org) and is used in the production of educational materials, including the CNP Brother Schools program.



Amphibians Diversity in cloud forests of High Chagres



A third strategic priority of this program is to *establish strategic alliances with key stakeholders within the park* in order to consolidate land tenure through a cadastral registry. Key stakeholders targeted for strengthening include local management committees and the Chagres-Alhajuela Consulting Council. The U.S. Peace Corps has been an implementing partner in this effort.

The final strategic priority is the marketing and promotion of the CNP Foundation itself. Outside funding was identified in 2011 for this important element of park sustainability.

## **B. Transitory Annual Operational Plan (POA)**

There are five programs under the Transitory POA. The **Administrative Management Program** supports procurement for technical and administrative operations, including the maintenance of office, communications and transport equipment. In addition, this program supports training (e.g. Mesoamerican Congress of Protected Areas) and workshops.

The **Territorial Organization and Community Development Program** is fundamentally an economic growth program consistent with the conservation objectives of the CNP. For example, the program worked with a women's organization in the Nuevo Caimitillo community to establish a demonstration orchard used by schools. Support was provided for production, marketing and sales of agricultural products and related enterprises. Other community projects supported poultry production or simple farm management plans in buffer communities.

The **Environmental Communication, Promotion and Education Program** supported the development of many varieties of environmental education materials for community schools. Awareness raising extended beyond the schools to encompass community groups and tourists. In 2010 a third Park information bulletin was prepared and distributed, with information supporting the sales from the community development program. The new version of the CNP Visitors' Guide was made available in English and Spanish, as well as the Park-designed calendar.

The **Control and Vigilance Program**, in conjunction with the **Management and Conservation of Natural Resources Program**, accounted for 126 land reconnaissance patrols. Periodic overflights were also provided. Monitoring and registration of wildlife species (mammals, orchids and the harpy eagle) is ongoing and a 10 km fire break was established for the protection of the deciduous and semi-deciduous forest in the Campo Chagres area. Finally, the program is also responsible for the permitting of land management activities in the CNP, including those for land clearing, land or water rights, logging, prescribed fires and infractions.

## **C. Co-Management**

The Chagres National Park Foundation, recipient of the resources of the Long-Term Program, is the responsible "co-manager" of the CNP. CNPF, therefore, participates in the execution of the Strategic POA as well as the Transitory POA, managing the financial and physical resources for the procurement of goods and services, including CNP infrastructure development. These services are undertaken through strategic and operative coordination with Panama's Environmental Authority (ANAM) and the Mastozoological Society of Panama (SOMASPA) which carries out the biodiversity monitoring. The CNP is also responsible for the design of promotional materials and on fund-raising. It has been exploring the options of public-private partnerships with local companies.

## Short-Term Component

Under the Short-Term Program, 2010 investments largely financed the completion of four projects initiated in 2009. The grants supported applied technologies to demonstration farms (e.g electric fencing, agroforestry) and school plots, promoted rural sustainable economic growth alternatives, and partnered with local groups such as the Boquerón Abajo Health Committee in the distributions of successful agricultural technologies.

The Oversight Committee met 6 times in 2010 to review and approve the program's direction and management, as well as to implement its fiduciary responsibilities. The Fund Administrator continues to be Fundación Natura.

**TFCA – CNPF Summary Table  
(Currency in US\$)**

Fund Data	Fiscal Years				Total
	2003-2007	2008	2009	2010	
No. of proposals submitted	90	2	5	1	98
No. of proposals approved	18	1	5	1	25
Total GOP deposits to Forest Mgt. Acct. (exclusive of endowment)	1,942,661	359,180	353,472	348,749	3,004,062
Total <i>annual budget approved</i> for grants	2,938,027	539,841	430,896	337,617	4,246,381
Total <i>disbursed</i> funding for grants (Chagres)	1,362,631	529,447	389,050	254,702	2,535,830
Total of counterpart match (grantee cost-share)	222,751	49,979	57,665	77,786	408,181
Other leveraged matches (co-finance)	47320	0	397,561	0	444,881
Total matching funds as % TFCA grants <i>disbursed</i>	20%	9%	117%	31%	34%
Amount spent on admin. costs	247,768	69,259	55,929	59,989	432,945
Administrative costs as % of GOP deposits into Forest Mgt. Acct.	13%	19%	16%	17%	14%
Interest and capital gains on TFCA investments	54,099	3,797	1,798	1,293	60,987
End-of-Year Fund Balance	386,339	150,610	125,458	161,915	n/a

## Panama II

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

### TFCA Account Through 12/31/2010 (U.S. \$)

<b>Date</b>	<b>Forest Grant Fund (a.k.a. Forest Action Fund) [Cumulative Payments]</b>	<b>Trust Fund (Endowment)</b>	<b>Grant Disbursements</b>
2004-2009	1,606,937	3,443,563	1,093,608
2010	458,995	458,862	462,210
<b>TOTAL</b>	<b>2,065,932</b>	<b>3,902,425</b>	<b>1,555,818</b>

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. The latter is 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 both the Oversight Committee, composed of USAID, Panamanian Ministry of Economy and Finance, TNC and two Panama-based NGOs, and the Fund Administrator, Fundación NATURA, as the Secretariat. The two TFCA accounts for the Chagres and the Darien regions are managed separately by the Banco General.

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

The Darien National Park (DNP), established in 1980 through the Executive Decree No. 21, is located in the Darien Region, with an extension of 579,000 hectares. The Park was incorporated as *World Heritage Site* by the UNESCO in 1980 upon request by the Government of Panama, and later, in 1983, it was recognized as *Biosphere Reserve* by the Man and

Biodiversity Program of the UNESCO. The DNP shares borders with the Los Katios Park in Colombia, conforming the most northern zone of the *Mesoamerican Biologic 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 native tribes: Kuna, Embera and Wounann, which settle along the river banks.

### Major Achievements in 2010

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\$2,065,932** by the end of 2010. Approximately, US\$462,210 has been disbursed as grants in 2010 alone.

The Oversight Committee approved the 2010 Work Plan and the respective budget for a total of **US\$608,272**, including a Reserve Account of US\$96,365 required in order to cover the operation and existing commitments during the first two months of the following year (Table 1). A Reserve Account is a corrective mechanism used to compensate for the misalignment of the budgeting cycle with the schedule of deposits from the GOP. The distribution of the total budget approved for 2010 and the corresponding disbursements is shown in the following table (Table No. 1).

**Table N° 1**  
**Darien National Park Fund**  
**2009 approved and executed budget - in US\$**

Item	Budget	%	Disbursement	%
<b>INVESTMENT January – December 2010</b>				
I. Institutional Strengthening of the DNP Management	302,766	50%	299,533	99%
II. Strengthening of Darien Organizations	163,161	27%	158,678	95%
III. Project Support (Small donations)	56,600	9%	4,000	7%
IV. Fund Management	85,744	14%	85,739	100%
<b>TOTAL</b>	<b>608,272</b>	<b>100%</b>	<b>547,949</b>	<b>90%</b>
<b>RESERVES January - February 2011</b>				
I. Institutional Strengthening of the DNP Management	38,311	40%		
II. Strengthening of Darien Organizations	34,715	36%		
III. Project Support (Small donations)	5,000	5%		
IV. Fund Management	18,338	19%		
<b>Total Reserves</b>	<b>96,365</b>	<b>100%</b>		
<b>GRAND TOTAL</b>	<b>704,637</b>			

## Grant Making

In its fifth year of operation, the Darien Fund's resources were directed toward the establishment of partnership agreements with other operators in the area for the effective management of the protected area. Local knowledge sharing of conservation practices was emphasized.

In 2010, the Fundación PANAMA, which was created as a result of the TFCA program, renewed its contract to administratively support the Panama's National Environmental Authority (ANAM) in the management of the Darien National Park (DNP). With the assistance of the PANAMA Foundation, ANAM's DNP staff completed Operating Plan objectives in the following areas.

### 1. *Management Program*

- Acquisition of goods (e.g. uniforms and maintenance equipment) and services for five DNP Operating Centers.
- Coordination with different institutions (Ministry of Health and Ministry of Agricultural Development) and especially with indigenous authorities (Emberá-Wounaan), of the sectors proposed as Collective Lands.
- Commemoration of the XXX Anniversary of the creation of the DNP, emphasizing the cultural diversity of the people who inhabit the protected area.

### 2. *Community Management and Environmental Education Program*

- Execution of the Communication Plan: distribution of the calendar, quarterly information bulletins, weekly radio programs, aided by resources from the FIDECO Fund.
- Promotion of production-friendly initiatives proposed as a result of the work of the Security Program with environmental groups, the Support Network, and producers, in communities located within and around the Park buffer zone.
- Presentation of the results of a Participative Rural Diagnostic in the community of Pijibasal, a component for planning long-term actions.
- Follow-up to conservation activities undertaken by community groups.



Preparation of demonstration land parcels - Garachiné y Pijibasal

### 3. Security Program

- Carrying out aerial, land and aquatic patrols; georeferencing of work areas in communities within the DNP; identification of critical areas; redemarcation and signage of 15 Km of the Park limits; fabrication of 9 signs for communities located within the Park;



Sign in the Community of Púculo



Tree-felling at the limit of the DNP with the RFChepigana. Sept. 2010



Work crew on the demarcation of the DNP limits.

### 4. Management Program for Natural and Cultural Resources

- Promotion of a plan for internships and professional practice in coordination with various educational and research institutions (University of Panama, Smithsonian Institution, Darién Forestry Institute)
- Establishment of two land parcels for wildlife monitoring.
- Follow-up on the experimental Climate Change land parcel at Rancho Frío.
- Creation of the DNP's flora and fauna database.
- Coordination with educational and research organizations for studies in the DNP, beginning in the DNP dry forest with the University of Panama.

### Strengthening of Darien Organizations (esp. Community Based Org. – CBOs)

The *Organizational Support Formation for the Management of the Darien National Park*, operated by non-profit "APRODISO", has resulted in strengthening the nine (9) community organizations selected to benefit from the process called the *Organizational Formation Cycle*. This cycle, designed by the NATURA Foundation, is designed so that the organizations will gradually improve their capabilities in six different categories: organizational, technical, environmental, legal, managerial accounting and commercialization.

The initiative resulted in self-assessments by the 9 CBOs, including a political-administrative, socio-economic, legal and environmental description of each community. Following the assessments, the CBOs developed Leveling Plans for the six participating organizations. Baseline indicators were developed showing an organizational profile of each. Finally an Organizational Strengthening Plan was put into operation.

The core members of the TFCA program in the Darién National Park are ANAM and the NATURA Foundation. However, a significant role shift is taking place as the non-profit organization, APRODISO, is replacing the PANAMA Foundation in its present function of

channeling resources for the DNP. Additional important partners have joined the process to achieve value added to the conservation initiatives. These partners include: GOP Ministries (MINSA, MIDA and MICI), the Darién Foundation for Children, the International Migration Organization (IMO), as well as the traditional authorities of the Congress of Collective Lands. December floods in the Darien region have disrupted the plans for trainings on labor legislation and installations management.

### **Small Grants Program**

One small grant entitled the ***“Diagnostic of the Organizational Situation in the Overlapping areas of the Emberá-Wounaan Comarca”*** is scheduled to be launched in early 2011 and agreement had already been reached with the authorities of the Comarca to put the project for into operation. Another, entitled the ***“Management of Solid Waste from the Community of Tucuti”*** is near completion pending construction of a septic tank .

### **Fund Administration**

The Oversight Committee (OC) is the same for both the Charges and Darien TFCA Accounts. It has one USG representative (USAID as principal and US Embassy as alternate), one Government of Panama (GoP) representative (Ministry of Finance and Economy as principal and the National Environmental Authority as alternate), one TNC representative, and two local NGOs representatives (Smithsonian Foundation and Panama Audubon Society). The OC had four meetings in 2010: two for the review and approval of the Fund’s 2010 Work Plan and two for the preparation of the Darien Fund Strategic Plan.

The Fund Administrator, Fundación NATURA, serves as the TFCA program Secretariat. NATURA is an existing conservation foundation that currently administers three separate environmental accounts: 1) Ecological Trust Fund of Panama (FIDECO); 2) the TFCA- Chagres Fund, and 3) the TFCA- Darien Fund. NATURA reviews, approves and disburses program funds, drafts terms of reference and administers related contracts, oversees the implementation of projects during all stages of implementation, engages Fund external auditors, and reports on the technical and financial progress of the Darién Fund.

The NATURA Foundation coordinates and calls the indigenous Emberá Wounaan Congress (CEW) authorities to a meeting with the ANAM, to establish collaboration agreements in areas of community ownership overlap with the DNP. This process is expected to provide lessons to be used in other areas of interest for Panama’s National Environmental Authority and the Embera-Wounaan Congress (CEW).

The NATURA Foundation has worked closely with APRODISO, including the reception of personnel internships within Panama FOUNDATION offices in order to facilitate the transfer of certain program functions (e.g. procurement). APRODISO staff has received trainings in labor legislation and organizational management.

Finally, the Oversight Committee and the NATURA Foundation worked closely with ANAM and collaborating parties on the preparation of the Darién Fund’s Strategic Plan. Three strategic areas of action were identified in which to orient investments in 2011-2016: Improvement of

communities livelihoods in buffer zone areas; Preservation of Ecological values and Ecosystem Services of DNP; and DNP Administrative and Financial Consolidation.

**Summary Table**  
**NATURA Foundation**  
**TFCA – Darien National Park Conservation Fund**

Fund Data	Fiscal Years				Total
	2005-2007	2008	2009	2010	
No. of proposals submitted	26	1	3	3	33
No. of proposals approved	11	1	2	2	16
Total amount transferred by the Trustee	826,431	367,291	413,215	458,995	2,065,932
Total <i>annual budget approved</i> for grants	933,494	331,531	390,085	525,568	2,180,678
Total <i>disbursed</i> funding for grants (Darien)	603,012	227,900	263,211	462,211	1,556,334
Total of counterpart match (grantee cost-share)	75,781	0	0	25,788	101,569
Other leveraged matches (co-finance)	9900	0	196,500	59,577	265,977
Total matching funds as % TFCA grants <i>disbursed</i>	14%	0%	75%	18%	24%
Amount spent on admin. costs	157,655	66,123	64,843	85,739	374,360
Administrative costs as % of GOP deposits into Forest Mgt. Acct. (exclusive of Endowment)	19%	18%	16%	19%	18%
Interest and capital gains on TFCA investments	12,569	2,132	2,957	1,428	19,086
End-of-Year Fund Balance	482,982	153,733	242,360	154,833	n/a

## Paraguay

Fondo de Conservación



de Bosques Tropicales  
Paraguay

<b>Debt agreement signed</b>	July, 2006
<b>Type of Agreement</b>	debt reduction
<b>US budgetary cost</b>	\$ 4.8 million
<b>Conservation funds generated</b>	\$ 7.4 million (over 12 years)

### Schedule of payment to TFCA Account through 12/31/10 (US\$)

Date	Forest Grant Fund (GOP principal deposits)	Forest Grant Fund (GOP interest deposit)	Grant Disbursement
2008	2,826,948	102,952	-
2009	782,777	107,169	39,434
2010	611,575	92,568	139,022
<b>Total</b>	<b>4,221,300</b>	<b>302,689</b>	<b>178,456</b>

### 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 and administrative processes, the Paraguayan Tropical Forest Conservation Fund was finally legally established in February, 2008.

### Governance

Even though the Fund was established in February 2008, the Tropical Forest Conservation Board was actually formed in September 2007 with seven members: four representatives from civil society organizations, two representatives from the GOP, and one from the US Government. In 2010, the Board convened ten ordinary meetings and on December 2010, the Board elected a new President and Vice President, Mr. Alvaro Caballero and Mr. Miguel Gómez respectively. The lean Fund staff currently includes two individuals: an Executive Director and an Administrative Assistant.

## Grant-Making Activities

The TFCF Paraguay initiated its operation in September 2008. Since then, four public Requests for Applications (RFA) have been issued: three under the conventional projects program and one under the small grant program.

The first RFA was launched in September 2008 and awarded grants in March 2009. Three projects were selected out of 37 applications. Currently, two projects are under implementation and the third was cancelled due to land tenure problems. Ongoing projects are expected to conclude by June 2011.

The second RFA was conducted in October 2009 and grants were awarded in May 2010. Two newly implemented government legal and regulatory factors affected the normal timing of grants process: compliance with environmental impact assessments and a required consultation with indigenous communities. Nonetheless, three proposals were selected out of 23 applications, and currently two are under implementation. The third is still under an indigenous consultation process.

The third RFA was launched in October 2010. Projects profiles were received through the end of November. Of the 27 project profiles submitted, seven were selected for development of full proposals. The final selections are expected to be done by March 2011.

The first RFA under the Small Grants Program, which awards grants up to US\$ 10,000, was launched in mid-August 2010. The Small Grants were designed to promote participation of local communities and organizations in forest conservation activities. A considerable effort was made to contact local organizations in the influence area of the 6 protected areas in the BAAPA Southern Corridor. The RFA was communicated through local meetings, presentations and radio broadcasts. Eventually, seven out of 51 projects proposals were selected and implemented as of December 2010. The average duration of projects is 6 months, and the RFA total awarded was US\$ 67,546.



Native trees seeds collected for production in the local tree nursery in Alto Verá – San Rafael NP buffer area. Grant recipient: PROCOSARA

**Table 1: Grant Awards Summary**

Project Title (1° RFA)	Grantee	Duration (months)	Start date	Grant amount (US\$)*
1. Preservation of natural resources in San Rafael National Park and its environs.	PROCOSARA	19	Jun-09	96,805
2. Conservation and sustainable use of resources in Tapytá Private Reserve and its buffer zone.	Fundación Moisés Bertoni	24	Jul-09	88,621
3. Forest restoration in “Cerro Tres Kandú” –Ybyturuzú Reserve	CODES	Cancelled		64,953
Project Title (2° RFA)	Grantee	Duration (months)	Start date	Grant amount (US\$)
1. Tekoha	Asociación Ecológica Ybyturuzú	24	Oct-10	65,800
2. Encouraging local participation in the conservation of the Atlantic Forest in San Rafael.	Municipalidad Alto Verá	24	Oct-10	80,017
Project Title (1° RFA Small Grants)	Grantee	Duration (months)	Start date	Grant amount (US\$)
1. Communication and community participation for BAAPA protection.	Asociación Trinidad	6	Dec-10	9,903
2. Protection of the Ybyturuzú Reserve.	Centro Paraguayo de Cooperativistas	6	Dec-10	7,600
3. Risks management in the Ybyturuzú Reserve	Centro Paraguayo de Cooperativistas	6	Dec-10	7,884
4. Capacity building for Tacuary Stream catchment conservation	CECTEC	12	Dec-10	8,683
5. Strengthening women capacity in agro-forestry in Caazapá NP buffer zone.	CENDER	7	Dec-10	7,635
6. Forest enrichment with native tree species.	GEAT	12	Dec-10	7,935
7. Implementation of agro-forestry systems.	Nanderekoha	10	Dec-10	8,812

## Major Achievements 2010

- Two public RFAs were implemented: one under the conventional program and one under the small grants program. Eleven projects were under implementation, most with local community participation.
- The Board adopted a new methodology entitled the Organizational Development Evaluation System in order to assess its performance. SEDO was developed by a network of Paraguayan NGOs in order to evaluate "organizational development", based on indicators of transparency, administration, impact and legality.
- External financial audits for fiscal years 2008 and 2009 were concluded with clean opinions and few major recommendations.
- The Governments of U.S. and Paraguay continued their strong support of the TFCA program, in addition to that received from civil society Board representatives.
- The Board actively participated in the development of a consultation process for indigenous communities in grant-making, with inclusion of appropriate GOP authorities. Indigenous community consent agreements are now required.
- A revised RFA process with improved transparency, distribution and broad participation resulted in new local partnerships.
- An external program evaluation was completed successfully. While the program received good reviews, it was also viewed as an opportunity to improve the Fund's performance. Based upon its recommendation, the Fund Director attended the TFCA/EAI and REDLAC Annual Meetings in Guadalajara, México (Nov. 2010).

## Main projects results

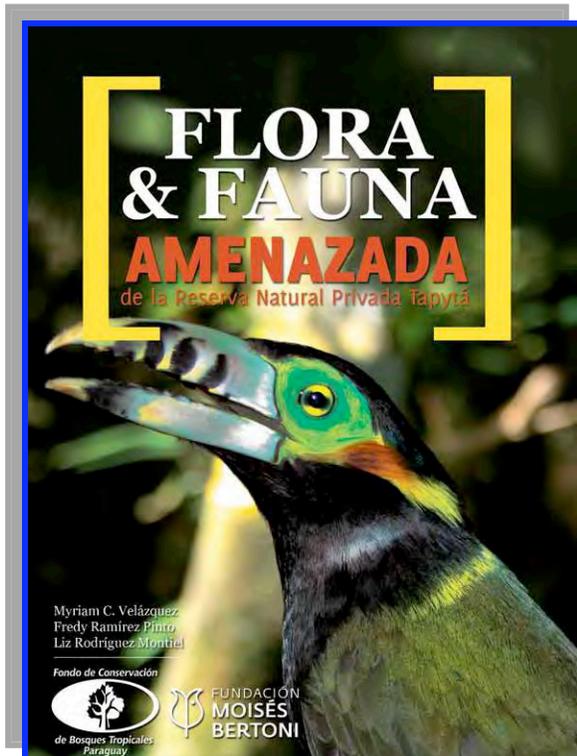
The well regarded Fundación Moisés Bertoni implemented a project in the Tapyta Reserve and its buffer area. The outcomes of the project include:

- 5000 hectares of the Upper Parana Atlantic Forest were protected through intensive patrol of Tapyta Reserve.
- Strong support was provided to Caazapa National Park steering committee.
- 7 hectares of agro-forestry demonstration parcels were installed.
- 7 hectares were reforested with native tree species to protect watersheds.
- 80 families living in Tapyta buffer area are now practicing sustainable agriculture for food security and income generation.
- Fauna and flora in Tapyta Reserve were monitored and an extensive data base in the Tapyta Reserve was periodically updated.
- A "Tapytá Pride Campaign" was successfully implemented among local schools and communities to raise awareness and support for biodiversity conservation in Tapytá.

The respected NGO, Procosara, implemented a project in the San Rafael National Park and its buffer area. The outputs/outcomes of the project include:

- The San Rafael NP was monitored through collaborative efforts of the Procosara's park rangers and local police.
- Operations and maintenance of Alto Vera Municipality plant nursery was supported.

- Eight tree nurseries were established in the community of Colonia Libertad del Sur while local farmers were trained in the production of both native and exotic tree species and yerba mate.
- Environmental education program activities trained nearly 800 students and teachers, resulting in 40 reforested hectares in the Mboí kaé stream catchment in the SRNP buffer area.
- Finally, 110 families living in Mboí kaé stream catchment were trained in sustainable agriculture for food security and income generation.



Publication on Threatened Flora and Fauna in Tapyta Natural Reserve.

Grant recipient: Fundación Moisés Bertoni.



Yerba mate and native trees production in a nursery installed in a local farm in Libertad del Sur – San Rafael NP buffer area.

Farmers were trained to build the nurseries as well for plants production.

Grant recipient: PROCOSARA

**Summary Table (\$ US)**

Fund Data	2008	2009	2010		Total
		(1° RFA) awarded 2009	(2° RFA) awarded 2010	(Small Grants)	
No. of proposals submitted	-	37	23	51	111***
No. of proposals pre-selected	-	8	11	8	34***
No. of proposals approved	-	3	3	7	13
Total approved funding for grants	-	250,379	145,817	58,452	454,648
Total grant disbursements	-	39,434	115,647	19,706	174,787
Total of counterpart match (grantee cost-share)	-	207,527	73,368	37,679	318,574
Total matching funds as % of approved grants	-	83%	43%	55%	65%
Amount spent on administrative costs	33,000	41,585	94,359		168,944
Interest and capital gained on investments	37,022	87,866	120,737		245,625
Fund balance at the end of the year (according to bank statement as of 12/31/10 and including investments)	2,928,219	3,844,810	4,601,316		n/a

\* 1° RFA initiated in 2008

\*\* 2° RFA initiated in 2009

\*\*\* Excludes 3° RFA initiated in 2010 but not awarded until 2011 (27 proposals, 7 preselected)

Average Exchange Rate (source: Central Bank of Paraguay-BCP):

2010: 1US\$ = 4327 PYG

2009: 1 US\$ = 4600 PYG

2008: 1 US\$ = 4267 PYG

Website: <http://www.fondodeconservaciondebosques.org.py>

## Peru I



<b>Debt Agreement signed:</b>	June 26, 2002
<b>Forest Conservation Agreement:</b>	June 26, 2002
<b>Type of Agreement:</b>	subsidized debt swap
<b>US budgetary costs:</b>	\$5.5 million
<b>Conservation funds generated:</b>	\$10.6 million (over 12 years)
<b>Leverage:</b>	1.93: 1
<b>Private funds contributed:</b>	\$1.1 million

**Table Nº 1 - Schedule of Payments to TFCA Account Through 12/31/10 (U.S. \$)**

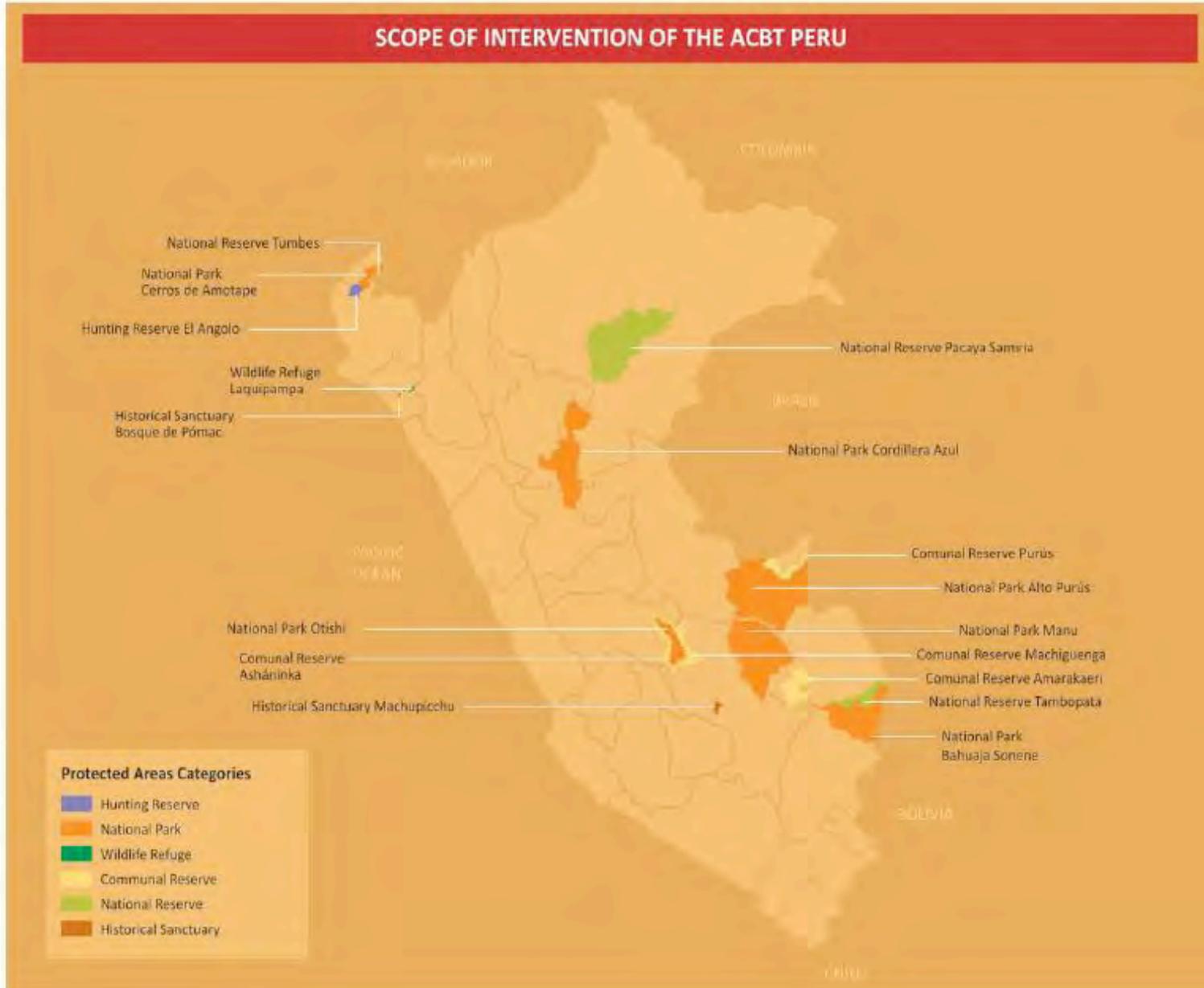
Date	Accrued Deposits	S-T & M-T Grant Disbursements	L-T Disbursements to ProNaturaleza
2002-2009	5,667,411	2,580,575	1,632,156
2010	1,006,609	413,528	205,180
Total	6,674,020	2,994,103	1,837,336

### Background

The Peru agreement represents the second time conservation groups have 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 52% of SINANPE (8.22% of Peru's territory).

## SCOPE OF INTERVENTION OF THE ACBT PERU



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 5 times in 2010.

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 2010**

In 2010 PROFONANPE carried out two calls of proposals:

- A co-financing bid with the Second Tropical Forest Conservation Fund (2008), managed by the Enterprise for the Americas Initiative Fund (a.k.a FONDAM). Five proposals were received and three projects were selected for a total amount of US\$ 795,266, with a contribution of US\$ 299,944 by TFCA and US\$ 495,322 as matching fund; and
- A bid solely led by PROFONANPE, through which nine proposals were received and three projects were selected for a total amount of US\$ 1,313,317, with a contribution of US\$ 1,189,442 by TFCA and US\$ 123,875 as cash matching fund.

Six short-term projects (identified above) were selected committing contribution by the First TFCA-Peru Fund for US\$ 1,489,386, and with a matching fund contribution for US\$ 619,197. That is, for every US\$1.00 from the first TFCA-Peru Fund, we are leveraging US\$ 0.42.

**Projects Approved in 2010 to be started in 2011 (US\$)**

Number	Executor	Project Title	TFCA Contribution
1	ACCA	Touristic development as conservation tool of the Santa Rita Alta community forest in Madre de Dios	US\$99,990
2	AIDER	Strengthening of participatory and sustainable management at the Bahuaja Sonene National Park in Madre de Dios	US\$99,955
3	AVISA SZF Peru	Strengthening the Monitoring, Surveillance and Improvement System to increase collection from touristic, research and information activities at the Manu National Park -PNM- in Madre de Dios	US\$100,000
4	ACPC	ECO Ashaninka and ECA Maeni participation consolidation in co/managing the Vilcabamba compound communal reserves	US\$399,437
5	APECO	ECA RCA and ECOPURUS institutional strengthening for managing their communal reserves and non lumberable forestry resources	US\$390,021
6	AIDER	Supporting design and implementation of financial sustainability strategies of Natural Protected Areas in the northern coast of Peru	US\$399,984
Total			US\$1,489,387

Additionally through projects 20 and 21 (see following table), supplementary funds were generated for the activities promoted by the TFCA-Peru Fund for a total amount of US\$ 165,644.

**TFCA-Peru Fund Account Grant-Making 2003-2010**

#	Year	Grantee	Title/Purpose	Amount Approved (US\$)	Status
1	2003	ProNaturaleza	Pacaya Samiria National Reserve (PSNR)	3,300,000	Active
2	2003	<i>Asociación Peruana para la Conservación de la Naturaleza</i> – APECO (Peruvian Association for Nature Conservation)	Implementation and Management of Blue Corridor National Park	98,707	expired
3	2003	Asociación para la Conservación del Patrimonio del Cutivireni (ACPC) Assoc.for Conservation of the Cutivireni Patrimony	Construction of Forestry Control Stations in Alto Purús	206,423	expired

4	2003	Asociación Ecosistemas Andinos (ECOAN) Andean Ecosystems Association	Polylepsis Forest Communal Reserve in the Vilcanota Mountain Range: Conserving and Restoring Forest Fragments in the Cusco Department	102,530.00	expired
5	2004	Instituto Machu Picchu (IMAPI) Machu Picchu Institute	Inter-district Municipal Conservation Areas between San Jerónimo-Oropesa-San Salvador, Acopio-Pomacanchi and Machu Picchu: Vilcabamba-Amboró Transborder Conservation Corridor	81,660	expired
6	2004	Asociación para la Niñez y su Medio Ambiente (ANIA) Association of Childhood and the Environment	Development of the Center for the Forest of the Children in Madre de Dios	188,525	expired
7	2004	Racimos de Ungurahui Workgroup	Institutional Strengthening and capacity development for indigenous participation in conservation, enforcement and management of biodiversity in the Amarakaeri Communal Reserve of Isolated Indians of Madre de Dios	148,485	expired
8	2004	Association for the Conservation of the Cutivireni Patrimony (ACPC)	Conservation of Forest Resources in the Rio Sepahua Watershed. (incl. creation for Forest Management Committees)	244,232	expired
9	2004	Cayetano Heredia Foundation (FCH)	Habitat and Forest Structure Mapping, Evaluating and Analyzing in La Nube Biological Station Area.	120,518	expired
10	2005	Forest Society and Development (BSD)	Strengthening the Scientific and Administrative Authority of CITES-Perú for the Implementation of CITES Appendix II – Cedar and Mahogany.	169,281	expired
11	2005	Law, Enforcement and Natural Resources (DAR)	Capacity Building for National Park Administration Staff (SINANPE)	8,167	expired
12	2006	Forest Society and Development (BSD)	Implementation of Activities in Alto Purús National Park. (incl. reduction of illegal logging)	120,261	expired
13	2005	<i>Ayuda para la Vida Silvestre Amenazada/ Sociedad Zoológica de Frankfurt-AVISA/SZF</i> (Endangered Wildlife Help/Frankfurt Zoological Society)	Broadcasting of Manu-Biodiversity Documentary.	5,993	expired
14	2006	Pro-Naturaleza	Reduction of Pressure in the Historical Sanctuary and Improvement of Livelihoods in the Buffer Zone	101,006	expired
15	2008	ProNaturaleza	Participatory management for conservation and sustainable development of the dry forest at the Pomac Forest Historical Sanctuary (PFHS) and buffer zone (BZ). II Stage.	191,265.54	Active
16	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 (APNP)	190,525.98	Active

17	2008	Machu Picchu Institute (IMAPI)	Strengthening environmental management and ecological remediation in the Apu Pachatusan Municipal Conservation Area (APM) and the Macchu Picchu Historical Sanctuary (MPHS) buffer zone (BZ).	160,835.19	Expired in 2010
18	2008	Assoc.for Conservation of the Cutivireni Patrimony (ACPC)	Participatory management of the Ashaninka Community Reserve (ASCR) and the Otishi National Park (ONP) and buffer zone	191,265.54	Expired in 2010
19	2008	Asociación para la Investigación y Desarrollo Integral (AIDER) (Association for Research and Comprehensive Development)	Building management skills at the Tumbes National Reserve (TUMBNR). Organizing livestock herding and awareness raising.	166,946.13	Active
20	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
21	2008	Law, Enforcement and Natural Resources (DAR)	Grant fund management proposal – ACBT.	143,449.16	Active
22	2010	Association for Research and Comprehensive Development AIDER)	Participatory management and sustainable productive system promotion as an alternative to reduce deforestation in the Tambopata National Reserve (RNT) (Nueva América) and in its buffer zone (Loero and Jorge Chávez).	99,998.97	Active
23	2010	Centro para el Desarrollo del Indígena Amazónico (CEDIA) (Center for the Development of Amazon Indians).	Supporting management, sustainable production and financial mechanisms in the Allpahuayo Mishana National Reserve Allpahuayo Mishana (RNAM).	99,965.00	Active

### Active Grants 2010

#### **No. 1. Pacaya Samiria National Reserve (PSNR) 2002-2014 (2010 budget: US\$ 205,179.93)**

This is the single long-term project financed by the TFCA Peru Fund. It started a second phase in April 2010, following an evaluation and reformulation process. An important step in the project has been launching the sub-grant bids, which helped identify three organizations for the implementation of specific project components. These organizations are Sociedad Peruana de Derecho Ambiental (SPDA- Peruvian Environmental Law Society) –to *strengthen the PSNR Management Committee*-; Green Life Together with Nonprofit Enterprise and Self-sustainability Teams (NESsT) –to implement *financial sustainability mechanisms*-; and Desarrollo Agroforestal Hacia la Industria (LAMPAY) - to *manage Yarina with public participation and in managing supply to retailers*. These partnerships are designed to contribute to the overall management of the PSNR and to serve as resource management models promoted during the first stage (2002-2009). Additionally, the project continues to support resource management plans and forest product sales support with riverine populations.

***No. 15. 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 2011 (2010 budget: US\$ 28,265.76 )***

This project's main achievements have been: the recovery of 1700 hectares (25% of the Pomac Forest Historical Sanctuary) which had been encroached by squatters; the reforestation of 233 ha with carob trees and sapote, the main profitable resources in the Natural Protected Area (ANP); and the preparation of an ANP Management Plan. The latter is pending approval by the competent government authority.

The project generally supports monitoring and oversight of the SHBP, facilitating Monitoring and Oversight Plan updating, repair of surveillance posts, training official and voluntary park rangers on operational and legal aspects, plus training on operational logistics to support volunteer park rangers' activities. Over the first two years of the grant, 1,000 patrols were carried out.

In 2010, the SHBP Touristic Use Plan was prepared and validated. Training courses were organized to get local guides specialized and tourist and birding guides were drafted. Critical to tourism, is the participation of the buffer zone population. Alternative income generating opportunities were explored, including native bee husbandry (benefiting 21 families), home-made carob syrup production (20 families), and weaving with native cotton (26 families). These families sell their production to visitors arriving in the SHBP and the distribution of their products is currently being arranged in local and regional markets.

***No. 16 Strengthening and consolidation of the protection, control, oversight and operations continuity of the Las Piedras River control post, Alto Purus National Park (PNAP), May 2008 to May 2011. (2010 budget: US\$ 18,271.28)***

AVISA/SZF is the NGO implementing this project. The geographic focus of the grant is the checkpoint located in the Monte Salvado indigenous community along the Las Piedras River at the border with the Madre de Dios Territorial Reserve for Indigenous Peoples Living in Voluntary Isolation (RTMD). During 2010, the institutional relationship between AVISA/SZF and the Native Federation of the Madre de Dios River and its Tributaries (FENAMAD) became troublesome due to discrepancies regarding monitoring activities by the park rangers in the Las Piedras River watershed. This watershed is currently occupied by forestry concessions, however, it has always been an entry point for illegal loggers into the RTMD, and even into the PNAP. The Indigenous Peoples Living in Voluntary Isolation (PIAV) are opposed to this illegal timber extraction.

So as to prevent institutional conflict with FENAMAD, AVISA/SZF requested the project's temporary suspension from March to August 2010. The project has been reformulated including actions outside the Las Piedras River watershed, but always focused in conserving PNAP and RTMD. It specifically promotes and strengthens recognized formal areas and mechanisms to enable effective PNAP management. The proposal promotes consolidation of protection and surveillance systems with the aid of key players such as grassroots organizations, associations, forestry concessions and the Park Management Committee. It also helps in preparing and updating documents -such as a monitoring and surveillance plan for the Madre de Dios sector- and in supporting Master Plan updating.

A PNAP Management Committee (CG) was created in August in the Madre de Dios sector. AVISA/SZF has participated in the CG assemblies and meetings in the other park sectors. The PNAP is the most extensive national protected area in Peru (2.5 million hectares) and it spreads over two Departments, Ucayali and Madre de Dios.

***No. 17 Strengthening environmental management and ecological remediation in the Apu Pachatusan Municipal Conservation Area (APMCA) and the Machu Picchu Historical Sanctuary (MPHS) buffer zone. June 2008 to June 2010. (2010 budget: US\$ 73,289.16)***

While the project grant is now expired, the grant achievements include: the reforestation of 208 ha with 264,000 native seedlings; the development and placement of appropriate signage in the APMCA and SHMP buffer zone areas; and an APMCA inventory of flora and fauna study in the Oropesa, San Salvador, San Jerónimo, and Ollantaytambo municipalities. The latter three municipalities also were supported model municipal environmental management plan, complete with consideration of climate change mitigation and adaptation. The plans address one of the main threats against both APMCA and HSMP buffer zone conservation, namely forest fires. As a consequence, the grant supported the procurement of emergency wildfire fighting equipment along with associated training for protected area authorities and communities.

***N°18 Participatory management of the Asháninka Community Reserve (RCA) and the Otishi National Park (PNO) and buffer zone. August 2008 to July 2010. (2010 budget: US\$ 38,653.92)***

The project grant expired as planned in August 2010 and ultimately strengthened the NGO entitled EcoAsháninka, the main co-manager of the RCAS. Because the co-management of communal reserves is in its early development stage in Peru, this grant strengthens participatory management in Natural Protected Areas. This includes reinforcement of Master Plan preparation and implementation, communications and coordination, and monitoring and evaluation capacity building.

As a result of the grant, EcoAsháninka developed an organizational structure based upon the special communal reserve regime and the RCAS management contract. Importantly, EcoAsháninka contributed to the preparation of the RCAS Master Plan as well as the strategic, financial and operational plans. A resource threats map was generated and updated as part of the strategic planning exercise. New handbooks and guides were drafted on administrative procedures and the monitoring and evaluation of field activities. Finally, the newly developed communications plan resulted in the creation of a website (<http://www.ecoashaninka.org/>) and a blog (<http://eco.ashaninka.blogspot.com>).

Specific project outcomes include the production and planting of mahogany (1,748 plantlets), citrus fruit trees (278 plants) and coffee (4,000 plants) that benefit 66 families in five indigenous communities.

The grant also allowed EcoAsháninka and its partners (EcoSira, EcoAmarcy and EcoPurús) to organize a network initiative to permit communal reserve management agreement executors to exchange experiences through the National Coordination Entity of Communal Reserve Management Agreements (CONECAP). Another outcome was to combine RCAS and PNO

Management Committees, so that both ANPs have only one management committee. Its legal recognition by SERNANP is pending.

***No. 19 Building management skills at the Tumbes National Reserve (RNTUMB). Organizing livestock herding and awareness raising. August 2008 to July 2010. (2010 budget: US\$ 53,827.92)***

This two-year grant was extended through March 2011 to accommodate delays in the preparation and official approval of the RNTUMB Master Plan. Nevertheless, project implementation through 2010 reduced deforestation from cattle raising activities, by preparing and sharing of the RNTUMB pasture usage regulations and management plans with five cattle rancher associations. These same groups were provided with technical assistance and training on pasture and cattle management and environmental aspects.

Conservation and protection were strengthened in the Tumbes National Reserve. There were patrols (23) to zones suffering from cattle trespassing so as to expel them from the protected area. Additionally, park rangers were trained on environmental legislation, brochures were produced and a blog was created that disseminates the importance of protected areas.

***No. 20 Training plan for personnel and stakeholders involved in managing the Natural Protected Areas System of Peru (SINANPE). May 2008 to May 2011. (2010 budget: US\$ 104,145.02)***

The National Service of State Protected Natural Areas Protected (SERNANP) has approved the “*Training Plan for the Personnel and Actors Participating in Managing Peru’s Natural Protected Areas (2009-2013)*.” This planning document frames specific strategies to optimize capacities of protected area personnel at different levels. Several organizations participated, such as Peruvian and international NGOs, universities and above all, SINANPE’s personnel, including heads of natural protected areas [ANPs] (51), specialists (160) and park rangers (583), which added up to 794 direct beneficiaries. SERNANP office officials and Management Committees also benefit from the project. Peru currently has 108 natural protected areas (national, regional and private) which occupy a total of 20,187,642 hectares, accounting for more than 15% of the national territory.

Training manuals have been updated as part of PC implementation, namely First Aid and Induction for park rangers. In 2010, 29 training events were organized for a total cost of US\$ 68,752 and co-financing of US\$ 119,559 which directly benefited 618 participants among which ANP heads, park rangers, specialists and SERNANP managerial personnel. This meant that for every US\$ 1 allocated by TFCA, US\$ 1.74 was leveraged.

***No. 21 Scholarship Fund TFCA. July 2008 to June 2011. (2010 budget: US\$ 53,078.56)***

DAR manages the TFCA-Peru Scholarship Fund to improve technical and administrative personnel capacities in SINANPE public and private organizations. In 2010 it granted training scholarships to 47 officials related to SINANPE for a total amount of US\$ 42,386, generating a US\$ 46,085 co-financing. This means that for every US\$ 1, US\$ 1.1 has been leveraged.



1



2



3



4

**Photo 1 and 2** – Proj.16: Patrolling in the Madre de Dios Territorial Reserve, recording trees that had been felled less than one month before, an evidence of illegal lumbering. **Photo 3 and 4** - Proj.18: Finding illegally lumbered wood in the Asháninka Communal Reserve during monitoring and control patrols. Seized wood is incinerated or cut up so it is no longer commercially valuable, thus hurdling illegal trade. In both cases SERNANP receives support to reduce illegal lumbering within the framework of the Peru-USA FTA.

**No. 22 Participatory management and sustainable productive system promotion as an alternative to reduce deforestation in the Tambopata National Reserve (RNTAMB) (Nueva América) and in its buffer zone (Loero and Jorge Chávez). November 2010 to November 2012 (2010 budget: US\$ 14,693.26) AIDER**

This project aims at reducing deforestation by establishing agro-forestry systems, palm management and strengthening of producer organizations in one RNTAMB sector.

**No. 23 Supporting management, sustainable production and financial mechanisms in the Allpahuayo Mishana National Reserve Allpahuayo Mishana (RNAM). November 2010 to May 2012 (2010 budget: US\$ 29,303.43.) CEDIA**

This project seeks to conserve biodiversity in the RNAM through three intervention strategies: by promoting participatory management, tourism and resource management. Additionally, the project hopes to promote a successful pay for environmental services (PES) mechanism through water consumption invoices.

**Peru TFCA Account - Summary Table US\$**

<b>Fund Data</b>	<b>2002 - 2008</b>	<b>2009</b>	<b>2010</b>	<b>Total</b>
No. of proposals submitted	47	13	14	74
No. of proposals approved	22	3	6	31
Total approved funding for grants	\$ 6,091,152	\$ 300,000	\$ 1,489,386	\$ 7,880,538
Total disbursed funding for grants	\$ 3,380,270	\$ 830,377	\$ 618,708	\$ 4,829,355
Total of counterpart match (grantee cost-share)	\$ 55,778	\$ 264,093	\$ 319,252	\$ 639,123
Other leveraged matches (e.g. co-financing)	\$ 154,606	\$ 405,636	\$ 465,589	\$ 1,025,831
Total matching funds as % of TFCA grant approvals	3.5%	223%	53%	21%
Amount spend on administrative expenses (incl. operation of a TFCA M&E unit)	\$ 328,627	\$ 153,037	\$ 165,334	\$ 646,998
Administrative costs as % of approved grants	5.4%	51.0%	11.1%	8.2%
Investment Income	\$ 73,769	\$ 49,581	\$ 20,904	\$ 144,254
End-of-Year Balance	\$ 968,347	\$ 1,131,614	\$ 1,320,772	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.

**Website:** [www.tfcaperu.org](http://www.tfcaperu.org)

## Peru II

<b>Debt Agreement signed:</b>	September 2008
<b>Forest Agreement signed:</b>	September 2008
<b>Type of Agreement:</b>	Debt reduction
<b>US Budgetary costs:</b>	US\$ 19.6 million
<b>Conservation Funds generated:</b>	US\$ 25 million (over 7 years)
<b>Administrator:</b>	Fund of the Americas (FONDAM)

**Table N° 1**  
**Schedule of Payments to the TFCA Account trough 12/31/2010**

<b>Date</b>	<b>Accrued Deposits to Grants Account</b>	<b>Grants Approved</b>
2010	US\$ 9,391,662	US\$ 3,187,664

The Governments of Peru and the United States of America signed Agreements in September 2008 for a debt swap operation within the framework of the Tropical Forest Conservation Act, in order to reduce the debt payments of Peru by a total of US\$ 19.6 million. In exchange, the Peruvian Government has committed these funds, which will generate \$25 over seven years, to support grants to protect the country's tropical forests.

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*].

Peru is one of the countries with the largest biodiversity in the world; it has 13% of the tropical forest of the world (approximately 70 million ha.). Approximately, 25 million hectares of this total are made up of forest of permanent production (FPP). According to official figures, at least 150,000 ha of forest are cut down and burned each year and only 5000 ha are planted. The principal threat to the protected natural areas (PNAs) is the proximity of many overlapping concessions. Peru is also ranked as one of the most vulnerability countries relative to climate related disasters due to global climate change. Most strikingly, glacier melt is expected to significantly reduce the long-term availability of water for direct consumption, agriculture and power generation. Peru currently represents 70% of the glaciers in the tropical belt of the planet. The climate change impact on the tropical forest ecosystems, particularly the Amazon basin, will have yet undetermined planetary consequences.

The Fund Administrator, FONDAM, channeling financial and technical resources towards 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 and around them.

### ***Greatest Achievements in 2010***

FONDAM has successfully met the objectives of the strategic plan while leveraging additional funding to achieve a greater impact. Conservation impact will become measurable through the impact indicators identified through the Study for the Determination of the Tropical Forest Conservation Fund Baseline.

In Board meeting No. 68 (4/15/2010), the members invoked the powers authorized in Article V, paragraph 3, of the Tropical Forest Agreement, and expanded the areas eligible for TFCA grants. The Regions with tropical forests which have been prioritized by the Ministry of the Environment are:

1. The San Martin department (an Amazonian Department)
2. The Cusco, Junin, Huanuco, Cajamarca and Puno Departments, specifically those provinces with tropical forests:
  - Cajamarca (Jaen, San Ignacio).
  - Cusco (La Convencion, Calca, Paucartambo, Quispicanchi, Urubamba)
  - Huanuco (Leoncio Prado, Puerto Inca, Pachitea, Dos de Mayo, Huacaybamba, Humalies, Huanuco, Marañon)
  - Junin (Chanchamayo, Satipo, Concepcion, Huancayo, Jauja, Junin, Tarma)
  - Puno (Sandia, Carabaya)
3. The Tumbes, Piura and Lambayeque Departments (which have tropical dry forests)

### ***Strategic Objectives***

Consistent with the TFCA program objectives and eligible grant proposals established in the bilateral agreement, the Peru TFCA II program hopes to achieve the following results based upon its strategic objectives:

- a. **Strategic Objective 1**
  - A greater number of local communities are incorporating tropical forest conservation and recovery practices into their economic and social activities.
  - Small community eco-businesses are created and are operating in protected areas.
  - Environmental goods and services from the Peruvian tropical forests have been put to commercial use in the TFCA areas of intervention.
- b. **Strategic Objective 2**
  - Increased number of conservation initiatives.
  - Strengthening the buffer zones of prioritized Natural Protected Areas.
  - Improved management of communal reserves, managed by the community.
  - Recovery of degraded forests.
  - Improved integrated management of basins.
- c. **Strategic Objective 3**
  - Important traditional knowledge about natural resources from the tropical forests has been recovered, systemized and circulated.

- The active ingredients from a significant number of medicinal plants with an identified market have been identified, registered and made known.
- Germoplasm banks have been installed in situ using resources from the tropical forests and it has been registered.
- The effects of the “Coto de Caza” (hunting preserve) in the Peruvian tropical forests are better known (due to monitoring, etc.)

- 

**d. Strategic Objective 4**

- Programs and courses have been implemented for developing competences to manage the tropical forests with an emphasis on local communities.
- Within the project area there are professionals, technicians and institutions with the necessary competences to manage the Peruvian tropical forests.

**Grant Activities**

FONDAM is the Fund created as a result of the Enterprise for the Americas Initiative (EAI) in Peru. FONDAM uses three grant mechanisms under its TFCA Account: 1) Standard Call for Proposals (tenders), 2) Co-financing, and 3) Axis of Development Projects and Special Projects.

The 2010 TFCA grant portfolio was impressive. Under the standard Call for Proposals mechanism, two tenders were issued in 2010. Seven awards were issued in the first RFP totaling US\$ 698,457, while nine grants were awarded in the second for a total of US\$ 891,899. **Four** grants were awarded using the Co-financing mechanism, three in conjunction with PROFONANPE (FONDAM contribution of US\$ 299,952) and one with the Critical Ecosystem Partnership Fund (CEPF) (FONDAM contribution of US\$ 98,616). Finally, FONDAM awarded one grant for US\$ 299,759 through its Axis of Development mechanism. All these mechanisms combined represent a 2010 FONDAM grant commitment total of US\$ 2,288,683.

✓ **Tenders**

Two tenders (a.k.a. Request for Proposals or RFPs) have taken place in 2010 alone. The total combined 2010 FONDAM grant commitment, therefore, was US\$ 1,590,356. Grants focused on the priority regions in the framework agreement: rainforests of the southwest Amazon region in Loreto, Ucayali and Madre de Dios; Peruvian Yungain the Amazon, Pasco; and dry forests in Huancavelica, Apurimac and Ayacucho. A total of 27 proposals were submitted and 7 projects were approved, 4 of them are already running and the other 3 are undergoing the process of elaborating operational plans. The amount committed by FONDAM totals US\$ 698,457 and a counterpart contribution of US\$ 272,480.

The projects are the following:

- 1) “Recovery and Conservation of Ecosystems through Sustainable and Integrated Management of Natural Resources in 500 Ha of Tropical Rainforest in the YanayacuPucate River Basin, PacayaSamiria National Reserve – 1<sup>st</sup> stage.”
- 2) “Improving Capacities for Forest Wood Sustainable Management in the Shipibokonibo Native Communities in the Ucayali Region.”
- 3) “Integral Management of Tara and Associates for the Conservation of the Tropical Forests in the District of Luya- Amazonas.”

- 4) "Conservation of the Buffer Zone and the Water Reserve in the Alto Imaza Basin, with Forests and Native Fruits – Amazonas."
- 5) "Environmental Management of Two Areas of Municipal Conservation in the District of Villa Rica- Province of Oxapampa – Pasco."
- 6) "Communal Management of Forests in the PalotoaTeparo River Basin- Alto Madre de Dios- Manu."
- 7) "Establishing an Agroforestry Model with Native Forest Species and Improving the Capacities for Sustainable Management and Recovery of Degraded Areas Aiming at the Conservation in the Cushabatay Micro Basin, District of Pampa Hermosa."

The 3<sup>rd</sup> Tender took place on 8/10/2010 and included the relatively broad geographical range prioritized in the framework agreement. A grant ceiling was given at a US\$100,000 per grant. The RFP produced 27 project profile applications, nine of which were approved by the Board after a review of their operating plans. The amount committed by FONDAM totals US\$ 891,899 and the counterpart contribution totals US\$ 96,533.

The projects are the following:

- 1) "Developing Technical and Commercial Capacities for Carob Producers Participating with Organic Certification, Tumbes-Peru."
- 2) "Sustainable Aquiculture for the Food Security of Native and Rural Populations adjacent to two Protected Natural Areas in Cusco."
- 3) "Promoting Agroforestry Systems, Based on Native Species, for the Economic Development and the Conservation of the Biodiversity in the Ucayali Region."
- 4) "Sustainable Organic Eco-businesses for the Conservation of the Dry Forests in the San Francisco de Asis Rural Community, Salas – Lambayeque Region."
- 5) "Strengthening the Management of Communitarian Forests and the Agro-ecology in Native Communities in the Buffer Zone of the Ashaninka Communal Reserve in Satipo, Junin".
- 6) "Augmenting Participative and Communal Implementation of Conservation Concessions: El Breo- Buffer Zone of the Abiseo River National Park, Natural Endowment and Culture of Humanity."
- 7) "Conservation of Forests Used for the Aquifers which Feed the Piped Water Systems in Native Communities (NNCC) in the North IIRSA Main Artery, District of Tabalosos, Province of Lamas, San Martin Region."
- 8) "Strengthening the Capacities of the AWAJUN Native Communities for the Participatory Management of the CHAYU NAIN Communal Reserve, Colan Mountain Range, Amazonas."
- 9) "Strengthening the Capacities of Native Communities for the Implementation of Payments for Environmental Services (PES) in the Buffer Zones of the Manu National Park and the Amarakaeri Communal Reserve".

✓ **Co-financing**

Co-financing operations have been carried out with PROFONANPE, the Fund Administrator for the First TFCA agreement in Peru, and with the Critical Ecosystem Partnership Fund- CEPF administered by Conservation International.

## **PROFONANPE**

The second call to a co-financing tender was carried out in April 2010 for US\$ 1,400,000 with US\$ 700,000 coming equally from the FONDAM and PROFONANPE (the leveraging two USG programs). The tender prioritized attention of the Buffer Zones of Protected Natural Areas in the eligible regions of the Tropical Forest Conservation Fund. Nine proposals were received and 3 projects were approved and are currently developing their operational plans which represent a commitment for FONDAM of US\$ 299,952, for PROFONANPE of US\$ 299,952 and a counterpart contribution of US\$194,892. The projects are:

- 1) "Touristic Development as a Conservation Tool of the Forests in the Santa Rita Alta Community, Madre de Dios."
- 2) "Strengthening of the Sustainable and Participative Management in the BahuajaSonene National Park – Madre de Dios."
- 3) "Strengthening of the Control, Surveillance and Services Improvement System looking to Increase revenues from Tourism Activity, Research and educational information generated from Manu National Park- PNM, Madre de Dios Region".

There was a limited response to the Co-financing tender due to the fact that there are few executing institutions operating in the research zone. During the first quarter of 2011, a new call will be made with the hope of improving the grant making balance initially planned. Grant opportunities would be available for a greater number of participating institutions while simultaneously addressing the program's strategic objectives.

## **Critical Ecosystem Partnership Fund – CEPF III**

The project "Strengthening Governance and Financial Sustainability of the Tambopata National Reserve in the Madre de Dios Region (PRO-RNTAMB): a Co-financing partnership with the Critical Ecosystem Partnership Fund – CEPF", was approved. It was submitted by the NGO Association for Research and Integral Development – AIDER. CEPF matched US\$ 98,616; FONDAM contribution of US\$ 98,616 and US\$ 39,908 was committed in counterpart contribution, adding up to a total of US\$ 237,139.

### **✓ *Development Axis Projects***

One Axis of Development project was approved. The project entitled "Artisanal Mining with Environmental and Social Responsibility in the Buffer Zone of the Tambopata National Reserve, Madre de Dios - Experience with APAYLOM" to be implemented by the NGO AIDER. The FONDAM grant is for US\$ 299,759 with a counterpart contribution of US\$ 83,920 totaling US\$ 395.480. This grant, like others exceeding the \$100,000 ceiling, required the approval of the U.S. Ambassador.

### ***Project Impact***

The impacts of the projects which have received grants during 2010 will be monitored in accordance with the impact indicators using hectares as a metric. The 2010 grants are planned to improve the management of 900 ha. of tropical forest and to establish 150 ha. in agroforestry management plans.

### Summary Table

The Summary Table figures below are provided specifically for the Tropical Forest Account (TFCA Grants account). However, administrative expense figures represent combined EAI/TFCA figures, even though each separate account is allocated its fair share of management expenses.

**Summary Table 2010 – Forest Account**

Fund Data	2008 – 2009	Adjustments	2010	2008-2010 Total
<b>1. Classical National Level RFP</b>				
1.1.No. of submitted proposals	26		54	80
1.2.No. of approved proposals	3		16	19
1.3. Total Counterpart match	29,984	147,147	369,013	546,144
1.4. Counterpart as % of approved grants	10%		23%	
1.5. FONDAM funds of new grants	299,844	-570	1,590,356	1,889,630
<b>2.Co-financed Grants</b>				
2.1.No. of submitted proposals	13		9	22
2.2.No. of approved proposals	3		4	7
2.3.Counterpart Contributions	29,996	92,095	234,800	356,891
2.4.Co-financing Match	299,960	-73	398,568	698,455
2.5. Counterpart as % of approved grants	110%		159%	
2.6. FONDAM funds of new grants	299,960	-78	398,568	698,450
<b>3.Development Axis Projects</b>				
4.1.No. of submitted proposals	4		2	6
4.2.No. of approved proposals	3		1	4
4.3. Total counterpart match	57,748	27,946	83,920	169,614
4.4. Counterpart as % of approved grants	19%		28%	28%
4.5.FONDAM funds of new grants	299,960	-135	299,759	599,584
<b>4. TOTALS</b>				
5.1.No. of submitted proposals (1.1+2.1+3.1+4.1)	43		65	108
5.2.No. of approved proposals (1.2+2.2+3.2+4.2)	9		21	30
5.3. Total counterpart match (1.3+2.3+2.4+3.3+4.3)	417,688	267,115	1,086,301	1,771,104
5.4. FONDAM funds of new grants (1.5+2.6+3.5+4.5)	899,764	-783	2,288,683	3,187,664
5.5. Administrative Expenses	212,883		474,778	687,661
5.6.Admin. Costs / new grants	24%		21%	22%
5.7.Admin. Costs / Managed accounts total (5.5)/(5.4+5.3+5.9)	11%		13%	12%
5.8.Investment Portfolio/Annual yield	24%		7%	n/a
5.9.Interest Earned by the Fund	664,000		354,229	1,018,229
5.10.Fund balance at the end of the year	4,956,353		9,041,599	n/a

## Republic of the Philippines



<b>Debt Agreement signed:</b>	September 19, 2002
<b>Forest Agreement signed:</b>	September 19, 2002
<b>Type of Agreement:</b>	reduction/rescheduling
<b>GOT debt service saving:</b>	approximately \$ 8.3 million
<b>US budgetary costs:</b>	\$5.5 million
<b>Conservation funds generated:</b>	\$ 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 cancel the interest accruing on loans from the U.S. government with a total outstanding principal of \$41,377,000 through a Debt Reduction Agreement and established the Philippine Tropical Forest Conservation Foundation (PTFCF). 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.

As administrator of the conservation fund, 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 165 grants to non-governmental organizations and community-based organizations working for forest conservation throughout the Philippines.

The Philippines has a land area of 30 million hectares, 15 million of which is classified as forest lands. An estimate of the actual forested area in the country is 5.7 million hectares (FAO 2005), of which 0.8 million hectares might be regarded as primary forest (DENR-FMB 2005). The remaining forested areas are fragmented. Within these forests are an estimated 24,300 forest-dependent species of mammals, birds, reptiles, amphibians and fish (DENR-FMB 2005). Vegetative biodiversity is likewise very high with high degrees of species richness and endemism.

Philippine forests, however, do more than provide habitat for plants and animals. An estimated 18-20 million people, including indigenous peoples, are dependent on forest lands for subsistence uses and customary or traditional livelihoods. Most of the country's watersheds are forest reserves with varying degrees of legal and institutional protection. Watersheds provide water for domestic use, irrigation and hydroelectric power. Forests influence the climate through transpiration, and particularly in the eastern side of the Philippines, they mitigate the impact of typhoons. When trees are cut, rainfall runs off faster contributing to floods and landslides. In the Philippines, protecting forests for their ecosystem services is as important as protecting them for their ecological value.

## Highlights of 2010 Projects

PTFCF believes that effective forest conservation necessitates the protection of the remaining forested areas of the Philippines. With their ecology intact and functioning ecosystem services, these remaining forest blocks serve as living models for forest restoration efforts and provide the source for materials in reforestation. Hence, in these areas, notably, the Sierra Madre Mountain Ranges, the island province of Palawan, and Eastern Mindanao, forest protection activities are given priority. These activities include information, education and advocacy for forest conservation, delineation of forest management zones, capacity building and support for collaborative and multi-sectoral forest governance.

For 2010, PTFCF provided a grant to the CARAGA Council for Peace and Development (CCPD) a network NGO known in the region for its multi-sectoral development work. The project aims to improve forest conservation in the region through IEC, capacity development and support for improved forest governance in the CARAGA region. CARAGA is in Eastern Mindanao composed of three provinces with remaining intact forests. CARAGA is also known as the timber corridor of the Philippines since the region hosts some of the largest timber concessions still in operation in the Philippines, in addition to a number of community-based forest management agreements. After a years' worth of operations, the project was able to catalyze multi-sectoral action that resulted in the apprehension and confiscation of thousands of illegally cut logs valued at over 200 million pesos, several conveyances, including three ships and the tools used in illegal logging.



*Confiscation of conveyances and over 40 thousand logs in CARAGA Region*

In addition to protecting forests for their biodiversity values, PTFCF understands the need to conserve and, if necessary, restore the ecosystem services of forests. In this regard, PTFCF responded to the call for the rehabilitation of the Antipolo Watershed, the deforestation of which contributed to the massive flooding experienced in Metro Manila in the latter part of 2009. PTFCF entered into a Memorandum of Understanding (MOU) with other civil society organizations, the church, local government units and the private sector for the rehabilitation of the watershed. For its part, PTFCF initiated the establishment of two community run nurseries that produce indigenous tree species that will be used as planting material. The two nurseries, launched in the first quarter of 2010, have produced over 40,000 seedlings and they continue to operate today. In addition, the nurseries have spurred restoration efforts in partnership with Smart Communications, the largest telecommunications firm in the country,

Manila Water, a private water concessionaire and several large business processing outsource providers (BPOs). The collaborative effort stands as an example of public-private partnership for an environmental and civic good that may be replicated in other watersheds in the country that need rehabilitation.



*Community-run Indigenous Tree nursery in the Antipolo Watershed*

PTFCF keeps abreast of the latest trends in forest finance and governance. The Foundation is a key stakeholder in developing the country's program for REDD+. Support was provided to consultative meetings and dialogues for the national REDD strategy involving both government and civil society. The Foundation also provided technical advice and information, including maps, in aid of the development of the national strategy. The said strategy has been approved and adopted by the Philippines as its country strategy and framework for REDD+.

In terms of PTFCF's financial management, 2010 was a year of positive returns for the Foundation. Interest revenue amounted to \$253,752, an increase of \$87,050 or 52% compared to 2009 driven by the asset rebalancing strategy implemented last year wherein exposure to equities was kept at 20% of the Foundation's total portfolio. In addition, as PTFCF realized the proceeds from the sales of equities, the funds were then invested in fixed income instruments, mostly government securities, thus driving up the interest income.

### **Grants and Grants Management**

As agreed upon in the 2009 4th Quarter Board of Trustees Meeting, the Foundation issued a call for proposals, published in the country's leading newspaper, the Foundation's website and also sent over the internet, in December 2009, with a deadline for submission on January 2010. A total of 55 proposals were submitted in response to the call. After due evaluation, only 3 area proposals were approved. In the months following the call, another 55 proposals were submitted to PTFCF. These proposals were also evaluated and 9 area grants as well as 20 micro grants were issued by the Foundation.

## 2010 Proposals

	Number of Proposals Received	Number of Proposals Approved	Approval Rate
Main Call (January 2010)	55	3	5 %

After Call (March - December 2010)	Number of Proposals Received	Number of Proposals Approved	Approval Rate
Area Grant	30	9	30 %
Micro Grant	25	20	80 %
	110	32	29 %

Consistent with PTFCF's grant making strategy, the projects supported for 2010 covered diverse forest formations and consisted of different types of forest conservation activities. Support was provided for conservation of protected areas, lowland dipterocarp forest and mangrove forests. In terms of duration, the Foundation approved several multi-year projects, as well as short term activities. PTFCF also supported several forums and co-funded conferences particularly as these relate to restoration using native species, the development of next-generation policies for forest protection, payment for ecosystem services and REDD+.

## 32 Approved Projects for 2010

Name of Grantee	Project Title	Location	Amount Requested	Counterparts	Duration
Center for Biomolecular Science Foundation	Establishment of an Integrated Reforestation, Conservation, and Sustainable Livelihood Program for Kanawan Aytas in the Bataan National Park Yr.3	Morong, Bataan	40,269	44,690	Jan.18, 2010 - Jan. 17, 2011
Education for Life Foundation	Aeta Leadership Formation Program for BCSD of their Ancestral Domain	Zambales	2,279	1,424	January 15, 2010-June 15, 2010
Dr. Edwino Fernando	Plant Biodiversity and Zonation of the Caimpugan Peat Swamp Forest on Mindanao Island, Philippines	Brgy. Caimpugan, San Francisco, Agusan del Sur	2,279		May 17, 2010-May 16, 2011
Kalinga Mission for Indigenous Communities and Youth Development Inc.	Tanap Forest Reserve Conservation and Protection Project Development Phase	Dananao Lacnog, Tabuk	2,256	2,885	March 18, 2010-May 18, 2010
Tribal Center for Development Foundation, Inc.	Panuppyoy: Reaffirming and Revitalizing Indigenous Communities Through the Agta Cultural Festival	Quezon province	2,279	1,128	April 1, 2010 - April 30, 2010
Institute of Social Order	Managing Common Resources, Sustaining the Livelihood of Coastal Communities through Mangrove Management Yr.	Polilio group of islands, Quezon province	31,605	16,950	January 1, 2010 - December 30, 2010

	2				
Xavier Agriculture Extension Service	Sustaining the Mangrove Rehabilitation Initiatives and Livelihood Enhancement in (SMILE) - Sibugay Bay Project (Year 1)	Zamboanga, Sibugay	45,547	46,080	May 15, 2010 - May 14, 2011
Environmental Leadership and Training Initiative (ELTI)	Mainstreaming Native Species - based Forest Restoration	University of the Philippines - Diliman & Cebu campuses	2,279	22,789	June 1 - July 16, 2010
Diliman Science Research Foundation	Round table discussion on forest restoration and climate change	Bicol University, Legazpi City	2,279	3,008	March 30 - May 30, 2010
Surigao Economic Development Foundation Inc.	Caraga PAMB Summit	Caraga Region	2,273	4,627	June 8, 2010 - July 7, 2010
Justice and Peace Desk - Social Action Center	Multi - Stakeholders Focus Group Discussion for the Conservation and Protection of Allah Valley Forest Reserve	South Cotabato and Sultan Kudarat	2,279	957	July 1, 2010 - September 30, 2010
Tanggol Kalikasan	Consolidation Phase for Oplan Sima 1 & 2	NSMNP and Sierra Madre	1,367	1,139	June 1 - July 31, 2010
Aksyon Klima Pilipinas	A Round Table Discussion on REDD & National REDD - Plus Strategy (NRPS)	Quezon City	1,367	684	6/4/2010
IRRI - ICRAF PROJECT	PES National Conference - Workshop: PES for Climate Change Adaptation and Mitigation	Metro Manila	2,279		August 12 - 13, 2010
Palawan NGO Network, Inc. (PNNI)	Nuestra Paragua Dos (Buffer Zoning and Management Plans for Community Conserved Areas	Palawan	45,579	17,092	May 1, 2010-April 30, 2011
Tribal Leaders Development Foundation, Inc.	Sustaining Local Capacity Enhancement for Resource Management and Development in the Allah Valley Forest Reserve	Tboli, South Cotabato	45,547	133,343	July 1, 2010-June 30, 2011
ViSCA Foundation for Agricultural and Rural Development (ViFARD), Inc.	Profile, Status, Needs Assessment and Project Development Proposal for Forest Restoration and Biodiversity Protection of Lowland Dipterocarp Forests in Silago, Southern Leyte	Barangay Katipunan, Imelda Catmon, Puntana, Tubod and Poblacion District II, Silago, Southern Leyte	2,279	501	July 1, 2010 - September 1, 2010
Indigenous Peoples Research Center - Mindanao Inc. IPRC - MI	Conversations between Donors and Philippine Indigenous Peoples; Elders, Defenders and Partners	Lantapan, Bukidnon	1,139		July 24 - 25, 2010
Haribon Foundation	Consultative meetings and technical support for the Sustainable Forest Management Bill	National	2,232	4,184	May 1, 2010 - September 30, 2010
Ana Rhia T. Muhi	Legal Support for the Sustainable Forest Management Bill	National	1,823	524	June 1, 2010 - Aug. 1, 2010

Alternative Law Groups, Inc.	Expanded Environmental Defense Program	National	45,579		July 1, 2010 - June 1, 2011
Kapunungan sa Gagmay'ng Mangingisda sa Concepcion (KGMC)	Coalition of Fisherfolk Association for the Restoration of Sibuguey Bay's Over-exploited Mangroves and Natural Resources in Siay, Naga and Kabasalan	Siay, Naga, and Kabasalan	41,568	27,279	August 1, 2010 - July 31, 2011
Can-ugnay Rainforestation Farmers' Association (CarFA)	Production of Indigenous Seedlings for Landscape restoration through Rainforestation (PILARR) Project	Barangay Villahermosa, Pilar, Camotes Island, Cebu	1,743	798	September 2010 - August 2011
SALIGAN	Multisectoral Forum on the New Rules of Procedure for Environmental Cases in Bislig City, Surigao city	Bislig City, Surigao City	2,279		18 October 2010 - 10 November 2010
Association of Foundations	Social Development Week Celebration 2010	Trinoma Mall, Quezon City	2,279		Nov. 1, 2010 - Dec. 31, 2010
FRENDS	Merging Socio-Economic Development and Biodiversity Conservation in Mt. Palali through Community-Based Management Approach (Year 2)	Brgy Buliwao, Maasin, Baresbes and Madiangat in Quezon and Brgys Bansing, Magapuy and Paitan Bayombong, Nueva Viscaya	45,533		Nov 1, 2010 - Oct 31 2011
Save Davao Gulf	Saving the Gulf by Saving the Uplands: Up-scaling Project	Sitio Licosan, Brgy. Salaysay, Marilog District, Davao City	19,866	7,042	June 1, 2010 -May 31, 2011
Kitanglad Integrated NGOs (KIN) Inc.	3rd Symposium on Long-Term Ecological and Biodiversity Research	Institute of Biology, University of the Philippines, Diliman, Quezon City	2,279	5,128	10 November 2010 - 30 November 2010
Philippine Watershed Management Coalition	Rainwater Harvesting in the River Basin for Climate Change Adaptation: 10th PWMC General Assembly	Iloilo	2,279	13,589	October 1, 2010 - January 2011
Kalinga Mission for Indigenous Communities and Youth Development Inc.	Tanap Forest Reserve Conservation and Protection Project	Barangay Dananao, Tinglayan, 3804 Kalinga	38,710		December 20, 2010 - December 19, 2011
VisCA Foundation for Agricultural and Rural Development (ViFARD), Inc.	Community-based Forest Restoration and Biodiversity Protection and Management of Lowland Dipterocarp Forests in Silago, Southern Leyte	Barangay Katipunan, Imelda Catmon, Puntana, Tubod and Poblacion District II, Silago, Southern Leyte	45,424	38,993	December 20, 2010 - December 19, 2011
			486,776	394,836	

The above projects not only preserve and enhance forest biodiversity, PTFCF grants also provide livelihood to communities engaged by our projects, improve tenure and resource management systems for indigenous peoples, support improved forest management by local stakeholders, and ensure the continued delivery of other ecosystem services.

In Palawan, support went into the delineation of, and planning for, micro-watersheds as community conserved areas. These watersheds provide irrigation to permanent farmlands and prevent the conversion of forests into agricultural lands. Community partners enjoy improved irrigation as a consequence of their efforts at watershed management and protection.



*Rice fields below a community conserved watershed in Quezon, Southern Palawan*

In the upland areas in Eastern Mindanao, grants provided support for rain forestation farming and agroforestry farm establishment. Planting materials provided include fruit trees, rattan, abaca and coffee. There are also community projects engaged in the processing of tea from forest shrubs and grasses (pandan-banaba-tanglad) and fruit wine (duhat and bignay). Almaciga resin production is being explored in Maragusan, Compostela Valley to serve as livelihood of the local indigenous people (Mandaya and Mansaka tribes) and serve as incentive for "Bantay Gubat", or local forest guards, in protecting the forest resources.



*Mixed agroforestry project in Eastern Mindanao*

In other areas of Mindanao, forest conservation activities like forest monitoring and restoration, together with support for crop and livestock production through micro-finance, have made a significant impact on increasing the income of farmers and ensure active participation in forest governance efforts. PTFCF grant support to a project with the Western Mindanao State University - Experimental Forest (WMSU-EF) in La Paz, Zamboanga City enabled each of the 31 farmers-beneficiaries to generate revenue of at least \$200 for a cropping cycle producing vegetables for consumption and the local market for 4 cycles already (from producing vegetables). The farmers allocate 30% of the net income to support the reforestation of degraded areas within the WMSU-EF forest reserve. The livelihood support encourages the farmers to actively participate in the conservation of the forest since their farms' water supply depends on the adjacent forest. There have been 4 planting cycles and the community partners continue to plant and harvest vegetables, earn a livelihood -- and restore the forest reserve.



*Support for sustainable agriculture in exchange for forest monitoring and reforestation in La Paz, Zamboanga City*

In the mangrove areas, conservation of remaining stands and restoration of degraded mangrove areas go hand in hand with community livelihood support for partner communities. In return for earnest efforts for improved management of mangrove areas, PTFCF provided assistance in the form of provision of capital for acquisition of fishing gear (gill net, fish coral), mud crab culture and micro-finance to support agri-livestock production.

The managed mangrove forests in some project sites are now contributing to improved fishery production due to the increase in population of fish, shrimps and crustaceans. With effectively managed fish sanctuaries, fisher folk are now able to fish in near shore areas. In the Municipality of Kabasalan in Zamboanga Sibugay, fisherfolk have reported an increased in family income due to increased catch of shrimps and reduced fishing effort. The PTFCF partner community in Kabalasan enjoys increased fish catch in addition to significant revenue from sale of cultured oyster and aquaculture as their livelihood enterprises. Currently, the revenues from the community enterprises amount to approximately \$8,000 annually. This revenue is used to expand their other livelihood projects.

Project partners also report that managed mangrove forests not only contribute to fishery production but also serve as protection from typhoons and tidal surges. Experience in Zambales and Pangasinan provinces showed that mangrove forests protect houses and other community infrastructure from significant damage by typhoons as the mangrove stands serve as natural barriers against wind and waves. In the conflict affected areas in Lanao del Norte in Mindanao, mangrove forests have even served as sanctuaries for communities fleeing encounters between rebel and bandit groups and government forces.



### Summary of Forest Coverage for 2010 Projects

PTFCF 2010 coverage	Coastal Forest	Lowland and Upland Forest	Total
Reforestation	322	527	848
Forest Protection/management	609	7,733	8,342
Total Forest with improved management	931	8,260	9,190

Forests under improved management due to new projects approved in 2010 amount to 9,190 hectares. The forest coverage of the CCPD project was not factored into this summary since it was difficult to arrive at a verifiable scope for the project. CARAGA has approximately 1,331,490 hectares of forests and while operations have been conducted through-out the region the conservation impact of the activities is difficult to validate at this stage.

The total area under improved forest management due to PTFCF support has slightly increased to 1,114,449 hectares of forests. PTFCF supported on-ground conservation activities are implemented in the remaining forested key biodiversity areas in Luzon, Eastern Mindanao and

the Visayas. Preliminary data indicate that PTFCF supported area-based projects are implemented in over 80 percent of the remaining forested areas of the Philippines.

### Summary of Forest Coverage 2005-2010

PTFCF 2005 - 2010 coverage	Coastal Forest	Lowland and Upland Forest	Total
Reforestation	1,068	2,331	3,399
Forest Protection/management	48,341	1,062,709	1,111,050
Total Forest under improved management	49,409	1,065,040	1,114,449

### Financial Management

For 2010, the Foundation continued with its judicious use of its resources coupled with the implementation of sound financial investment strategies. This year, PTFCF began developing its option for the sustainability of its operations and implemented its sustainability strategy. After a thorough search, the Foundation engaged a firm specialized in fundraising, Ventures for Fundraising (Ventures), to advise the Board in an appropriate fund raising strategy for the Foundation. As an initial step, Ventures undertook a study on fundraising options for PTFCF and conducted a financial sustainability seminar for the Board and staff of the Foundation. Ventures submitted its recommendation to the Board on October of 2010 and recommended, among others, that the Foundation hire a fulltime fund raising staff. After discussing the recommendations of Ventures as well as the options available to PTFCF, the Board decided to assess and develop other options including the pursuit of another debt reduction agreement rather than the employment of fund raising staff.

To further improve its operations and financial governance and accounting systems, PTFCF adopted and implemented the recommended policies outlined in the study “Management Expenses of Environmental Funds – a cost review of US enterprise for the Americas and TFCA Funds” in its accounting system. Accounts were revised in accordance to TFCA specific titles and ledgers. The new guidelines will be the basis of our external auditor’s annual financial review scheduled on March 2011.

The Board also approved the rebalancing strategy consisting of the sale of the remaining investment in equities, with the objective of realizing a 25% profit, and then investing the same in capital protected deposits. This results in PTFCF having a very conservative investments portfolio. This strategy also positively positions the PTFCF in the near and medium term, cushioning the impact of any uncertainty related to the macroeconomic environment.

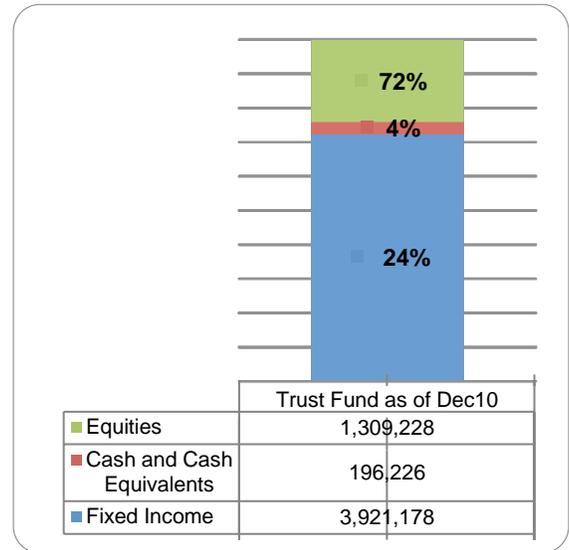
### Results of Operations and Financial Condition

Based on 2010 unaudited figures, the revenues of \$253,752 were 52% better than investment revenues earned in 2009. Growth was attributed to the increase in both interest income and unrealized gains on marketable securities.

Indirect Costs were at \$137,274 or 8% higher compared to last year. Personnel costs rose by \$7,077 on higher government charges, including taxes and mandatory contributions and salary increases. Administration costs likewise increased up due to equipment depreciation and an increase in utility costs.

Direct costs were lower by 5% as only 31 projects out of the 42 approvals were released as grants this year. Funds for the 11 conditionally approved projects are on hold subject to site validation and budget negotiation.

Total resources ended at \$4,939, 856, or 7% higher than 2009 figures -- driven by increase in revenues. Liquid assets increased to \$4,750,556M, or 35% higher compared to the previous year as investment securities increased by \$1.2M on higher inventory of government securities in the Foundation portfolio.



**PTFCF Summary Table**

Summary Table	2002-2008	2009	2010	Total
Number of proposals submitted	633	124	110	867
Number of proposals approved*	90	36	42**	168
Total Approved funding for grants*	1,879,231	612,868	874,196	3,366,295
Total counterpart match	1,266,599	794,110	394,836	2,455,545
Other leveraged matches	0	47,815	0	47,815
Total matching funds as percentage of approved	67%	137%	45%	74%
Amount spent on indirect costs (admin.)	249,009	126,752	137,274	513,035
Indirect Costs as percentage of grants approved	13%	21%	16%	15%
Interest and Capital gained on investment	547,892	166,702	253,752	968,346
Fund balance at the end of the year	3,652,334	4,488,873	4,939,856	n/a

\* With 4 multi-year and 7 conditional approvals in the amount of \$387,420.

\*\* Includes 11 conditionally approved projects are held pending budget negotiation.