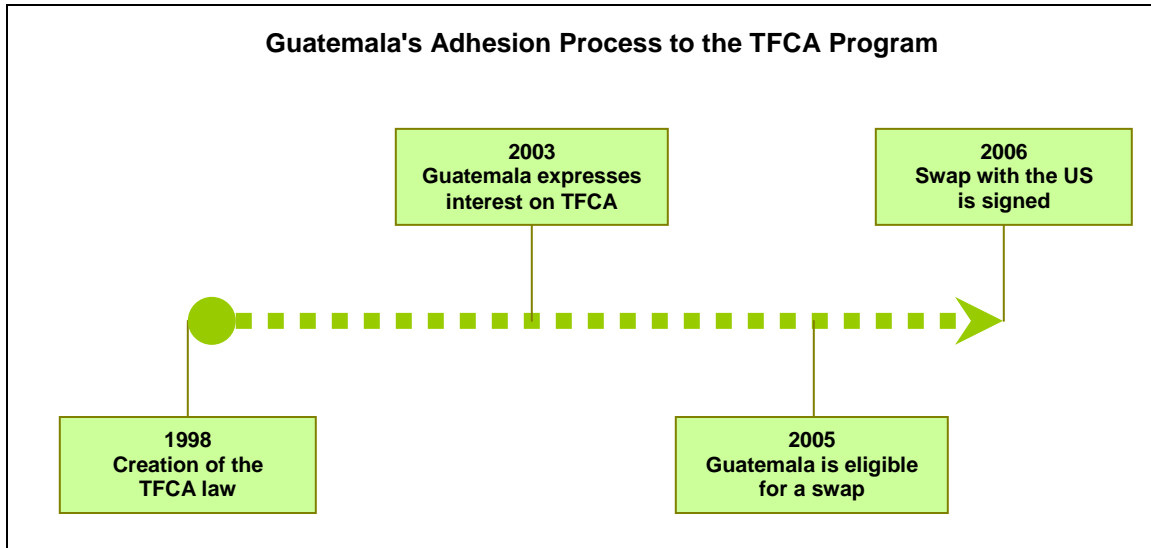


DEBT FOR NATURE SWAP IN GUATEMALA



The process of adhesion of Guatemala to the US TFCA Program started with an expression of interest by the Government of Guatemala to the Government of the United States for entering the Program. After evaluating requirements, the Government of the United States notified Guatemala of its eligibility for participating in the TFCA Program. The negotiation mechanism used was called Subsidized Debt Swap, and it was conformed on one part by the subsidy of the Government of the United States for a debt pre-payment and an amount from the participation of private NGOs.



The negotiation implied the simultaneous subscription to three agreements, which signature was held on September 8, 2006:

- Debt Swap Agreement, subscribed between the Government of the United States and the Government of Guatemala
- Forest Conservation Agreement, subscribed between the Government of Guatemala and international NGOs (TNC and CI)
- Swap Fee Contractual Agreement, subscribed between the Government of the United States and international NGOs (TNC and CI)

FCA's agreement establishes that FCA Fund must be executed through a Trust fund; this Trust fund was created on September 30, 2008, and it manages two accounts: Debt Service account, that receives payments from the Government of Guatemala according to the defined payment schedule and the Endowment account, formed by a fixed fund from which each payment is deducted, and which is unmovable; it must reach US\$ 4.9 Million in ten years.

STRATEGIC FRAMEWORK AND GOVERNABILITY



VISION

Attain lasting conservation of natural resources in priority regions in Guatemala to improve the welfare of the community.

MISSION

FCA will be an innovative financial mechanism that, through alliances with donors, entities and communities, strengthens conservation and sustainable development agendas through high impact projects.

STRATEGIC OBJECTIVES

- Ensuring that the specific regions and areas are managed functionally in a way that contributes to the long term protection of critical species and vulnerable ecosystems, through the active and relevant participation of local stakeholders.
- Preventing and reducing threats and pressure on biodiversity, natural resources and their surroundings within the priority regions.
- Strengthening and promoting alliances, resources leveraging, participation and contribution from key stakeholders (donors, academia, private and public sector, communities and NGOs) for the compliance with conservation purposes and sustainable development authorized by FCA.
- Manage FCA's Fund under an effective, transparent and innovative structure, with high accounting and financial standards, and investment priorities to implement the portfolio in a sustainable way.

AUTHORIZED PURPOSES

1. *Establishment, restoration, protection and management of parks, protected areas and reserves.*
2. *Development and implementation of scientifically healthy systems for the management of natural resources, including land and ecosystems management practices.*
3. *Training programs to increase scientific, technical and managerial capacities of individuals and organizations involved in conservation efforts.*
4. *Restoration, protection or sustainable use of diverse animal and vegetal species.*
5. *Research and identification of medicinal uses of tropical forest plants for treating human diseases and health-related affections.*
6. *Development and support for the survival of individuals living at or near tropical jungles in a way that is consistent and that protects the tropical jungle.*

GOVERNABILITY

The governability of the Fund for the Conservation of Tropical Forests (FCA) is under the responsibility of an **Oversight Committee** that ensures that all funds derived from the payments made by the Government of Guatemala, along with interests, income and profits on capital are applied according to FCA's Agreement terms and all other Transaction Documents.

FCA's Oversight Committee is integrated by five voting members (permanent and substitutes), representing the same number of instances, of which four are Permanent and one is Temporary.

Permanent members are national delegates from the following instances: Government of the United States of America, Government of Guatemala, The Nature Conservancy (TNC) and Conservation International (CI). For the period 2009 – 2010, the Temporary Member is represented by Instituto de Agricultura, Recursos Naturales y Ambiente (Agriculture, Natural Resources and Environment Institute) from Universidad Rafael Landívar (IARNA-URL).

Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala (FCG) was designated as Administrator for the Fund of Conservation of Tropical Forests (FCA).

PRIORITY GEOGRAPHICAL REGIONS



The following regions were chosen as beneficiaries of the debt for nature swap products under TFCA's framework for the following reasons:

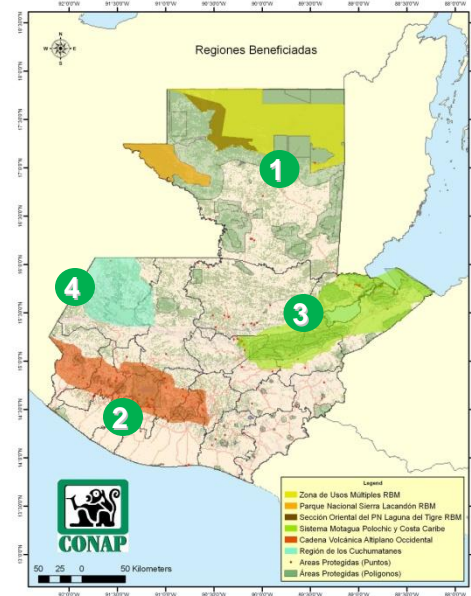
- Their ecological importance at regional and national level for associated tropical forests and biodiversity;
- The work in these critical areas complies with national and institutional policies and strategies according to what is determined by the Government of Guatemala within the Guatemalan Protected Areas System (SIGAP), and
- The social and economical importance for Guatemala and Mesoamerica.

1. **Maya Biosphere Reserve:** with emphasis on the Lacandón National Park; the Multiple Use Zone, including community forest concessions and biological corridors, conservation efforts on the East section of the Laguna del Tigre Park, includes the special protection area.

2. **Volcanic Chain of the Western Guatemalan Highlands:** with emphasis in the region comprising the volcanic chain that spreads from the Pacaya Volcano National Park and Alux Forest Reserve to the Tacaná Volcano, from the heights to the low lands, and the Multiple Use Reserve at the Atitlán Lake Basin.

3. **Motagua-Polochic System and Caribbean Coast:** with emphasis on the Bocas del Polochic Wildlife Refuge, the Motagua thorny thicket ecosystem and the area within and surrounding the Gulf of Honduras, including protected areas located in the basin that flows into the Caribbean.

4. **The Cuchumatanes Region:** Conservation activities are focused especially on the following priority species and their habitat – *Hyla perkinsi*, *Bradytriton silus*, *Bolitiglossa jacksoni*, *Ptychohyla macrotympanum*, *Hyla dendrophasma*, according to what was determined by the Alliance Zero Extinction (AZE). Such species are localized in the Todos Santos Cuchumatán region, Cruz Maltin, Magdalena Pepajau and other areas.



In general terms, the four regions are exceptional due to their tropical forests, biodiversity and the benefits that their natural resources provide in terms of goods and services for the communities that populate the areas and the region.

FIRST CYCLE OF PROJECTS



After the conformation of the Guatemala Trust – TFCA, in November 2008, the first disbursements were distributed through the subscription of Grant Recipient Agreements with the grantees of these projects in a meeting that was held at the National Palace of Culture, led by the Vice-President of the Republic of Guatemala, and with the participation of the Ambassador of the United States of America, The Minister of Environment and Natural Resources and the members of the Oversight Committee. Additionally, the first disbursements were distributed to seven approved projects, with a total amount of a little over **\$1,600,000.00**.



DISTRIBUTION OF GRANTS, NATIONAL PALACE OF CULTURE. NOVEMBER 19, 2008

PROJECT TITLE	ORGANIZATION	GEOGRAPHICAL REGION
Strengthening of the Municipal Regional Parks System in Sololá and Sustainable Development Promotion in the Ecological Region Located in the Southern Region of RUMCLA	Asociación Vivamos Mejor	Volcanic Chain
Strengthening of Institutional Capacities and Sustainable Community Development for the Conservation of the Natural and Cultural Patrimony at Sierra del Lacandón National Park	Fundación Defensores de la Naturaleza	Maya Biosphere Reserve
Strengthening of the Community Management in Local Handling of Community Forests in the Departments of Quetzaltenango and Totonicapán	HELVETAS Guatemala	Volcanic Chain
Municipal and Community Management for the Conservation of Cerro Cucho and Cerro Saquibut in the Department of San Marcos	HELVETAS Guatemala	Volcanic Chain
Landscape Conservation Strategy and Priority Species of the Semi-Arid Region at the Motagua Valley	Fundación Defensores de la Naturaleza	Motagua-Polochic and Caribbean Coast
Resolution of Three Management and Land Governability Conflicts in Protected Areas in the Guatemalan Caribbean	Fundación para el Ecodesarrollo y la Conservación -FUNDAECO-	Motagua-Polochic and Caribbean Coast
Design, Proposal and Promotion of a Regional Protected Areas Sub-System for the Northern Area of Huehuetenango Through Alternative Conservation Strategies	Fundación para el Ecodesarrollo y la Conservación -FUNDAECO-	Cuchumatanes

PROJECTS APPROVED DURING THE FIRST CYCLE



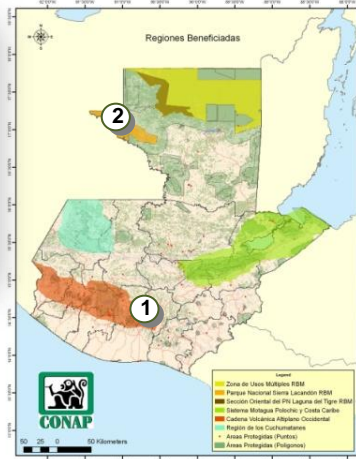
PROJECT 1

Strengthening of the Municipal Regional Parks System in Sololá and Sustainable Development Promotion in the Ecological Region Located in the Southern Region of RUMCLA

LOCATION: Department of Sololá	DURATION:	COVERAGE:
Multiple use reserve located at the Atitlán basin, on the Sololá volcanic chain, covering the following counties (municipios) San Lucas Tolimán, Santiago Atitlán, San Pedro la Laguna, San Juan la Laguna, San Marcos la Laguna, Santa Clara la Laguna, Santa María Visitación.	24 Months	5,563 Ha
PARTNER ENTITIES:	OBJECTIVE:	
<ul style="list-style-type: none"> • San Pedro Volcano Ecological park • Municipal Regional Parks: Chuiraxamoló, Cerro Papa', Cerro Panan, Cerro Iq'it'iuw • Community Cultural Center and Museum Tzunun Ya' • Tzutuhil People Anthropology and Archeology Museum • Associations: Sololá Organic Coffee Producers (APOCS), Unidos para Vivir Mejor (ASUVIM), Ijatz, Unión de Productores Atitlán (UPROA), Maya Nuevo Sembrador Integral (AMNCI), Women's Ikk-Luna, Jelik K'iyem (Buen Crecimiento), Organic Producers and Environmental Services APROESA • Regional Office for the National Protected Areas Council (Central Highlands). 	Establishment of a biological corridor conformed by the Municipal Regional Parks System of Sololá and sustainable production community areas that contribute to the improvement of quality of life at the communities located in the area, as well as the conservation of the biodiversity in the region South of RUMCLA.	



Road at Chiraxamoló, Sololá (VIVAMOS MEJOR)



Budsilhá, Sierra del Lacandón (DEFENSORES DE LA NATURALEZA)

PROJECT 2

Strengthening of Institutional Capacities and Sustainable Community Development for the Conservation of the Natural and Cultural Patrimony at Sierra del Lacandón National Park

LOCATION: Department of Petén	DURATION:	COVERAGE:
Western region of the Department of Petén, Sierra del Lacandón National Park, County (Municipio) of La Libertad	24 Months	102,000 Ha
PARTNER ENTITIES:	OBJECTIVE:	
<ul style="list-style-type: none"> • National Army • DIPRONA (PNC) • CONAP Región VIII • IDAEH/DGPCN • Pastoral Social 	Ensuring the conservation of key forests at the Sierra del Lacandón National Park – PNSL (for its name in Spanish) – through institutional strengthening, involvement of civil society and local governments in the conservation and sustainable use of biodiversity and cultural patrimony.	

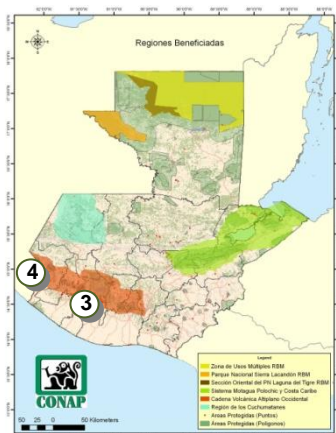
PROJECTS APPROVED DURING THE FIRST CYCLE



PROJECT 3

Strengthening of the Community Management in Local Handling of Community Forests in the Departments of Quetzaltenango and Tonicapán

LOCATION: Departments of Quetzaltenango and Tonicapán	DURATION:	COVERAGE:
Communities Mogotillos, Chuatuj y Cael (San Carlos Sija, Quetzaltenango); Communities in Chajabal, San Felipe Xejuyup (San Andrés Xecul, Tonicapán); Communities San Antonio Sija, Chivarreto and San Francisco El Alto (San Francisco El Alto, Tonicapán); Communities Vásquez, Quiak Ix, Chipuac, Chuamazan, Paqui (Tonicapán, Tonicapán)	24 Months	8,305 Ha
PARTNER ENTITIES:	OBJECTIVE:	
<ul style="list-style-type: none"> National Protected Areas Council - CONAP- National Forests Institute -INAB- BOSCOM Project (Community and Municipal Forests) -INAB- Ministry of Environment and Natural Resources -MARN- 	Strengthen the sustainable management of forests through customary indigenous community practices with current techniques and valid legality.	



Aldea Vásquez Tonicapán,
Greenhouse (HELVETAS)



Saquibut, San Cristóbal Cucho,
San Marcos (HELVETAS)

PROJECT 4

Municipal and Community Management for the Conservation of Cerro Cucho and Cerro Saquibut in the Department of San Marcos

LOCATION: Department of San Marcos	DURATION:	COVERAGE:
Local indigenous communities at the Municipalities of San Cristóbal Cucho, Esquipulas Palo Gordo and San Antonio Sacatepéquez.	24 Months	3,256.40 Ha
PARTNER ENTITIES:	OBJECTIVES:	
<ul style="list-style-type: none"> National Protected Areas Council -CONAP- Municipalities of: San Cristóbal Cucho, Esquipulas Palo Gordo, San Antonio Sacatepéquez 	Strengthen local indigenous communities and relevant owner's participation in the management of municipal natural resources.	

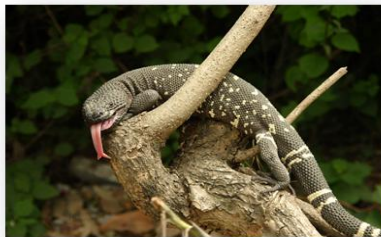
PROJECTS APPROVED DURING FIRST CYCLE



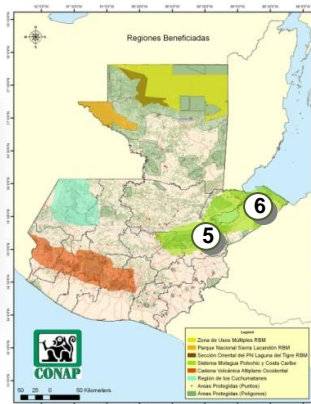
PROJECT 5

Landscape Conservation Strategy and Priority Species of the Semi-Arid Region at the Motagua Valley

LOCATION:	DURATION:	COVERAGE:
Departments of El Progreso and Zacapa		
Semi-arid Region of the Motagua Valley, Sierra de las Minas Biosphere Reserve	24 Months	76,180.70 Ha
PARTNER ENTITIES:	OBJECTIVES:	
<ul style="list-style-type: none"> • 2 Municipalities (El Jícara and Cabañas) • 8 Private natural reserves • 3 Communities • 10,400 Students and 80 teachers from 40 elementary schools in Zacapa and El Progreso • Members of the Zacapa Tourism Association-ATURZAC • Field staff from FDN, CONAP, INAB, ZOOTROPIC and Municipalities 	<p>Implement conservation processes that allow the decrease of threats to the national patrimony and potentialize opportunities for local stakeholders (private owners, municipalities and community groups) in the semi-arid region of the Motagua Valley.</p>	



Heloderma horridum charlesbogerti
(DEFENSORES DE LA NATURALEZA)



Wetforest, Caribbean Coast
(FUNDAECO)

PROJECT 6

Resolution of Three Management and Land Governability Conflicts in Protected Areas in the Guatemalan Caribbean

LOCATION:	DURATION:	COVERAGE:
Department of Izabal		
a) Cerro Sarstún, with a priority focus on Southern Sector of the Core Zone (Río Sarstún Multiple Use Reserve); b) Santa Isabel Lagoon (Punta de Manabique Wildlife Refuge); c) Cerro 1,019 (Special Protection Area in Sierra Santa Cruz).	24 Months	16,065 Ha
PARTNER ENTITIES:	OBJECTIVES:	
<ul style="list-style-type: none"> • National Protected Areas Council • Fundación Mario Dary -FUNDARY- • Cadastre Information Registry -RIC- 	<ul style="list-style-type: none"> • Display an integral strategic effort to face threats to protected areas located in the Guatemalan Caribbean in three high conflict areas, reaching management agreements with local stakeholders and stopping progress of the agricultural and cattle frontier on high ecological value sites. 	

PROJECTS APPROVED DURING FIRST CYCLE



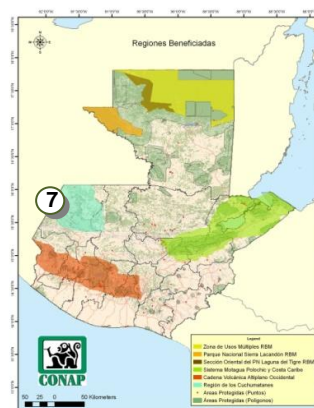
PROJECT 7

Design, Proposal and Promotion of a Regional Protected Areas Sub-System for the Northern Area of Huehuetenango Through Alternative Conservation Strategies

LOCATION: Department of Huehuetenango	DURATION:	COVERAGE:
Northern region of the Department of Huehuetenango (Counties (Municipios) of San Mateo Ixtatán, Santa Cruz Barillas, Santa Eulalia, Soloma and Nentón).	24 Months	29,454 Ha
PARTNER ENTITIES:	OBJECTIVES:	
<ul style="list-style-type: none"> • CONAP • Ecologic Development Fund • Northern Huehuetenango Border Mancommunity 	<ul style="list-style-type: none"> • Design, propose and promote a protected areas regional subsystem for the Northern area of Huehuetenango, through alternative conservation strategies. 	



Cuchumatanes, Huehuetenango (FUNDAECO)



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FCA Administrator



Protegiendo y promoviendo la conservación de los recursos naturales y ambientales en Guatemala.