



FOREVER COSTA RICA

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HOW COSTA RICA WILL BECOME THE FIRST DEVELOPING COUNTRY TO PERMANENTLY MEET GLOBAL PROTECTED-AREA GOALS

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In collaboration with the Forever Costa Rica Association

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Buddy Philpot and Mark Tercek

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First and foremost, Costa Rica's **Presidential support** was the pivotal factor in catalyzing this project. The long-standing leadership and commitment to conservation in the country, embodied by its leaders over the years, led to this public-private partnership taking shape. Specifically, we would like to recognize and applaud the support of President Laura Chinchilla whose pledge to fulfill the objective of this project opened the gates for the official launch of implementation in July 2010. Equally important was the vision and commitment of former President Oscar Arias who catalyzed the concept under his vision of "Peace with Nature", one pillar of which was to sustainably finance Costa Rica's protected areas. We would like to extend our greatest thanks and appreciation to those who responded to the Presidential call for support in shaping this initiative: Pedro Leon Azofeifa (Director of the Peace with Nature Initiative), Luis Diego Escalante, Rodolfo Quiroz, Mario Carvajal, and Patricia Sandoval.

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We extend our greatest appreciation to all the attorneys at Pacheco, BLP Abogados, White & Case, and Odio y Alfaro for their invaluable time, expertise and pro bono services in getting this initiative off the ground.² In addition, the services of the attorneys at Facio y Cañas were critical to project success.

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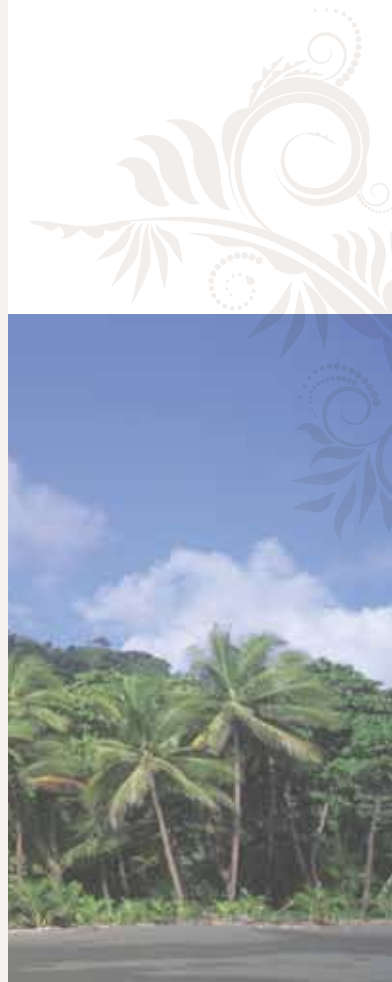
¹ Piskulich, Castillo and Cerdas all previously worked tirelessly at The Nature Conservancy to lead the organization's efforts to launch this initiative before taking on the challenge of launching the Forever Costa Rica Association.

² BLP is currently the FCR Association's pro bono law firm, donating hundreds of hours of legal services.

³ Michael Rothschild now also serves as the volunteer Chair of the Board of the Forever Costa Rica Association.

⁴ Julio Carcamo also now serves as a volunteer board member of the Forever Costa Rica Association.

⁵ Ricardo Kogel also now serves on the U.S.-Costa Rica Oversight Committee of the debt-for-nature swap that supports Forever Costa Rica.



Foreword by Larry Linden, Steve McCormick, Buddy Philpot and Mark Tercek

It is with enormous pride that we introduce this report on Forever Costa Rica, as we strongly believe that this project will serve not only to extend and secure the conservation of Costa Rica's priceless biodiversity, but also to inspire others to similar accomplishments.

First and foremost, we express our gratitude and admiration for the Government of Costa Rica, the essential leader of this initiative, and specifically for the vision of President Oscar Arias and President Laura Chinchilla. The project was launched under President Arias' bold concept of "Peace with Nature," and it was closed on the strength of President Chinchilla's powerful commitment. More broadly, we are grateful to the people of Costa Rica, whose abiding support for the protection of nature underpins this enterprise.

Just as we depend on nature for food, water, shelter and income, nature depends on us to keep it strong, healthy and productive. We can no longer overfish our waters, assuming an endless supply of food is stored in our oceans. We can no longer ignore the threats of global warming, assuming our natural resources will survive the growing droughts, floods and other impacts the changing climate brings.

As these challenges continue to grow in Costa Rica and across the globe, the public and private sectors must increasingly join forces to conserve our lands and waters. New and innovative finance systems must be created to provide permanent and self-sustaining conservation funding. And the needs of people must be balanced with the needs of nature.

In Forever Costa Rica, these elements came together in a deal structure that helped ensure the project's success. The project began with the simple, yet ambitious, vision to make Costa Rica the first developing country to meet—now and forever—the protected-area goals of the United Nations Convention on Biological Diversity (CBD).

To reach this goal, we realized early on that we needed to launch a plan based on tried and true business practices. We set an ambitious deadline of when we would close the deal. We agreed to raise private and public donations for a new, independent trust fund. And Costa Rica agreed

the fund would only become operational once the government met specific conservation benchmarks, including steps required to meet the CBD protected-area goals, a pledge to continue its own protected-areas funding, a dramatic expansion of the marine protected-area system, and structural changes to the protected-areas agency (SINAC).

This "single-closing" approach, combined with the nationwide scope of the project, the linkage to an international treaty, and the very high speed with which it was executed, together put Forever Costa Rica in the vanguard of conservation finance. This project builds on innovations of earlier very large-scale "forever" projects. These include, notably, Brazil's Amazon Region Protected Areas program, which identified a vast network of protected areas whose full cost for creation, consolidation and operation will be sustainably supported by the government together with an independent trust fund; and Canada's Great Bear Rainforest project, which built on those methods by further adding the single-closing approach.

It is our hope that Forever Costa Rica will inspire others to yet greater accomplishments.

Larry Linden
Founder and Trustee
Linden Trust for Conservation

Steve McCormick
President
Gordon and Betty Moore Foundation

Buddy Philpot
Executive Director
The Walton Family Foundation

Mark Tercek
President & CEO
The Nature Conservancy



1. Executive Summary

On July 27, 2010, Costa Rica took a globally important step to ensure that its natural patrimony will live forever. Through a single closing of a multi-party, public-private deal, Costa Rica and its partners positioned the country to at least double its marine protected areas; dramatically improve management of both the marine and terrestrial protected area systems; secure adequate financing for these systems in perpetuity; and prepare them to adapt to the impacts of climate change. In doing so, Costa Rica expects to be one of the first developing countries (if not the first) to complete its protected-area goals under the Programme of Work on Protected Areas of the United Nations Convention on Biological Diversity.

The Global Significance of this Accomplishment

Protected areas are a time-tested tool for protecting wildlife. Yet in many parts of the world – often those with the most biodiversity – protected areas are either insufficient or insufficiently resourced. The U.N.'s Convention on Biological Diversity, a global treaty ratified in 1993, binds its 188 signatory countries to establish, properly manage, and sustainably finance ecologically representative systems of protected areas. To date, no developing country has met those goals. With this

project, Costa Rica expects to do so by 2015, and hopes thereby to serve as a model for others. Section 2 of this report provides more detail.

What Forever Costa Rica will Achieve

Costa Rica is one of the world's richest natural treasures, harboring about as many species as all of North America in an area slightly larger than Switzerland. Yet this biodiversity is under threat, both on land and—especially—at sea. With this project, Costa Rica will take the steps needed to adequately protect this wealth, forever. Based on an extensive gap analysis, these steps include expansion of the protected-area system, improvement in protected-area management, the strengthening of the protected-areas agency, the establishment of a permanent financing mechanism to cover recurring costs, and adoption of climate-change monitoring protocols.

Specifically, the marine protected-area system—where the needs are the greatest—will benefit from the expansion or creation of 12 areas, resulting in at least a doubling of the total area protected and improving ecological representativeness. The terrestrial system—which already covers 26% of Costa Rica's land mass—will also expand protected areas. Importantly, both existing and newly-

created protected areas will benefit from stronger management: for the first time, almost all areas will have management plans and will be subject to monitoring and continuous-improvement programs. In addition, the protected-areas agency, SINAC, will establish a marine department and a unit for evaluating the effectiveness of protected-area management, and will also streamline hiring and procurement, and improve revenue collection. The government will also for the first time integrate considerations of the effects of climate change on protected area management. Finally, total funding for the protected area system will increase, and be secured via a robust trust structure and agreement, so that recurring costs will be covered in perpetuity. See section 3 of this report for further elaboration.

Genesis of the Project

In July 2007, President Oscar Arias launched his visionary "Peace with Nature" program, encompassing a wide range of environmental initiatives. At the invitation of the President, the Linden Trust for Conservation formed a partnership with the Gordon and Betty Moore Foundation and The Nature Conservancy to work with the government on one of these initiatives: the creation of a long-term funding mechanism for the nation's protected areas. Building on Costa Rica's longstanding commitment to conservation and 30 years

of partnership with the Conservancy, planning began immediately, overseen by a cabinet-level steering committee. By mid-2008, the public-private partnership launched detailed project development and fundraising, and the Walton Family Foundation joined the effort. Finally, and critically, in May 2010 President Laura Chinchilla took office and added her own endorsement of the effort. See section 4 of this report.

“Deal” Approach

A salient feature of Forever Costa Rica is that it is constructed as a deal. At the highest level the project is a partnership between the Government of Costa Rica on the one hand and the private partners on the other. At a more transactional level the deal is expressed in the terms of the “single closing” that took place on July 27, 2010 and launched implementation.

The government and the private partners agreed early in the process on their respective roles. The government set goals to expand the marine protected-area system, increase the government’s funding of the marine areas, improve the management of all protected areas, undertake best efforts to continue funding at then-current levels, and assist the private partners in securing external funding. The private partners, for their part, agreed to assist the government

in planning and costing the project, to raise external funds, and to establish an independent trust to manage these funds and spend them in ways that enhance the sustainability of Costa Rica’s protected areas. In total, the partners jointly raised \$57 million (nominal U.S. dollars) from private and public donors outside of Costa Rica. In addition, the private partners collectively funded three years of project development costs and supported project implementation for the first year after closing.

The partners agreed that the independent trust would be created, and donors’ funds released into the trust only when certain milestones had been reached. These included the following:

- The government (SINAC) had set conservation targets to meet the treaty’s goals
- Approximately \$50 million of funding had been raised
- SINAC had approved a costing analysis that determined that the funds raised were sufficient to cover the conservation goals
- The government had set a goal to maintain its budget appropriations for the protected areas
- A private, independent entity had been established to act as trustee
- A cooperation agreement between

the new private trust and SINAC was agreed upon

- A detailed list of the criteria for future disbursements from the trust was agreed upon

The “single-closing” technique has tremendous benefits. It motivates donors by creating enormous leverage and a sense of urgency, it ensures that all of the objectives of the project are fully funded when the project is launched, and it ensures that key governmental actions are taken before donor funds are released. Once this project had met these milestones, the closing on July 27, 2010 established the trustee, a new Costa Rican NGO called the Forever Costa Rica Association, and allowed project activities and trust disbursements to get underway.

Forever Costa Rica is modeled, in part, on two successful predecessors: the Great Bear Rainforest project in British Columbia, Canada, and the Amazon Region Protected Areas program in Brazil. Both of these began with detailed conservation planning and business-style costing to attain the project’s objectives. Both also established private, independent trust entities to manage public and private funds to support long-term conservation. In the case of Great Bear, the single-closing approach was tested, and the deadline established produced the urgency and



leverage opportunity needed to ensure that the project was fully funded, and that specific conservation commitments were met before operations commenced. Details of the single-closing and entire deal are described in section 5 and project development in section 6.

Project Implementation

The government has primary responsibility for undertaking the activities needed to meet the treaty's standards. SINAC, the protected-areas agency, is the lead government agency, but the Costa Rican Coast Guard and Institute for Fisheries and Aquaculture are both critical to implementation and have signed collaboration agreements with SINAC.

The government is assisted by the new trustee (the Forever Costa Rica Association), along with The Nature Conservancy and other partner NGOs. The Association has two chief responsibilities: managing the funds it holds in trust and disbursing them over time in support of the project's objectives. The Association is independent of the government, with a board of directors of Costa Rican conservationists and other leaders, and will work closely with SINAC under the terms of their cooperation agreement. Disbursements from the trust will be made according to work plans agreed upon with SINAC, subject to terms set

out by the donors in the trust's legal documents. Most of the trust funds will be managed as an endowment in perpetuity to fund recurring costs (e.g. management planning and patrolling of protected areas), while some funds will be spent in the first few years on one-time start-up costs and infrastructure. Sections 7, 8, 9 and 10 describe how project implementation is being carried out. Section 11 provides an overall timeline, and sections 12 and 13 conclude with success factors and background on the project partners.

The Linden Trust for Conservation, the Gordon and Betty Moore Foundation, the Walton Family Foundation, and The Nature Conservancy are honored to have had the opportunity to partner with the Government of Costa Rica in this project, and look forward to others where business planning and deal techniques, highly leveraged funding, and public-private partnerships can be used to forever conserve globally-important places.

Success Factors

The partners recognized early on that Costa Rica offered an optimal scenario for permanent conservation:

- Globally-important biodiversity
- Political stability
- Strong public institutions
- A 40-year history of commitment to environmental conservation

Forever Costa Rica has also benefited from many project-specific factors:

- Presidential sponsorship
- Major strides completed by the government towards meeting POWPA goals
- Ambitious targets: nationwide project, covering all ecosystems, in perpetuity
- Project goals fully costed before closing and fully funded at closing
- "Deal" between government and external partners in which each does its share to achieve one objective
- "Single closing" provided a strong incentive for donors and government to deliver the needed funds and conservation actions before the trust was launched
- Aggressive project management, resulting in very fast execution of the deal
- Commitment by core donors to funding for strong project team
- 30-year conservation partnership between the government and The Nature Conservancy



*{ Costa Rica
expects to be one of
the first developing
countries (if not the
first) to complete
its protected-area
goals. }*



2. Global Significance of Forever Costa Rica

Protected areas are a time-tested tool for protecting wildlife. Yet in many parts of the world – often those with the most biodiversity – protected areas are either insufficient or insufficiently resourced. The U.N.'s Convention on Biological Diversity, a global treaty ratified in 1993, binds its 188 signatory countries to establish, properly manage, and sustainably finance ecologically representative systems of protected areas. To date, no developing country has met those goals. With this project, Costa Rica expects to do so by 2015, and hopes thereby to serve as an example for others.

Costa Rica has 26 percent of its land area and one percent of its national marine waters (which includes 17% of its Territorial Sea) under various protection management categories. As in many other developing countries, challenges and threats are great. This is mainly due to the fact that development continues to pressure the ecological systems around terrestrial and marine protected areas. Overfishing, legal and illegal fishing, unregulated tourism development, urbanization, logging, water pollution, sedimentation, the degradation of coral reefs and the depletion of fisheries, are threats that affect protected areas as well as other neighboring lands and waters.

In addition, despite the enormous efforts made to date, Costa Rica's protected area system still has conservation gaps that must be addressed to achieve the desired ecological representation.⁶ This is why the Government considered it necessary

to create new areas and to improve protected area management to achieve compatibility between conservation and the management and sustainable use of natural resources.

Programme of Work for Protected Areas (POWPA) under the Convention on Biological Diversity (CBD)

The United Nations Convention on Biological Diversity (CBD) is the only global convention dedicated to conservation and sustainable use of biodiversity, as well as to the access and equitable benefit sharing of the use of genetic resources. The CBD was approved in the context of the Conference on Environment and Development of the United Nations, held in Rio Janeiro in 1992, along with the United Nations Framework Convention on Climate Change. So far, 188 countries are signatories to the CBD.

In 2004, at its 7th Conference of Parties (CoP-7), the CBD adopted a set of goals, objectives and suggested activities for the creation, administration and financing of protected area systems in each country. These actions are detailed in the Programme of Work on Protected Areas (POWPA) that each member country develops and submits to the CBD. The POWPA pursues a dual objective: to contribute to the global target of reducing significantly the current rate of biodiversity loss at global, regional, national and sub national levels for 2010, and to contribute to the achievement of the Millennium Development Goals.

The overall objective of the POWPA is to "establish and maintain, by 2010 for the terrestrial areas and by 2012 for the maritime areas, comprehensive national and regional systems of effectively managed and ecologically representative protected areas", which collectively contribute to achieving the three objectives of the Convention and the goal of significantly reducing, by 2010, the current rate of biodiversity loss.

In practice, many countries have accomplished the legal declaration of extensive protected areas, although improvements are still needed to establish their ecological representativeness.* On the other hand, management of protected areas without permanent financial mechanisms is less effective, resulting in the widespread phenomenon of "paper parks". As a result, the most common barriers to achieving the goals of the CBD are limited institutional, social and human capacity, and more specifically the lack of permanent and uninterrupted financing.

* Ecological representativeness is the percentage of an ecosystem that is within or protected by the national system of protected areas, which ensures its long-term, healthy permanence, and resilience to adverse events.



Costa Rica has 26 percent of its land area and one percent of its national marine waters (which includes 17% of its Territorial Sea) under various protection management categories.

⁶Gap analysis is a planning tool for protected area systems with its main objective to identify important areas for biodiversity conservation which are not adequately represented in the protected area system of a given country.

The Government of Costa Rica, via the National System of Conservation Areas (SINAC) within the Ministry of Environment, Energy and Telecommunications (MINAET), defined a strategy to address the above mentioned conservation gaps, and achieve the objectives set by the Programme of Work on Protected Areas (POWPA) under the Convention on Biological Diversity (CBD). The strategy (described in the following sections of this report) builds on the decades-long efforts of the Costa Rican government, and of SINAC in particular, to conserve biodiversity. This visionary and proactive approach has placed Costa Rica in a prominent position of global leadership in this area. With significant progress towards the POWPA goals already accomplished, the Government conceived of Forever Costa Rica as a way to ensure they would be completed.

3. What Forever Costa Rica will Achieve

Costa Rica is one of the world's richest natural treasures, harboring about as many species as all of North America in an area slightly larger than Switzerland. Yet this biodiversity is under threat, both on land and—especially—at sea. With this project, Costa Rica will take the steps needed to adequately protect this wealth, forever. In initial discussions in 2007, the

project was envisioned in this way:

What would Costa Rica achieve?

- Ensure that its natural patrimony will live forever
- Secure a key underpinning of its economy
- Be the first developing country to achieve its protected area goals under the United Nations Convention on Biological Diversity (UN CBD)
- Attract millions of dollars in external funding to support the effort

What would it take for Costa Rica to achieve this?

- Maintain its current funding level for its protected areas
- Sustain terrestrial protected areas through improved management
- Greatly expand and secure marine protected areas
- Raise funds with a consortium of partners to be managed through an independent trust

Based on an extensive gap analysis, the project includes expansion of the protected-area system, improvement in protected-area management, the strengthening of the protected-areas agency, the establishment of a permanent

In October 2010, when Costa Rica announced the initiative at the UN CBD 10th Conference of the Parties in Nagoya, Japan, the goal was stated as follows: "The purpose of the Forever Costa Rica initiative is to consolidate a terrestrial, marine, and freshwater system that is ecologically representative and resilient to global climate change, that is effectively managed and financially stable in the long term. This will allow Costa Rica to position itself as the first developing country to reach the goals of the Program of Work on Protected Areas."

financing mechanism to cover recurring costs, and adoption of climate-change monitoring protocols. Specifically:

- The **marine protected-area system**—where the needs are the greatest—will benefit from the expansion or creation of 12 areas, resulting in at least a doubling (if not tripling) of the total area protected and increasing its ecological representativeness. This expansion is based on a scientific study called "Analysis of conservation gaps in Costa Rica"⁷ which highlights priority areas to conserve based on threats from climate change (temperature increase, rising sea levels and acidification). The **terrestrial system**—which already covers 26%

⁷Sistema Nacional de Áreas de Conservación (SINAC). 2007. "Gruas II. Territorial Management Proposal for biodiversity conservation in Costa Rica. Vol.1. Gap analysis in the representation and integrity of terrestrial biodiversity." San José, Costa Rica, MINAE.

of Costa Rica's land mass—will also modestly expand protected areas to better capture the ecological systems in the country, resulting in 26.5% of the land mass under protection.

- Importantly, both existing and newly-created protected areas (terrestrial and marine) will benefit from **stronger management**: for the first time, almost all areas will have management plans and will be subject to monitoring and continuous-improvement programs using tools specifically designed for assessing protected area management improvements. In addition, the protected-areas agency, SINAC, has already established a new marine department and a unit for evaluating

the effectiveness of protected-area management, and will also streamline hiring and procurement, and improve revenue collection.

- The government will also for the first time **integrate considerations of the effects of climate change on protected area management**. Costa Rica will identify potential impacts on and adaptive capacity of ecosystems most vulnerable to global climate change, climate variability and extreme weather events, in relation to the country's system of terrestrial and marine protected areas. The government will also identify and map the threats and collateral impacts of climate change on biodiversity within

protected areas, and the positive and negative effects of adaptation and mitigation.

- Finally, **total funding for the protected-area system has already increased as a result of the project**, and will be secured via a robust trust structure and agreement, so that recurring costs will be covered in perpetuity. A sinking fund and endowment fund have been established to support activities agreed upon by the project partners. These new external funds fill a funding gap, and also leverage increased government funding and maintenance of existing funding streams for protected areas.



{ Costa Rica is one of the world's richest natural treasures, harboring about as many species as all of North America in an area slightly larger than Switzerland. }



A more detailed discussion of these four project elements follows later in this document.

4. Genesis of Forever Costa Rica

In July 2007, President Oscar Arias launched his visionary “Peace with Nature” program, encompassing a wide range of environmental initiatives. At the invitation of the President, the Linden Trust for Conservation formed a partnership with the Gordon and Betty Moore Foundation and The Nature Conservancy to work with the government on one of these initiatives: the creation of a long-term funding mechanism for the nation’s protected areas. Building on Costa Rica’s longstanding commitment to conservation and 30 years of partnership with the Conservancy, planning began immediately, overseen by a cabinet-level steering committee. In mid-2008, after detailed planning and feasibility assessment, the public-private partnership launched project

development and formal fundraising, and the Walton Family Foundation joined the effort. Finally, and critically, in May 2010 President Laura Chinchilla took office and added her own endorsement of the effort (see Appendix C).

Upon initiating the partnership to develop Forever Costa Rica, an initial “statement of terms” was outlined and agreed upon by each party. Immediately, an executive level Steering Committee was formed to oversee detailed project design and development, consisting of representatives from the relevant Ministries and from each of the private partner organizations. This Steering Committee, over three years, met in person in San Jose, Costa Rica monthly, then quarterly for about the first two years, and then approximately every six months until closing. At each in-person Steering Committee meeting, various team members (leaders of Working Groups) and contractors would present advances and technical updates, critical agreements were reached and high-level decisions were made. Working Groups provided updates more frequently via Steering Committee teleconferences. The Steering Committee proved invaluable in coordinating critical support from the Ministers and their staffs, as well as from the Office of the President.

See the section on “Timeline” for more details on project conception, and additional information on the tasks of the

various Working Groups in the section on “Project Development”.

5. The “Deal” Approach

A salient feature of Forever Costa Rica is that it is constructed as a deal. At the highest level the project is a partnership between the Government of Costa Rica on the one hand and the private partners on the other. At a more transactional level the deal is expressed in the terms of the “single closing” that took place on July 27, 2010 and launched implementation.

The government and the private partners agreed early in the process on their respective roles. The government set goals to expand the marine protected-area system, increase the government’s funding of the marine areas, improve the management of all protected areas, undertake best efforts to continue funding at then-current levels, and assist the private partners in securing external funding. The private partners, for their part, agreed to assist the government in planning and costing the project, to raise external funds, and to establish an independent trust to manage these funds and spend them in ways that enhance the sustainability of Costa Rica’s protected areas. In total, the partners jointly raised \$57 million (nominal U.S. dollars) from private and public donors outside of Costa Rica. In addition, the private partners

collectively funded three years of project development costs and supported project implementation for the first year after closing.

5.1 Single Closing

The partners agreed that the independent trust would be created, and donors' funds released into the trust only when certain milestones had been reached. These included the following (see Appendix B for more detail):

- The government (SINAC) had set conservation targets to meet the treaty's goals
- Approximately \$50 million of funding had been raised
- SINAC had approved a costing analysis that determined that the funds raised were sufficient to cover the conservation goals
- The government had set a goal to maintain its budget appropriations for the protected areas
- A private, independent entity had been established to act as trustee
- A cooperation agreement between the new private trust and SINAC was agreed upon (see Appendix E)
- A detailed list of the criteria for future disbursements from the trust was agreed upon

Forever Costa Rica is modeled, in part, on two successful predecessors: the Great Bear Rainforest project in British Columbia, Canada, and the Amazon Region Protected Areas program in Brazil. Both of these began with detailed conservation planning and business-style costing to attain the project's objectives. Both also established private, independent trust entities to manage public and private funds to support long-term conservation. In the case of Great Bear, the single-closing approach was tested, and the deadline established produced the urgency and leverage opportunity needed to ensure that the project was fully funded, and that specific conservation commitments were met before operations commenced.

The single-closing technique has tremendous benefits. It motivates donors by creating enormous leverage and a sense of urgency, it ensures that all of the objectives of the project are fully funded when the project is launched, and it ensures that key governmental actions are taken before donor funds are released. Once this project had met these milestones, the closing on July 27, 2010 established the trustee, a new Costa Rican NGO called the Forever Costa Rica Association, and allowed project activities and trust disbursements to get underway.

The original concept of a single closing was modified to accommodate the longer

process of securing public funding—that is, a first closing with the private funds to establish the private trust occurred only after the necessary public funding commitments appeared likely to be confirmed within months, as follows:

- Global Environment Facility funds were committed though timing and details on line item use of funds was yet to be finalized.
- The U.S. Government had made a public statement of willingness to negotiate a debt swap that would support the project.
- LifeWeb/Germany had indicated a high likelihood of approving the project proposal.

Despite having surpassed the fundraising goal by raising \$57 million (nominal dollars), the partners realized that restrictions on some of the funding sources might leave a funding gap in certain project line items related to marine conservation, and agreed to jointly consider how best to address any remaining gap within the first year of implementation. Thus, a staged closing based on a calculated high probability of success in public fundraising, allowed the trustee to get up and running while remaining funds were secured.

The partners also agreed to ongoing milestones that must be met to continue annual disbursements from the trust



{ A salient feature of Forever Costa Rica is that it is constructed as a deal. }

to ensure that donor funds would be used towards the specific conservation outcomes agreed upon, and that donor funds would not simply replace government spending on protected areas. Within the legal agreement establishing the private trust, a protocol exists to halt disbursements and, under certain circumstances, to dissolve the trust if these ongoing milestones are not met over a specified period of time.

The milestones consist primarily of the following (see Appendix B for more detail):

- Government annual funding for protected areas is maintained, and increased for marine conservation.
- The government makes improvements in revenue collection for supporting protected areas.
- The government makes tangible improvements in SINAC administrative efficiency.
- Predefined milestones toward

meeting Costa Rica's UN CBD protected area goals are on track according to a 5-year implementation plan and annual work plans.

5.2 Funding Plan and Results

Costa Rica has a 30-year history of ever-increasing funding for its protected areas (see details in the section on "Public Funding"). The project partners wanted to build upon this solid funding base and fill the identified funding gap to reach the UN CBD protected area goals. Given Costa Rica's leadership to date in protected area finance tools, the partners decided that adding the envisioned trust to this funding mix, and incentivizing increased government funding for marine conservation, would serve as an inspiring example.

The partners set a fundraising target of \$50 million based on a high-level conservation vision, then refined by detailed costing analyses with the government, coupled with an assessment of the amount that

would be feasible to raise from private and public sources (see details of the financial analysis in the "Project Development" section that follows). Before launching project development, the partners conducted a feasibility analysis of raising \$50 million—with a target of raising one-third from public (multilateral and bilateral) funders, and two-thirds from private foundations and individual donors. This targeted mix was based on the specific case of Costa Rica, and the partners acknowledged that different absolute amounts and proportions would be expected for similar projects in other countries. A critical aspect of this feasibility assessment was the founding

Private Donors of \$1 million+ to Forever Costa Rica

The Keith Campbell Foundation for the Environment

Red Crane Foundation

Crunchy Frog Fund

The Grantham Foundation for the Protection of the Environment

Linden Trust for Conservation

Gordon and Betty Moore Foundation

The Nature Conservancy's Catalyst Fund

Satter Family Foundation

The Walton Family Foundation

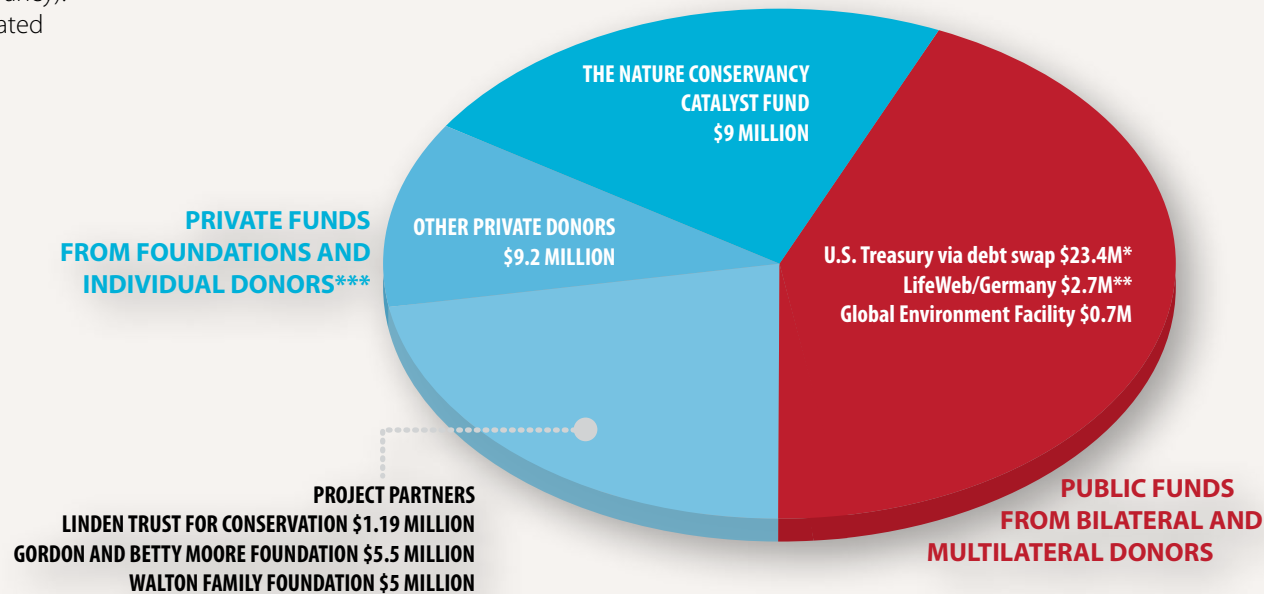


TOTAL FUNDS RAISED \$57 MILLION (NOMINAL DOLLARS)

*The project will benefit from a \$27.3M debt for nature swap (\$23.4 from U.S. Treasury, and \$3.9M from The Nature Conservancy).

**Estimated

***Donations made to The Nature Conservancy for Forever Costa Rica.



{ Before launching project development, the partners conducted a feasibility analysis of raising \$50 million. }

partners' stated upfront commitments of \$1 million from the Linden Trust and \$5 million from the Moore Foundation, which served to strengthen their roles in leading the cultivation and solicitation of other foundations. The Conservancy also agreed to take a leadership role in cultivating and soliciting individual donors with the support and participation of the other private partners and the government.

What proved most compelling to donors were the "forever" feature; the

marine protected area expansion and management; the deal structure and the single closing; the time bound, specific, well-costed plans; mechanisms that served to ensure government accountability in reaching the goals; and partnering with a strong and stable government. What proved most challenging were donors' reticence to give to an endowment; a significant shift in donor interest to projects focused largely on addressing climate change; and funding conservation work in a country that was relatively less

in need of conservation support than some others. The project proved to be very attractive to private donors despite a global economic downturn in 2008-2009. As of December 2009, private funds raised totaled \$29 million.

The partners pursued a number of multilateral and bilateral funding sources for FCR, and realized relatively soon that raising funds for Costa Rica (a middle income country) was challenging. In addition, many international public

fundere had begun turning their attention to climate change activities that made up only a portion of the FCR costs. Marine funding was targeted more than originally planned and a number of funders (public and private) were attracted to this aspect of the project. The team had early success in securing a grant from the Global Environment Facility (GEF), but it was not until 2009 that a US debt-for-nature swap opportunity emerged, and LifeWeb became a viable funding source. Ultimately, the U.S. Government announced its intentions to negotiate a debt swap in May 2010 and the debt swap closed in November 2010. Germany through the LifeWeb mechanism approved funding for the project in October 2010.

The total funds raised, \$57 million (nominal dollars), provides \$8 million for start-up costs (primarily for expanding marine protected areas); and establishes two long-term funding streams—an independent private endowment of over \$22 million, and the debt-for-nature swap that will provide more than \$27 million.

6. Project Development

Over the three years of project development, the core team worked together nearly daily and consisted of an independently contracted Project Director representing all partners, and staff from MINAET-SINAC, the Ministry

of External Affairs, and each of the private partners. The multi-partner team organized itself into various Working Groups that simultaneously addressed issues and reported back to the Steering Committee, including conservation planning, legal issues, financial analysis, and fundraising. These Working Groups advanced their agendas through weekly meetings and calls. By early 2009, the four working groups (see below) had been simplified into two, both of which met weekly by teleconference throughout 2009 until closing in July 2010. These were a Fundraising Working Group (which also held periodic in-person meetings in the U.S.) and a Legal Issues Working Group.

This team organization and management was essential to continuous advances and was led alternatively by the Linden Trust, the independent Project Director and The Nature Conservancy during the three years of project development. The Linden Trust in particular, and the Gordon and Betty Moore Foundation and Walton Family Foundation provided critical leadership, problem-solving, technical expertise and a sense of urgency to the process.

6.1 Conservation Planning

The Conservation Planning Working Group focused on refining the content and timing of the conservation outcomes from the project, in consultation with stakeholders

from around the country, and experts from the region particularly on marine conservation and best practices. Most of their work was conducted from mid-2008 through the end of 2009. Their tasks and outcomes included the following.

- Determine priorities and sequencing for expansion of the marine protected area system and the terrestrial protected areas system.
- Define specific needed improvements in protected area management both centrally and in each protected area, sequence these improvements and adapt the “effective management tool” to measure progress, particularly in the marine realm.
- Define Costa Rica’s UN CBD protected area goals and communicate these to the CBD Secretariat.
- Support completion of the Costa Rican government’s pre-closing milestones.

6.2 Legal Structures and Agreements

The Legal Working Group was led by The Nature Conservancy’s attorney, and involved external legal counsel representing the Conservancy, the Linden Trust, and the Gordon and Betty Moore Foundation, as well as internal and external counsel representing the Government of Costa

Rica's interests. The work of this group began in 2008 and extended through and after closing until the end of 2010. Legal work continues with respect to necessary trust amendments and transfers of capital to the trust. Tasks and products include the following.

- Negotiate and reach agreement on pre-closing milestones.
- Negotiate and reach agreement on actions necessary to approve ongoing disbursements from the trust after closing.
- Negotiate and prepare legal documents to establish the private trust.
- Incorporate and set up the new trustee, and name its initial board and executive director.
- Prepare for and execute closing to establish the private trust.

- Capitalize the private trust and prepare amendments as needed to the trust document.
- Negotiate and execute closing documents for the debt-for-nature swap.

6.3 Financial Analysis

The Finance Working Group completed the majority of its work by early 2009, though adjustments were made through closing, and adjustments based on implementation realities will continue under the leadership of the trustee. The financial model takes a total-costing approach that had to be completed before launching project implementation to ensure that all activities to reach the POWPA goals would be fully funded. The Finance Working Group focused its efforts primarily on the following.

- Develop a detailed financial model representing the total cost for completing Costa Rica's POWPA goals by covering upfront and recurring costs.
- Determine which of the POWPA goals would be funded by Forever Costa Rica versus by the Costa Rican government's normal budget.
- Determine how much funding must be raised via Forever Costa Rica to cover identified upfront and recurring costs.
- Complete an analysis of start-up and recurring costs for the new trustee organization.
- Complete projected funding flows and estimate funding gaps for the entire project and update as funding sources became secured.
- Complete a funding flows analysis for the trustee to clarify timing and size of incoming financial resources, and any anticipated remaining needs for project activities.

Cost inputs to the financial model included the following:

- Costs were estimated at \$50 million (present value) through a high-level analysis conducted in consultation with the government of Costa Rica, the Conservancy and other conservation entities, taking



The financial model takes a total-costing approach that had to be completed before launching project implementation to ensure that all activities to reach the POWPA goals would be fully funded.

Costing Summary

Total cost = (Cost per activity) x (Number of activities)

Component	Sub-Component	Area	Type of Cost	2010	2011	2012	2013	2014	2015	
Ecological Representation	Creation & Consolidation	Marine	Investment	-	179,935	184,940	161,340	27,905	14,800	
			Recurring	-	-	-	40,000	40,000	40,000	
		Terrestrial	Investment	20,000	101,500	87,535	75,905	3,135	-	
			Recurring	-	-	-	-	-	-	
Management Effectiveness	Management Plans	Marine	Investment	139,500	186,000	139,500	186,000	186,000	139,500	
			Recurring	-	-	-	-	-	-	
		Terrestrial	Investment	125,000	225,000	150,000	-	100,000	-	
			Recurring	-	-	-	-	-	-	
	Measurement Tool	Marine	Investment	10,000	-	-	-	-	-	
			Recurring	-	4,200	4,200	4,200	4,200	4,200	
		Terrestrial	Investment	22,500	18,500	-	-	11,000	-	
			Recurring	11,200	35,200	48,800	48,800	48,800	48,800	
	Improving Management	Marine	Investment	-	2,500	11,500	-	-	-	
			Recurring	-	-	-	478,500	478,500	478,500	
		Terrestrial	Investment	3,500	11,500	-	-	-	-	
			Recurring	-	-	500,500	500,500	500,500	500,500	
	Control & Protection	Marine	Investment	-	-	-	50,000	60,000	-	
			Recurring	-	-	508,000	588,000	588,000	588,000	
		Terrestrial	Investment	-	-	102,000	30,000	30,000	-	
			Recurring	-	-	-	-	-	-	
	Equipment & Infrastructure	Marine	Investment	-	-	-	2,200,000	1,700,000	945,000	
			Recurring	-	-	-	-	-	-	
		Terrestrial	Investment	-	-	-	-	-	-	
			Recurring	-	-	-	-	-	-	
Climate Change	Terrestrial	Investment	51,500	69,500	125,000	114,000	-	-		
		Recurring	-	-	-	-	-	-		
Association Operations	Marine 60%, Terrestrial 40%	Investment	-	-	-	-	-	-		
		Recurring	400,000	400,000	400,000	400,000	400,000	400,000		
			TOTAL	Investment	\$ 372,000	\$ 794,435	\$ 800,475	\$ 2,817,245	\$ 2,118,040	\$ 1,099,300
				Recurring	\$ 411,200	\$ 439,400	\$ 1,461,500	\$ 2,060,000	\$ 2,060,000	\$ 2,060,000

NOTE: Costs are expressed in 2010 dollars

into consideration peer-reviewed costs for expanding and managing protected areas globally. These were then adapted to the situation in Costa Rica incorporating information from recent financial gap analyses completed for Costa Rica's protected area system. This analysis was done with the support of Redstone Strategy Group.

- Later, this cost estimate was broken down, under the leadership of a financial consultant and SINAC, into detailed 5-year work plans and perpetual recurring costs for line item activities in the conservation plan for meeting the POWPA goals. The total costing as of closing amounted to \$47.1 million (present value).

Revenue inputs to the financial model included the following:

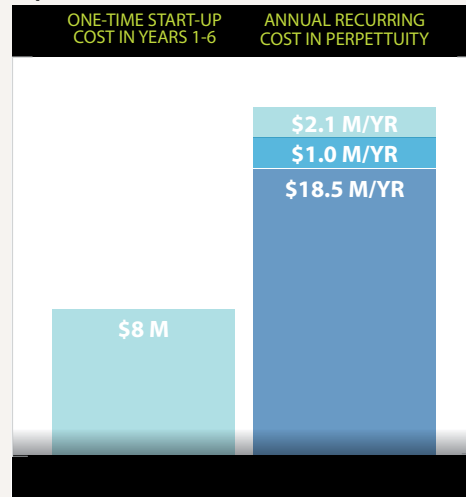
- The current (as of 2008) annual government funding of \$18 million per year to fund strict protected areas management (equivalent to \$360 million present value).
- A new government budget increase of \$1 million annually (present value of \$20 million) for supporting marine protected areas.
- Disbursements from a \$50 million private trust consisting of \$8 million in a sinking fund for start-up costs, and

about \$2.1 million annually from an endowment.

- Later, as amounts, timing and donor restrictions of revenue streams became clear, revenue inputs were adjusted to ensure that the total cost of \$47.1 million (present value) would be covered. The resulting revenue streams, as of the time of project launch, appear to have provided more funds than the projected needs for terrestrial conservation goals, and less funding than projected needs for marine conservation goals. These projections will continue to be assessed and adaptively managed by the trustee and the government during the early years of implementation.

Above is a costing table of the first five

\$21.6M Per Year In Annual Cost



years showing how externally-raised funds will be applied.

When considered together with the funds applied by the Government of Costa Rica, the full budget for meeting the POWPA goals can be summarized as shown in the following graph.

6.4 Fundraising

The Fundraising Working Group met weekly to share progress with donor contacts, adjust target donor lists, discuss strategy and ensure all partners' input and joint efforts towards the fundraising goal. The private fundraising goal was reached by December 2009, and public fundraising was complete by November 2010. The Fundraising Working Group's efforts included the following.

- NEW: TRUST FUND
- NEW: CR GOVT.-MARINE
- EXISTING: CR GOVT.

NEW EXTERNAL RESOURCES-FCR

- \$6.1M-Marine Start-up
- \$1.9M-Terrestrial Start-up
- \$1M/yr-Marine
- \$0.7M/yr-Terrestrial
- \$0.4M/yr-Fund Administration

NEW CR GOVERNMENT RESOURCES

- \$1M/yr-Marine

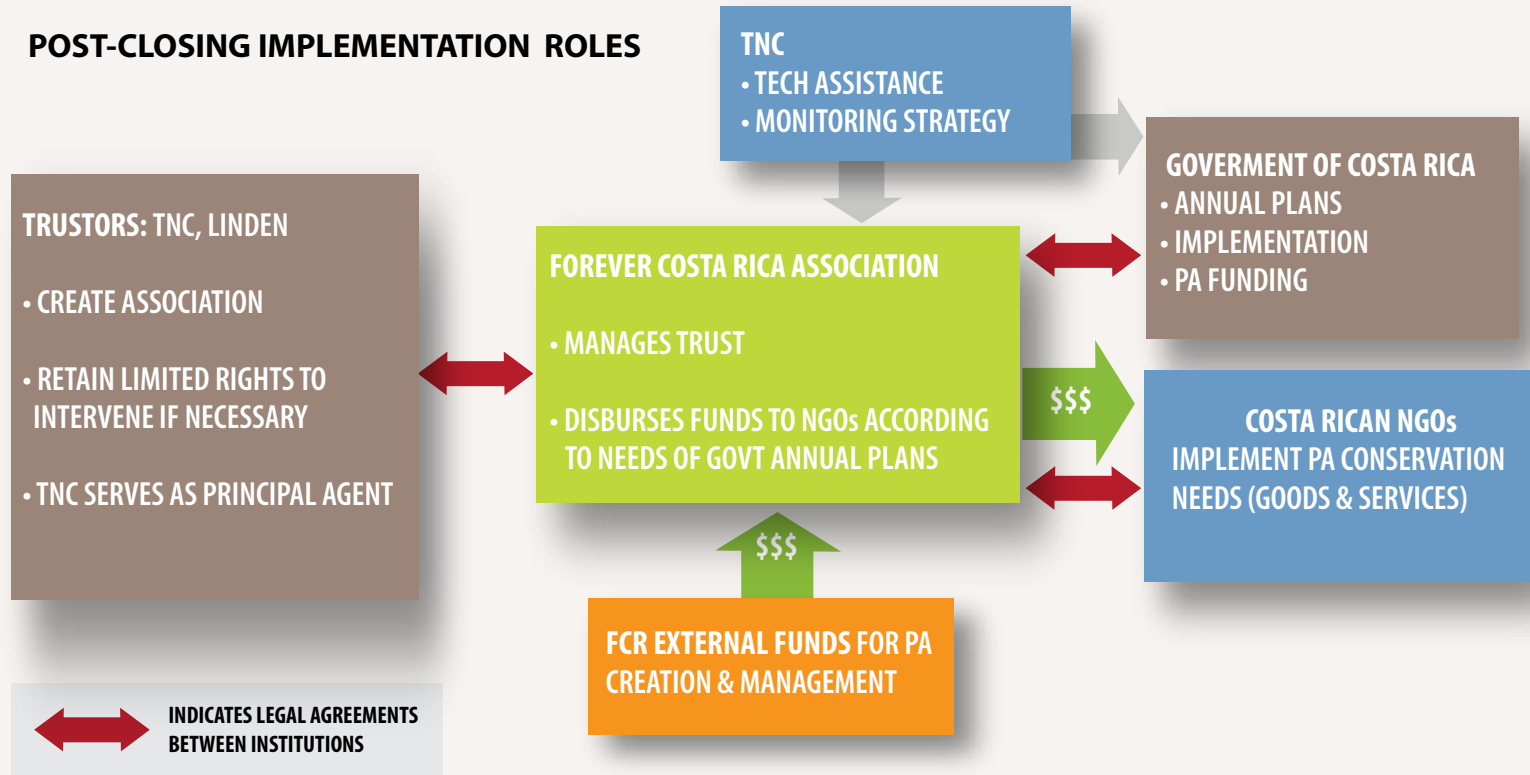
EXISTING ANNUAL CR GOVT. RESOURCES

- \$1M/yr-Marine
- \$17M/yr-Terrestrial
- \$0.5M/yr-Total System



{ The private fundraising goal was reached by December 2009, and public fundraising was complete by November 2010. }

POST-CLOSING IMPLEMENTATION ROLES



- Coordinate fundraising from individual donors and foundations
- Coordinate fundraising from multilateral and bilateral funders
- Prepare public relations & marketing materials throughout the project development

Private fundraising in the U.S. required the majority of the Group's focus, while public fundraising strategy and proposals were developed largely through collaborative efforts of the in-country team members (the Conservancy, Government of Costa Rica, Project Director). Once the debt swap became a possibility, much of the Group's

focus turned to advancing the information needed and the strategy to quickly complete the debt swap. The debt swap was finalized within four months from the beginning of official negotiations.

7. Project Implementation: Roles in Achieving Conservation Outcomes

Implementation of conservation activities will require the involvement of various actors, including the government, the trustee, and other conservation organizations. Above is a brief description

and schematic representing the various roles for conservation implementation. (See Appendix F and following sections on "Project Implementation: Conservation Goals and Outcomes" and "Project Implementation: Funds Management" for additional details on conservation activities, and roles of actors in funds management, respectively.)

The government has primary responsibility for undertaking the activities needed to meet the country's UN CBD protected area goals. SINAC, the protected-areas agency, is the lead government agency. As noted, SINAC has established a marine

department and is institutionalizing a team to focus on improving and measuring protected area management effectiveness as key aspects of building capacity to implement this work. SINAC has appointed an individual to serve as its Forever Costa Rica lead as well. The Costa Rican Coast Guard and Institute for Fisheries and Aquaculture are also both critical to implementation and have signed collaboration agreements with SINAC.

The government is assisted by the new trustee (the Forever Costa Rica Association) along with The Nature Conservancy and other NGOs in the following ways:

- SINAC, in consultation with other relevant government agencies, has prepared and is following a 5-year implementation plan towards meeting the POWPA goals and will develop and follow annual plans each year. These annual plans will direct the Association in deciding what goods and services it will fund to support the government's activities.
- Local and national NGOs and consultants will cooperate with SINAC in accomplishing the POWPA goals, and may be recipients of grants or contracts from the Association (see Appendix F for details on government agency and NGO collaborators). The Association may also procure goods (such as boats, monitoring equipment,

etc.) that will become the property of the government via donations of such property by the Association.⁸

- The Nature Conservancy will provide technical assistance to both the Association in its start-up phase (including having a staff person on the Association's board of directors), and to the government in its efforts to achieve the POWPA goals.
- In its fourth year, the Association will engage an independent panel of outside experts to review progress towards the POWPA goals and provide feedback on the apparent feasibility of reaching the goals for consideration by the Association's board and the government.

The relationship between the Association and SINAC is spelled out in a cooperation agreement (see summary in Appendix E):

8. Project Implementation: Conservation Goals and Outcomes

In the case of Costa Rica, eleven categories of protected areas (plus wetlands) are established in Article 70 of the Regulations for the Biodiversity Law (Decree No. 34433). The table below lists the existing protected areas prior to launching Forever Costa Rica, plus the new marine managed

area (Coco Seamounts Marine Managed Area) established in 2011.

The POWPA guidelines directed countries to take actions towards *"creating and strengthening national and regional protected area systems that are integrated into the global network, as a contribution to globally agreed-upon goals."* The overall

SUMMARY OF MANAGEMENT CATEGORIES OF EXISTING TERRESTRIAL AND MARINE PROTECTED AREAS IN COSTA RICA AS OF 2011

PROTECTION LEVEL	MANAGEMENT CATEGORY	TERRESTRIAL PAs	MARINE PAs
Most Strict	National Park	19	9
	Biological Reserve	5	5
Less Strict	State Wildlife Refuge	7	5
	Mixed Wildlife Refuge	25	1
	Private Wildlife Refuge	38	
	Forest Reserve	9	
	Protected Zone	31	
Least Strict	Wetland	12	1
	National Monument	1	
	Natural Monument	1	
	Marine Managed Area		1
SUBTOTAL		148	22
TOTAL		170	

objective of the POWPA is to *"establish and maintain, by 2010 for the terrestrial areas and by 2012 for the maritime areas, comprehensive national and regional systems of effectively managed and ecologically representative protected areas."*

⁸Procurement of goods on behalf of the government is not allowed when expending funds from the U.S. debt-for-nature swap that supports Forever Costa Rica.

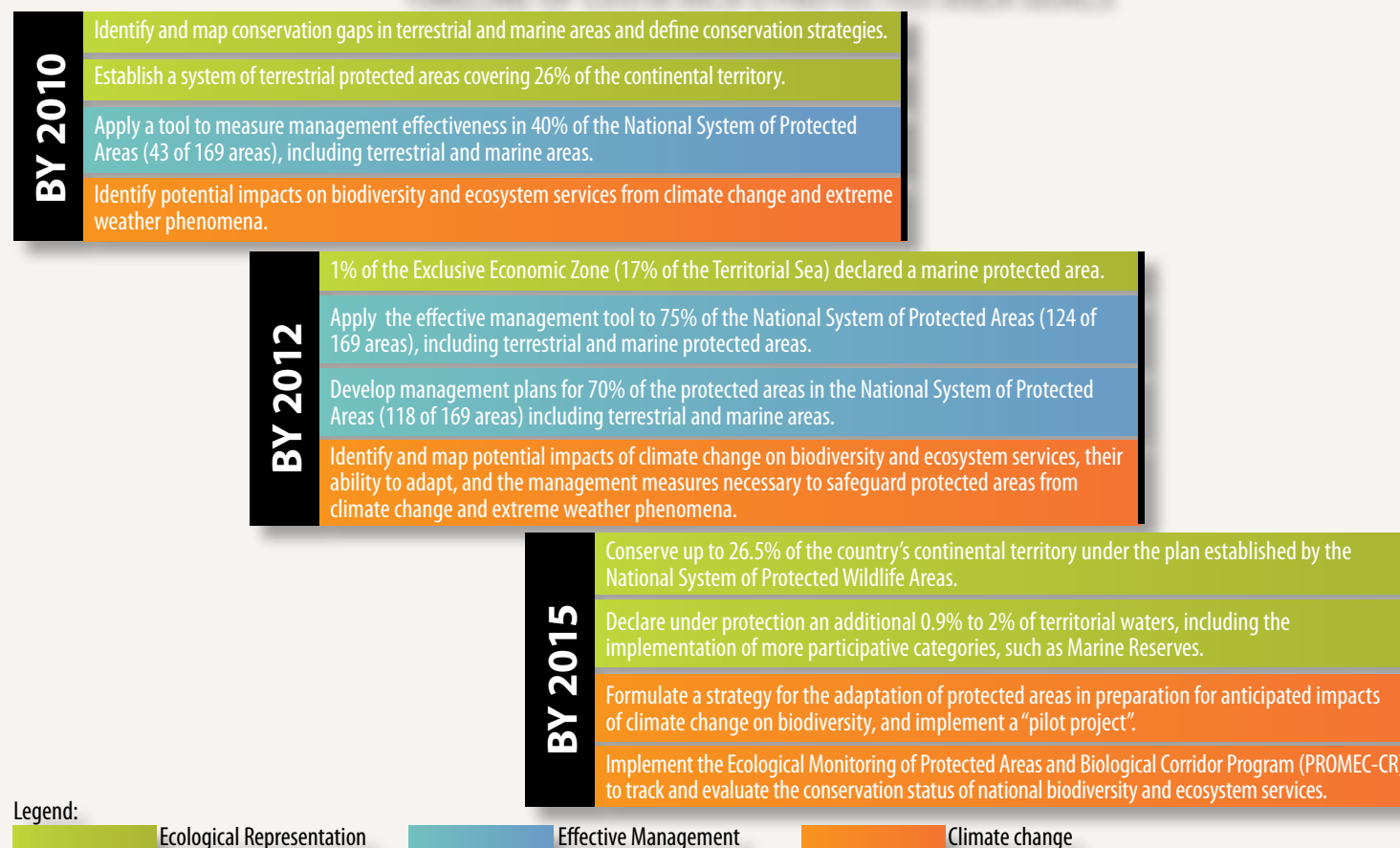
To advance this global goal, Costa Rica determined that it needed to focus its efforts on improving ecological representation in the protected areas (PA) system, management effectiveness of the PAs, long-term financing, and climate change. SINAC prepared a technical proposal defining the conservation goals of the country under the POWPA framework. The specific goals are

summarized below and are available from SINAC (see also Appendix A). The goals reflect anticipated accomplishments by 2015, though it is recognized that this initiative must be adaptively managed to the realities in Costa Rica and possibly the evolution of global commitments over time. Below is a summary schematic, and following are more detailed overviews of the goals.

8.1 Ecological Representation within the Protected Areas System

The government of Costa Rica, supported by The Nature Conservancy, led an ambitious project to identify representative examples of the country's biological diversity that were not captured

TIMELINE OF COSTA RICA'S PROTECTED AREA GOALS



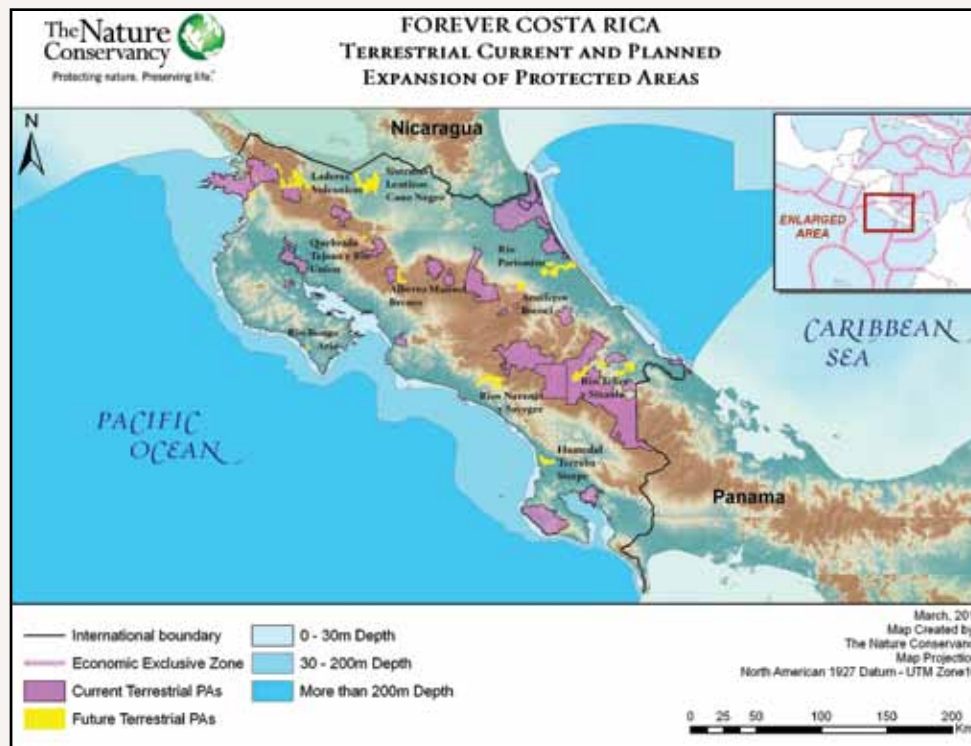
in their protected areas system. The study, known as Biodiversity Conservation Gap Analysis in Costa Rica or GRUAS II, identified important terrestrial, freshwater and marine ecosystems and species that were not well represented within the country's protected areas system.

The POWPA goals to improve ecological representation focus on filling in the modest gaps in terrestrial ecosystems not represented in the protected areas system and dramatically expanding the protection of marine ecosystems. The findings of GRUAS II and the resulting goals set by Costa Rica are summarized below and divided into terrestrial and marine. The following two maps illustrate the planned expansion of the protected area system.

8.1.1 Improving Terrestrial Representation

Overall, the existing terrestrial protected areas system conserves 1,339,860 hectares of Costa Rica's lands. Approximately 26 percent of the country's land mass is within some form of conservation designation, about half of which is captured within the most "strict" protected areas (IUCN Categories I and II). The freshwater protected area system conserves 47 of the country's 64 stream systems. There are 50 lake systems protected of the 92 lakes that ideally should be conserved according to the GRUAS II study.

⁹"No-take zone" is defined as a marine protected area that is completely (or seasonally) free of all extractive or non-extractive human uses that contribute impact (some exceptions may be permitted for scientific activities). (Source: U S National Oceanic and Atmospheric Administration (NOAA))



The ecological gaps in the terrestrial and freshwater realms are far more modest than in the marine realm. To reach its POWPA goals, the government plans to consolidate terrestrial protected areas, focusing on two strict protected areas (IUCN categories I and II) and nine areas in IUCN categories VI–VI. The terrestrial POWPA goals for representativeness can be summarized as follows:

- By 2015, increase by 0.5% the terrestrial territory within the national wildlife protected areas system, to reach a

total of 26.5% of the land area of Costa Rica within strict protected areas.

8.1.2 Improving Marine Representation

As of 2009, Costa Rica currently had approximately 530,000 hectares of marine protected areas (MPAs), most of which are declared national parks and are therefore designated as no-take zones.⁹ GRUAS II concluded that a total of 34 coastal or oceanic sites were underrepresented in

Costa Rica determined that it needed to focus on improving ecological representation..., management effectiveness..., long-term financing, and climate change.

the MPA system, and four were within the current MPA system. It also concluded that a fully ecologically representative national MPA system could be developed covering about 5% of Costa Rica's Exclusive Economic Zone (EEZ).¹⁰

The POWPA goals target 12 new sites, which would bring the EEZ area protected up from 1% (or 17% of its Territorial Sea) to 3% (or 28% of its Territorial Sea) by 2015, totaling 1,855,014 hectares under protection, including new no-take zones,

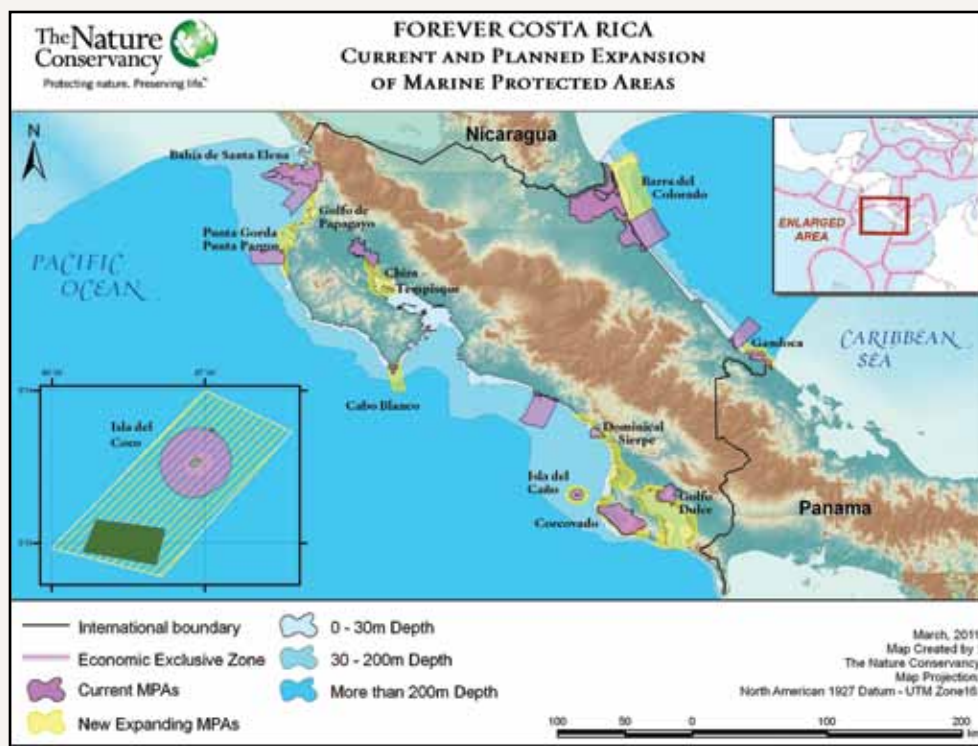
and more participative categories such as marine reserves and managed areas. Achieving these goals in the targeted conservation areas would result in the protection of approximately 40% of Costa Rica's near shore area (defined as up to 30 meters depth), 20% of its shelf area (30-200 meters depth), and 2.5% of its deep ocean area (greater than 200 meters depth).

In 2008, the Minister of Environment, Energy and Telecommunications signed a decree to create two new marine

management categories that allow for conservation and managed use of marine resources, paving the way for creating new marine protected areas. As of March 2011, Costa Rica had already doubled its marine protected area by declaring the new Cocos Seamounts Marine Management Area around Cocos Island. To reach a tripling of its marine protected areas, Costa Rica will now focus on a suite of coastal zones for the creation and expansion of new areas.

The marine POWPA goals for representativeness can be summarized as follows:

- By 2015, declare the creation and/or expansion of one oceanic and 11 coastal-marine and marine protected areas, and delineate the boundaries of the terrestrial portions of the 11 coastal-marine protected areas.

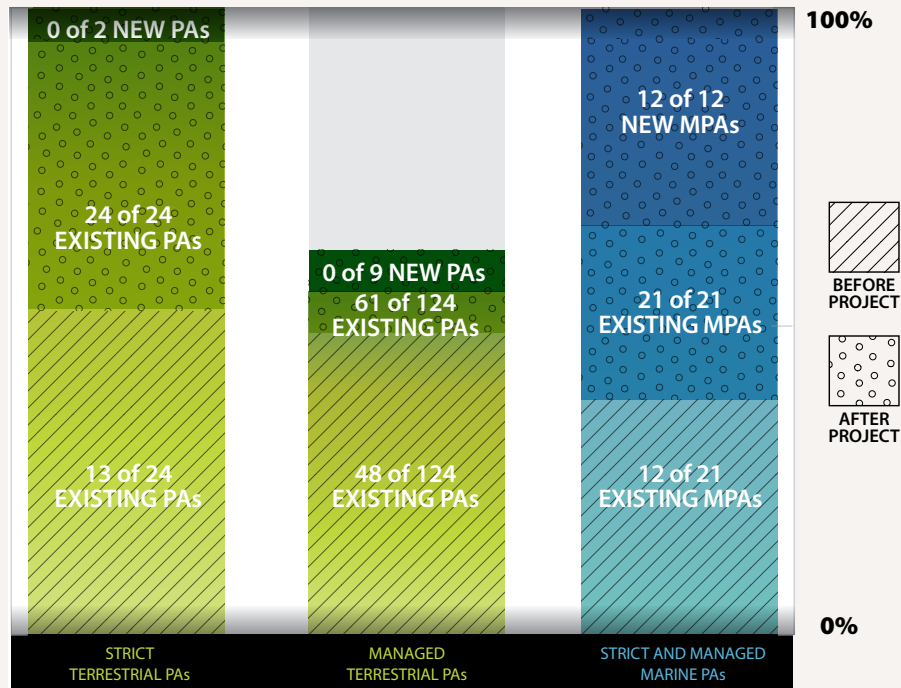


8.2 Effective Management of the Protected Areas System

The POWPA objective "to evaluate and improve the management effectiveness of protected areas" represents a top priority for Costa Rica and is the primary focus of the long-term support from the Forever Costa Rica trust and the agreed upon milestones with the government.

¹⁰ EEZ is international nomenclature created by the United Nations Convention on the Law of the Sea (UNCLOS). According to the UNCLOS, the EEZ includes the territorial sea, which is defined as a belt of coastal waters extending at most 12 nautical miles from mean low-water mark. The EEZ shall not extend beyond 200 nautical miles from the baselines from which the breadth of the territorial sea is measured. Some people tend to separate them into two management areas. The entire marine protected area system in Costa Rica is currently located within the territorial sea, not including Cocos Island which is in the EEZ beyond the territorial sea.

PROTECTED AREAS WITH MANAGEMENT PLANS BEFORE & AFTER POWPA GOALS



The first critical tool for effective management is updated management plans for each protected area. The POWPA goals for completing management plans are summarized in the graphic right.

To further enhance protected areas management, Costa Rica evaluates effective management for multiple purposes: identifying needed initiatives, strengths and weaknesses, assessing efficiency, measuring progress, sharing experiences, promoting accountability and, above all, promoting adaptive management. In 2003, SINAC published an effective management guide titled *Towards Efficient Administration of Protected Areas: Policies and Indicators for*

Monitoring. This methodology, currently in use, contains 37 indicators of protected area management, representing the most relevant aspects of five areas: social, administrative, cultural and natural resource management, political and legal issues and financial-economic aspects. Applying the methodology requires grading sessions with protected area personnel and related interest groups that score progress towards each indicator. Presently, the effective management tool is being improved and adapted for the marine protected areas, whereas to date it has primarily been designed for and applied to terrestrial protected areas.

SINAC has applied the tool on average to 20% of the terrestrial protected areas



As of March 2011, Costa Rica had already doubled its marine protected area by declaring the new Cocos Seamounts Marine Management Area around Cocos Island.

PROTECTED AREAS WITH A HIGH LEVEL* OF EFFECTIVE MANAGEMENT

	FROM		INCREASE	TO (BY 2015)	
	#	%		#	%
EXISTING STRICT TERRESTRIAL PAS	11 of 24	46%	13	24 of 24	100%
EXISTING MANAGED-USE TERRESTRIAL PAS	5 of 110	4%	12	12 of 110	11%
EXISTING STRICT MARINE PAS	0 of 21	0%	14	14 of 21	67%

*According to the SINAC methodology to measure effectiveness, "high" is a rating of 4 or 5 on a scale from 0 to 5.

annually and to 35% of terrestrial protected areas in the most recent application. In this latest application, over 60% of the protected areas which did the evaluation scored below acceptable. The Costa Rican government will improve these indicators to achieve the levels proposed in its POWPA goals as follows.

- By 2012, develop management plans for 70% of all protected areas (118 of 169 protected areas, including terrestrial and marine).
- By 2012, apply the effective management tool to 75% (124 of 169) of protected areas, including both terrestrial and marine.

In addition, Costa Rica has set targets for when and how many protected areas will reach specified scores in effective management as depicted in the graphic above.

In the future, Costa Rica will continue to apply the evaluation tool to all protected areas, and work on improvements needed to bring the entire system up to acceptable management standards.

In addition to these explicit goals submitted to the UN CBD on management effectiveness of the protected areas, SINAC also pledged to make other improvements in institutional efficiencies as part of the Forever Costa Rica initiative. These are captured in agreements between SINAC

and the trustee relating to ongoing private trust disbursement milestones, and are described in the section “The Deal Approach” under the subheading of “Single Closing”.

8.3 Climate Change and Protected Areas

Costa Rica determined that to fulfill the POWPA goals, it needed to address the threats of climate change to biodiversity and attempt to mitigate and adapt impacts on the protected areas and their natural resources. Towards this end, the POWPA goals include the following:

- By 2011, SINAC will have identified and mapped potential impacts on biodiversity and ecosystem services, their adaptive capacity and viable mitigation measures for the protected areas in the face of climate change and extreme weather events.
- By 2015, SINAC will have developed and implemented PROMEC-CR as a mechanism for tracking and evaluating conservation status of biodiversity and ecosystem services, and as a mechanism for dynamic planning and adaptation to climate change.
- By 2015, SINAC will develop a strategy for adaptation for protected areas related to the impacts on biodiversity

and ecosystem services expected from climate change and extreme weather events, and will implement one pilot project.

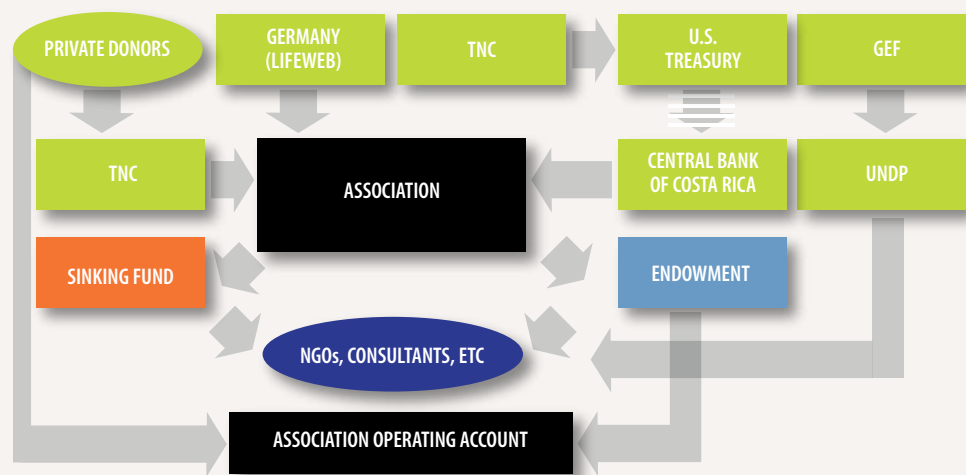
9. Project Implementation: Funds Management

Management of project funds and overall cash flow falls largely to the trustee of the private trust, the Forever Costa Rica Association. Funds flow from numerous sources via various mechanisms (see graphics in this section). Total project spending, revenues and cash flow are tracked by the Association in cooperation with the government, to ensure that funding from all sources is sufficient to cover projected expenses in the short-term and in perpetuity. Following are descriptions of the various funding mechanisms.

9.1 Public Funding

Public funding represents the majority of funding needed and pledged to support the goals of Forever Costa Rica, even though the majority of external funds raised were from private donors. This is because the ongoing funding from the Government of Costa Rica is the essential foundation on which all project funds rely, further described below.

Flow of Funds



of \$380 million in protected area funding on which this project relies.

Furthermore, the government pledged to make best efforts to more fully execute the SINAC budget that it is appropriated each year, with a goal of spending 95% of the SINAC budget annually by 2012 and in the future. These SINAC expenditures will be tracked by the government and the Forever Costa Rica Association each year to ensure that trust disbursements do not replace any potential future reductions in government spending. Thus SINAC expenditures serve as important factors in determining whether or not to disburse funds from the trust in support of the government implementation plans.

Initially, consideration was given to expanding in-country funding streams using payments for environmental

9.1.1 Costa Rican Government Funding

The Government of Costa Rica's annual and long-term investments in the protected area system are by far the most important funding sources for this project—the \$57 million of externally-raised funds builds upon this solid base. As stated previously, Costa Rica has a 30-year history of ever-increasing funding for its protected areas.

In 2008, when this project was under development, SINAC's budget was \$18 million per year for strict protected areas, and the government agreed with project partners to make best efforts to maintain


or increase this level of funding (inflation adjusted) in the future. In addition, the government has increased SINAC's budget by \$1 million per year for marine protected areas and has pledged to maintain that in the future. This amounts to a present value

Sources of Funds	PRESENT VALUE	ACTUAL PAYMENTS	
		DOLLARS	WHEN
PRIVATE DONORS Less: TNC Debt Swap Fee	\$29.2 M - \$3.9M	\$30.0 M - \$3.9M	2010-2012
GLOBAL ENVIRONMENT FACILITY	\$0.5M	\$0.7M	2013-2014
LIFEWEB (Germany)*	\$2.3M	\$2.7M	2011-2013
DEBT SWAP (U.S.) Less: Admin & Other Fees*	\$21.4M -\$2.7M	\$25.0M -\$4.6M	2010-2024
Total	\$46.9M	\$49.9M	

*Estimated

Discount Rate Used: 7.5% (5% + 2.5% inflation)

Ongoing funding from the Government of Costa Rica is the essential foundation on which all project funds rely.



The government has increased SINAC's budget by \$1 million per year for marine protected areas...

services (PES). This was deemphasized within the first year of project design because Costa Rica already had created new PES and other finance mechanisms to fund its private lands conservation efforts which are complementary to the public protected areas conservation efforts. In 1991, in addition to annual budget appropriations, Costa Rica began creating funds for public protected areas management, starting with the Forestry Fund and later adding the Wildlife Fund in 2001 and the National Park Fund in 2002 (the latter of which is supported by a new watershed fee as of 2008). The revenue streams for each include the following:

- Wildlife Fund: Palm heart, wool, salt extraction fees, hunting/fishing licenses, scientific collections, animal exports, wildlife stamp, administration fees
- Forestry Fund: Forestry tax, sale of forest guides, license plate sales
- National Park Fund: National Park stamp, goods and services, entrance fees, watershed fee

9.1.2 Multilateral and Bilateral Funding

Debt-for-Nature Swap: Funds generated by the U.S.-Costa Rica debt-for-nature swap flow to the Central Bank of Costa Rica, and are managed by a debt swap oversight

committee consisting of representatives from the U.S. government, the Costa Rican government, The Nature Conservancy, EARTH University and the Organization for Tropical Studies (OTS). The Forever Costa Rica Association was also selected by the U.S. and Costa Rican governments to serve as the debt swap fund administrator that will support and carry out the instructions of the debt swap oversight committee. This implies additional administrative costs to the Association that would optimally be covered by debt swap funding.

LifeWeb/Germany: The LifeWeb/Germany funding will flow through GIZ (German Society for International Cooperation) to activities in support of or included in the FCR work plan. The amount of funds to be invested will be determined on a year-to-year basis.

Global Environment Facility (GEF): GEF funds will be provided directly to the Government of Costa Rica in support of the project for direct spending on project implementation activities. GEF funds are the only external funds raised that will be managed by the government directly.

9.2 Private Trust

The private trust was designed to create an entity that will:

- support the government while maintaining independence from

government;

- function in perpetuity, remaining loyal to the project's objective while retaining the flexibility needed for the long term;
- protect the integrity of its funds; and
- be based in Costa Rica.

The setup of the trust involved not only the design of the trust itself, but also the definition of critical milestones to closing the deal and launching the trust, and ongoing requirements in order to continue subsequent disbursements from the trust (see Appendix B).

Costa Rican trust law provides strong protections, including the ability to set parameters for trustee governance and the use of funds, and protection of the integrity of funds placed in trust. Characteristics of the trust that are particular to Costa Rica include the following.

- The corporate form suitable under Costa Rican law to serve as trustee is a non-profit "association."
- The trust is established via a contract between the trustors and the trustee, rather than through a grant agreement as is the case in some other countries.
- Because this is a private trust, government employees are prohibited by law from being members and

serving on its board of directors. In other countries, a minority of trust board members from government is considered optimal.

- To ensure appropriate links to government priorities, a separate cooperation agreement between the government and the trustee was signed at closing.

The legal documents that regulate the functioning, operations and inter-institutional relations of the project were drafted through consultations amongst the parties and corresponding legal counsel, and consist of the following:

- A trust contract between founding trustors and trustee (government is not a party to the trust agreement)
- By-laws of the trustee (see Appendix D)
- Cooperation agreement between SINAC and the trustee (see Appendix E)

The **beneficiary** of the trust is the governmental protected areas, represented by SINAC, the government’s protected-areas agency.

The **trustee and fiduciary** is a new special-purpose Costa Rican non-profit organization called the Forever Costa Rica Association. An “association” is the Costa Rican corporate form most appropriate for this purpose as it has a non-profit mission

and flexible governance. The Association is independent of the government, with a board of directors of Costa Rican conservationists and other leaders. The Association was incorporated in Costa Rica in November 2009, and became operational at closing in July 2010.

The **founding trustors** were The Nature Conservancy and the Linden Trust for Conservation. The founding trustors’ primary role was to determine whether to move forward with closing. Trustors have limited roles after closing that include the removal of the trustee if the trustee does not comply with requirements laid

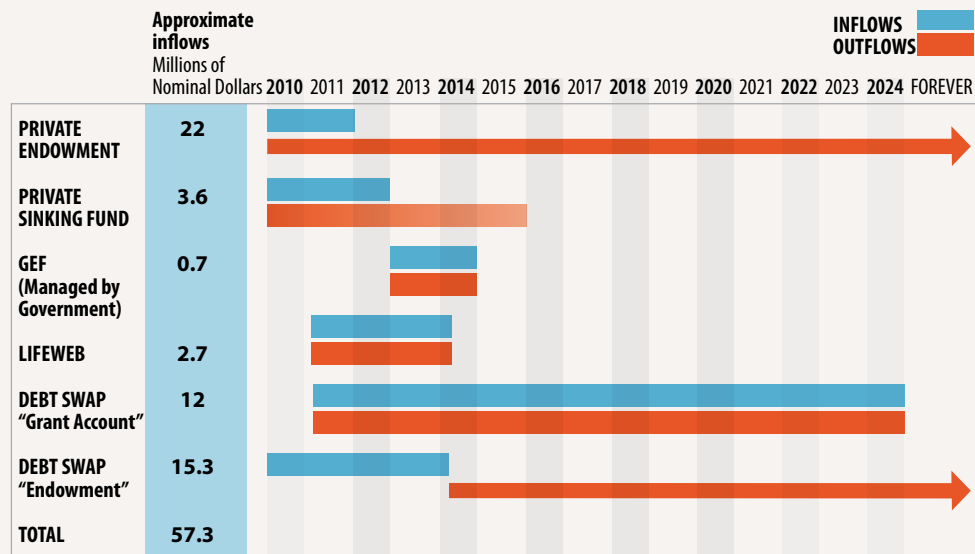
out in the trust agreement, selection of a new trustee if the first is removed, review of financial reports, modification of the annual allowable budget of the trustee, and termination of the trust by unanimous vote. The Linden Trust committed to serve as trustor for one year only, and the Conservancy will serve as trustor for an indefinite term.

9.2.1 Trustee Governance and Management

The Association, by law, is formed by 10 or more individuals (the “members”) that



* Board members represent themselves as individuals, not their affiliations or organizations.



meet in an assembly once a year. These members elect a board of directors (the "board") from among their ranks.

The **board** consists of seven voting members, experts in natural resources conservation, finance, or other related fields, who are willing to support its mission. Its main responsibilities are managing the funds held in trust and making trust disbursement decisions. Board members are unpaid, may not be government employees and are subject to other conflict-of-interest provisions. Board members serve four-year staggered terms. The initial membership and board was selected by the trustors in consultation with the other private partners. Thereafter, any new board members were and will in the future be approved by a vote of a

majority of the board. One employee of The Nature Conservancy serves on the current board of directors. No institution is guaranteed a seat on the board in the future.

The Association's staff composition is at the board's discretion. The first Executive Director was nominated by the private partners, approved by the board of directors, and hired at closing, and additional staff were hired thereafter (see graphic of initial staff and board).

9.2.2 Trust Funds Management

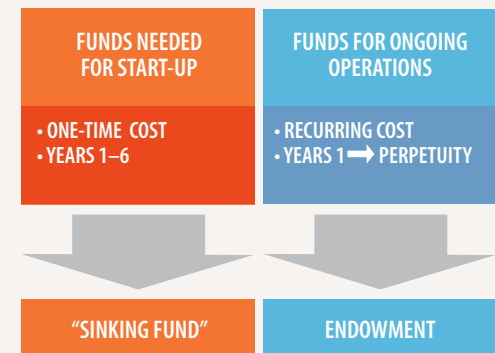
Private funds received to date have been donated to the Conservancy, and funds are transferred on a regular basis from the Conservancy to the trust. Donor

contributions and transfers to the trust are projected to be completed in 2013.

The trust funds are held outside Costa Rica and investments will be diversified globally. Funds needed for current-year operations will be transferred from an account in the United States to an account in Costa Rica, for disbursement as needed by the Association. The funds are managed in two separate accounts: a sinking fund and an endowment fund. Most of the trust funds will be managed as an endowment, in perpetuity, to fund recurring costs (e.g. management planning and patrolling of protected areas), while some funds will be spent in the first few years on one-time start-up costs and infrastructure (see graphic on flow of funds).

Criteria listed in the graphic on the following page guide funds management, at the direction of the trustee's board of directors.

The trust's funds will be managed by



SINKING FUND

- Target annual return: 0%+inflation
- Low-risk, low volatility investments
- Expect mostly bonds and cash
- Expect most held abroad, but may need some in colones as currency hedge

ENDOWMENT

- Target return: 5%+inflation
- 5% is annual average – expect wide year-to-year variations
- Annual withdrawal \leq 5% of 3-year average balance
- Moderate-risk investments
- Expect mostly stocks, some alternatives and bonds
- Expect to be held abroad, globally diversified

Debt swap endowment has similar investment guidelines as private endowment.

one or more external fund managers to be chosen by the board. Fund managers must be globally recognized, have at least 20 years of experience in managing diversified portfolios, and have an above-average 10-year record. Fund managers can be removed due to poor performance and will be reviewed every five years. The board has drawn upon the expertise of an ad hoc advisory committee in developing its investment policy and selection of the first fund managers.

The annual budget of the Association is set in the trust agreement, and includes staff salaries and other direct expenses. It does not include asset-management fees, which will be charged to the assets under management and is factored into the 5% target real, after-tax return.

10. Measures and Evaluation of Project Results

In projects such as Forever Costa Rica, in which success lies in the outcomes five or more years after the launch of the project, well-designed measures of success and plans to implement such measures are key to ensuring that project goals are reached. The following describes how both the performance of the trust and conservation efforts will be tracked and measured over time.

10.1 Measuring Success of the Trust

After closing, the requirements for ongoing disbursement from the trust will be used to track progress towards

meeting the POWPA goals and fulfilling government intentions towards protected area funding. These are tied directly to the annual approvals to release funding from the trust for project activities and will be tracked by the Association staff and its board in close coordination with SINAC.

An independent review committee in year four will consider progress towards outcomes at four years. The proposed role of the independent review committee will be to consider the project's progress towards conservation goals by reviewing the effectiveness measures. The approach to measure effectiveness will include robust indicators that will assist the committee in providing recommendations based on new project conditions, such as new threats, decline in biodiversity health, and policy changes, among others. The evaluation results will be shared with project implementation teams, both at the national level as well as at the field level. The results will be considered by the Association's board in determining progress towards and feasibility of meeting the project objective.

The Association will continually review the performance of its investment portfolio and, in case of underperformance over any 5-year period, will be required to determine if the relevant asset manager(s) should be replaced. Finally, the Association board has the ability to make necessary changes to ensure project success, and

the founding trustors also have limited abilities to weigh in if the project is not performing as planned.

10.2 Measuring Conservation Success

The government's Program for Ecological Monitoring of Protected Areas and Biological Corridors of Costa Rica (hereafter referred to as PROMEC-CR) in its first stage is evaluating the status of terrestrial biodiversity conservation on a national scale. It will use three indicators that focus on the extension and degree of fragmentation of natural ecosystems, and their rates of change, as well as the effectiveness of protected area management. At the same time, it will develop and test six other potential indicators relating to biological corridors, animal groups and forest dynamics. The threat represented by climate change will be monitored directly by an indicator and as an explicit component of the other indicators.

PROMEC-CR was structured based on an extensive review of the scientific and technical literature on the conceptual foundations and the design and implementation of ecological monitoring programs. The program is managed by the National Monitoring Commission, led by SINAC, and with support from the academic sector and NGOs, including The Nature Conservancy.

In addition, there is now a region-wide pilot monitoring project led by the Osa Conservation Area, The Nature Conservancy and INBio. This monitoring strategy defines 14 indicators that provide information about the status of terrestrial and freshwater biodiversity in the region. These national and regional initiatives will be the institutional and technical foundations for framing this project's monitoring program.

Specific to marine conservation, the project is developing a monitoring program that will identify whether:

- the MPA system is functional and conserving system-wide biodiversity, and
- the protected areas are effective in conserving local biodiversity.

Toward this end, experts came together in March 2010 and defined "conservation targets" that will be monitored to track ecosystem health for the key biodiversity elements of the system and for individual MPAs. The targets selected were:

- Reefs (coral and rocky)
- Mangroves
- Sea grass beds
- Fishery species (not many, still to be defined)
- Sea turtle nesting beaches

- Estuaries
- Sea bird rookery, congregation, and foraging sites
- Marine mammals

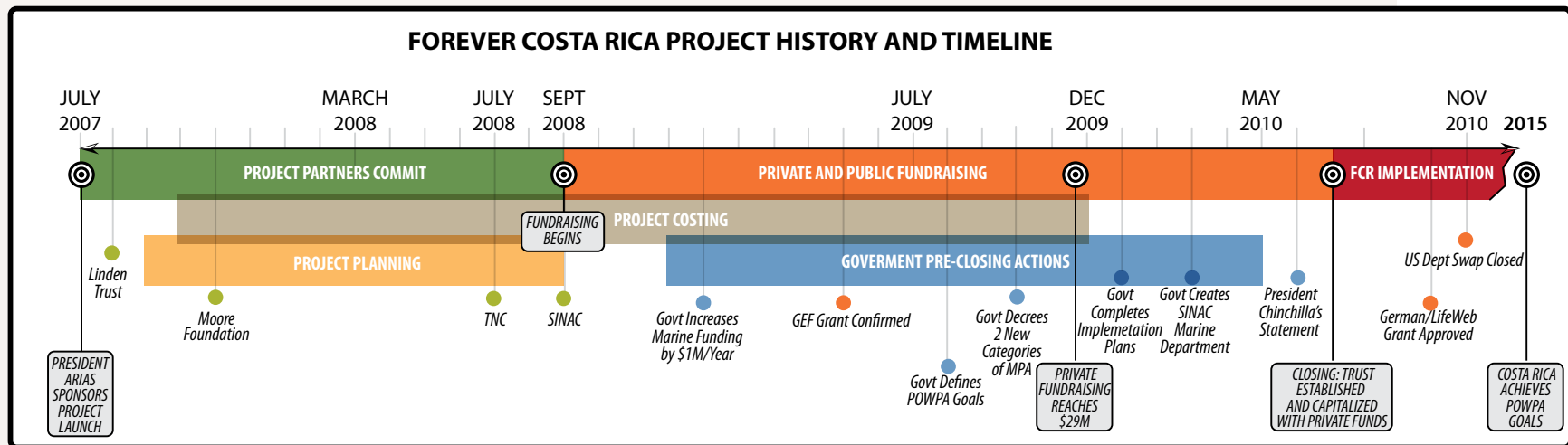
Monitoring these targets will be integrated into the effective management monitoring strategy for marine protected areas currently being developed by the Center for Research in Ocean and Limnology Sciences (CIMAR) in Costa Rica.

Finally, progress towards Costa Rica's POWPA goals for increasing ecological representation in the protected area system, improving management effectiveness, and addressing the threat of climate change will be tracked and tied directly to approvals to disburse ongoing funding from the trust to support project activities.

11. Timeline

The project's phases and key milestones are represented in the timeline graphic on right. In addition to this timeline, others planning such projects may find the original conception of this initiative of interest, so we provide further detail here.

For several years, the Government of Costa Rica had been advancing towards meeting the POWPA goals, with the support of The Nature Conservancy and others. The government had already completed the



ecological gap analysis, a financial gap analysis for the protected areas, and developed important tools for measuring protected area management effectiveness. These advances, among others, put Costa Rica on the forefront for meeting the goals. A comparative POWPA scorecard prepared by The Nature Conservancy in 2008 showed that Costa Rica was well advanced in most areas.

With this government leadership and initiative well underway, in February 2007, Larry Linden and Roger Ullman met with Dr. Daniel Janzen who brought to their attention the fact that then President Oscar Arias was putting together an effort called "Peace with Nature", comprised of 13 initiatives. One was sustainable financing for Costa Rica's protected areas, and Dr. Janzen was promoting the idea of a \$500 million trust fund. The concept

appealed to Linden and Ullman due to Costa Rica's strong history of conservation commitments.

On July 16, 2007, President Arias hosted

"59 years ago, Costa Rica declared peace on the world, abolishing its armed forces, turning musty barracks into vibrant classrooms for its children.

"20 years ago, the moral force of our nation propelled five presidents to sign an accord that would help all of Central America lay down its arms.

"Today, in Costa Rica and around the world, another type of war is raging, and another declaration of peace is necessary: we must declare peace with nature and abolish the forces that destroy it."

—President Oscar Arias

Linden, Ullman, Zdenka Piskulich of The Nature Conservancy and others at the Presidential Palace with members of his cabinet and various senior environmentalists in Costa Rica. The topic was sustainable financing for protected areas. At that event, President Arias, in response to a suggestion from Linden, appointed a Steering Committee to work on this initiative. In August 2007, Minister Dobles (MINAET) followed up by formally inviting the Linden Trust to work with Costa Rica in achieving sustainable financing for the country's protected areas system.

As an initial step, the Linden Trust hired Redstone Strategy Group¹¹ for a six-month assignment to evaluate lessons learned from similar large conservation initiatives globally, and to begin a high-level costing exercise for financing the protected areas of Costa Rica. This built on a preliminary

¹¹ Redstone Strategy Group LLC is a consulting firm based in Boulder, Colorado, USA.

assessment that Linden Trust had initiated for the earlier discussions with Janzen. The Gordon and Betty Moore Foundation, interested in conservation finance issues, responded to an approach from Linden Trust after the Arias meeting. In November 2007, Moore signed a memorandum of understanding with Linden Trust to lend its support to the initiative.

In December 2007, following a year of discussions about how they might work together on a large-scale place-based deal, the leadership of The Nature Conservancy invited a formal presentation by Linden Trust on this initiative. By this time, the objective had been refined to specifically meet the country's UN CBD POWPA goals and support the maintenance of these in

the future, building on the Costa Rican government's and the Conservancy's work on CBD in Costa Rica and elsewhere. The Conservancy decided that a feasibility analysis was necessary before deciding whether to join the partnership, and this was conducted January through June 2008. By July, with the results of a positive feasibility study in hand, and numerous





upfront agreements reached amongst the three private parties and the Government of Costa Rica about how to proceed, project development was officially underway and fundraising was launched. The Walton Family Foundation then joined the partnership as well, and offered the technical support of Michael Rothschild.

From that time forward, the project goals, activities, costing and fundraising goals were developed, refined and finalized in multi-partner collaborative working groups that met weekly. During this time, the government made major advances in increasing protected area funding, strengthening its marine and other capacity, and moving towards its POWPA goals. Finally, with all private funds raised, the deal closed in July 2010, the private trust was established, public funding was secured by November 2010, and full project implementation commenced.

12. Success Factors

The partners recognized early on that Costa Rica offered an optimal scenario for permanent conservation:

- Globally-important biodiversity
- Political stability
- Strong public institutions
- A 40-year history of commitment to environmental conservation

Forever Costa Rica has also benefited from many project-specific factors:

- Presidential sponsorship
- Major strides completed by the government towards meeting POWPA goals
- Ambitious targets: nationwide project, covering all ecosystems, in perpetuity
- Project goals fully costed before closing and fully funded at closing
- “Deal” between government and external partners in which each does its share to achieve one objective
- “Single closing” provided a strong incentive for donors and government to deliver the needed funds and conservation actions before the trust was launched
- Aggressive project management, resulting in very fast execution of the deal

- Commitment by core donors to funding for strong project team
- 30-year conservation partnership between the government and The Nature Conservancy



{ The partners recognized early on that Costa Rica offered an optimal scenario for permanent conservation... }

13. Participants and Contact Information

This project was conceived by the **Government of Costa Rica** in collaboration with the Linden Trust for Conservation, the Gordon and Betty Moore Foundation, the Walton Family Foundation, and staff from The Nature Conservancy in Costa Rica and other government and non-governmental entities in Costa Rica.

Ministry of Environment, Energy and Telecommunications – National System of Conservation Areas (MINAET – SINAC)
San Jose, Costa Rica
(506) 2 257-9722
www.sinac.go.cr
Marco Vinicio Araya, Forever Costa Rica Director (Email: marco.araya@sinac.go.cr)

The Forever Costa Rica Association is the non-profit association that manages the public-private conservation initiative developed by the Costa Rican government and its associates – The Nature Conservancy, the Linden Trust for Conservation, the Gordon and Betty Moore Foundation, and the Walton Family Foundation – with the aim to consolidate a marine and terrestrial protected areas system that is ecologically representative, effectively managed, and supported by a stable funding source, which will allow Costa Rica to become the first developing country to achieve the goals set forth by

the Programme of Work on Protected Areas (POWPA) under the UN Convention on Biological Diversity (CBD).

Forever Costa Rica Association
Forum I Santa Ana
Edificio G, Piso 7
San Jose, Costa Rica
(506) 2204-7350
www.costaricaporsiempre.org
Zdenka Piskulich, Executive Director
(Email: zpiskulich@costaricaporsiempre.org)

The **Linden Trust for Conservation** is a charitable foundation registered in the United States dedicated to conservation finance and environmental markets. The organization recognized an opportunity for an innovative, permanent conservation solution in Costa Rica and supported it. From mid-2007 to mid-2010, the Linden Trust devoted much of the time of its three-member team (founder, executive director and program officer) to this effort.

Linden Trust for Conservation
156 W. 56th St., Suite 1100
New York, NY 10019
(212) 991-3730
www.lindentrust.org
Larry Linden, Founder and Trustee
Roger Ullman, Executive Director

The **Gordon and Betty Moore Foundation**, established in 2000, seeks to advance environmental conservation and scientific research around the world and improve the quality of life in the San Francisco Bay Area. The Foundation's Environmental Conservation Program aims at changing the ways in which people use terrestrial, freshwater, and coastal marine ecosystems to conserve critical ecological systems and functions, while allowing sustainable use. The foundation team involved with this effort included its President, who personally worked on fundraising; the Program Officer for Financial Mechanisms; and the Director of the Environmental Conservation Program.

Gordon and Betty Moore Foundation
1661 Page Mill Road
Palo Alto, CA 94304
(650) 213-3000
www.moore.org

The Walton Family Foundation's environment program area is focused on creating cleaner, healthier rivers and oceans; ensuring access to an abundant supply of clean water and healthy seafood; and supporting the millions of people in America and around the world whose lives and livelihoods depend on fishing. The Foundation aims to achieve lasting conservation outcomes in ocean and river systems that benefit both people and wildlife by aligning economic and conservation interests.

The Walton Family Foundation

P.O. Box 2030
Bentonville, AR 72712
(479) 464-1570
www.waltonfamilyfoundation.org

The Nature Conservancy is a nonprofit organization whose mission is to preserve plants, animals and natural communities representing the diversity of life on Earth, by protecting the lands and waters they need to survive. The Nature Conservancy is the leading conservation organization working around the world to protect ecologically important lands and waters for nature and people, and has been working in Costa Rica for the last 35 years. The Conservancy actively participated in Forever Costa Rica project development, providing technical support and fundraising, and will continue to work in partnership with the government and the Forever Costa Rica Association.

The Nature Conservancy

De Pops Sabana Sur, 1 km al Oeste
San Jose, Costa Rica
(506) 2520-8000|
www.nature.org
Ricardo Kogel, Costa Rica Conservation
Coordinator, (Email: rkogel@tnc.org)



*{ The Forever Costa
Rica Association
is the non-profit...
that manages the
public-private
conservation
initiative. }*

Appendix A: Costa Rica's Work Plan to Achieve its POWPA Goals (DRAFT)

SCOPE OF FIRST PHASE 2010-2015	OBJECTIVE	RESULT	STRATEGIC ACTION	GOAL
Contribute to consolidating the ecological representativeness and integrity of biodiversity in the PWAs.				
Improve the representativeness and ecological integrity of continental biodiversity in the PWAs by adding approximately 0.5% of the continental territory.	As of 2014, SINAC improves the ecological representativeness and integrity of the continental biodiversity by incorporating .5% of the continental territory in the PWA.	SINAC has improved the continental biodiversity representativeness in the PWAs	Creation and/or extension of Protected Land Wilderness Areas	As of 2012, 2 new PLAs have been created or extended using the National Park or Biological Reserve category. As of 2014, 9 new PLAs have been created or extended under the category of a Wildlife Refuge (state, mixed, or private), Forestry Reserves or Protected Areas
	As of 2015, SINAC will physically delimit the borders for the land portions of the 11 new PMAs, contributing to consolidation	SINAC has physically delimited the land portions of the PMAs	Set up markers	As of 2015, the 11 new PMAs properly set up the markers in the land portions
Contribute to substantially improving the management effectiveness of the PWAs				
Some 100% of the PMAs created and extended with the support of Costa Rica por Siempre have planning instruments that make it possible to administer the areas effectively and efficiently based on the management goals.	As of 2015, SINAC prepares and/or updates and makes 12 management plans official for the PMAs that were recently created or extended.	As of 2015, the recently created or extended PMAs have official management plans prepared and/or updated	Preparation and update of the strategic planning instruments for new PMAs	As of 2015, the 12 recently created or extended PMAs have official management plans
	As of 2013, SINAC prepares and/or updates and makes official the 9 management plans for the PMAs in existence as of 2009	The PMAs in existence as of 2009 have prepared and/or updated and official management plans	Preparation and update of the strategic planning instruments for the existing PMAs	As of 2012, 6 PMAs have an updated management plan As of 2013, 3 PMAs have an updated management plan
Double the number of PWAs that were existing in 2009 that have management plans as strategic planning instruments.	As of 2015, SINAC prepares and/or updates and makes official the 24 management plans for the PLAs in existence as of 2009	The PLAs in existence as of 2009 have prepared and/or updated and official management plans	Preparation and update of the strategic planning instruments for the existing PLAs	As of 2012, 5 PLAs in the National Park and Biological Reserve management categories have an updated management plan As of 2012, 4 PLAs that have a Wildlife National Refuge management category (state, mixed, or private) have a current management plan. As of 2013, 6 PLAs in the National Park and Biological Reserve management categories have an updated management plan As of 2013, 5 PLAs that have a Wildlife National Refuge management category (state, mixed, or private) have a current management plan. As of 2015, 4 PLAs in the Forestry Reserve and Protected Area management categories have an updated management plan
	As of 2013, SINAC prepares and/or updates and makes official the 9 management plans for the PMAs in existence as of 2009	The PMAs in existence as of 2009 have prepared and/or updated and official management plans	Preparation and update of the strategic planning instruments for the existing PMAs	As of 2012, 6 PMAs have an updated management plan As of 2013, 3 PMAs have an updated management plan
Improve the management effectiveness monitoring system and systematize its application by 75% as it relates to the PWAs existing in 2009.	As of 2015, SINAC creates the institutional capacity needed to monitor the management effectiveness of both the ATPs and the PMAs and applies the improved updated tool to 75% of the PWAs in existence as of 2009	The institutional capacity needed to monitor the management effectiveness of the PWAs has been created The revised, updated management effectiveness monitoring instruments are being applied	Development and application of the management effectiveness monitoring tools	As of 2011, there is an ongoing, functional unit to monitor the management effectiveness of the PWAs that has been properly solidified
				As of 2011, a set of specific indicators has been developed and validated to be able to monitor the effectiveness of PAM management.
				As of 2011, a set of indicators has been developed and checked to be able to monitor the ecological integrity of the PWAs in the National Park, Biological Reserve and Wildlife Refuge National Park categories (state and mixed)
				As of 2011, the current management effectiveness monitoring system has been revised, the indicators have been improved, and a strategy has been developed for its effective application to the PWAs in the National Park, Biological Reserve, and Wildlife Refuge categories (state and mixed)
				As of 2014, the management effectiveness monitoring system has been revised again, the indicators have been improved, and a strategy has been developed for its effective application to the PWAs in the National Park, Biological Reserve, and Wildlife Refuge categories (state and mixed)
				As of 2011, all the staff members responsible for applying the instruments to monitor management effectiveness are properly trained in its use
				As of 2011, the updated management effectiveness tool is being applied systematically to 56 PLAs in the National Park, Biological Reserve, and Wildlife Refuge categories (state and mixed)
				As of 2012, the updated management effectiveness tool is being applied systematically to 68 PLAs in the Forestry Reserve, Protected Area, and Private Wildlife Refuge categories.
As of 2011, the updated management effectiveness tool is being systematically applied to 21 PMAs in existence as of 2009.				
As of 2011, an annual report is prepared and published containing the results obtained by monitoring the PLA management effectiveness.				

SCOPE OF FIRST PHASE 2010-2015	OBJECTIVE	RESULT	STRATEGIC ACTION	GOAL
Improve management effectiveness by 34% as it relates to the PWAs existing in 2009.	As of 2015, SINAC increases management effectiveness to acceptable or superior levels in at least 43 PLAs in existence as of 2009 to maintain the representativeness and improve the ecological integrity of the biodiversity being protected As of 2015, SINAC increases management effectiveness to acceptable or superior levels in at least 14 PMAs in existence as of 2009 to maintain the representativeness and improve the ecological integrity of the biodiversity being protected	The PLAs have reached at least an acceptable management rating The PMAs have reached at least an acceptable management rating	Development and implementation of proposal to improve PLA management "Development and implementation of proposals to improve PMA management"	As of 2012, there will be a proposal for management improvement at the 56 PLAs that makes it possible to overcome problems and it is being implemented As of 2012, 50% (28 PLAs) and 56 PLAs in the National Park, Biological Reserve, and Wildlife Refuge categories (state and mixed) that have management effectiveness monitored receive an acceptable or higher rating. As of 2015, 65% (36 PLAs) and 56 PLAs in the National Park, Biological Reserve, and Wildlife Refuge categories (state and mixed) that have management effectiveness monitored receive an acceptable or higher rating. As of 2015, 10% (7 PLAs) of the 68 PLAs in the Forestry Reserve, Protected Area and Private Wildlife Refuge categories that have management effectiveness monitored receive an acceptable or higher rating. As of 2013, there will be a proposal for management improvement at the 21 PMAs that makes it possible to overcome problems and it is being implemented As of 2014, 50% (11 PMAs) of the 21 PMAs existing as of 2009 that have management effectiveness monitored received an acceptable or higher rating. As of 2015, 65% (14 PMAs) of the 21 PMAs existing as of 2009 that have management effectiveness monitored received an acceptable or higher rating.
Some 100% of the PMAs created and extended with the support of Costa Rica por Siempre have oversight and tracking instruments that make it possible to increase effective protection and management.	As of 2013, SINAC prepares and makes 22 tracking and oversight plans official for the PMAs that were recently created or extended.	The PWAs have tracking and oversight plans prepared and made official	Development of tracking and oversight tools	As of 2014, the 11 PLAs that were created or extended have tracking and oversight plans As of 2014, the 11 PMAs that were created or extended have a tracking and oversight plan
Increase the PMA oversight and tracking capacity.	As of 2015, SINAC has strengthened its marine-coastal oversight and tracking capacity and effectively implements oversight and tracking plans at 11 PMAs.	The SINAC's institutional capacity to do oversight and tracking work at PMAs has been strengthened.	Implementation of oversight and tracking plans	As of 2015, piers, docks, storage areas and maintenance levees have been built to support the oversight and tracking work at the PMAs. As of 2015, a total of 8 watercraft have been acquired to better oversee and track the activities at the PMAs. As of 2015, supplies and equipment have been acquired to support the oversight and tracking activities at the PMAs. As of 2012, 11 new PMAs have been able to consolidate the funds needed for oversight and tracking work
Support the process to integrate the adaptation measures related to climate change, protected area planning, management strategies and protected area system design.				
Identify the adaptive capacity of the ecosystems that are vulnerable to climate change, extreme meteorological events, along with the potentially viable mitigation measures in relation to the country's protected land area system.	As of 2011, SINAC will have identified and mapped the potential impact on biodiversity and eco-system services, adaptive capacity and the means of mitigation that are viable for the protected areas in relation to climate change and extreme meteorological events.	The potential impact on biodiversity and eco-system services, adaptive capacity and the means of mitigation that are viable for the ecosystems vulnerable to climate change and extreme meteorological events have been identified and mapped.	Generation of knowledge about the impact of climate change on biodiversity	As of 2011, Costa Rica will have identified the impact on biodiversity and expected eco-system services and the more vulnerable ecosystems in relation to climate change and extreme meteorological events relative to the system of protected land areas in the country As of 2012, Costa Rica will have identified the adaptive capacity of the ecosystems that are vulnerable to climate change, the extreme meteorological events, along with the potentially viable mitigation measures in relation to the country's protected land area system.
Develop an PLA adaptation strategy to cope with the potential impact caused by climate change on biodiversity and eco-system services.	As of 2015, SINAC will have consolidated an action plan for adaptation of the protected areas in relation to the impact on biodiversity and the expected eco-system services relative to climate change and extreme meteorological events and will be implementing it in a "pilot" area	The staff training process at the institutions responsible for applying the adaptive and mitigation measures for the PWAs are in the implementation process. A country strategy to follow up on the state of conservation and adaptation by the protected areas in relation to impact on biodiversity and expected eco-system services relative to climate change and extreme meteorological events has been developed.	Preparation of strategic update instruments	As of 2012, Costa Rica will have prepared and set up a capacity development plan related to CC, its effect on vulnerable ecosystems, adaptive capacities, and viable mitigation measures. As of 2013, Costa Rica will have an action plan for adaptation of the protected areas in relation to the impact on biodiversity and the expected eco-system services relative to climate change and extreme meteorological events and the implementation will have begun.
Consolidate follow-up and evaluation mechanisms.	As of 2013, SINAC will have updated and implemented the PROMEC-CR as a follow-up and evaluation mechanism for the state of conservation of biodiversity and eco-system services and as a dynamic, adaptive planning mechanism for climate change.	PROMEC-CR is operating.	Development and update of technical instruments for PROMEC-CR	As of 2014, Costa Rica will implement the PROMEC-CR and has incorporated follow-up and periodic evaluation of a) the potential types of impact on biodiversity and eco-system services related to climate change, b) adaptation activities, and c) mitigation activities. As of 2011, Costa Rica will have prepared a country report on the state of biodiversity in CR using as a basis the PROMEC-CR indicators to be presented in the COP 10 "biodiversity year" of the CBD. As of 2011, Costa Rica will have an Institutional Strengthening Project (PFI in Spanish) for PROMEC-CR. As of 2013, Costa Rica will have incorporated into PROMEC-CR the duly validated and developed indicators for ecological integrity for the ecological systems in continental and marine-coastal waters. As of 2013, Costa Rica has a management information system to rate the state of conservation of biodiversity and eco-system services.

Appendix B: Summary of Forever Costa Rica Deal Structure

Objective of Forever Costa Rica Project

Forever Costa Rica will contribute to financing and expanding Costa Rica's terrestrial and marine protected-area system, in order to make Costa Rica the first developing country to achieve the goals of the Program of Work on Protected Areas (POWPA) of the Convention on Biological Diversity and to continue meeting those goals in perpetuity.

Objectives of Deal Structure

The structure consists of two related components: (1) the design of the trust fund and (2) the necessary milestones for closing and requirements for subsequent disbursements from the trust. The purpose of the trust design is to create an entity that can:

- Support the government while maintaining independence from it
- Live in perpetuity, remaining loyal to the project's objective while retaining the flexibility needed for long life

- Protect the integrity of its funds
- Be based in Costa Rica

The purpose of the closing milestones and requirements for disbursement is to ensure that funds will initially be accepted from donors, and thereafter deployed by the trust, only if the government is on track to meet the project's objective.

Summary of Structure

- New, independent trust fund established and based in Costa Rica
- Funds released into trust only when



all capital raised and other closing milestones completed

- Funds released from trust only if ongoing criteria for disbursement met

Legal Structure

- Funding mechanism is via trust agreement rather than grant agreement (as in some other places), since Costa Rican trust law provides strong protections, including the ability to set parameters for trustee governance and the use of funds, and protection of the integrity of funds placed in trust
- Trust established via contract between trustee and trustors (government not a party to trust agreement)
- Trustee: A new special-purpose Costa Rican association, the corporate form most appropriate for this purpose (non-profit mission, flexible governance).
- Trustors: The Nature Conservancy (TNC) and Linden Trust are initial trustors
- Donors to fund via TNC or enter into separate agreements with trustee (private donors fund via TNC, bilateral and multilateral donors separately)
- Trustors' primary role is to determine whether to move forward with

closing. Trustors will have limited roles after closing, including the removal of trustee if trustee does not comply with requirements laid out in trust agreement, selection of new trustee if the first is removed, review of financial reports, modification of the annual allowable budget of trustee, and termination of trust by unanimous vote.

- Named Beneficiary: The governmental protected areas, represented by SINAC, the government's protected-areas agency
- Side agreement between government (SINAC) and trustee, establishes mechanism to ensure that trust's funding will complement government's strategies and funding.

Governance

- Association, as trustee, will have substantial latitude to manage the trust in perpetuity, within the restrictions set out in trust agreement.
- Enforcement of trust provisions is via the threat of removal: if the trustee violates the trust agreement, the trustors or their designated agent may remove it and replace it with a new trustee
- Members of Association: Association formed by 10 or more individuals (the

"members"). These elect a board of directors (the "board") from among their ranks. The initial membership and board will be selected by the trustors. Thereafter, any new members must be approved by a majority of the board.

- Board of Association: Consists of 7 voting members, experts in natural resources conservation, finance, or other related fields, and who are willing to support its mission. Board will hire staff and external service providers as it sees fit. Board's main responsibilities are managing the funds held in trust and making grant decisions. Board members are unpaid, may not be government employees and are subject to other conflict-of-interest provisions. Board members serve 4-year staggered terms. TNC has an employee on the initial board.
- Staff of Association: Staff composition is at board's discretion. Initial staff consists of an executive director, a program officer, a finance manager, and an administrative assistant.

Funds Management

- Initial capital to be permanently segregated into sinking fund and endowment.
- Sinking fund will be spent on one-time expenses in first several years of trust (primarily set-up costs of the



{ Funds were released into the trust only when all capital was raised and other closing milestones completed. }

new marine protected areas). Must be invested in low-risk, short-term investments.

- Endowment will be spent on recurring expenses of the protected-area system in perpetuity. Maximum annual disbursement: in first 3 years, 5% of the initial balance; thereafter, 5% of 3-year rolling-average balance.
- Endowment will be managed by one or more external fund managers to be chosen by the board. Fund managers must be globally recognized, have at least 20 years of experience in managing diversified portfolios, and have an above-average 10-year record.
- Endowment management objectives: maintain real value of corpus in perpetuity while generating 5% real, after-tax returns over 10-year cycles.

Milestones Necessary for Closing

- Closing occurred only if the following milestones were completed to the satisfaction the trustors:
- Approximately \$50M raised
- Government has undertaken best efforts to maintain SINAC's annual protected areas budget at 2008 level (approximately \$18M), plus the \$1M appropriated in 2009 for additional marine conservation.

- Government has submitted to the parties' activities consistent with Costa Rica's goals for completing the POWPA by 2012 (together called the Project Implementation Plan).
- Relevant marine elements of the Project Implementation Plan reviewed by other governmental and NGO parties, such as the Coastal Marine Commission and others
- Project Implementation Plan had to include:
 - Actions and timetable for meeting the POWPA goals
 - Costing of activities to demonstrate that \$50M is sufficient that, together with ongoing government appropriations, the POWPA goals can be met
 - A timetable for the creation, implementation and evaluation of management plans and mechanisms for improved protection of existing and new protected areas
 - A strategy to improve ecological representation of marine protected areas that contains a timetable with at least the following:
 - Deadline for defining categories of protection levels
 - Deadlines for defining proposed expansion of protected areas in all proposed sites

- Deadline for defining marine zoning, including location and extent of categories
- Analysis of legal regulatory gaps in national marine legislation that are obstacles to accomplishing protection and rational use of marine resources
- SINAC implementation strategy and timetable to implement a scientifically valid monitoring program of biodiversity status and effectiveness of conservation strategies
- Ministry of Environment has signed, with the Ministry of Public Security and fisheries agency, institutional agreements to coordinate marine efforts
- Trust has been established, i.e. trust agreement has been signed and association to serve as trustee has been incorporated, by-laws approved and initial board designated
- Side agreement between SINAC and the trustee is final and ready for signing at closing
- President of Costa Rica has indicated in writing his/her commitment to undertake best efforts to ensure that the government's budget appropriations are sufficient to ensure that Costa Rica achieves and maintains compliance with its protected-area

goals of the Convention on Biological Diversity

- SINAC has presented strategic plan including initiatives and institutional adjustments needed for its implementation
- SINAC has streamlined hiring
- SINAC has improved procurement processes
- SINAC has taken steps for greater decentralization, with 2 pilot conservation areas already decentralized
- SINAC has established a Marine Department, with functions and responsibilities clearly defined
- Financial accounting software has been installed
- SINAC has established a permanent unit for evaluating management effectiveness and has developed a proposal for modernizing database
- SINAC has improved methodologies and procedures for service concessions in protected areas

Criteria for Ongoing Disbursements from the Private Trust

The private trust has established criteria for determining whether it will disburse money going forward. These relate to governmental actions, including funding,

revenue collection, improvements in administrative capacity, expansion of the marine protected-area system, and institutional commitments. As long as these criteria are met, the trustee will make disbursements only from grant requests made by the government. (The trustee may select which of those requests to fund, but may not consider grant requests made by non-governmental entities.) The trustee may use discretion in making this determination, always applying the overarching standard of whether the CBD's protected-area goals are being met.

Termination Provisions

In the event that, for a five year period, the Trust has not met its objective, the trust will be dissolved. At the discretion of the board, if the government does not complete requirements for ongoing trust disbursements for a 5-year period, this will be cause for dissolution. The trustee will lead the dissolution process, and any donors that indicated at the time of their initial donations that they wish to be reimbursed upon the trust's dissolution will be paid their pro rata share of the trust's balance. All funds remaining after this step will be donated for environmental protection.

Controls

- In the trust's fourth year, a committee of independent experts appointed

by the board will examine the trust's performance and may recommend changes or the dissolution of the trust. One of this committee's three members may be nominated by the largest private donors.

- The trustee must perform independent financial audits, annually for the first 2 years and biannually thereafter.
- The members of the association must designate a statutory examiner ("fiscal") who will attend board meetings, review the entity's processes and actions, and report any violations of law or of by-laws to the membership.
- The trustee will be required to publicly report its financial statements, lists of grant requests received and grants made, and evaluations of its performance vs. objectives and of the performance of third-party service providers such as the fund manager(s).

Appendix C: Statement by President Laura Chinchilla

I, the undersigned, Roxana Gutiérrez Font, Official Translator with the Ministry of Foreign Affairs of the Republic of Costa Rica, appointed by Decree No. 319-97 DAJ dated June 30, 1997, published in La Gaceta (official newspaper) on August 11, 1997, certify that in English, the document to be translated reads as follows

OFFICIAL TRANSLATION

San Jose, Costa Rica
June 30, 2010
DP-1262-2010

Mr. Michael Rothschild, President
Forever Costa Rica Association

Dear Sir:

For many years Costa Rica has been investing great effort in consolidating our system of protected areas as well as, in general, a sustainable development model based on a balance between the values sustaining natural resource conservation and a commitment to seeking out new growth alternatives for providing quality work opportunities for our youth and addressing the challenges of a globalized society.

This will continue to be the guiding beacon that gives direction to my administration. Our vision involves the fortification of environmental obligations in the framework of international conventions, as well as a solid, verifiable commitment to my fellow citizens at the local level. Proposing a plan for reaching the goal of becoming a carbon-neutral society by 2021, and planting the foundations for this "country challenge", is the best way I have to demonstrate my ambitions for sustainable development.

Let me thus reaffirm my commitment to all those initiatives that reinforce the conservation of our natural resources, and in doing so, offer my congratulations to the Forever Costa Rica Association for the valuable efforts it has been making, aimed at not only improving and consolidating our protected areas, but also turning us into key players in complying with the Convention on Biological Diversity, of which our country is a proud signatory.

Forever Costa Rica has been an innovative project, linking national and international, public and private initiative in the search for funding, in order to further reinforce our protected areas, the pride of all Costa Ricans. Organizations such as The Nature Conservancy, the Gordon and Betty Moore Foundation and the Linden Trust for Conservation have been pivotal, not only for bringing in international funding but also for their successful technical assistance to the Forever Costa Rica project. This is clearly reflected in the financial contribution, expected to be formalized in the next few days, of more than US \$30 million to the Forever Costa Rica Association for meeting the goals of the Convention on Biological Diversity and guaranteeing perpetual financial sustainability.

Organizations such as yours are the ones that give us a reputation for being a country with a commitment to the best in sustainable development, and, definitively, to a continually improving quality of life – not only nationally but also internationally – thus adding one more grain of sand to that vast, complex global environmental agenda.

Roxana Gutiérrez Font
Official Translator and Interpreter
Ministry of Foreign Affairs of Costa Rica
Decree N° 319-97 DJ

I would urge you to continue working as you have been doing so far. And, in the interest of reaffirming our strategic objectives of conserving protected areas and coming up with funding, you have my firm, abiding commitment to the achievement of our common goals.

Sincerely,

Laura Chinchilla Miranda

- c.c/ -Alfio Piva, First Vice President of the Republic of Costa Rica
-Silvia Charpentier, Manager, Costa Rica por Siempre Project
-Teofilo de la Torre, Minister of the Environment, Energy and Telecommunications
-Rene Castro, Minister of Foreign Relations and Culture
-Ana Lorena Guevara, Vice Minister of the Environment, Energy and Telecommunications
-Guiselle Mendez, Executive Director of the National System of Conservation Areas, Ministry of the Environment, Energy and Telecommunications
- Mark R. Tercek, President and CEO, The Nature Conservancy
- Steven J. McCormick, President, Gordon and Betty Moore Foundation
- Lawrence H. Linden, Founder and Trustee, Linden Trust for Conservation

In virtue whereof, this translation from Spanish to English consisting of 2 pages has been issued in San Jose on July 23, two thousand ten. The legal stamps have been affixed and stamped as having been paid.

Roxana Gutiérrez Font



Roxana Gutiérrez Font
Official Translator and Interpreter
Ministry of Foreign Affairs of Costa Rica
Agreement N° 319-97 DJ
Tel. 241-3662

“...you have my firm, abiding commitment to the achievement of our common goals.”
- President Laura Chinchilla



Appendix D: Summary of Bylaws of the Trustee

OBJECTIVE

The following is a brief summary of the content of the original Bylaws of the organization “Forever Costa Rica Association.”

Name and Domicile: The official name of the organization is “Asociación Costa Rica por Siempre” (the “Association”). It is a private nonprofit membership organization, incorporated under the Law of Associations of Costa Rica.

Purpose: The main purpose of the Association is to assist Costa Rica in achieving the milestones described in the Program of Work on Protected Areas of the Convention on Biological Diversity, and to ensure the continued compliance with these standards.

Activities: The Association will support the public sector to secure the necessary resources, serve as trustee of the trusts set up to finance protected area projects, hire portfolio managers to assist in the administration of the trusts’ resources, sign relevant agreements with government entities, and engage in any ancillary business activities. The Association is expressly prohibited from engaging in activities to influence the political and legislative process, or election campaigns.



Membership: Full membership in the Association is open to individuals over the age of majority, experts in natural resources conservation, finance, or other related fields, and who are willing to support its mission. People who work for the Government of Costa Rica, have any conflicts of interest, or have business dealings with the Association, are not eligible for membership.

Governance: The Association will be governed and managed through the General Assembly, the Board of Directors, and the Comptroller. An Executive Director will implement the policies and programs of the Association.

- The General Assembly will hold an ordinary meeting annually. Extraordinary meetings can be convened by the Board of Directors or the Comptroller, and upon request of 25% of the voting members. Most General Assembly resolutions require the vote of a majority of the voting members. A modification of the Bylaws requires approval of 75% of the voting members and such modification cannot alter the purpose of the Association or its legal personhood.
- After the terms of the Directors on the first Board elapse, each of the seven Board of Directors members will be selected to serve for a four-year


term by the General Assembly upon approval by a majority of the voting members. A Director can be reelected but not for two consecutive terms.

- The Board of Directors will meet at least once every three months. Quorum requires a majority of the Directors in attendance.
- The Board of Directors is in charge of managing the Association's business affairs, the budget approval, the designation of the Executive Director, the selection of an accounting firm, the creation of a compensation schedule, and the general oversight of the Association's affairs.
- The President of the Board is the legal representative of the Association with authority to bind the organization for amounts of up to US\$50,000 when joined by the Vice President, Treasurer or Secretary. Any two Directors acting jointly will have the same authority. Binding the organization for amounts over US\$50,000 will require Board of Directors approval. The Vice President will assume the President's functions in case of vacancy of the post. No legal representative or Director can modify the trust agreements in which the Association acts as trustee.

- The Directors are jointly liable to the Association for any damages caused by the resolutions they pass or any administrative acts in which they participate. Directors are not liable if they recorded a written objection.
- The Comptroller is the individual in charge of the internal auditing of the Association. The Comptroller verifies legal and financial compliance.

Termination of the Activities of the Association:

The Association can be dissolved and the entity liquidated as a result of: (a) a change in the purpose of the Association; (b) a change in the legal nature of the Association; (c) the approval of 75% of the voting members at an extraordinary General Assembly meeting; (d) a decision by the appropriate government authorities, or (e) any reason stated in the Law of Associations and implementing regulations. The General Assembly will name the members of the Liquidation Commission with full authority to wind down the business of the Association. The members of this Commission are jointly liable for any damages caused by their activities. Any remaining assets of the Association will be transferred to the substitute trustee. If there is no substitute trustee, the Board of Directors will select a nonprofit natural resources conservation organization to receive the assets.



“Today, in Costa Rica and around the world, another type of war is raging, and another declaration of peace is necessary: we must declare peace with nature...”

– President Oscar Arias

Appendix E: Summary of the Cooperation Agreement between SINAC and the Trustee

- The agreement's purpose is to establish the roles of SINAC and the Association to cooperate towards achieving the POWPA goals.
- The Association agrees to provide technical assistance to SINAC in preparing annual work plans and the 5-year implementation and monitoring plan.
- SINAC agrees to prepare the relevant plans, incorporate such plans into their annual work plans for the agency, provide relevant information to the Association, and establish interagency agreements to facilitate achievement of the POWPA goals.
- SINAC agrees to the process for making funding requests of the Association.
- The Association and SINAC will jointly form a Cooperating Committee for collaborating on these activities.
- The Association agrees to share with SINAC its audited financial statements, provide annual reports on its activities, and invite SINAC to attend pertinent board meetings.



Appendix F: NGO and Government Agency Roles

The Protected Areas Agency of Costa Rica (SINAC) is the national institution in charge of protected areas, the main executing agency responsible for achieving the objectives of the Convention on Biological Diversity's Program of Work on Protected Areas, and the primary government partner in the Forever Costa Rica effort. SINAC will join with other government entities, such as the Coast Guard and Costa Rica's fisheries regulating agency INCOPESCA, in carrying out the objectives of FCR. Relationships will be based on inter-institutional agreements that detail roles and responsibilities.

The conservation NGO community in Costa Rica played an active role in the development of the Implementation Plan required to close the deal. A consultant led the stakeholder engagement process together with Jenny Asch, SINAC's marine program director; Michael Rothschild, Walton Foundation consultant, and Fabián Sánchez, TNC's marine program manager. A coordination meeting occurred in July 2009 (see participants list below) including several government agencies and international and Costa Rican NGOs. As a result, leading NGOs participated in developing FCR's marine conservation plan.

NGOs will also play a primary role in project implementation. None of the funds from the trust will flow directly to the government; rather NGO partners will act as fiscal sponsors and key service providers of many of the deliverables (e.g., developing protected area management plans, assisting SINAC in developing biodiversity monitoring tools, carrying out the scientific studies required to define the new marine sites and how these should be appropriately zoned).

Government Agencies and NGOs Consulted During the Development of FCR

Costa Rican Coast Guard

Costa Rican Institute for Fisheries and Aquaculture (INCOPESCA)

Ministry of Transportation

Ministry of Tourism

WWF

Conservation International

Mar Viva

Restoration Program for Marine Turtles (PRETOMA)

PROMAR

Keto Foundation

Widecast - Costa Rica

Costa Rican Federation of Fishing Tourism (FECOFT)

Friends of Cocos Island Foundation (FAICO)

Universidad de Costa Rica (CIMAR)

National University (UNA)



{ The conservation NGO community in Costa Rica played an active role in the development of the Implementation Plan required to close the deal. }

Forever Costa Rica Association
www.costaricaporsiempre.org

Gordon and Betty Moore Foundation
www.moore.org

The Nature Conservancy
www.nature.org

Linden Trust for Conservation
www.lindentrust.org

Walton Family Foundation
www.waltonfamilyfoundation.org

SINAC
www.sinac.go.cr

July 2011

