



NECTANDRA INSTITUTE

September 2010, Special Issue

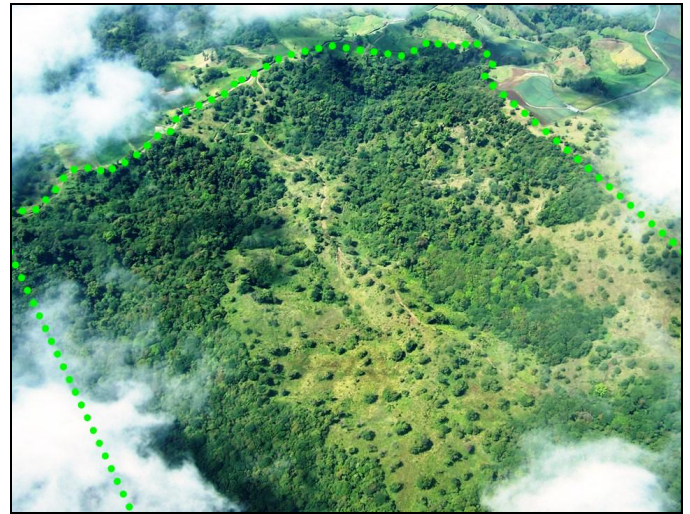
A Muddy Vest and blue moon fund's Challenge

There were many reasons for celebration when negotiations came to a successful close a little over a year ago. Nectandra Institute had just granted an Eco-Loan to AFAMAAR. Within minutes, the funds were used to purchase "Finca Ocotea". The purchase had a drawn out history. AFAMAAR, a local multi-community consortium formed to buy land, pursued for several years the idea of buying the 250-acre property to expand their 1,250-acre holding in the upper Balsa River Watershed (+7000 ft elevation). It is the headwater that supplies an enviable quantity of potable water to several downstream communities. The absentee owner refused to sell at first. He only relented later when he needed money but initially balked at AFAMAAR's offer, holding out for a more lucrative deal, perhaps as farm land (likely potato).

William Alfaro, the president of AFAMAAR, heads a group of patient but motivated, astute farmers and successful businessmen. They are experienced, wise, and well aware that the land and its forest hold the key to their water supply, for them and future generations. In its first thirteen years, AFAMAAR had organized many successful fundraising events, be it agricultural fairs, auctions, even local beauty pageants, to acquire its first 1,250 acres. They had set their sight on Finca Ocotea, but could not meet the seller's price. Land value is a moving target, rising sharply with recent rising demand. Then they heard about the Nectandra's Eco-Loan Fund. The rest is happy history.

For Nectandra Institute, our partnerships with local organizations such as AFAMAAR have given us a front row view of the cooperative community spirit among the folks we work with. In a memorable example, one of AFAMAAR's most stalwart supporters was running late to an auction to raise funds for their next land purchase. Short on time to change, he arrived covered head-to-toe with mud from working on his farm, only to find that the auction was almost over. He sheepishly apologized for his state of un-preparedness, and confessed that he had nothing to contribute except the dirty vest on his back. Lightheartedly, the whole assembly feigned shock, as he

had been their most unfailing supporter and donor. The auctioneer, however, winked and without losing a beat announced "Who would have the gentleman's muddy vest for X colones...2X colones...3X colones?" When the bidding on the vest stopped, the auctioneer then urged participants to bid on the "privilege to wash the vest", then its mending, ironing, and finally, delivery back to the owner. In the end, the gentleman's vest brought some of the most money at the auction event. Not surprising, considering the local spirit of cooperation.



Partial view of Finca Ocotea, a 250-acre property purchased by AFAMAAR in June 2009 with help from a Nectandra Institute eco-loan

AFAMAAR's 1,500 acres straddle the boundary of Juan Castro Blanco/Water National Park. The word "water" was officially added to its name in 2003 as a way of recognizing the Park's immeasurable value as a "water-producing factory" for the largest concentration of communities in the northern third of the country. Juan Castro Blanco's tropical cloud forests and other vegetation act as sponges, first soaking up rain and mist and then slowly releasing the moisture into shallow underground aquifers that eventually spring forth as countless creeks and rivers. Sadly, the National Park, after more than three decades of protected status, remains a park only on paper given that approximately half of its 36,000-acre area is yet to be paid for by the state. The other half is being disputed in court between the state and a private party. A recent ruling was favorable to the state, but the decision is being appealed. Without full protection, the Park's outer, more accessible forested lands are vulnerable to encroachment, and with that, their ability to produce fresh, clean water for the area's biodiversity and the more than 150 neighboring communities.

AFAMAAR, led by William Alfaro or "don William" as he is respectfully referred to around here, is working hard to acquire and protect the land near and even *within*

Juan Castro Blanco/Water National Park. They are willing to step in and do what their government can't. Don William himself is an impressive man. In his sixties, tall, with a quiet yet commanding voice, he speaks with conviction. "We have to make that Park bigger; stretch its borders out towards our communities! Its water is critical to the health of our communities and a better future for our children." William operates a saw mill inherited from his father. When William's father operated it, the mill converted a fair amount of the local primary forests into lumber. The trees were felled primarily with axes. "Who knows how many more trees would have been cut down if our parents and grandparents had used chainsaws?" many local folks, including William, have asked rhetorically, with a shudder. Today, the mill only processes gmelina, a fast growing semi hardwood native to East Asia. Cultivated in plantations, its wood is used mainly for construction and for paper pulp.

AFAMAAR's conservation efforts have inspired other local organizations to do the same, including community water management boards. These small, volunteer-run organizations exist for the purpose of providing local potable water service. Forest conservation and restoration is a high priority for them because a bigger and more robust forest, especially in the upper watershed, ultimately means more and cleaner drinking water.

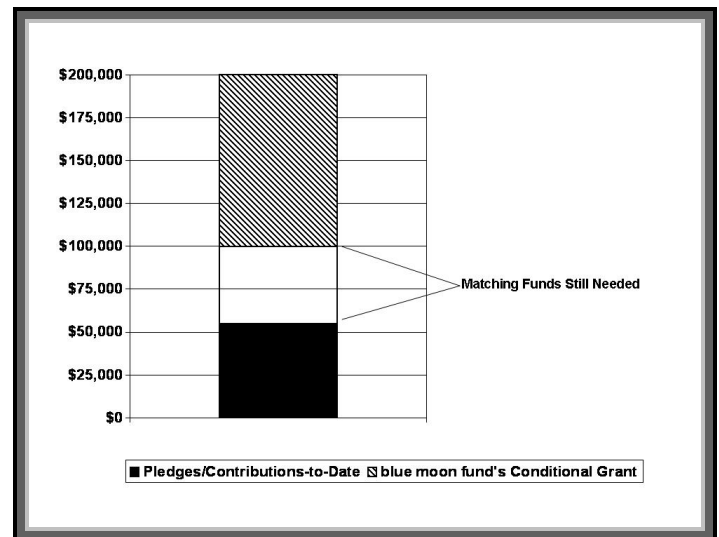
Acquiring land has been increasingly challenging for AFAMAAR and local water boards because of rising prices and the high cost of traditional financing (double digit interest rates are not uncommon). Seeing an opportunity to develop a strategic partnership, Nectandra Institute began making "eco-loans" to these organizations in order to advance our shared goal of forest conservation and restoration. AFAMAAR and the water boards have packaged the financing from Nectandra Institute together with their own financial resources to make some of the more recent land purchases, including Finca Ocotea.

To date, the interest-free eco-loans have enabled several Balsa River watershed communities (about 1,500 families or 7,500 water users) to purchase almost 500 acres of watershed properties critical to their water supply. In lieu of paying interest on the loans, residents of these communities have paid "eco-interest" in the form of thousands of man-hours in education activities, tree planting and other restoration work, and restoration monitoring in coordination with the Institute. In short, they have become *de facto* conservationists of the ideal kind, those that invest sweat equity to care for their natural assets.

Nectandra Institute has closed a total of \$350,000 in eco-loans and principal repayments have been 100% on time. The eco-loan fund is a revolving loan fund, meaning repaid principal is turned around and loaned out again to help with new land acquisitions.

Recently, blue moon fund, a private philanthropic foundation, awarded Nectandra Institute a \$100,000 matching grant. In order to receive the full award, we must raise another \$100,000 to match it within the next nine months. All funds raised will be used exclusively to make more eco-loans.

Donors' contributions will automatically be doubled by blue moon fund's match. That amount, in turn, will be multiplied several *more* times as funds are loaned out, repaid, and loaned out again to help finance the acquisition of new restoration sites by local groups such as AFAMAAR and the water management boards.



Our progress towards matching blue moon fund's \$100,000 grant

Help us meet blue moon fund's \$100,000 matching grant challenge. You can mail us your contribution by check to:

Nectandra Institute
 1325 Court Street
 Alameda, CA 94501-4724
 USA

Alternatively, donate online by visiting:

<http://www.nectandra.org/org/support.htm>

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