



Conservation Finance The Nature Conservancy



TNC Marine Aggregation



The Nature Conservancy 
Protecting nature. Preserving life.™





Session Objective: Build familiarity with conservation finance. Discuss financing solutions for marine projects.

Agenda

- **Introduction to Conservation Finance**
- **Overview of topics**
- **Table topic discussions (2 x 15min)**
- **Observations and discussion**

Goal: Generate diverse, reliable funding to accelerate levels of conservation.

Private

- Project revenues (timber, fish, carbon)
- Mitigation fees
- Fee collections (visitors, licenses, permits)
- Impact capital

Public

- State and Federal Appropriations
- Dedicated Funding Streams (LWCF, State Ballot Initiatives)
- Debt swaps
- Endowments*

Our “big deal” projects (e.g. Great Bear, Forever Costa Rica, Ocean Challenges) incorporate multiple funding streams, securing public commitments with dedicated revenue streams.

Designing for Conservation Finance

Start with clear conservation & policy outcomes, but remain flexible in project scope

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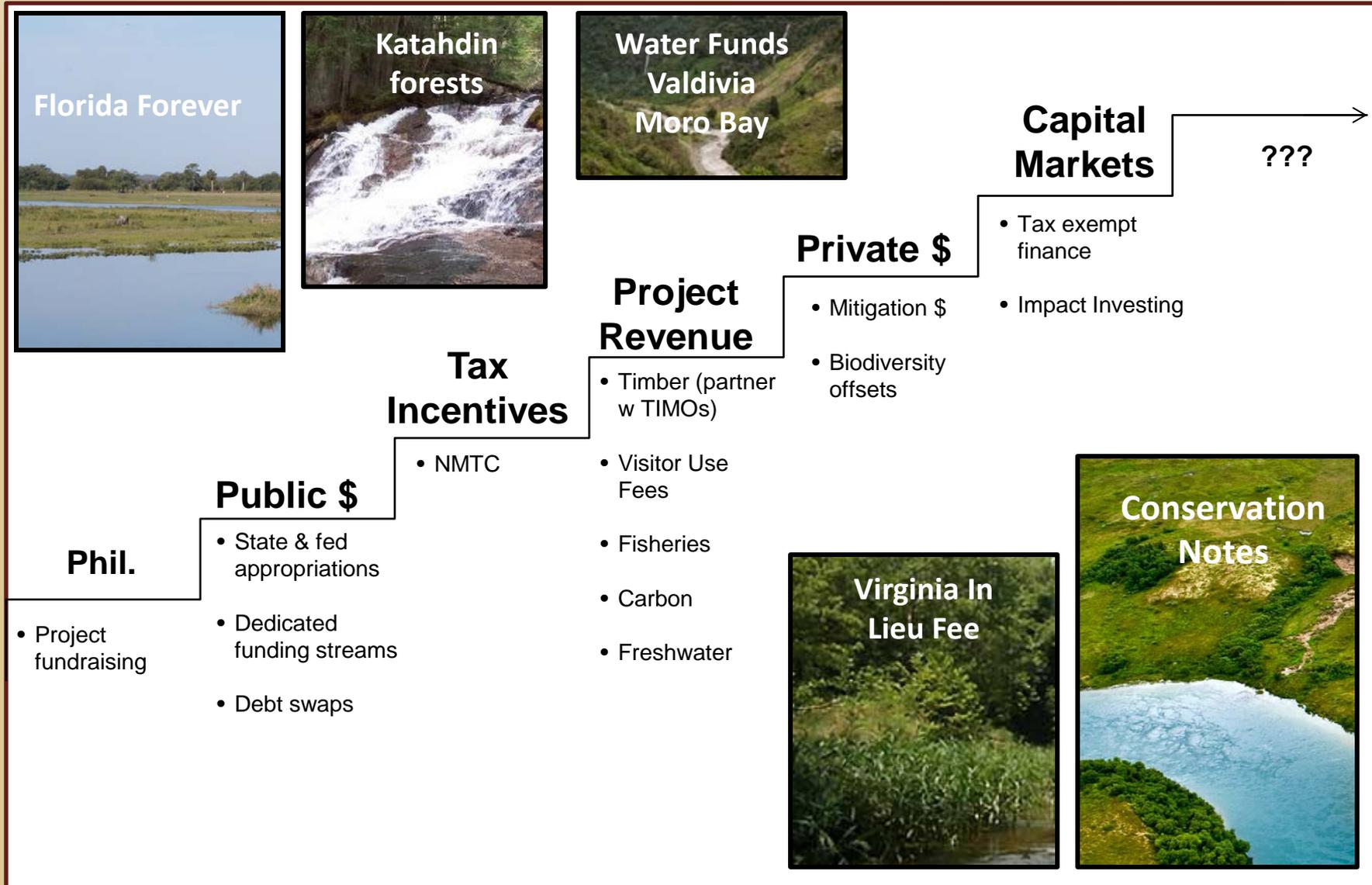
Designing for Conservation Finance

Start with clear conservation and policy outcomes, but remain flexible in project scope

Understand the full costs (startup, ongoing, capital needs)

Structure funding to appeal broadly, and to create incentives, momentum, and urgency.

Moving up the Capital Staircase



We Are One

Business Plan and Conservation Campaign



Willy Kostka
Micronesia Conservation Trust

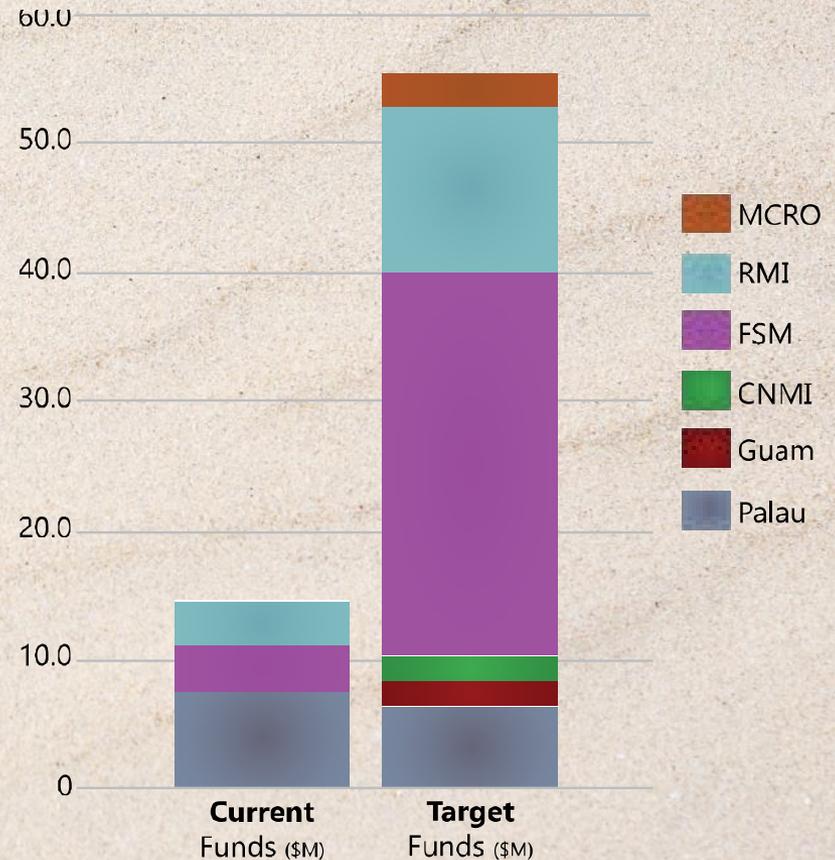
December 4, 2013

Endowment Fundraising Progress

- The Micronesia Challenge has raised \$14.5M towards a \$55M Endowment Goal.
- Conservation progress far outpaces fundraising progress.

Site	Current Funds (\$M)	Target Funds (\$M)	% of Target Raised
Palau	7.4	6.2	119%
Guam	-	2.0	0%
CNMI	-	2.0	0%
FSM	3.6	29.6	12%
RMI	3.5	13.0	27%
Micronesia Challenge Regional Office	-	2.5	0%
Total	14.5	55.3	26%

Permanent Endowment
Actual versus Target

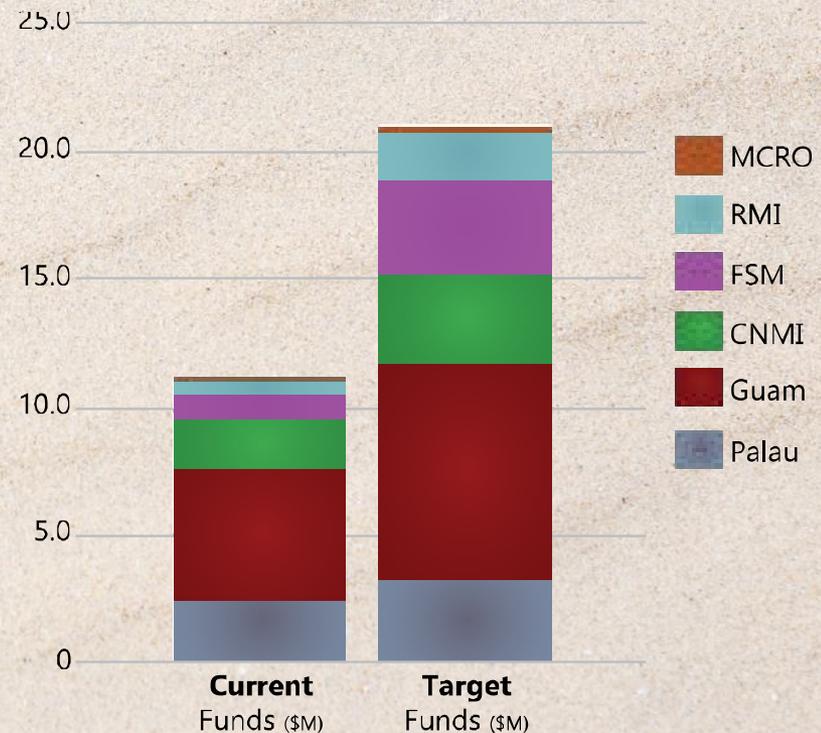


Annual Operations Gap Fundraising

- Site have identified Annual Operations Costs necessary to meet MC goals as well as known potential funding sources. The Micronesia Challenge aims to fill the gap between necessary costs and known sources.

Site	Current Funds (\$M)	Target Funds (\$M)	% of Target Raised
Palau	2.2	3.2	69%
Guam	5.3	8.5	62%
CNMI	2.0	3.4	57%
FSM	1.0	3.8	25%
RMI	0.6	1.9	30%
Micronesia Challenge Regional Office	0.05	0.2	25%
Total	11.0	21.0	53%

Annual Operations Gap
Actual versus Target

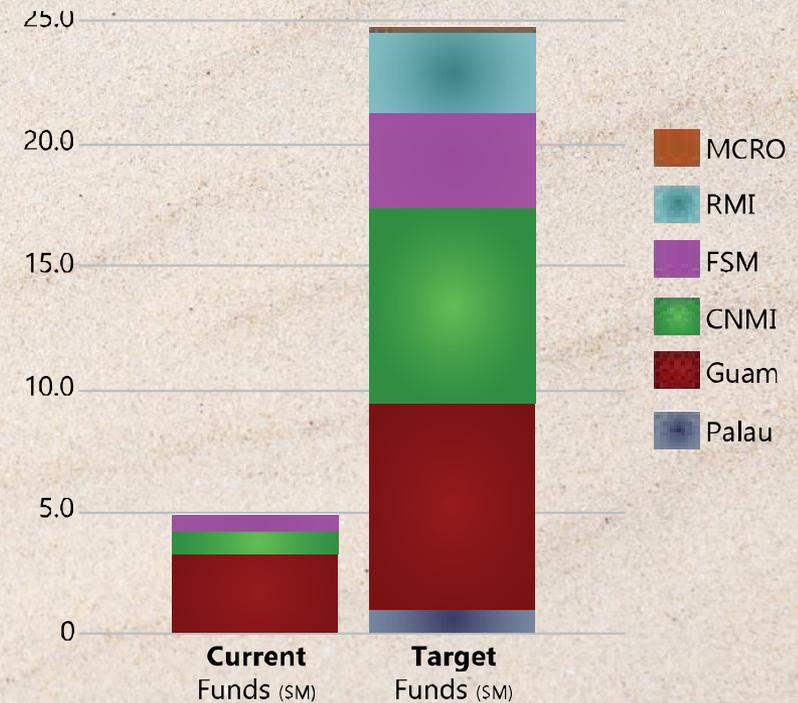


Establishment Costs Fundraising

- Establishment costs include one-time activities or capital costs, such as purchase of enforcement vehicles and IAS eradications, and unique costs such as an IAS-barrier wall in Guam and dredging to improve drainage in a marine conservation area in CNMI.

Site	Current Funds (\$M)	Target Funds (\$M)	% of Target Raised
Palau	-	0.9	0%
Guam	0.7	8.2	9%
CNMI	2.3	8.1	28%
FSM	1.0	3.8	25%
RMI	-	3.3	0%
Micronesia Challenge Regional Office	-	0.3	0%
Total	4.0	24.5	16%

Establishment Costs
Actual versus Target



Partners and Supporters

We are fortunate to have a diverse network of supporters

Micronesia Conservation Trust
The Nature Conservancy
Conservation International
Global Island Partnership
Global Environment Facility (GEF)
GEF Small Grants Programme
UN Environment Programme
UN Development Programme
US Department of Interior, Office of
Insular Affairs
US Department of State
US National Oceanographic and
Atmospheric Administration
US Fish and Wildlife Services
US Environmental Protection Agency
US Forest Service
EU Conservation and Environmental
Protection Programme
EU Global Climate Change Alliance
German Federal Ministry for the
Environment, Nature Conservation and
Nuclear Safety

German International Climate Initiative
The Government of Turkey
Japan International Cooperation
Agency
Australia Agency for International
Development
New Zealand Aid Programme
South Pacific Regional Environment
Programme
Secretariat of the Pacific Community
The David & Lucile Packard
Foundation
National Fish and Wildlife Foundation
The Margaret A. Cargill Foundation
The Pew Charitable Trusts
Global Green Grants
Seacology
Pacific Islands Managed and Protected
Areas Community
Island Conservation
RARE
SeaWeb

Conservation Strategy Fund
Micronesian Image Institute
OneReef
Marianas Islands Nature Alliance
Pacific Marine Resources Institute
Micronesians in Island Conservation
New York Botanical Garden
Palau International Coral Reef Center
Palau Conservation Society
Palau Community College
Helen Reef Resource Management
Program
Yap Community Action Program
Chuuk Conservation Society
Conservation Society of Pohnpei
Kosrae Conservation and Safety
Organization
Yela Environment Landowners
Authority
Kaday Community and Cultural
Development Organization
College of Marshall Islands



Palau Protected Areas Network Sustainable Finance Mechanism



Timeline

- 2003 – Leg. Mandate for PAN Act
- 2008 – Leg. Mandate for PAN Fund
- 2010 – PAN Fund Incorporation
- 2010 – Leg. Mandate for Green Fee
- 2011 – Board of Directors
- 2012 – PAN Fund Office

~ July 2012: PAN Fund Operational

Sustainable Funding

GREEN FEE

- Departure Fee
- \$15/non-Palauan passport holders
- Quarterly turnover to PAN Fund

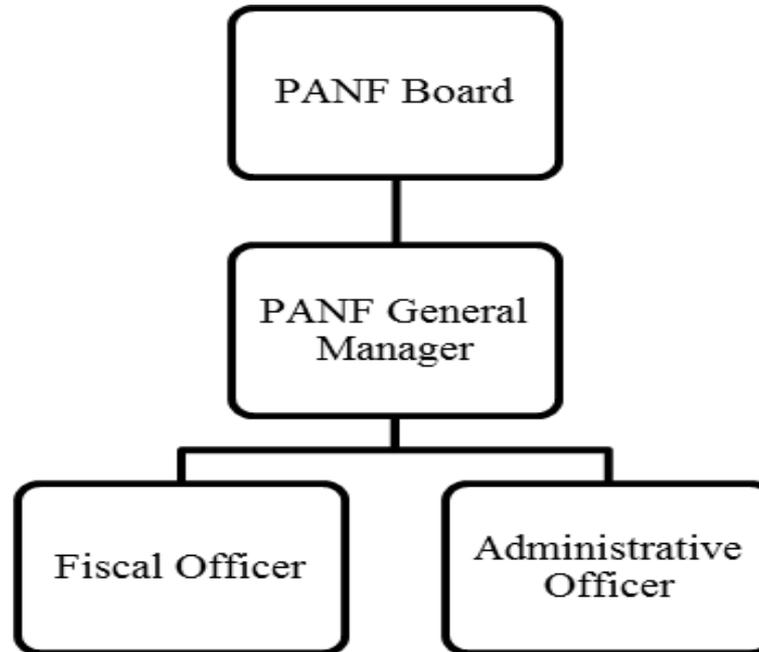
ENDOWMENT FUND

- Micronesia Conservation Trust
- 2:1 Matching
- Goal: Initially \$10 Million

Green Fee Collection

PAN COST	\$2.5Mn Annual Management Cost (2010)
"Green Fee"	FY2013 - \$1.6Mn FY2012 - \$1.8Mn FY2011 - \$1.6Mn FY2010 - \$1.1Mn
PAN Endowment	\$6.6Mn (as of 09.30.13)
GOALS	(a) Short Term: \$10Mn by 2016 with \$500K/Annum ROI (b) Medium Term: \$20Mn by 2020 with \$100K/Annum ROI (c) Long Term: Larger Endowment with Stable/Higher Returns
PAN States/Sites	Mgmt Plans - Incorp. Income Mechanism Build Reserves from Site Generated Revenues Fundraise with allocation of green fees & activities

Protected Areas Network Fund



Mission: To efficiently and equitably provide funding to the Protected Areas Network and its associated activities, through strategic actions and medium-to-long term financial support that will advance effective management and conservation of Palau's natural and cultural resources.

PAN Fund Process

MC Endowment Fund
Investment Earnings

Green Fees

Other Sources
(Grants, etc.)

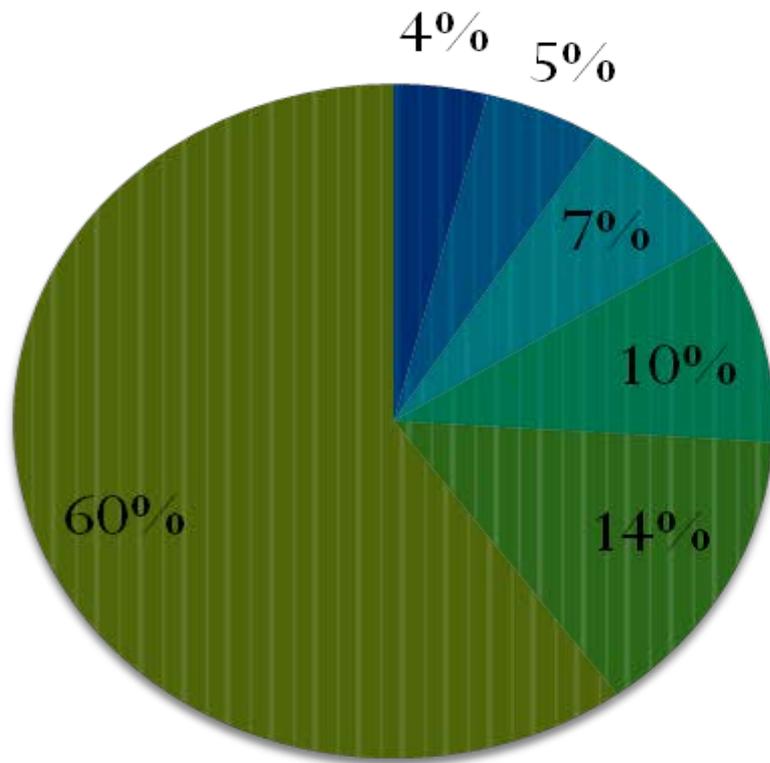
Protected Area
Network Fund

PAN Sites

PAN System

PAN Projects

"Green Fee" Allocation

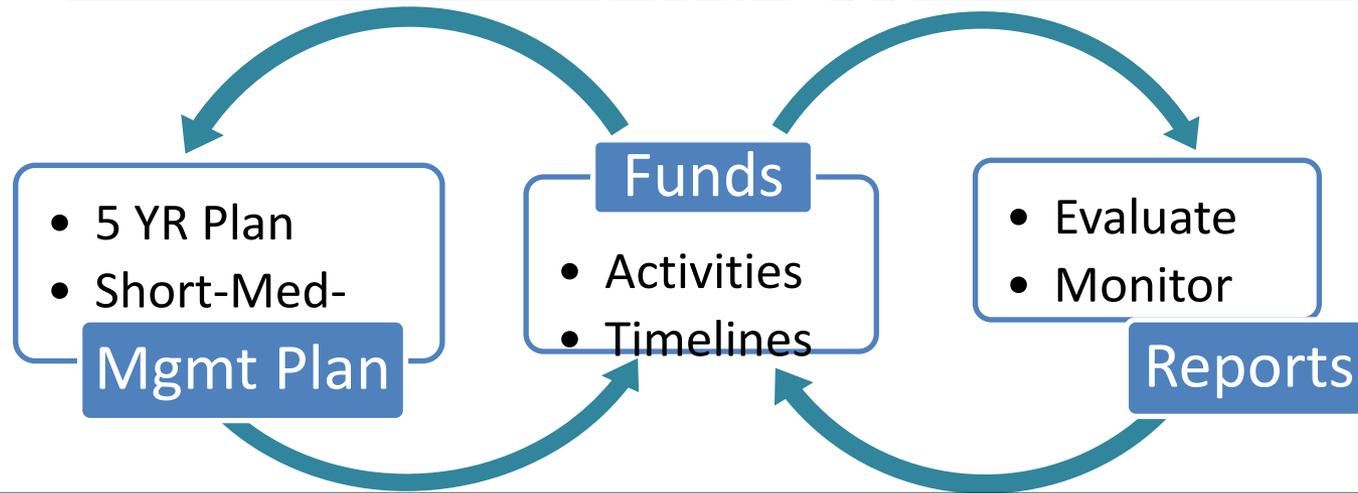


- Emergency Fund
- Reserves
- Mgmt Plan Unit
- PANF Admin. Cost
- Competitive Grants
- PAN States/Sites

FY 2010 & 2011 – GREEN FEE

RPPL - APPROPRIATIONS [FY 2010 & 2011]			\$	1,957,967.66
RPPL 8-18 - Disb. from FY 2010 Revenue			\$	282,147.41
Sect. 18(C)(1)	PAN Office (5%*\$1,142,948.10)		\$	57,147.41
Sect. 19(e)(A) (1-4)	Ngerchelong State Gov't		\$	50,000.00
	Ngiwal State Gov't		\$	50,000.00
	Melekeok State Gov't		\$	50,000.00
	Hatohobei State Gov't		\$	50,000.00
Sect. 19(e)(B)	Belau National Museum		\$	25,000.00
RPPL 8-29 - Disb. From 2010 Revenue			\$	20,000.00
Sect. 13(C)	Bureau of Rev., Customs, & Tax		\$	20,000.00
RPPL 8-31 - Disb. from FY 2011 Revenue			\$	1,655,820.25
Sect. 28 (g)(1-9)	Ngerchelong State		\$	17,580.00
	Ngiwal State		\$	27,500.00
	Melekeok State		\$	33,580.00
	Hatohobei State		\$	43,951.25
	Aimeliik State		\$	27,169.50
	Kayangel State		\$	21,000.00
	Ngaraard State		\$	23,517.00
	Ngchesar State		\$	28,548.75
	Ngardmau State		\$	32,973.75
	SubTotal		\$	255,820.25
Sect. 28 (h)	MCT		\$	1,400,000.00

PAN Funding/Monitoring Process



❖ PAN States/Sites

- **FY 2012:** 9 Members @ \$1.1M total budget
- **FY 2013:** 4 New States/PAN Members
- **FY 2014:** 3 Inclusion of remaining states: Ngatpang, Angaur, & Sonsorol

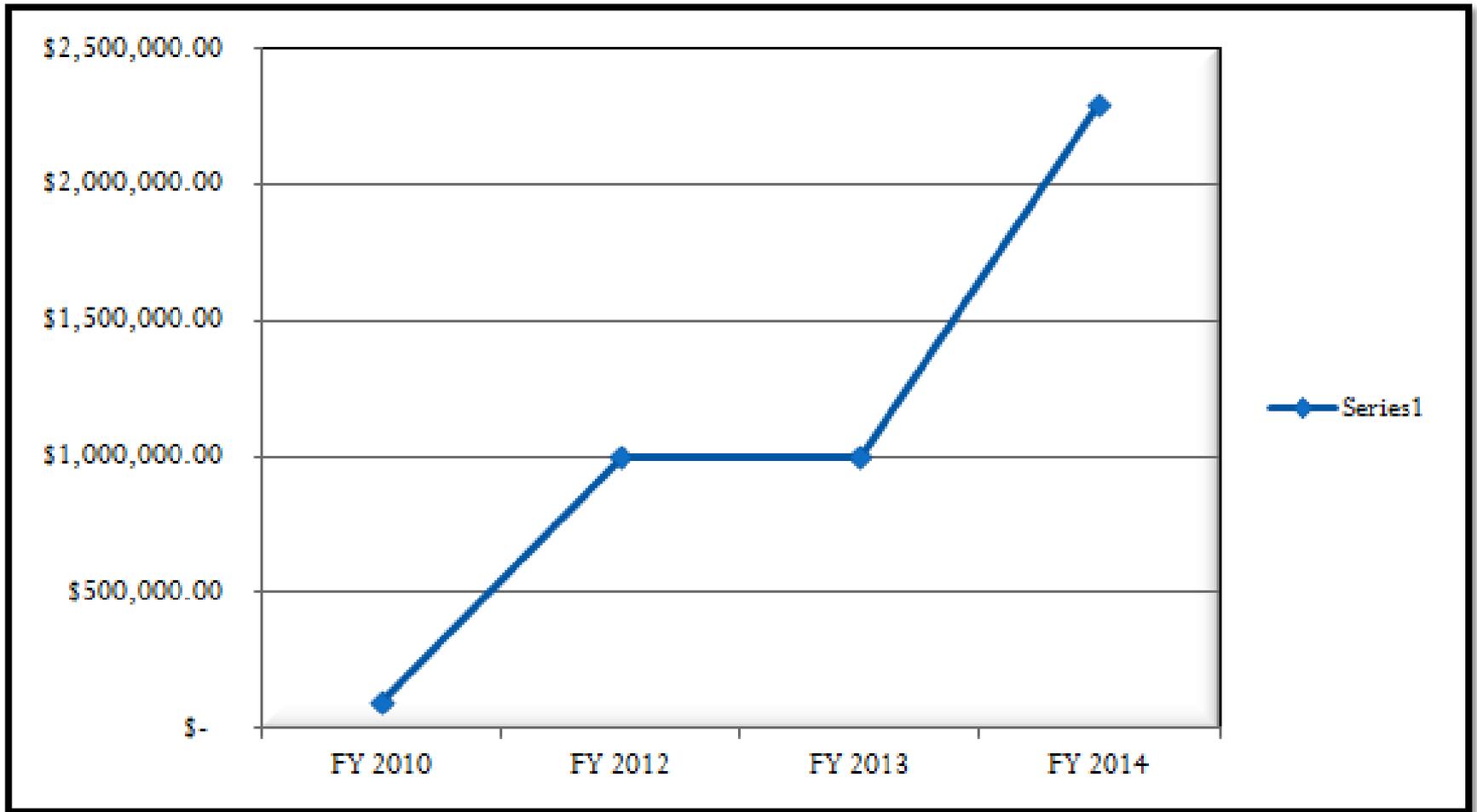
❖ Conservation Management Plans

- Budget, Objectives, & Activities
- Incorporates objective for income generation
 - ~ Examples: Entrance fees for bird watching, diving, and/or nature hikes

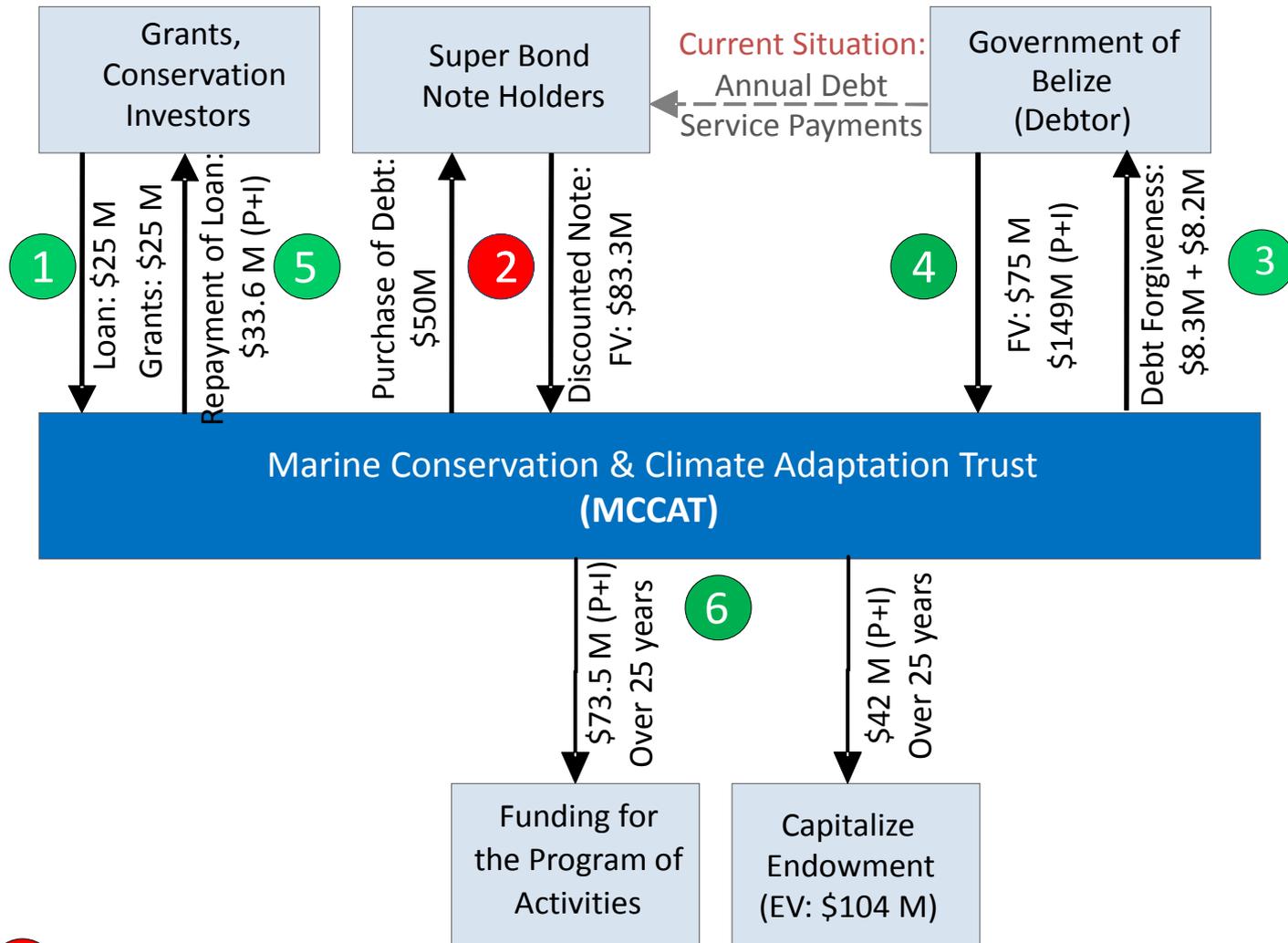
❖ Progress Disbursements

- Require Progress Reports - Quarterly & Annually
- Quarterly Disbursements
 - ~ Flexible schedule - Based on progress performance

Total Annual Cost for Management Plans

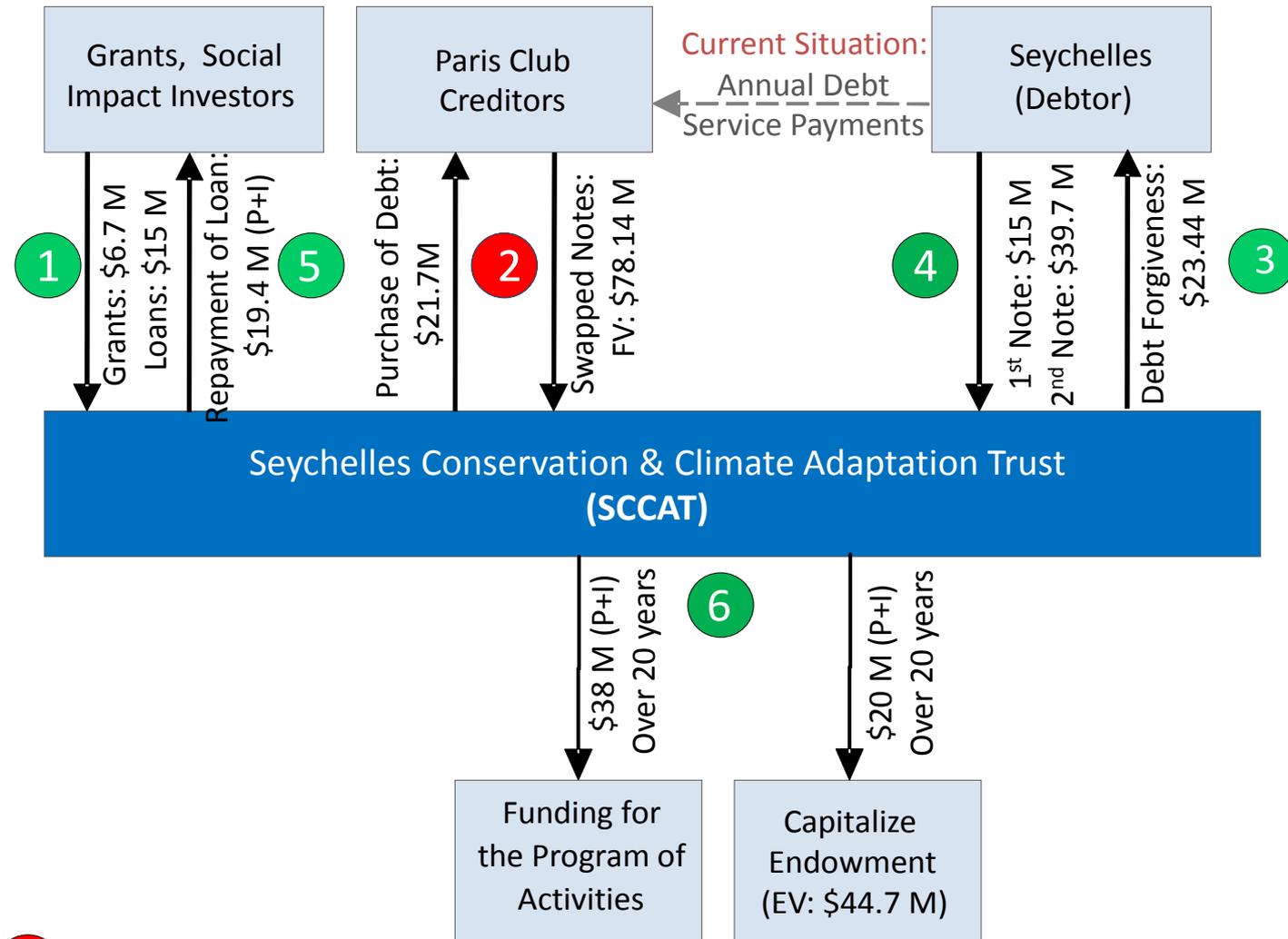


Belize Debt for Adaptation Swap



Debt Transaction

Seychelles Debt for Adaptation Swap



 Debt Transaction

Trust Funds

- In most cases TNC does not become the owner or implementer of long-term funding – instead creating “trusts”
- Trust design consideration include cost, political risks, tax treatment of capital, proceeds, and principal.
- Independent group established to govern trusts and ensure long-term execution of trust goals.
- Responsibility for fund administration and investment often separate from governance body.
- Long term funding mechanisms can be structured as sinking funds, revolving, endowments, or hybrid.