

The Cenderawasih Conservation Fund ***by Yance de Fretes and Marianne Guerin-McManus***

I. Background

Irian Jaya, the largest and easternmost province of the Republic of Indonesia, occupies the western half of New Guinea, the world's largest and highest tropical island. Irian Jaya has some of the Earth's last and most important tropical forest wilderness areas, as well as many of the most biologically diverse and pristine coral reefs. Indeed, scientists note that Irian Jaya is home to perhaps the biologically richest and most physiographically diverse assemblage of ecosystems in the tropical Pacific. Yet despite its global importance, Irian Jaya's natural resources are both still poorly known and under increasing threat from various forms of human activity.

Scientists have called Irian Jaya the single most important area for conservation of genetic resources in Indonesia. Yet to date, little effort has been made toward integrating existing scientific information into a plan for the management of Irian Jaya's natural resources.

Furthermore, there is no clear consensus on whether the array of existing or proposed nature conservation projects includes all of the most critical areas, nor is there agreement on how critical habitats are ecologically or socially interrelated. Irian Jaya lacks a comprehensive sustainable development framework which incorporates the biological aspects of the province with social, economic and development issues. Conservation International (CI) believes that the chances for success of an integrated conservation and sustainable development plan in Irian Jaya will be greatly improved if an appropriate framework is set up in the immediate future.

As the last great rainforest wilderness of Indonesia, Irian Jaya provides a crucial opportunity and challenge for sustainable development planning and conservation

initiatives. Irian's timber, minerals, and fishery resources are targeted for rapid commercial extraction without sufficient understanding of the long term ecological and social costs. At the same time, viable development alternatives that might generate more sustainable local employment and long term economic growth remain poorly explored.

II. Goals

The fund aims to:

- Provide long term financing of conservation activities in Irian Jaya;
- Cover the recurrent costs of field activities related to parks and other protected areas, as well as research, education, and local capacity building necessary to achieve biodiversity conservation in Irian Jaya.

III. Legal Structure

The fund will be a private, nonprofit trust established under Indonesian law, combining an endowment and a revolving fund component. The endowment will maintain its principal and disburse only the income earned from investing this principal. The revolving fund will have new assets added periodically, usually through fees, levies or special taxes. By combining the two, it will be possible to disburse the money collected while setting aside a certain percentage to create a reserve that can be drawn upon in case of need, without invading the principal of the fund.

The fund may be initially created as a sub-account of an already existing conservation fund in Indonesia, thereby benefiting from the latter's expertise. Its independence as an institution, would be maintained through a board of directors appointed specifically to oversee this fund.

IV. Governance/Administration

The Board of Directors will include representatives in Irian Jaya from the private sector, the government, the academic and NGO communities. No one group will, at any time, constitute a majority on the Board. The composition of the governance will be open and transparent, functioning as a participatory democracy.

V. Funding

The initial endowment and subsequent funds will be provided by corporate entities operating in Irian Jaya.

VI. Investment Policy

The fund's capital will be invested to maximize profits while minimizing risks and managed by private investment firms to be chosen by the Board. To minimize the impact of inflation and potential currency devaluation on the fund, the portion of the fund's capital which is contributed in local currency will be invested locally, while hard currency contributions will remain invested offshore.

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