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Conservation and Community Investment Forum

Endowment Model: MPA Financing in Southeast Asia

Vth World Parks Congress
Durban, South Africa, 8-17 September 2003

Overview

- Background
- Project scope
- Calculating the endowment
- Current gaps
- Key issues

Background

In the process of developing its Regional Action Plan (RAP), the WCPA Southeast Asia Marine Working Group commissioned the Conservation and Community Investment Forum (CCIF) to develop an MPA network-specific business plan, including financial projections, potential revenue sources, detailed cost estimates, organizational design(s) required and action plans.

The following presentation details the methodology used in developing an endowment model to calculate funding needs for a network of Southeast Asian MPAs.

Project Scope

Protected Areas in the Coral Triangle

Indonesia:

1) Bali Barat
2) Bunaken
3) Cendrawasih
4) Karimunjawa
5) Komodo
6) Taka Bone Rate
7) Thousand Islands
8) Ujung Kulon
9) Wakatobi

Philippines:

10) Apo Reef
11) El Nido
12) Malampaya Sound
13) Tubbataha
14) Turtle Island

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Calculating the Endowment

Park Archetypes

	Size	Complexity of Threat	Remoteness	Revenue Potential
Flagships	Large	Highly complex	Moderate to very remote	High
Central Parks	Medium to large	Moderately complex	Close proximity to population	Moderate to high
Hidden Jewels	Small	Less complex	Very remote	Low to moderate
Pocket Parks	Very small	Moderately complex	Close proximity to population	Moderate

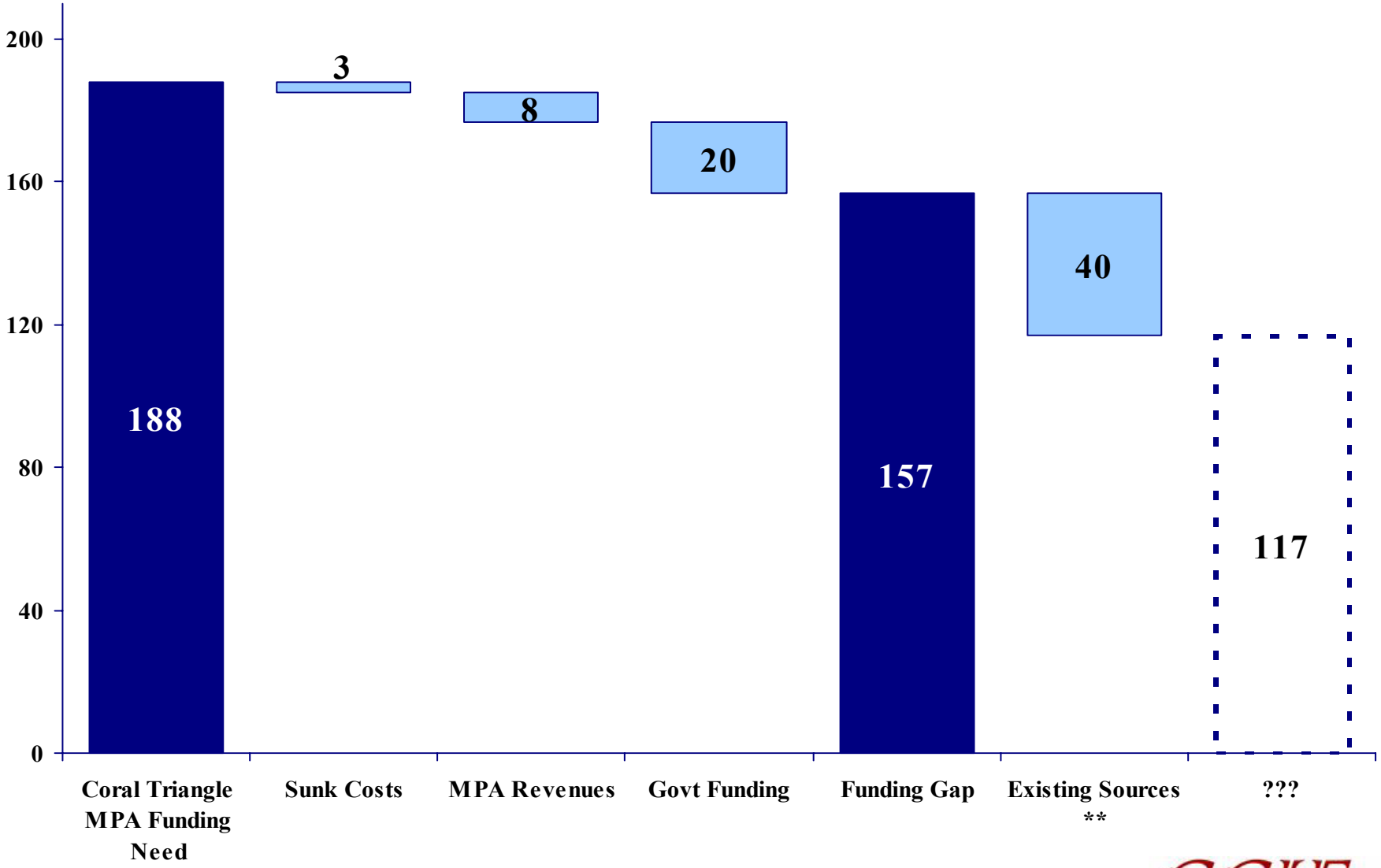
Calculating the Endowment

Levels of Service

	Level 1: ***Permanent stabilization of ecological resources***	**Level 2:** ***Restoration of ecological viability, establishment of sustainable livelihoods***
Park initiation	• Baseline assessments • Draft management plan	• Socio-economic assessment • Sustainable resource use plan
Legal framework	• Legally recognized, clear mandates	• Legally recognized management system with clear mandate • Legislation to enforce zoning laws
Stakeholder/ community development/ education	• Basic management system • Education and economic offsets to abate destructive activities	• Advanced collaborative mgmt system • Intense stakeholder engagement and education • Economic offsets (alternative livelihoods)
Protection	• Enforcement of existing laws	• Enforcement of new zoning regulations
Park management	• Office support system • Basic park infrastructure	• Higher staff skill level, capacity building • Enhanced support system
Monitoring and restoration	• Regular ecological monitoring to confirm resource stability	• Monitoring to confirm resource viability and livelihood sustainability • Active restoration and restocking
Tourism	• None	• As appropriate and profitable

Calculating the Endowment

*Financial Results – $ NPV in Millions **



* 8% discount rate / 3% inflation.

** Including COREMAP, committed NGO funding, etc.

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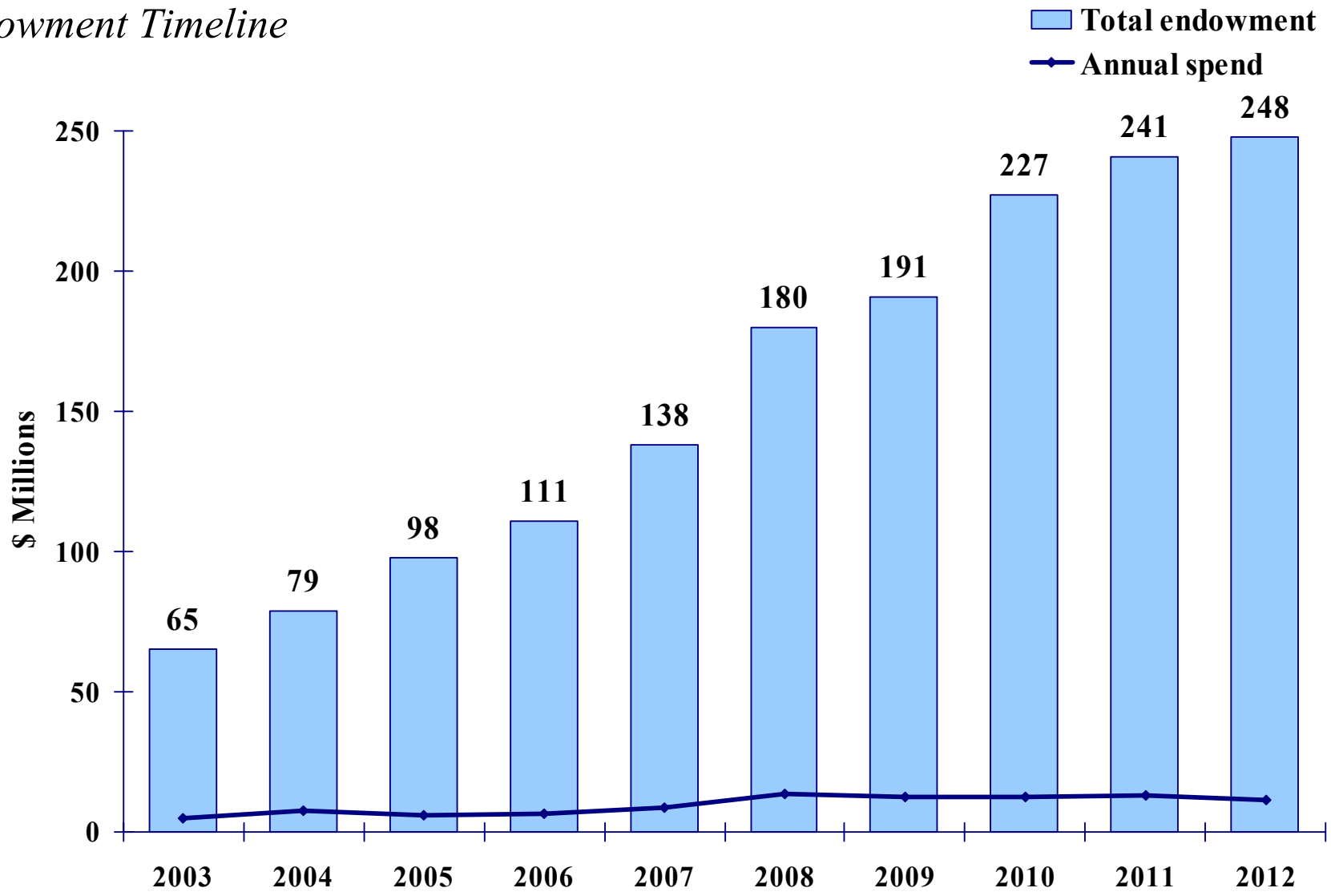
Calculating the Endowment

Endowment Timeline



* Future Value (undiscounted). Inflation assumed at 3%.

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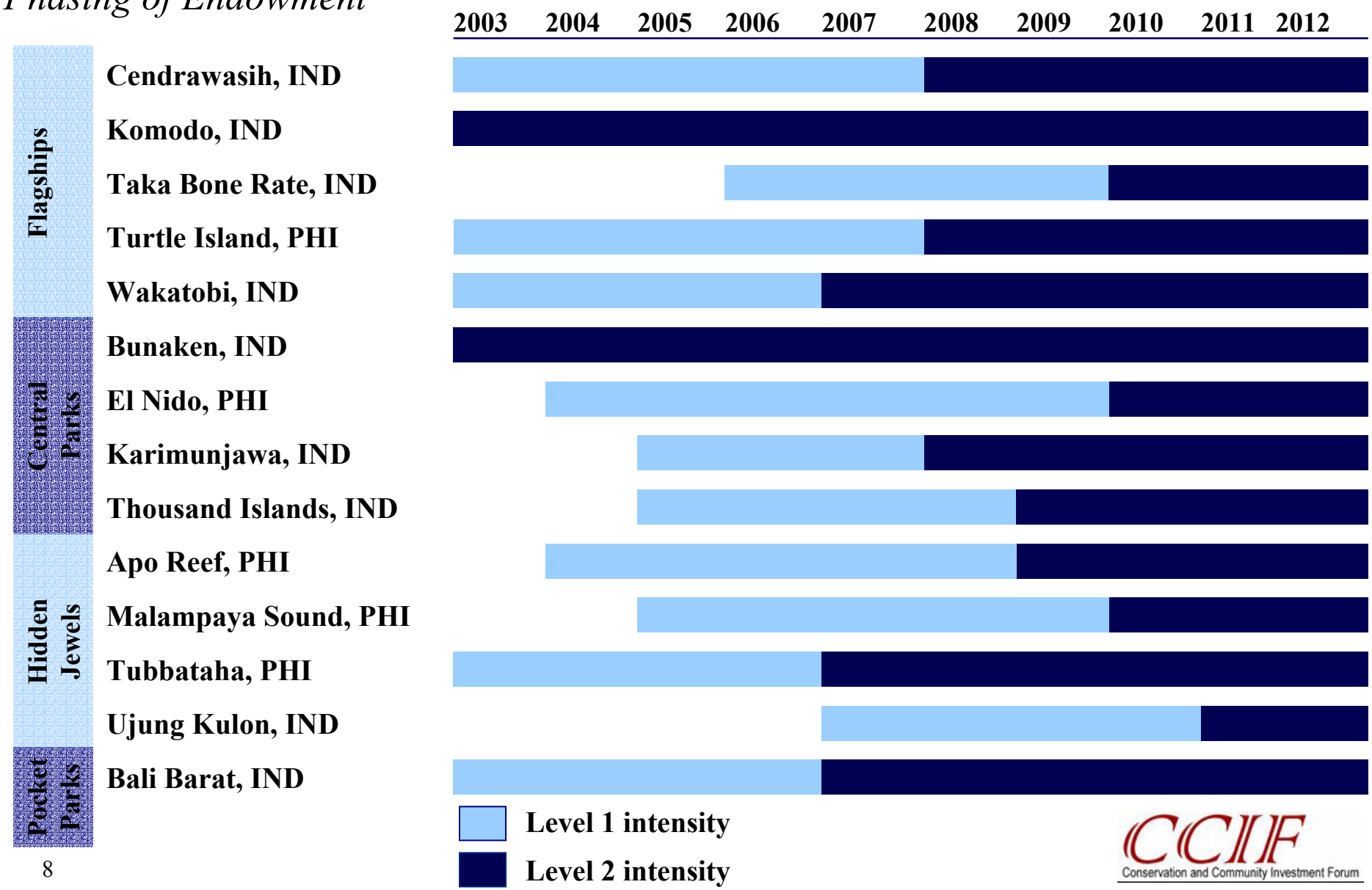
Phasing of Endowment



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Calculating the Endowment

Financial Breakdown by Park Archetype

	Level 1		Level 2	
	Endowment per MPA Type (NPV)	$ per Hectare *	Endowment per MPA Type (NPV)	$ per Hectare *
Flagships (1)	$37.7 MM	$11	$108.7 MM	$32
Central Parks (2)	$17.1 MM	$59	$31.6 MM	$109
Hidden Jewels (3)	$12.0 MM	$79	$23.2 MM	$152
Pocket Parks (4)	$1.7 MM	$236	$3.2 MM	$454

* Average endowment per hectare estimated using total marine park area, not coral reef area; Thousand Islands not included.
(1) Includes Wakatobi, Cendrawasih, Take Bone Rate, Komodo and Turtle Island.
(2) Includes Bunaken, Karimunjawa and El Nido.
(3) Includes Ujung Kulon, Tubbataha, Malampaya Sound and Apo Reef.
(4) Includes Bali Barat.

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Current Gaps

- Limited coordination across BINGOs
- Independent (often conflicting) solicitation of same funding sources
- Heavily based on “traditional” funding sources
- Minimal long-term financial capital secured (significant financial insecurity at sites)
- Ongoing resource intensive fundraising required
- Lack of appropriate skill set

A new organization is needed to fill these gaps

Current Gaps

Potential Funding Sources for Shortfall

- Multinational Corporations (MNCs)
- Private Donors
- Program-Related Investments (PRIs)
- International Financing Corporations (IFCs)

A new organization is needed to attract these funders

Key Issues

- Determining the meaningful ecoregions and sets of combinations (prioritization strategy)
- Developing the organization required to raise / invest / implement / broker endowments
- Understanding the feasibility of executing in existing BINGO / multi-lateral context