Conservation financing for conservation programs with Indigenous Peoples and Local Communities

Final Report and Synthesis
November 2020

Prepared for:
The Nature Conservancy

Prepared by:
EcoAdvisors
Consulting services for a better world

Acknowledgments

The authors are extremely grateful to the many individuals and organizations who contributed their valuable time and information to help us prepare this report. Many of these people are identified in Annex 3, but the list of individuals who have contributed to the body of knowledge and experience that informed this report is much longer. Our appreciation extends to the countless champions around the world who work tirelessly to ensure that resources are available for conservation, and in particular the Indigenous Peoples and Local Communities who have been stewarding land and sea for generations. Finally, we thank The Nature Conservancy's IPLC program for the opportunity to prepare this contribution to their efforts, and in particular Michael Looker and Lex Hovani for their input, guidance research effort. Any errors in the report are the sole responsibility of the authors.

Please direct any inquiries regarding this report to:

Michael Looker, PhD
Senior Advisor
Conservation in Partnership with Indigenous Peoples & Local Communities
mlooker@tnc.org

Cover Photo: Kenya, Robin Moore

Table of Contents

Executive Summary 4
Section 1. Introduction 5
Project background 5
Box: Social Return on Investment 5
Purpose of the study 6
Key concepts/definitions 7
Indigenous Peoples and Local Communities (IPLCs) 7
IPLCs and TNC's VCA Framework 8
Table 1: The Nature Conservancy's Voice, Choice, and Action Framework 9
Conservation finance 10
Opportunity cost 11
Sustainable financing versus long-term funding 12
Section 2. Methods and Data 13
Methodology 13
Desk reviews 13
Case selection 13
Key informant interviews 14
Site visits 14
Stakeholder review and input 15
Thematic analysis 15
Criteria for classification of case studies 15
Classification of case studies 17
Table 2a. Case study summary characteristics 18
Table 2b. Case study conservation financing solutions 19
Limitations 21
Section 3. Analysis: Factors Influencing Feasibility and Outcomes 22
Social (IPLC) 22
IPLC support and leadership 22
Local institutional capacity 23
Box: Legitimacy 25
Legal 26
Box: New legislation as an enabling factor 27
Technical 27
Box: Debt-for-Nature Swaps 29
Design of Mechanism 29
Goals 29
IPLC involvement in design 30
Box: Design of disbursement mechanisms 32
IPLC roles in implementation 32
Table 3: IPLC Roles in Conservation Financing Solutions 33
Incentives 36
Table 4: Differentiation of Incentive Types in Case Study Financing Solutions 38

Diversification 39
Political 40
Ecological 41
Economic 43
Table 5: Summary of key enabling factors in case studies 46
Section 4. Discussion and Recommendations 47
Common barriers and opportunities in IPLC financing instruments 47
Table 6: Summary of barriers and opportunities 47
Box: Blue Bonds 50
Key lessons that emerge from the case studies 51
Key facts 51
Key enabling factors 52
Key features 53
Recommendations 55
Box: Project Finance for Permanence 56
Further research 58
Conclusion 59
Sources 61
References 61
Recommended resources 63
Annex 1: Brief case study descriptions 64
Alto Mayo 64
Arnavon Community Marine Park 64
Bird's Head Seascape Blue Abadi Fund 65
Great Bear Rainforest/Coast Funds 65
Hadza Yaeda Valley 66
Helen Reef 66
Kayapó Fund 67
Laguna San Ignacio 67
Loisaba Conservancy 68
Mexico Baja California Red Rock Lobster Fishery 68
Micronesia Conservation Trust 69
Northern Rangelands Trust 69
Palau Protected Areas Network Fund 70
Programma Socio-Bosque 70
Seychelles Conservation and Climate Adaptation Trust 71
Sovi Basin 71
Tubbataha Reefs Natural Park 72
Warddeken Land Management 72
Yela Conservation Easement 73
Annex 2: Interview guide 74
Annex 3: Stakeholders interviewed 76
Annex 4: Case study template 78

Executive Summary

Indigenous peoples and local communities (IPLCs) own or manage much of the world's lands, and these areas account for enormous portions of the world's forest carbon and biodiversity. Thus, IPLCs have a critical role in global biodiversity conservation and nature-based solutions to climate change. IPLC aspirations often include sustainable development while taking care of nature. However, historic and ongoing economic and social marginalization pose obstacles to IPLC pursuit of both socioeconomic and conservation goals. One such obstacle relates to financing, and supporting IPLC conservation efforts involves addressing conservation financing needs within a larger context of sustainable development.

In low- and middle-income countries, philanthropy and overseas development assistance deliver the lion's share of funding for IPLC conservation, supplemented by small-scale livelihood support. Most of this funding is short-term (1-5 years), whereas conservation and sustainable development generally require consistent long-term finance. This study explores options for generating sufficient levels of finance over sustained periods of time so that IPLCs have the financial capacity to continue to effectively steward their natural resources. The analysis draws on a set of case studies to discuss contextual and design factors that relate to the feasibility and likelihood of success of different solutions. Particular areas of interest are funding options for: 1) conservation management; 2) incentives for enduring behavior change; and 3) lasting institutional development that sustains conservation financing solutions.

The case studies indicate that government and philanthropy remain the most significant sources of conservation finance; successful conservation financing strategy does not require 100% 'sustainable financing'; strong marketing is essential regardless of funding source; financing success often reflects quick response to unanticipated opportunities; and livelihood programs are important, but rarely substitute for direct conservation finance. Consequently, key features of successful financing solutions include ongoing fundraising efforts; diversification of financing sources; clearly distributed roles and responsibilities within the financing strategy; private sector partnerships for enterprise-based solutions; and flexible funding to respond to new opportunities. Enabling factors include IPLC ownership and leadership; investment in institutional capacity beyond conservation; clarity of tenure, title or some form of property/resource rights; and access to technical capacity through trusted partners.

The overall message to emerge from the analysis is that the importance of diversification cannot be emphasized enough. In addition to diversifying revenue sources, diversity is essential on many fronts: intervention strategy needs a diverse set of approaches to sustainable development rather than a narrow focus on conservation; capacity must be understood as a highly diverse range of capabilities, relating to conservation and natural science, legal processes, gender issues, business and finance, governance and conflict resolution, communications, and more; and relationships need to reflect a diversity of constructive links to other stakeholders, including government, business and other IPLCs, in addition to implementing NGOs.

The case studies show the power and value of investing not in a conservation financing solution per se, but in institutional capacity for ongoing IPLC efforts to advance sustainable development. For long term finance, successful strategy does not focus so much on a single conservation financing solution as on a sustainable economy, encompassing ecosystem value as well as social and cultural value. This requires capacity to address needs on an ongoing basis and respond to changes as these needs evolve; a mandate that encompasses a broad range of issues and priorities; and recognition that there will always be a role for continued fundraising and local capacity development.

Section 1. Introduction

Project background

Indigenous peoples and local communities (IPLCs) own or manage at least a quarter of the world's lands (Burgess et al. 2018). These areas account for enormous portions of the world's forest carbon and biodiversity (Sobrevila 2008; RRI, WHRC, and WRI 2016). IPLCs have a proven track record of strong environmental stewardship of these lands, in many cases outperforming protected areas (IPBES 2019). However, many Indigenous peoples and local communities experience social, economic and political marginalization and often live in depressed circumstances (United Nations 2009).

The aspirations of IPLCs often include a vision for sustainable development with taking care of nature as a significant component. However, historic and ongoing economic and social marginalization has created various obstacles to IPLC pursuit of both socioeconomic and conservation goals. One such obstacle relates to financing, and supporting IPLC conservation efforts involves addressing conservation financing needs within a larger context of sustainable development (see box below). Despite growing recognition of IPLCs as rightful owners and stewards of land, resources and biodiversity, recognition in itself does not ensure reduced marginalization or improved opportunities, and globally the financial resources to support IPLC stewardship over these areas remain inadequate.

Box: Social Return on Investment

In virtually every case study context covered in this study, IPLC concerns obviously extend well beyond conservation objectives and financial flows, constituting a much more holistic vision of wellbeing. However, measurement of contributions to such wellbeing remains limited in most cases. An exception is the case of Warddeken (northern Australia), where Social Ventures Australia (SVA) Consulting was commissioned to measure and value the social, economic and cultural changes resulting from investment in the Warddeken Indigenous Protected Area and associated activities. SVA employed the Social Return on Investment (SROI) methodology, informed by earlier application in Western Australia for Kanyirninpa Jukurrpa (KJ), an organization serving Martu desert communities. For KJ, SVA used the SROI methodology to assess investments and outcomes from FY10 to FY14: "The most significant outcomes for Martu were reinforcement of traditional authority structures; maintaining connection to country; and less time in jail." (SVA 2014). The values of these and other outcomes were modelled using financial proxies and other judgements. SVA estimated a social value generated of about A$24,000 for each Martu community member over five years. The Western Australian and Federal Australian governments also accrued value, mainly through reduced expenditures linked to crime and imprisonment. All told, SVA estimated that for every $1 that was invested in KJ programs over the period, approximately $3 of social value was created. Notably, this estimate did not include the value of environmental outcomes or improved health benefits, which would increase the SVOI ratio even higher than the conservative 3:1 estimate presented. This type of analysis offers a strong argument to public, philanthropic and other donors as to the highly leveraged impact of funds they direct to an IPLC initiative.

Total financing for conservation around the world currently reaches somewhere between US$124 billion and US$143 billion per year; estimated funding required to address global biodiversity conservation needs falls in the range of US$722 billion to $967 billion per year or more (Deutz et al. 2020). Estimated needs for environment-related Sustainable Development Goals are as high as US$2 trillion per year (UNCTAD 2014).

The overall conservation financing gap is daunting, and becomes all the more so when considering the wider sustainable development needs of IPLCs around the world.[1] The economic marginalization of many Indigenous peoples and local communities poses an obstacle to sustainable development as well as conservation. In effect, despite a strong desire on the part of people to steward ecosystems in at least 28 percent of the world's lands, for much of this area there is little to no funding to do so.

BY THE NUMBERS

Total financing for conservation – **US$124B-$143B per year**

Estimated funding required to address global biodiversity conservation – **US$722B-$967B per year**

Estimated needs for environment-related SDGs - **~US$2T per year**

In low- and middle-income countries, philanthropic support and overseas development assistance deliver the lion's share of funding for IPLC-led conservation efforts, supplemented by generally small-scale sustainable livelihood opportunities. The majority of this type of funding is in the short-term range (1-5 years), whereas conservation and sustainable development generally require consistent long-term sources of finance for recurrent management costs and community benefits. Examples of initiatives that strive to secure substantial revenue to cover long-term costs may serve as models for other areas and provide lessons for strengthening conservation financing solutions.

Purpose of the study

The overall aim of this study is to explore options for generating sufficient levels of finance over sustained periods of time so that IPLCs have the financial capacity to continue to effectively steward their natural resources. The objective is to identify sustainable financing models and examples employed in conservation projects associated with IPLCs around the world, and assess these examples to facilitate replication and adaptation. The study is also intended to share

[1] Set against annual global fossil fuel subsidies, estimated by the IMF at $4.7 trillion in 2015 (Coady et al. 2019), the challenge of closing the conservation financing gap may seem less daunting.

knowledge on successful sustainable financing models among IPLCs and provide guidance on the sources of both public and private investment in developing these models. The following topics motivated the analysis of the set of case studies from around the world examined in this report:

- What are the main needs for sustainable financing?
- What are the existing barriers to getting sustainable financing for IPLCs?
- In addition to financial structure, what are the associated key success factors?
- Is there a difference in funding and the services provided between indigenous managed lands and protected areas?
- How can we expand/replicate good examples/models of sustainable finance?
- What are potential additional/new sources of sustainable finance?

Noting that the intent of the study was to "share knowledge on successful sustainable financing models among IPLCs and to provide guidance on the sources of both public and private investment in developing these models," review of case study documentation and interviews helped boil this set of topics down to the following key questions:

- Which approaches among the case studies show promise for replication to achieve enduring financing solutions at scale?
- What were the main challenges and enabling factors for these approaches?
- What steps can be taken for individual initiatives as well as a global drive to support sustainable financing for IPLC-led conservation?

Key concepts/definitions

Indigenous Peoples and Local Communities (IPLCs)

This report adheres to TNC's use of the phrase 'IPLCs,' denoting "people who possess a profound relationship with their natural landscapes and depend on these territories for their cultural, religious, health, and economic needs." As stated in TNC (2017), IPLC "rights to and relationship with lands and waters, and their deep knowledge of natural systems and resources, make them critical leaders for building a healthy and sustainable future." Twenty-eight percent of the world's land is under some recognized form of IPLC ownership or use right (Garnett et al. 2018); ongoing but unresolved claims may more than double this amount (Wily 2011).

28%

of the world's land is under some recognized form of IPLC ownership or use right.

IPLCs and TNC's VCA Framework

Of direct relevance to this study, TNC's global strategy for work with IPLCs proceeds on the basis of the global Voice, Choice and Action (VCA) framework with four pillars (see Table 1 below): environmentally sustainable economic development opportunities; strong community leadership and capacity; secure rights to territories and resources, and effective multi-stakeholder platforms for decision-making (TNC 2017). These pillars provide the overall context for conservation management (added to the pillars in Table 1); for practical purposes then, conservation finance may be understood as the financial means to make possible work along these four pillars. We may also note that progress on these pillars in turn constitutes strengthening of enabling conditions for successful sustainable conservation financing solutions.

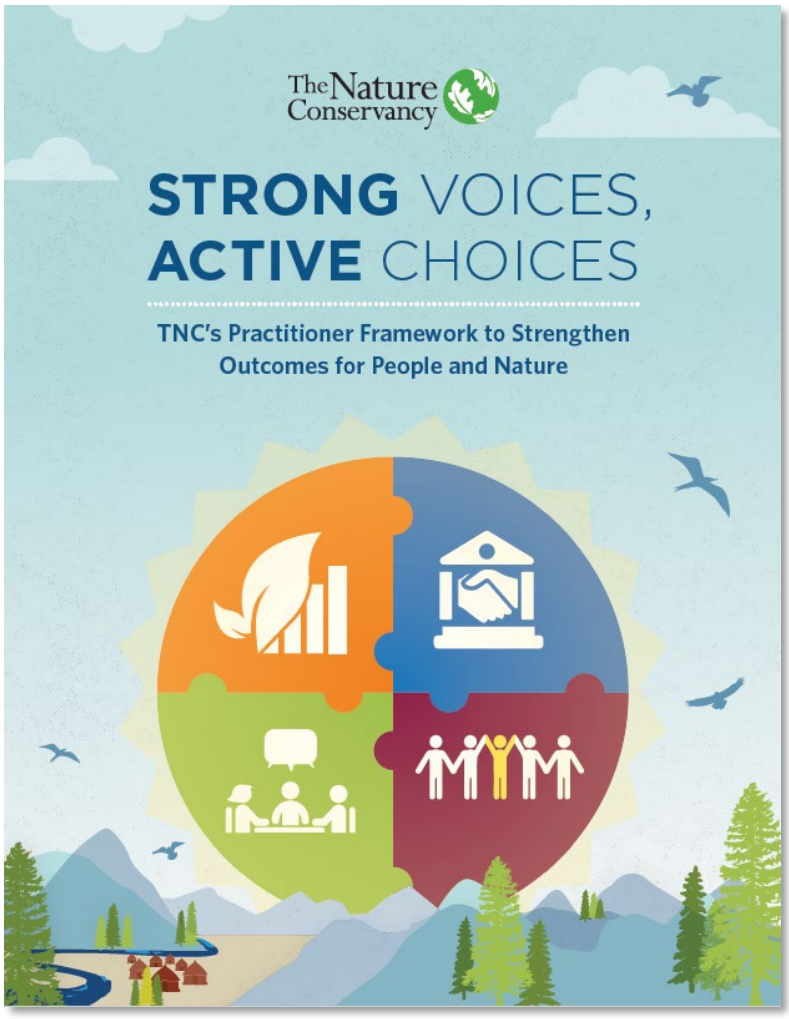

Table 1: The Nature Conservancy's Voice, Choice, and Action Framework [2]

	VCA pillar/focus	Examples from existing programs and strategies	Characteristics of financing
Enablers	Secure rights to territories and resources	• Policy dialogue to develop framework policies • Operations of tenure review processes (e.g. social forestry in Indonesia) or private sector licensing in IPLC land (e.g. Australia) • Establishing/strengthening community-based organizations to assert rights • Technical support (e.g. mapping, Health Country Planning) for asserting rights	Front-loaded
	Strong community leadership and capacity	• Community-led territorial planning and adaptive governance capacity • Establishment/strengthening of community-based organizations and networks • Developing financial management capacity • Community-owned business development authorities • Technical assistance and learning exchange programs on best management practices	Ongoing; more upfront
	Effective multi-stakeholder platforms for decision-making	• Integrated landscape partnerships • Platforms for developing and monitoring private sector engagement tools	Ongoing; more upfront
Direct manage-ment	Environmentally sustainable economic development opportunities	• Fisheries management • Sustainable forestry • Cattle production and marketing • Ecotourism • Non-timber forest products (production; marketing)	Self-sustaining if successful; overall financing needs grow over time
	Conservation management	• Formally recognized conservation areas in indigenous territories (e.g. Australia, Mexico) • Community-management of forest concessions (e.g. Indonesia) • Whole indigenous territories in highly traditional and intact areas (e.g. Brazil)	Ongoing; consistent

[2] Table draws from: The Nature Conservancy. 2017. *Strong Voices, Active Choices: TNC's Practitioner Framework to Strengthen Outcomes for People and Nature*. Arlington, VA.

Conservation finance

What the phrase 'conservation finance' is understood to encompass has evolved in recent years. The *Field Guide to Conservation Finance* (2007) offers the following definition "… the practice of raising and managing capital to support land, water, and resource conservation." This articulation reflects a fairly narrow focus on securing funds and optimizing how these funds are managed so as to maximize the availability of financial support for conservation activities. More recently, in *Conservation Finance: A Framework* (2020), the concept of conservation finance is expanded as "… mechanisms and strategies that generate, manage, and deploy financial resources and align incentives to achieve nature conservation outcomes." This subtle evolution in the definition shows a more expansive view of how funding streams themselves shape conservation strategy and vice versa, such that the financing itself forms part of the approach to catalyzing desired behavior change on the part of individuals, companies and governments.

As this current sense of what is included in conservation finance is quite broad, thinking through financing solutions can benefit from distinguishing between conservation interventions, sources of finance, and disbursement mechanisms. The intervention defines the funding needs and the costs to be covered. The finance source identifies where revenue for covering these costs is secured or generated. The disbursement mechanism is the means by which revenues will be allocated and transferred to cover costs, including financial management, transaction structures, and oversight provisions.

> "… mechanisms and strategies that generate, manage, and deploy financial resources and align incentives to achieve nature conservation outcomes."
>
> *- Conservation Finance: A Framework (2020)*

In other words, the components correspond to: *What* (will be funded), *Where* (will funds come from), and *How* (will funds be spent)? In addition, institutional arrangements describe any intermediate steps between the source of revenue and the disbursement, e.g. a trust fund. In this report, the financing solution thus describes the conservation intervention, finance sources(s), disbursement mechanism(s), and institutional arrangements.

Separating these components is useful in devising conservation financing solutions, and also facilitates clear articulation of how different financing instruments contribute to the overall conservation intervention. For instance, an ecotourism-based intervention typically is motivated as an environmentally compatible way to generate revenue; this revenue can cover costs of

conservation activities (e.g. salaries for game wardens), supplement household incomes (and so provide an incentive to support conservation), and attract other financing (such as debt financing to expand operations). The differences between how these uses of revenue contribute to outcomes can be clarified by separating out the three components of a financing solution, so as to identify concrete steps to undertake, refine messaging to different audiences, and manage individual and collective risks.

Opportunity cost

One concept worth defining is that of 'opportunity cost', as this affects conservation financing solutions and can shape options.[3] When biodiversity conservation requires that people change resource-use patterns, they will incur an opportunity cost; hence, clarity regarding the concept is helpful to the design of successful tools and strategy. Essentially, it amounts to what is being given up in order to accommodate or execute biodiversity conservation, thereby permitting an explicit examination of what (if anything) might be required to elicit or facilitate this behavioral change; this consists of the costs of management activities, including time spent on those activities, as well as the benefits foregone by opting for conservation (for example, the jobs and income that could be derived from logging). Recognition of opportunity cost acknowledges that changes in resource-use patterns may come at a cost, and any intervention must consider how and by whom that cost will be addressed. Thus, a fairly accessible definition of opportunity cost is as follows:

> "The true cost of something is what you give up to get it. This includes not only the money spent in buying (or doing) the something, but also the economic benefits that you did without because you bought (or did) that particular something and thus can no longer buy (or do) something else."[4]

In settings where conservation relies on incentive-based approaches (easements, set-aside payments, conservation covenants, payments for ecosystem services (PES), etc.), opportunity cost is relevant both in terms of making conservation viable and attractive to resource owners, and with respect to design of efficacious and cost-effective interventions.

[3] The concept of opportunity cost lies at the heart of economic analysis of decision-making. Given that well-trained economists can exhibit an imperfect grasp of opportunity costs (Ferraro and Taylor 2005), a degree of confusion among conservation practitioners is understandable.

[4] http://www.economist.com/research/economics/

A key question to be answered when designing incentives is: **what level and kind of benefits or compensation will make it in the interest of the resource owner/decision maker to participate in biodiversity conservation?** This is the same as asking: what incentives are needed to offset the opportunity cost of conservation faced by the resource owner? In many IPLC settings, people are predisposed toward conservation-compatible choices within a wider sustainable development vision, such that the management cost portion of opportunity cost is more important than incentives for behavior change; nevertheless, the decision to forego certain kinds of economic development can involve an opportunity cost that may need to be addressed as a matter of fairness. Moreover, when conversion of IPLC land is driven by external factors beyond their control (e.g. illegal settler incursions, or government granting of resource concessions), opportunity cost may be highly pertinent but not a factor for the IPLC members themselves.

Sustainable financing versus long-term funding

The word 'sustainable' often appears appended to financing or funding (not to mention development) without precision. Rather than digress into the voluminous debate as to the meaning of 'sustainability', we note that for the purposes of this study the term generally has a connotation of perpetuity and some form of self-reliance or self-sufficiency. Truly achieving these is exceedingly rare. Analysis and discussion in the following sections instead will seek to contribute to thinking about long-term funding, meaning solutions to ensure that financing constraints do not preclude progress on conservation outcomes for the foreseeable future.

Section 2. Methods and Data

Methodology

The main methodology of this study is to analyze a set of case studies of financing solutions of potential relevance to IPLC conservation around the world. The case studies for this review are described in Tables 2a and 2b in Section 2.4, and summarized in Annex 1. To select and analyze case studies, we conducted desk reviews, key informant interviews, and site visits. Stakeholder review and input included two dedicated video conferences to present draft findings, as well as review of interim products. Additional details about these methods are presented below.

Desk reviews

The work began with a desk review of literature on a range of conservation finance solutions, particularly in cases where Indigenous or local communities are located within or in near proximity to protected or otherwise conserved areas and exercise rights and/or management responsibilities in the area. The majority of examined cases were TNC initiatives, supplemented by additional examples that offer illustrations and lessons of particular interest. We compiled an inventory of relevant documentation from academic literature and grey literature (reports, websites, media) relating to both research and project implementation. In addition, documents were obtained from TNC's global IPLC core project team. Section 5 contains the list of documents reviewed for this project, which also have been made available in a document repository.

Case selection

In consultation with TNC, the research team selected cases to ensure coverage of a wide range of conservation financing solutions, as well as a balance of developed versus less-developed country contexts. Selection also prioritized cases that are significantly community-driven, in terms of design and establishment, management, and conservation implementation. As mentioned, cases with TNC involvement were prioritized. In addition, selection prioritized conservation interventions at scale, but smaller areas with an interesting finance solution were also included. Case studies were developed according to one of the following three categories:

1. In-depth case studies: These case studies were selected for demonstration of innovation and success at scale. They entailed site visits and multiple interviews, and were written as lengthier background documents that provide full context and reflections.

2. Regular case studies: These case studies relied mainly on desk research, supplemented by a limited number of interviews with selected key informants to fill information gaps. They were captured in a standardized template that covers essential characteristics of interest. The Case Study Template is provided in Annex 4.

3. Simple info sheets cases: The number of case studies was restricted to a set that would provide maximum insight within the time limitations of the project. However, there were additional models of interest for further exploration. These case studies were included as preliminary investigations. The information was obtained through a simple, brief questionnaire completed by someone working in or otherwise familiar with the site.

Key informant interviews

Much of the information for case studies was obtained from the desk review, and the information was supplemented by interviewing key informants. The focus of interviews was on obtaining further details about the conservation financing solution, including the history and evolution of the approach, challenges and enabling factors in establishment and management, and social and environmental outcomes. We used a semi-structured interview methodology in which interviews were conducted using an interview guide with prepared questions and discussion topics. The Interview Guide is provided in Annex 2.

The researchers and TNC identified an initial set of key informants, and then early participant referrals were solicited for additional informants. The interviews consisted of both one-on-one and group interviews and took place by phone and video conference between January and May, 2020. A list of persons interviewed is provided in Annex 3.

Site visits

We conducted two in-person visits to conduct deeper investigation into cases that were particularly relevant to the analysis in terms of scale and innovation. In March, 2020 EcoAdvisors visited Kenya's Northern Rangelands Trust and Australia's Warddeken Land Management Limited. The study was greatly enriched by the generous amounts of time for discussion made available by individuals involved in these cases. We recognize that programs and institutions face

Source: Lake Baringo, Kenya, Unsplash

an overwhelming number of requests to contribute to research efforts, and also that the local value of responding to such requests is not obvious while the time spent on them can be a considerable burden. We respectfully acknowledge that this legitimately precluded further direct information exchange for a third intended in-depth case study. Given the many demands on people's time, capacity constraints make it difficult to prioritize information sharing, which poses an obstacle to learning and dissemination that could benefit the global community of practitioners and IPLCs.

Stakeholder review and input

Consultation with the global IPLC core project team occurred throughout the consultancy. Two workshops were held via Zoom video conference to discuss reflections with the core project team and TNC on-the-ground practitioners. EcoAdvisors presented preliminary findings from the assessment and solicited feedback from workshop attendees to guide the development of the draft report.

Thematic analysis

Drawing on project documents, published literature, and interviews we analyzed the case studies for content and themes based on the research topics and questions and inductive analysis techniques. The data collection and analysis processes were iterative, as we reviewed data and information as it was collected, both for case studies individually and the set of case studies collectively. This allowed us to identify common themes early on in the process, draw initial connections between ideas, and then establish thematic saturation as patterns emerged with respect to enabling factors for conservation financing solutions (Guest et al. 2006; Sandelowski 1995).[5] Thematic saturation was reached with the first 14 case studies; we further confirmed and consolidated principal findings through additional case studies and continued literature review.

Criteria for classification of case studies

Criteria set forth in Parker et al. (2012) were used for initial characterization of types of conservation finance mechanisms. The case studies involved examination of the conservation intervention, and how the associated instrument for financing that intervention was applied. Drawing on the Parker et al. (2012) framework, financing instruments for the cases in the study were characterized in terms of finance sources and disbursement mechanisms (see Table 2b

[5] Thematic saturation: The point at which additional data do not generate new themes related to the original research question(s).

below). Thus, the case studies were of sites, not individual financing instruments; many sites involved a combination of instruments.

Finance sources can be differentiated by origin of revenue. For each site we characterized finance sources using the following revenue categories:

- Direct market (ecosystem service fees, user fees, cap-and-trade or offset markets)
- Indirect market (certified timber, fisheries, agriculture)
- Other market
    - Biodiversity-related ("polluter" taxes or levies)
    - Non-biodiversity-related (other taxes or levies)
- Non-market
    - Public (domestic budgets, overseas development assistance, debt-for-nature swaps, agriculture or fossil fuel subsidy reform)
    - Private (philanthropy)

By disbursement mechanism we mean the way in which conservation finance is channeled to managers, owners and/or project beneficiaries to achieve conservation outcomes. We indicated disbursement mechanisms in the cases using the following categories:

- Unconditional grants
- Performance-based payments
- Microfinance
- Non-financial incentives

Additional salient features of the financing approaches are described in the case studies. Cases were selected to seek coverage of a wide range of conservation financing solutions, as well as a balance of developed versus less-developed country contexts. Selection prioritized cases that are significantly community-driven, in terms of design and establishment, management, and implementation of conservation activities. An important element of the cases is the set of institutional arrangements that govern and facilitate conservation financing; for example, several of the cases include a conservation trust fund as an intermediary between finance sources and disbursement. The analysis and discussion presented below seek to highlight these and other features in the case studies.

Classification of case studies

Tables 2a and 2b present the list of case studies, as classified by region, country, income group, ecosystem, scale (conserved area, annual budget), and conservation financing solution.[6] We see that the case studies cover a range of approaches and contexts. Case study summaries are provided in Annex 1.

[6] Information for these tables was obtained from a variety of sources, including published material, websites, and interviews. The data reflect conditions at the time of these publications and interviews; therefore it is possible that some information has since changed.

Table 2a. Case study summary characteristics

Name	Region	Country	Country income group	Ecosystem	Scale	
					Conserved Area	Annual budget
Alto Mayo	South America	Peru	Upper middle	Rainforest	Not yet determined	Not yet determined
Arnavon Community Marine Park	Pacific	Solomon Islands	Lower middle	Marine	16,909 ha	$150,000
Bird's Head Seascape Blue Abadi Fund	Pacific	Indonesia	Lower middle	Marine	3.6 million ha	$4.5 million
Great Bear Rainforest/Coast Funds	North America	Canada	High	Temperate rainforest	7.6 million ha	$1.3 million
Hadza Yaeda Valley	Africa	Tanzania	Low	Semi-arid savannah	20,611 ha	$80,000
Helen Reef	Pacific	Palau	High	Marine	16,300 ha	$176,000
Kayapó Fund	South America	Brazil	Upper middle	Rainforest	11 million ha	Data not available
Laguna San Ignacio	North America	Mexico	Upper middle	Coastal	48,562 ha	$35,000
Loisaba Conservancy	Africa	Kenya	Lower middle	Semi-arid grassland	22,662 ha	$1.2 million
Mexico Baja California Red Rock Lobster Fishery	North America	Mexico	Upper middle	Marine	240,000 ha	N/A
Micronesia Conservation Trust	Pacific	FSM	Lower middle	Nearshore & terrestrial	79,173 ha	$1.9 million
Northern Rangelands Trust	Africa	Kenya	Lower middle	Semi-arid grassland	4.2 million ha	$10 million
Palau Protected Areas Network	Pacific	Palau	High	Marine, forest, etc.	167,054 ha	$2.25 million
Programma Socio-Bosque	South America	Ecuador	Upper middle	Forest, mangrove	1.6 million ha	$10.6 million +
Seychelles Conservation and Climate Adaptation Trust	Africa	Seychelles	High	Marine	40 million ha	$280,000
Sovi Basin	Pacific	Fiji	Upper middle	Lowland tropical rainforest	16,304 ha	$131,000
Tubbataha Reefs Natural Park	Pacific	Philippines	Lower middle	Marine	79,030 ha	Data not available
Warddeken Land Management	Pacific	Australia	High	Savannah	1.4 million ha	$4 million
Yela conservation easement	Pacific	FSM (Kosrae)	Lower middle	Tropical forest	28 ha	$25,000

Table 2b. Case study conservation financing solutions

Name	Financing Solution					
	Conservation Intervention	Revenue source(s)	Percentage of total revenue	Disbursement Mechanism		Trust Fund? (endowment unless otherwise noted)
				Activities covered	Mechanism	
Alto Mayo	Commitments to maintain forest cover	Corporate Foundation, contingent on matching funds	50% 50%	Conservation, alternative livelihoods	Grants, non-financial incentives	Yes (sinking)
Arnavon Community Marine Park	Protected Area	Philanthropy User fees	100% minimal	Conservation, enforcement, alternative livelihoods	Grants, non-financial incentives	Yes
Bird's Head Seascape Blue Abadi Fund	Protected Areas	Philanthropy, ODA Domestic budget User fees	37% 27% 36%	Monitoring, enforcement, capacity building, alternative livelihoods	Grants	Yes (sinking and endowed)
Great Bear Rainforest/Coast Funds	Protected Areas Conservancies	Domestic budget Philanthropy	50% 50%	Conservation, monitoring, livelihoods	Grants	Yes (sinking and endowed)
Hadza Yaeda Valley	Community land use plans	Carbon market	100%	Monitoring, enforcement, community benefits	Performance-based payments	No
Helen Reef	Protected Area	Philanthropy Palau PAN Fund	25% 75%	Monitoring, patrolling	Grants	Yes (capitalization in progress)
Kayapó Fund	Protected Area	Philanthropy ODA	30% 70%	Capacity building Monitoring and enforcement Sustainable enterprise	Grants	Yes (sinking and endowed)
Laguna San Ignacio	Easement	Philanthropy	100%	Monitoring, enforcement, Community development	Performance-based payments	Yes
Loisaba Conservancy	Private conservancy	Philanthropy	100%	Range management Community education, health, livelihoods	Grants, non-financial incentives impact investing	No

Table 2b (cont'd). Case study conservation financing solutions

Name	Financing Solution					
	Conservation Intervention	Revenue source(s)	Percentage of total revenue	Disbursement Mechanism		Trust Fund? (endowment unless otherwise noted)
				Activities covered	Mechanism	
Mexico Baja California Red Rock Lobser Fishery	Sustainable management	Certified seafood	100%	Monitoring, enforcement, community development	Performance-based payments	No
Micronesia Conservation Trust	Regional financing mechanism	Domestic budgets, Philanthropy, Multilateral		Conservation, alternative livelihoods	Grants	Yes (sinking and endowed)
Northern Rangelands Trust	Community conservancies Management plans Grazing plans	Philanthropy Domestic budget User fees, commercial	88% 9% 5%	Development of plans Capacity-building Alternative livelihoods	Grants, microfinance, non-financial incentives impact investing	Capitalization in progress
Palau Protected Areas Network	Protected Areas	Endowment interest User fee	20% 67%	Site-based conservation	Grants	Yes
Programma Socio-Bosque	Twenty-year contracts to maintain forest cover	Domestic budget Philanthropy, corporate contributions, bilateral aid	95% 5%	Monitoring, patrolling, community development	Performance-based payments	No
Seychelles Conservation and Climate Adaptation Trust	Protected Areas	Debt-for-nature swap	100%	MPA management, sustainable fishing	Grants	Yes
Sovi Basin	Protected Area	Corporate donation NGO contribution	55% 45%	Reserve management, community	Performance-based payments, community	Yes
Tubbataha Reefs Natural Park	Protected Area	User fee Philanthropy, ODA Domestic budget	54% 32% 14%	Monitoring, patrolling, alternative livelihoods	Grants, non-financial incentives, microcredit	Yes
Warddeken Land Management (WLM)	IPA	Domestic budget Carbon market Philanthropy User fees	60% 25% 13% 1%	Management activities Educational and cultural programming,	Budget managed by WLM	No
Yela conservation easement	Easement	ODA Philanthropy	75% 25%	Household benefits (cash)	Performance-based payments	Yes

Limitations

Analysis of case studies offers a rich set of reflections to inform thinking about long-term financing solutions. However, we acknowledge limitations to this approach, including:

1) Project contexts vary widely, complicating application of lessons from one setting to another.
2) Case studies were selected according to a variety of predetermined criteria; therefore, the lessons apply to the set of cases that meet those criteria, but do not necessarily generalize to the universe of conservation finance solutions. In addition, by definition, exploring models of sustainable finance means that only cases that achieved some level of sustainability were included, therefore all cases were to some extent "successes." However, challenges were documented in each case, allowing for analysis of the barriers that arose throughout design and implementation of the financing solutions.
3) There is limited information on transaction costs (e.g., human capital required to complete transactions), obscuring the full costs involved in the design and execution of financing approaches.
4) There is no credible systematic way to construct counterfactuals to determine what would have happened under alternative approaches.
5) Most conservation projects pursue multiple goals using a combination of approaches, which can lead to more successful outcomes. However, measuring impacts is more challenging, as it may be difficult to disentangle the impacts of individual elements or link them to financing solutions.

Nevertheless, the case studies in this report provide informative illustrations of responses to the challenge of generating and delivering financing for conservation, and how different approaches have performed in different settings. They suggest a number of insights into how IPLCs and their partners can choose, design, and implement conservation financing solutions appropriate to a given context.

Section 3. Analysis: Factors Influencing Feasibility and Outcomes

The following subsections draw from the case studies to discuss contextual and design factors that are expected to relate to the feasibility and likelihood of success of different conservation financing solutions. The case studies offer specific examples and lessons that can inform more grounded and nuanced formulation and application of strategies to secure long term funding. In this discussion, success relates to funding for interventions designed to achieve conservation. The ultimate conservation outcomes themselves of course are important, but with respect to conservation finance we are particularly interested in robust ways to cover funding needs over the long term, 1) particularly for conservation management but noting the importance of sustainable development more generally; 2) where needed, for incentives for enduring behavior change that furthers conservation outcomes; and 3) for lasting institutional development that sustains conservation financing solutions.

Social (IPLC)

IPLC support and leadership

As one would expect, IPLC support for conservation impacts financing prospects. In particular, the level of support for conservation can influence the actual financing needs. With strong support, the priority for conservation financing may be to cover basic costs (e.g. monitoring and enforcement efforts), while weaker initial support may require a greater emphasis on incentives to motivate behavior change. For instance, in Laguna San Ignacio (Mexico) people were prepared to accept relatively low (i.e. likely less than opportunity cost) compensation amounts for a conservation easement, as they were primarily concerned with defraying conservation management costs. Thus, as would seem intuitive, stronger support makes conservation more affordable and lowers the bar for long-term financing solutions.

A recurring theme in the case studies is the importance of strong IPLC leadership to cultivate local support for conservation and drive processes that lead to financing solutions. Such leadership is closely related to the degree of community drivenness or ownership, but local champions are a particularly salient contributing factor for success. In the case of Warddeken (Australia), a respected elder championed the cause of returning to Country,

RECURRING THEME IN CASE STUDIES...

is the importance of strong IPLC leadership to cultivate local support for conservation and drive processes that lead to financing solutions.

building a ranger program, and reconstituting traditional land stewardship. Similarly, in the case of Helen Reef in Palau, both traditional leadership and formal governance leaders (elected state governors and representatives) were vital in reaching out to secure NGO partnerships, build relations with the Micronesia Conservation Trust, and mobilize community support for a trust fund.

Moreover, given pressing socioeconomic needs in many IPLC settings, slow progress in achieving financial sustainability can clash with expectations and undermine confidence. In addition to generating momentum for building and deploying conservation financing solutions, strong social support for conservation and local leadership can help weather delays and set-backs. For example, landowner communities around Fiji's Sovi Basin had ended relationships with conservation NGOs in the mid-1990s due to lack of results; community leadership and broad-based community desire to see the Basin's forests conserved, plus the intercession of a trusted intermediary in the form of the University of the South Pacific, facilitated the rebuilding of trust in the early 2000s and ultimately the successful execution of a conservation lease and creation of an accompanying trust fund.

Similarly, strong leadership in the Helen Reef case helped maintain broad community-based commitment to managing the atoll for conservation, also during periods when NGO partners were struggling to find funds to support their efforts. To this day, Helen Reef requires ongoing fundraising efforts and cannot always cover all budgeted costs, but the combination of partial cost coverage and shared commitment sustained by leadership is contributing to the resilience of the Helen Reef marine protected area.

Source: Helen's Reef, Palau, NOAA

Local institutional capacity

Unsurprisingly, design and deployment of robust conservation financing solutions are aided by the presence of local institutional capacity. This relates to capacity with respect to management of internal relationships and relationships with outside parties; land and resource management; ability and comfort in interacting with business culture and government processes; and financial management. Where such capacity is limited, building it can require considerable investment of time and money, raising the question of where to source funding to install or strengthen such capacity. In Australia, federal funds have been made available; in many other cases philanthropic funding has supported governance and capacity building. TNC explicitly recognizes this need in

its Voice, Choice, and Action framework, in which strong community leadership and capacity and effective multi-stakeholder platforms for decision-making are two of the four pillars.

An important aspect of capacity relates to conflict management. Effective governance includes conflict resolution (if not prevention), and this function can benefit from outside intermediation. For instance, Ecuador's Socio Bosque program requires proof of participatory planning processes as a safeguard against elite capture, and some communities turn to NGO partners to facilitate such processes and ensure that decision-making around the use of forest conservation payments is viewed as legitimate and fair. Thus, while enrollment in Socio Bosque is voluntary and communities themselves need to decide to put in place the pieces required to qualify for the program, social conditions with respect to internal governance may necessitate outside support.

Source: Coast of British Columbia, Pixabay

Conflict resolution and other governance roles reflect the wider impact of decision-making structures on conservation financing solutions. The case studies include a variety of solutions to de-politicize decision-making while maintaining transparency as well as community ownership. The Warddeken and Coast Funds examples involved the establishment of separate management entities with professional staffs, who answer to boards of IPLC representatives. Helen Reef is self-managed by the community, through a body established by an act of community legislation, though management of a dedicated trust fund is outsourced to the Micronesia Conservation Trust. The Sovi Basin Trust Fund is overseen by a small donor board and managed by an offshore financial service provider, while responsibility for budgetary decision-making and funds disbursement falls to a national parastatal with input from community representatives.

A notable feature of some conservation financing solutions is that upfront investment in governance capacity and decision-making structures can yield wider payoffs beyond sustaining conservation management. In the Northern Rangelands Trust (NRT) and Warddeken cases, for example, the entities created to facilitate decision-making and execute management over time also have become involved in initiatives relating to health, livelihoods, and education, as well as conflict resolution/peacemaking in the case of NRT. This avoids the burden of creating parallel structures by taking advantage of installed capacity; capitalizes on investment in the difficult process of creating legitimate bodies that can act on behalf of the community; and also reinforces the overall enabling context for conservation success.

Box: Legitimacy

Most conservation financing solutions will involve the designation or creation of a responsible body to represent community interests. Possibilities include a locally owned enterprise, a natural resource management committee within existing community governance structures, or a Board for a newly constituted entity. Particularly for solutions at scale, creating legitimate and functional representative bodies can be challenging. The NRT Board is accountable to an overarching Council of Elders, which is comprised of the elected chairpersons of all the 39 member conservancies across northern Kenya, with a diversity of ethnic groups, community structures, and livelihoods. Thus, NRT necessarily also plays a role in wider conflict mitigation. In addition, each member conservancy has a Board with representation from each community/ethnic group, and therefore a conservancy board also provides a venue for collective action among groups that previously may have had antagonistic relationships. IPLC representation on Boards is an important element for ownership, leadership and legitimacy, but can be complicated. For example, the Blue Abadi Fund has representation on its Board from indigenous West Papuan communities. This has presented an operational challenge in terms of how to ensure meaningful participation and engagement within a setting of wide differences in language, interpretation, priorities and familiarity with technical concepts.

Besides overall decision-making structures, cases varied as to the roles in particular decisions, such as design of strategy and activities, selection of partners or service providers, and use and disbursement of funds. These will be discussed further in Section 3.4. Clear definition of decision-making rights is essential in settings where (some) functions of a particular financing mechanism are delegated to NGO partners or contracted out to service providers. A particular consideration is how the distribution of roles, rights and responsibilities allows for ongoing capacity growth within IPLC structures. For example, in most cases, carbon credit transactions may best be outsourced to an external service provider. However, in Warddeken Indigenous groups created a company to perform this function, illustrating a way to hire technical expertise, maintain IPLC control and oversight, and provide room for internal capacity growth.

For effective long-term financing solutions, initiatives that initially benefit from strong external NGO involvement require that requisite local capacity be in place before the NGO exits. A particular challenge is recognizing when local governance and absorptive capacity are sufficient such that exit does not lead to damaging interruptions in conservation management or the financing mechanism. For example, in the case of the Blue Abadi Fund, despite more than a decade of conservation work in the area and three years of funding for a

Source: Raja Ampat, Bird's Head Seascape, Unsplash

transition to local management, in some areas there remained a dearth of effective local NGOs as candidate sub-grantees. The investment required for transition, particularly in areas that begin with extremely limited capacity, should not be underestimated. On the other hand, lack of capacity cannot justify indefinite postponement of moving to local management. This applies not only to transitions from reliance on outside support; for mechanisms that operate at a large scale, there is also a question of how to accommodate and empower local decision-making. For example, NRT is trialing the 'graduation' of 6 conservancies whose operations it has supported for at least 15 years, to a rebalanced relationship in which they work with greater local autonomy and self-reliance; this transition includes training on leadership and financial capacity to apply for funding directly, rather than through NRT.

Legal

Transactional approaches such as easements and payments for environmental services require that property rights are reasonably well defined. This need not denote formal legal rights, or individual property rights. Several cases involve customary and traditional tenure arrangements and rights of access. The important consideration is whether resource users have a defensible claim to the resources or habitat area, such that they can make commitments that will not be undermined by the behavior of others. In Sovi, the robust tenure system that clearly assigned property rights, and provided a universally accepted formula for distribution of benefits, was a key enabling factor for success of the long-term lease and endowment. In other cases, external support is needed for securing rights of IPLCs that are needed for PES. Many of the communities that have enrolled in the Socio Bosque program through collective contracts have done so with technical support from NGOs, as the enrollment process is cumbersome (documentation of title/land rights, mapping, conservation planning, community development planning, and documentation of broad-based community support and consent). Few communities have the technical or financial wherewithal for this undertaking without external support. Titling of the lands was the necessary first step for the easement in Kosrae, and the YELA organization played a key role in helping the families organize themselves to navigate the court process to get the lands registered to them. In Sovi, an additional measure used to instill community trust was the provision of funds for landowners to engage their own legal support to review lease terms.

In addition to clear property rights, easements and PES mechanisms require relatively sophisticated legislative and regulatory frameworks. Essential enabling legislation to allow parties to enter into transactions and a legal framework for enforcing agreements is a general prerequisite. TNC worked closely with the attorney general of Kosrae to ensure that the local legal framework would allow for an easement. The easement was established under Kosraean law, supported by an opinion of the Attorney General that precedents in US law would be applicable in Kosrae. In Australia, federal government legislation created the national carbon

offset system that defines the carbon credit units now being generated in Warddeken's WALFA project.

Revenue generation based on sustainable livelihoods need not require much in the way of enabling legislation or formal land title, but may be more likely to succeed with well-defined property rights. For instance, in Punta Abreojos the incentive for long-term sustainable management derives from exclusive access offered to the cooperative in the form of a concession. These dedicated access privileges have allowed the Punta Abreojos cooperative to exclude others from the area and reap the rewards of sustainable management. Investment by the private sector in these enterprises also requires clear resource rights to protect against risk.

User fees require a claim to an area to charge others for use, and may require legislation at the local or national level, as well as a legitimate body that can collect the fees and administer the funds. In Palau, the national PAN Fund was established as a transparent, independent body to administer funds collected through the Green Fee paid by all visitors to the country. In other places, it may not be legally possible to create a separate (non-government) institution to administer government funds, in which case other ways to ensure transparency and accountability will be necessary.

Box: New legislation as an enabling factor

Acts of government were critical to enabling several of the mechanisms in the case studies:

- In Kenya, the 2013 Wildlife Act reinforced legal recognition of conservancies, providing the basis for impact investment and enterprise development as well as formal governance institutions, and the 2016 Community Land Act codified community land tenure and user rights.
- New legislation and regulations in the province of British Columbia made possible the Great Bear Rainforest agreements and the associated Coast Funds mechanism.
- In Palau, the 2003 PAN Act established the basis for the Green Fee.
- The Carbon Credits (Carbon Farming Initiative) Act 2011 unlocked climate finance potential in Australia.
- In the Seychelles, the Conservation and Climate Adaptation Trust of Seychelles Act of 2015 established the national trust fund to channel debt-for-nature swap funds.

These examples suggest that especially for financing solutions at scale, legislative work is likely a necessity.

Technical

In addition to the capacity required on the part of the IPLC, there are essential functions that may be performed by other parties. In the most successful cases, government has played a significant role in the design and implementation of the conservation financing solution, or provision of funds. For example, in Palau, the Green Fee was supported by the President and disbursed through the PAN Fund. The government of the Seychelles established an independent, nationally

based, public-private trust fund as part of its Debt-for-Nature-Swap (see box below). The government of Australia provides 60% of funding for Warddeken IPA management and Coast Funds was established with a $30 million contribution from the Government of Canada, matched by an equivalent contribution from the Province of British Columbia. Ecuador's Socio Bosque program was deployed by a newly created technical unit in the Ministry of Environment.

Where government lacks capacity or political will to support conservation, IPLC conservation depends on other support; throughout the case studies, this need overwhelmingly has been met by NGOs with conventional philanthropic funding. In the Solomon Islands and Papua New Guinea, IPLC conservation has depended almost entirely on NGO support. In Kenya, the national government has the overall mandate for conservation, management, and protection of wildlife, both within and outside national parks and reserves, and overall responsibility for mitigation of human wildlife conflict and anti-poaching in collaboration with community and private wildlife conservancies; however, the funding allocated to these activities is inadequate. Therefore, nonprofits (with funding from overseas governments or foundations) have supported IPLC conservation, and are also complimenting delivery of many public services, including health, education, etc. that governments struggle to provide in remote areas.

THROUGHOUT THESE CASE STUDIES...

Where government lacks capacity or political will to support conservation, IPLC conservation depends on other support. This need overwhelmingly has been met by NGOs with conventional philanthropic funding.

NGOs, particularly Big International NGOs (BINGOs), come equipped with access to donor networks, communications and marketing, and technical expertise. These organizations can also raise funds to contract specific expertise as needed. One area where the NGO often has the highest level of technical capacity is impact measurement (though that capacity may still not suffice). This has been a challenge in some of the cases in this study, as in situations where a new conservation initiative or new donor requires a higher level of monitoring and measurement of impacts. Some conservation financing solutions require better monitoring, for example, PES, results-based financing and impact investment. It also presents a challenge when transitioning to local management. For example, monitoring impact of the Blue Abadi Fund has been challenging, and building the technical skills of local grantees is an ongoing effort.

Box: Debt-for-Nature Swaps

The basic idea of a Debt-for-Nature-Swap (DNS) is to cancel a portion of a nation's foreign debt in exchange for investment in conservation. This is a voluntary transaction in which hard-currency debt owed by a debtor country government is cancelled or reduced (i.e. discounted) by a creditor, in exchange for financial commitments to conservation -- in local currency -- by the debtor. A DNS can ease a country's debt burden; generate funding for conservation; advance government and partners' agendas for conservation and sustainable development; and build institutional capacity for conservation finance. The transacted debt can be *bilateral (*government to government), typically requiring creditor government agreement on a debt restructuring plan, or *commercial* (government to private bank), which can be transacted on secondary markets at discounted rates. Core DNS components include the amount and type of debt converted or cancelled; redemption price and/or discount rate; payment schedule for conservation commitments; and utilization of proceeds, including accountability and compliance provisions. DNS proceeds often are allocated to environmental trust funds for disbursement to projects and/or protected areas. True win-wins are rare in the real world, even if they make for popular soundbites. DNS, however, may be one of those rare instances where creditors, debtors, the environment and local stakeholders each stand to gain.

Factors to Consider in Feasibility Assessment for a DNS

- political support from key ministries within debtor government
- eligibility/alignment with debtor country debt management policy/guidelines
- foreign public debt outstanding and ongoing debt relief operations with other creditors
- fiscal capacity to adhere to new repayment schedule
- economic and political stability and support
- potential for DNS to attract additional conservation funds
- existence of environmental trust fund
- absorptive capacity for conservation funds
- mechanisms to manage inflation risk
- policy linkage between debt and conservation in creditor country or countries
- availability of technical assistance for design of DNS and conservation investment program

Design of Mechanism

Goals

An intuitive first question to be explored when embarking on the design of a conservation financing solution is to identify the goal; clear articulation of the financing goal is essential for identifying strategies and potential sources of support, and communicating with stakeholders. In the case studies, financing goals included coverage of:

- Ongoing management costs (all cases)
- Support for alternative livelihoods (e.g. Northern Rangelands Trust)
- Compensation payments or PES (e.g. Socio Bosque, Yela)
- Other incentives (besides direct payments) for changes in behavior, resource use, or land use designation (e.g. Sovi Basin)

This list raises several questions that need to be carefully unpacked for a specific conservation financing solution. For instance, what is the degree of overlap between goals? In Socio Bosque, for example, communities are expected to cover management costs with a portion of their compensation payments. Another question regarding alternative livelihoods is whether financing is sought to support alternative livelihoods, or the alternative livelihoods are intended to serve as a financing solution? Regarding incentives, are these to be provided indefinitely, or is the Theory of Change that short-term incentives can lead to desired long-term change?

Specific answers to these types of questions facilitate the design of conservation financing solutions, as in cases like Sovi Basin, Yela, and Laguna San Ignacio with well-defined formulas of funding needs and uses. At the same time more than one successful case operates on the basis of a fairly broad articulation of mission and goals that avoids specific answers, such as Warddeken, Coast Funds, and Northern Rangelands Trust; these three cases share a strong institutional structure for ongoing work on fundraising and financing solutions.

IPLC involvement in design

As might be expected, the design process and features of a given conservation financing solution appear to be among the most important determinants of feasibility and success. With respect to design process, the degree and nature of IPLC involvement generally has a strong impact on outcomes, though the specific roles depend on the particular approach:

The degree and nature of IPLC involvement in the design process generally has a strong impact on outcomes, though the specific roles depend on the particular approach.

- For **trust funds**, IPLCs in successful cases such as Sovi Basin, Laguna San Ignacio and Coast Funds are central, as contributors essentially are responding to the community's commitment to manage the area in question for conservation in the long term. Making such a commitment can be a daunting prospect for IPLCs, so the design process requires total transparency; concerted efforts to ensure broad-based understanding and buy-in from the community; and multiple 'toll-gates' during the design process that empower the community to pull out or confirm their continued desire to pursue the arrangement, or pause the process to permit reflection, input from others, and internal deliberations. In the successful cases, the design process also included a strong IPLC voice in determining how trust fund revenue would be spent. For the more technical aspects of trust fund design (e.g. legal structures and money management arrangements), IPLCs relied on partners with specific expertise, but the process still involved clear communication of evolving technical details, explained in accessible terms.

- As with trust funds, in successful **carbon projects and PES** schemes IPLCs also held a central role in the design process, while technical aspects such as carbon accounting and emissions credit transactions depend on partner support. As the net GHG emissions reductions in these initiatives depend on behavior change and/or management actions by communities, the emissions reduction strategies must be designed together with IPLCs. This is clearly illustrated in the case of Warddeken and the generation of carbon credits through application of traditional fire management practices in an Indigenous Protected Area. Also paralleling trust fund design, IPLCs must be involved in determining the disposition of carbon revenue, as an ethical matter (given that the carbon credits are derived from their resource base and their efforts) and as a practical matter (if communities suspect that others are profiting disproportionately from their carbon, the commitment to the project is unlikely to endure). Similarly, participation in the Socio Bosque program involves voluntary enrollment with application requirements that include a participatory development plan, seeking to ensure broad-based community representation and buy-in.

Source: Northern Australia landscape, Dreamstime

- The importance of IPLC involvement is perhaps most evident in the design of successful **livelihoods/enterprise initiatives**. Put differently, a factor in many unsuccessful instances of such initiatives is inadequate IPLC involvement, leading to misalignment with respect to local needs, preferences, capacities and constraints. The solution in the Coast Funds example is to support livelihoods/enterprise investments in response to proposals from individual community members and Indigenous enterprises, thereby clearly ensuring IPLC drivenness and appetite for and ownership in design of the initiatives.

- IPLC involvement in the design of **user fees** appears to have been negligible in many of the cases, with governments or NGOs carrying out willingness-to-pay studies and determining the level of fees (e.g. Palau Green Fee, Tubbataha Reefs Natural Park) and collecting them. In the case of community conservancies in Kenya's Northern Rangelands, conservation fees are collected by the lodge operators, which mostly are private actors, but community conservancies (with input from NRT) determined the amount of the fee and how it will be used.

Box: Design of disbursement mechanisms

As the purpose of this study is to explore options for generating long-term finance for IPLC conservation, the focus of the analysis mainly is on identifying revenue sources and institutional arrangements and the factors that enable their success. However, the choice of disbursement mechanisms also is important, particularly in IPLC contexts, with respect to how the various mechanisms compare in terms of ownership, compatibility with sustainable development, and cultural fit. The cases in this study disburse funds through grants, performance payments, non-financial incentives, and microfinance. IPLC roles and ownership over these mechanisms ranges from recipients of grants, microfinance, or nonfinancial incentives to positions on trust fund boards that determine grant-making priorities, and from negotiating amounts, distribution, and uses of performance payments to creating an organization to receive and manage funds for conservation and sustainable development activities.

IPLC roles in implementation

Collectively the case studies show markedly more significant roles of IPLCs in implementation of conservation financing solutions relative to roles in selection or design of the solutions. IPLC implementation roles include:

The case studies show markedly more significant roles of IPLCs in implementation of conservation financing solutions relative to roles in selection or design of the solutions.

- Direct responsibility for conservation management (e.g. fire management by Indigenous Rangers in Warddeken, and participation in forest patrols and monitoring in Alto Mayo and Sovi Basin)
- Selection of grants or sub-projects to support community development or other social benefits (e.g. Sovi Basin Community Conservation and Development Trust, Helen Reef Trust Fund, Laguna San Ignacio)
- Execution of livelihood and enterprise development efforts (19 out of 22 projects in the examined case studies).
- Oversight and direction of implementing entities responsible for financing (e.g. the Boards of Warddeken Land Management Ltd., Coast Funds, and Northern Rangelands Trust)

These roles reflect direct links between conservation activities and human wellbeing, benefitting from IPLC knowledge and understanding of their own needs, priorities and capacities. Success in the case studies relies on conservation financing designed to empower IPLCs as stewards, not just beneficiaries, where 'stewardship' is not just responsibility for natural resource management, but is understood to encompass ownership, decision-making authority, and conservation embedded in the full social, economic and cultural fabric of the community.

Direct IPLC roles are less prevalent with respect to functions such as ongoing fundraising efforts, which in most cases remain the role of NGO partners. This is seen for all types of ongoing fundraising such as approaching government programs (for example, NGOs supporting community enrollment in national forest payments programs in Peru and Ecuador) or private sector engagement (e.g. CI's work to link community producers to corporate partners), or pursuit of philanthropic support (almost every case). However, in the Warddeken and Coast Funds examples this role is performed by contracted entities subject to IPLC oversight and direction. Thus, the enabling factor here is the commitment of specific capacity with respect to fundraising, which can be secured through partnerships or by contracting expertise, but to date is rarely seen emerging on the part of IPLCs themselves.

Success relies on conservation financing designed to empower IPLCs as **stewards**, not just beneficiaries, where 'stewardship' is not just responsibility for natural resource management, but is understood to encompass ownership, decision-making authority, and conservation embedded in the full social, economic and cultural fabric of the community.

Table 3: IPLC Roles in Conservation Financing Solutions

Case Study	Nature of IPLC Involvement	Success/Outcomes	Challenges
Alto Mayo Protected Forest (Peru)	Little involvement in design of overall financing strategy Strong involvement in design and negotiation of Conservation Agreements Lead role in conservation management Lead role in selecting and applying sustainable livelihood alternatives	Diversity of financing strategy components (national program payments; carbon credits; sustainable commodities and niche products; sinking fund to support sustainable enterprise development; philanthropy) Too early to assess conservation outcomes or socioeconomic impacts	Limited community capacity requires strengthening before investing in livelihoods Potential for conflict between communities and settlers
Arnavon Community Marine Park (Solomon Islands)	Consultation and negotiation in development of ACMP. Representation of each village on Management Committee Employment as conservation officers	Increase in hawksbill turtle nesting Management Committee provided a platform for addressing other issues Capacity building has led to greater local leadership	Internal conflict in and between villages Some continued poaching Limited success of alternative livelihood schemes
Bird's Head Seascape Blue Abadi Fund (Indonesia)	Limited involvement in design of financing strategy Representation on Trust Fund Board Co-management of MPAs Local organizations can apply for small grants, with pathway to large grants Employment as patrollers	Extensive marine areas under protection Conservation effectively transferred from BINGOs to local organizations Substantial funding raised for capitalizing endowment fund	Capacity building needs greater than anticipated Endowment fund did not meet target capitalization Lack of local organizations to deliver conservation in some areas Differing understanding of some concepts

Case Study	Nature of IPLC Involvement	Success/Outcomes	Challenges
Great Bear Rainforest/Coast Funds (Canada)	Driving force in securing Great Bear Rainforest Agreement Conducted land-use planning processes Co-management of conservancies Limited role in initial Coast Funds development, but now a strong role in oversight and governance of Coast Funds	Conservation and Ecosystem-based Management on 7.4 million hectares Recognition of First Nations ownership and authority Long-term financing for conservation management, and significant funding for sustainable economic development	Major financing achieved through Project Finance for Permanence not sufficient to meet all needs Diversity of perspectives among First Nations on key conservation and development trade-offs Remoteness of many communities is a challenge for development
Hadza Yaeda Valley (Tanzania)	Developed land use plans Elect guards who are paid Community-based monitoring Receive community benefit payments	Reduced deforestation All carbon credits have been sold Community receiving $100,000/year to fund conservation and community benefits	Encroachment by other communities Disagreement about percentage to pay municipal government, possibility for greater capture by government
Helen Reef (Palau)	Negotiated rules for conservation area Representation on Board Employment as staff	Reduced poaching Maintenance of coral cover and fish biomass	Remoteness is a challenge for enforcement Endowment funding has been slow to materialize Concern by community about losing access and ownership of area
Kayapó Fund (Brazil)	Some community consultations while planning the Fund, but perceptions of limited roles in design of Fund and Fund decision-making	First trust fund dedicated to Indigenous conservation of the Amazon	Possible stakeholder confusion about endowment and disbursement rules Potential ambiguity around ownership of (potential) carbon credits
Laguna San Ignacio Conservation Easement (Mexico)	Landowners organized to negotiate terms of easement Involvement in monitoring Members vote on proposals submitted for community development projects	Coastline protected from development in perpetuity Guaranteed payments to landowners in perpetuity No incidents of noncompliance	Payments may not be sufficient to ensure conservation in future with increasing development of the area Land disputes
Loisaba Conservancy (Kenya)	Neighboring communities involved in regional conservation planning and range management Community-based tourism enterprise	Private luxury tourism enterprise provides an economic anchor for the wider landscape Joint landscape management allows planning for wildlife needs	Arid conditions limit economic options Persistent human-wildlife conflict Dependence on tourism revenue results in vulnerability to shocks
Mexico Baja California Red Rock Lobster Fishery	Cooperatives design and enforce rules Collaboration with researchers and government in monitoring	Maintenance of catch per unit effort MSC certification since 2004 Lobster fishery finances conservation and community benefits	MSC certification has not resulted in price premium Access to European/US markets is minimal

Case Study	Nature of IPLC Involvement	Success/Outcomes	Challenges
Micronesia Conservation Trust	Little involvement in design of MCT Potential recipients of grants for conservation, capacity building, and alternative livelihoods	Annual grant-making of close to $2 million. 79,173 hectares under management plans	Endowment does not cover MCT's operating costs Apart from Palau, jurisdictions have not built up endowments enough to use
Northern Rangelands Trust (Kenya)	Little involvement in design of financing strategy NRT Board accountable to Council of Elders Participation in conservancy management, various opportunities for capacity building, can submit proposals for community initiatives	Increased county government support and funding; Some revenue from commercial activities Varying levels of conservation outcomes and socioeconomic impact across 39 conservancies	Commercial activities continue to require subsidization (NRT labor, funding) Dependence on tourism revenue Trust fund only has minimal capitalization Difficult to secure compliance with grazing plans
Protected Areas Network Fund (Palau)	Little involvement in design of financing strategy Each protected area has its own rules and objectives, as agreed upon by local communities	Green Fee and MCT endowment generate enough revenue to fund operations and grants. Conservation outcomes and socioeconomic impacts not sufficiently documented for conclusions	At the site level, additional funding is needed to implement the full set of conservation activities Green fee capped at $2 million Dependence on tourism revenue
Programa Socio Bosque (Ecuador)	None in design of the program Leading role in voluntary participation in the program (planning for conservation management and community development)	High and growing participation rate Extensive areas under conservation management (with some questions surrounding additionality) Socioeconomic impact not sufficiently documented for conclusions	Increasing costs as program grows tests political will Difficult in some cases to ensure or demonstrate additionality Limited capacity for compliance or outcomes monitoring
Seychelles Conservation and Climate Adaptation Trust	No significant involvement other than consultations during design Potential recipients of grants through local conservation NGOs	Extensive marine areas placed under protection Substantial funding made available to initiate path toward well-capitalized long-term financing mechanism (too early to assess)	Continued friction with fishing sector fearing loss of resource access Unclear whether funding targets align with needs
Sovi Basin Trust Fund (Fiji)	Extensive consultations during design Explicit consent through signing of lease Co-management role in Nature Reserve Strong voice in use of Community Conservation and Development Fund	Protection of largest tract of lowland rainforest in Pacific Island countries Nature Reserve fully funded in perpetuity Guaranteed contribution to household incomes and community development grants	Need for continuous government engagement to forestall potential threats related to mining and hydropower development

Case Study	Nature of IPLC Involvement	Success/Outcomes	Challenges
Tubbataha Reefs Natural Park (Philippines)	Stakeholder consultations Representation on Tubbataha Protected Area Management Board Microcredit facility supports livelihoods	Near pristine reef Increases in fish biomass and density Improvement in local livelihoods	Slow resolution of legal cases involving ship groundings and poaching Dependence on tourism revenue Long-term financial sustainability is an issue
Warddeken Land Management (Australia)	Lead role in developing and applying resource management systems Board oversight of WLML operations	Restoration of traditional management systems and effective IPA management Generation of significant revenues from carbon credit revenues Effective ongoing fundraising efforts from diversity of sources	Community needs are large, varied and pressing Uncertainty of politics surrounding federal government support for programs Limited territorial government support
Yela Forest Conservation Easement (FSM)	Landowners organized to document title, consent to easement, and manage area for conservation	Yela Forest protected from development in perpetuity Guaranteed payments to landowners in perpetuity	Over time, landowners may become less satisfied with payment levels

Incentives

Implementers typically select and design conservation financing solutions with the driving intention being to secure funds for conservation management and social development. However, the updated definition provided in Section 1.3 signals the importance of considering the implications of conservation finance with respect to incentives. The Socio Bosque program in Ecuador is explicitly designed as a system of direct incentives for forest conservation; payments are a function of the area of forest under effective conservation management. Strategies based on sustainable enterprises are less direct; the intervention logic of ecotourism, for instance, is that if income from a tourism operation depends on healthy habitat for charismatic fauna, people will be motivated to protect that habitat. The incentives created by alternative livelihood interventions may be even more indirect, for instance by positing that income from a sewing project reduces pressure to overfish.


Source: Robin Moore Photography

However, the case studies suggest that as an enabling factor, incentives may usefully be separated into two categories; first, there are incentives for conservation itself, meaning incentives that affect specific resource use decisions, giving rise to interesting reflections (and an expansive literature) on efficacy as a function of directness. Second, there are incentives to participate in the overall conservation process. The measure of success of incentives in this second category is not a conservation outcome per se, but whether stakeholders agree to and participate in the overall conservation framework and process. Here, attention to livelihoods and development needs is what motivates people to even be part of the conversation about conservation, and persuades them that participation is worthwhile. Alternative livelihoods investments intended to steer people away from unsustainable resource use, unless tied explicitly to conservation performance, fit into this second category. Without distinguishing between these two sets of incentives, there is a risk that a focus on the second type –though important– may lead to neglect of the first, so that the overall intervention falls short of the actual conservation aims. Table 4 below suggests that effective solutions at a minimum need to include incentives for sustainable choices, but that incentives for participation can be an important enabling factor.

TWO CATEGORIES OF INCENTIVES:

1. incentives for conservation itself
2. incentives to participate in the overall conservation process

Without distinguishing between these two sets of incentives, there is a risk that a focus on the second type –though important– may lead to neglect of the first, so that the overall intervention falls short of the actual conservation aims.

A category of conservation finance tools with incentive implications that is not seen in the case studies is interventions that change the price signals people face in decision-making. For instance, environmental taxes are a source of revenue but are also used to change costs so as to encourage more sustainable choices. Globally, the use of such tools by conservation implementers is quite underdeveloped, and the IPLC conservation case studies are no exception.

Table 4: Differentiation of Incentive Types in Case Study Financing Solutions

	Incentive for participation	Incentive for sustainable choices
Alto Mayo	Capacity building support Livelihood strengthening	National forest payments program
Arnavon Community Marine Park	Alternative livelihoods support	
Bird's Head Seascape Blue Abadi Fund	Capacity-building support Grants for sustainable development and livelihoods	
Great Bear Rainforest/Coast Funds	Grants for conservation management and sustainable development	
Hadza Yaeda Valley		Carbon credit purchases
Helen Reef	Assistance with protecting area from outsiders	
Kayapó Fund	Capacity building support Livelihood strengthening	Availability of disbursement tranches linked to avoided deforestation performance
Laguna San Ignacio		Area-based payments for coastal protection
Loisaba Conservancy	Funding for education, health and small-scale infrastructure	Access to grazing land and livestock markets
Mexico Baja California Red Rock Lobster Fishery		Price premium for certified lobster
Micronesia Conservation Trust	Grants for conservation, capacity building, and alternative livelihoods	
Northern Rangelands Trust	Income from beading, cattle Capacity-building support Business loans Support to savings and credit cooperative Support for education, health Access to vocational training	Cattle purchases in return for development of grazing plans Conservation fees (tourism)
Palau Protected Area Network Fund	Capacity-building scholarship program	
Programa Socio Bosque		Area-based payments for forest protection
Seychelles Conservation and Climate Adaptation Trust	Grants for conservation management and sustainable enterprise	
Sovi Basin	Community Conservation and Development grants	Area-based payments for forest protection
Tubbataha Reefs Natural Park		Access to microcredit for compliance with rules
Warddeken Land Management	Support for education; language and culture preservation	Carbon credit purchases
Yela Forest Conservation Easement		Area-based payments for forest protection

Diversification

A clear message to emerge from the case studies is that conservation financing is not a matter of finding the single right solution, but of executing a strategy with a diversity of tools and financing sources. The Warddeken case illustrates an innovative approach to carbon transactions, but also involves ongoing efforts to secure support from federal government programs and conventional philanthropy. The Alto Mayo example relies on funds from corporate donors and foundations; sustainable coffee production; niche products such as traditional teas and medicines; carbon transactions; and a national incentive program for forest conservation. Coast Funds was initiated with funding from government and foundations, but has since explored carbon finance and user fees. Some conservancies in northern Kenya have benefited from impact investment and now generate significant revenue from tourism, but conservation financing still includes conventional fundraising and pursues alternative livelihoods. Examples with fully capitalized conservation trust funds like Sovi Basin and Yela may not require further financing efforts to cover costs, but implementing partners still benefit from occasional funding support to undertake complementary activities (e.g. research, training, or communications).

Conservation financing is not a matter of finding the single right solution, but of executing a strategy with a diversity of tools and financing sources.

In cases that are dependent on tourism, those that are not as diversified (e.g. Palau's Protected Area Network Fund, Namibia's community conservancies, and to a lesser extent Tubbataha Reefs Natural Park and Northern Rangelands Trust), recently have suffered a severe decline in their primary source of financing.[7] This highlights the need not for moving away from tourism as a strategy, but for protecting against risk through diversification, as well as potentially creating innovative insurance or other downside financial protection schemes.

One implication of the importance of diversification for conservation financing is that this requires the capacity to deploy a range of different tools. Typically, this involves sets of partnerships and consultancies to bring together the required technical skills for each component of the financing strategy. In an institution like TNC with a multitude of initiatives around the world with different financing strategy emphases and correspondingly different sets of expertise and experience, the availability of other initiatives as thought partners and technical support can greatly facilitate diversification.

[7] Community conservancies in Namibia were not a case study, but an implementer kindly completed a brief information sheet to help inform this research effort.

Political

Throughout the case studies examined, the expressed level of political support from government appears quite strong; more relevant to conservation finance is the degree to which political support translates into funding or practical actions to facilitate funding or incentives for conservation. In this respect, it appears that conservation funding often tends to be a corollary benefit from the pursuit of other political aims. In Ecuador, the Socio Bosque program was made possible by political will rooted in the program's contribution to rural poverty alleviation. Similarly, in Australia government funding for IPAs is motivated in large part as employment creation, while in Canada funding for IPAs is linked closely to government efforts at reconciliation with First Nations. In the Seychelles, conservation finance secured through the debt-for-nature swap gained political support (from the Seychelles government as well as creditor countries) because of its debt relief implications. In low- and lower middle-income countries like Indonesia, Kenya, Tanzania and Zambia political support for conservation is expressed within a wider context of decentralization and devolution of authority to lower government levels and communities, thereby ostensibly reducing the government's responsibility for financing. Thus, the role of political support for conservation as such is important but does not translate into funding from national government due to competition between social needs of a country in the low- and middle-income categories.

Conservation funding often tends to be a corollary benefit from the pursuit of other political aims.

In Palau, despite a government that long has explicitly emphasized the importance of conservation and particularly IPLC/community-based conservation, the imposition of the Green Fee first had to overcome political obstacles (originating from among other sources the tourism sector). After the original US$15 Green Fee was enacted, government ratcheted up the amount to US$100, with the additional revenue going to other government programs tangential to site-based conservation in the country's Protected Area Network, such as the fishing sector and waste management. This trajectory again signals the limits to political support for conservation, and that conservation financing solutions are strengthened by expanding appeal to other considerations.

Conversely, the presence of explicit political support for IPLCs is a strong enabling factor shaping the prospects for financing of IPLC conservation. As noted, the governments of Australia and Canada have prioritized programs that support IPLCs; even if the degree of support and commitment waxes and wanes with political trends, it appears safe to assert that there is a politically inviolate minimum level of government programming. This, thanks in part to the efforts and voices of Aboriginal and First Nations groups and aligned partners, has translated into significant conservation funding opportunities. In contrast, the aforementioned

decentralization/devolution trends in some countries may be painted as empowering local authorities and communities, and thus indicating political support for IPLCs, but perhaps are more properly ascribed to fiscal and governance reform processes demanded by international finance institutions.

Governance more generally is a critical factor in feasibility and shape of possible conservation financing solutions, including on the part of national authorities and within IPLC constituencies. First, it is worth noting that governance is not only an enabling factor, but is itself in many settings a conservation cost. For example, although the Laguna San Ignacio site was legally protected, actual governance and management were not applied until after the easement was executed and began to generate payments. Thus, designation is helpful for governance but not necessarily sufficient. Second, more so than political support (which can be largely a matter of rhetoric), governance involves an actual track record of performance, particularly with transparent and accountable handling of funding flows. Especially in weaker legal and institutional contexts, governance mechanisms become critical to securing the confidence of potential donors or business partners, and to effective management of conservation funds. For instance, solutions based on collection of fees are vulnerable to mismanagement or corruption, leaving conservation underfunded and local stakeholders jaded. For example, the Blue Abadi Fund's revenue projections could not have anticipated political issues leading to a halt of marine park fee collection in Raja Ampat; outside our set of case studies, the problems that beset funding flows in Zimbabwe's CAMPFIRE program are well documented. The Sovi Basin initiative addressed governance concerns through offshore domiciling of its trust fund with oversight by a donor board; similarly, management of Palau's Green Fee revenue is performed by the independent non-profit PAN Fund.

Governance is not only an enabling factor, but is itself in many settings a conservation cost.

Ecological

Financing potential in theory should be related to ecosystem value; however, actual funding success appears more related to capacity of stakeholders to market the conservation product and to deliver results, regardless of underlying value as such. Payments for environmental services (including carbon) make the link with value directly and measurably, which can be particularly beneficial for remote areas with low potential for other indirect market solutions such as certified products or tourism. For example, the Warddeken IPA capitalizes on carbon value in Australia, raising one quarter of its revenue through carbon sales. Where tourism potential does exist, willingness to pay on the part of visitors does reflect ecosystem value linked to appreciation of nature, but again is also linked closely to marketing capacity.

The presence of a charismatic or endangered species can attract funds directly from philanthropic sources and governments, as well as from offsets, tourism user fees, and price premiums on wildlife-friendly products. For instance, a successful fundraising campaign was built around whale conservation in Laguna San Ignacio. This case also shows how the combination of charismatic species and urgency of threat can create a window of opportunity for fundraising, which in Laguna San Ignacio was sufficiently successful to help capitalize an endowment.

Source: Laguna San Ignacio gray whale, John Davison, Flickr

Although high ecological value can be an enabling condition for conservation financing solutions, it is not by any means a sufficient condition. There is no shortage of cases where ecological significance has yet to translate into adequate long-term finance. For example, the experiences of the 10 Deserts program in Australia and TNC's community-based conservation work in Mongolia suggest that arid ecosystems and grasslands face comparatively greater challenges attracting donor interest than other ecosystems.[8] Conversely, areas that have high ecological significance but are not immediately threatened can still attract significant financing, as in the case of Socio Bosque where the additionality achieved by some of the participating areas is unclear. Likewise, a higher degree of threat does not reinforce tourism as a financing solution (if anything, near-term investment potential and long-term tourism financing prospects arguably may be inversely related to the level of threat).

The scale of the ecosystem protected can be relevant for conservation financing solutions, for example when particular donors have an interest in supporting protection of large intact functional ecosystems or large parts of the range of important species. Financing based on ecosystem service payments or sustainable production of nature-based products also might require minimum scales for viability. Although larger scale requires greater funding to secure conservation results, it can benefit from economies of scale and thereby reduce the per unit cost. In the case studies considered in this report, the areas in the millions of hectares were at least an order of magnitude less costly per hectare than the areas smaller than 200,000 hectares. However, these costs per hectare do not account for differences in quality of protection, therefore it is possible that the smaller sites are more effectively protected and result in better conservation outcomes.

[8] The 10 Deserts program and Mongolia work were not included as case studies, but the implementers kindly completed brief information sheets to help inform this research effort.

Economic

The case studies included examples from a range of countries with respect to income levels, including low-, lower and upper middle-, and high-income categories. Although for any generalizations based on these categories there will be exceptions that prove the rule, one unsurprising observation is that high income countries tend to feature conservation financing solutions that are bigger in scale and more technically elaborate in design and execution. This reflects the availability of significant domestic government funding, and the availability of well-developed legal institutions that can be relied upon to clarify rights and responsibilities, define transaction modalities, enforce contracts, etc. Examples include Australia's federal carbon trading platform and Indigenous Protected Area options in British Columbia (Canada). These institutions also provide confidence for philanthropic donors; typically, low- and lower middle-income country settings require creative alternatives to parallel institutional reliability, such as by domiciling trust funds offshore to address the risk of nationalization or other interference.

Apart from this difference, country income category does not show distinct influence on the types of conservation financing solutions that are available. All country types feature virtually all types of mechanisms – trust funds, carbon credits, philanthropy (including corporate, foundation and individual sources in each), user fees, impact investment, and government budget allocations. Of course, in low- and lower middle-income countries domestic government funding potential may be smaller, while ODA is not available in high- or most upper middle-income contexts, but government sources are prominent in any case. Similarly, while domestic philanthropy is limited in low- and lower middle-income countries, philanthropy from foreign sources is significant. A notable aspect of economic factors is that emphasis on alternative livelihoods, certified production and sustainable enterprise development (including tourism) is found in all income categories. This reflects both a global conservation finance focus on 'making conservation pay for itself', and IPLC prioritization of sustainable development in countries around the world regardless of national levels of prosperity.

The one mechanism that we have only seen applied in developing country settings is debt-for-nature swaps. As this mechanism typically involves use of developed country funds intended for developing country debt relief, this comes as no surprise.[9] That said, with different funding sources and some creativity, there is nothing in principle that precludes the use of debt restructuring arrangements for conservation finance in developed countries.

One might expect that country income level is correlated with opportunity cost, with implications for conservation finance. Other things equal, land prices (which in properly functioning land markets are a good initial approximation of financial opportunity cost) tend to be higher in high

[9] Though debt-for-nature swaps are rare in the poorest countries, as they may be eligible for debt forgiveness programs rather than debt restructuring in the form of a swap.

income countries. This means that for area-based strategies (e.g. conservation leases, or carbon credits for avoided deforestation), a given amount of conservation funding should be able to secure larger areas of habitat if directed to low- and lower middle-income countries. However, the case studies do not bear out such a dynamic. This serves as a reminder that while many interventions may offer incentives for behavior change, actual land transactions are rare; for IPLCs, conservation typically is intertwined with asserting or strengthening property rights rather than transferring those rights, which can attenuate the impact of opportunity cost on financing options and costs.

The cost of conservation appears more closely related to threat level and remoteness than opportunity cost or country income status. In other words, while income status may not appear significantly in the relationship between land prices and conservation financing solutions, a stronger link may be observed between income status and ongoing management costs. In numerous cases remoteness of IPLC lands makes for high logistical costs irrespective of country income status. However, as wages are lower in low- and lower middle-income settings, the labor cost component of management budgets will be correspondingly smaller.

In intervention strategies that involve support for sustainable livelihoods or enterprises, economic factors obviously are central and need to feature prominently in feasibility assessment, planning and execution. Particularly in economically marginalized contexts, there are ethical and practical imperatives to combine conservation with development. However, while efforts on this front feature in virtually every case in our global set, reliable paths to replicate success remain elusive. The most enduring successes appear to be in the tourism sector, but we know that innumerable tourism ventures around the world have floundered; the main enabling factors in the successful cases (e.g. in Kenya, Namibia, Fiji and the Philippines) are the prior existence of a large, robust, well-known tourism sector with excess demand, and the availability of private sector partners who see mutual benefits in collaboration. Moreover, in situations that meet these conditions we also tend to see adequate infrastructure and logistics, and governments are relatively supportive as they recognize the outsized contribution of tourism to the national economy.

However, these are very particular circumstances. Many IPLC settings are less well-linked to markets, and are less conducive to reliable production of goods or services in quantities and qualities to secure private sector relationships. Especially in developing country settings, there is ample history of conservation organizations embarking on livelihood and enterprise support strategies without the requisite market knowledge, supply chain understanding or value chain expertise (efforts in developed countries appear to more consistently contract such skills).[10] Without ongoing subsidies in the form of external support to facilitate market links, cover

[10] A recurring theme to emerge in another current research effort with conservation implementers is their surprise at the degree of competitiveness within the private sector.

transaction costs, etc., these efforts tend to struggle and, instead of providing conservation financing solutions, become an ongoing long-term cost. Even in successful settings such as the tourism enterprises in Namibia's community conservancies, there is a continued need for external financing to provide ongoing technical support for natural resource management, governance and institutional strengthening, and business and enterprise management.

To summarize, Table 5 highlights enabling conditions (denoted with an asterisk) that emerged as key factors relating to implementation of conservation finance solutions in each case. Where an asterisk is not present, that factor is not necessarily irrelevant or absent, but it did not emerge in literature or interviews as a strong determinant of success.

Table 5: Summary of key enabling factors in case studies

Key enabling factors	Alto Mayo	Arnavon Community Marine Park	Birds Head Seascape Blue Abadi Fund	Great Bear Rainforest/Coast	Hadza Yaeda Valley	Helen Reef	Kayapó Fund	Laguna San Ignacio	Loisaba Conservancy	Mexico Baja California Red Rock Lobster Fishery	Micronesia Conservation Trust	Northern Rangelends Trust	Palau PAN Fund	Programma Socio-Bosque	Seychelles Conservation and Climate Adaptation Trust	Sovi Basin	Tubbataha Reefs Natural Park	Warddeken Land Management	Yeka conservation easement
Social conditions																			
IPLC support for conservation			*			*	*	*	N/A	*	N/A		*		N/A	*		*	*
IPLC leadership/champions						*	*	*	N/A	*	N/A	*			N/A	*		*	*
IPLC institutional capacity				*		*		*	N/A	*	N/A				N/A			*	
Legal																			
Clear property rights	*		*	*	*	*	*	*	*	*		*	*	*		*	*	*	*
Enabling legislation			*	*	*	*	*	*				*	*	*	*		*	*	*
Technical																			
Government technical capacity for conservation in field																			
Nonprofit capacity	*	*	*	*	*	*	*	*		*	*	*			*	*	*	*	*
Design of financing solution																			
Specific financing goals			*			*		*					*	*	*	*	*		*
IPLC roles																			
Design of conservation intervention (strategy, rules)	*	*		*	*	*		*	N/A	*	N/A		*	*	N/A			*	*
Participation in conservation (patrolling, monitoring)	*	*	*	*	*	*		*	N/A	*	N/A	*	*	*	N/A	*		*	
Design of financing strategy									N/A	*	N/A				N/A				*
Decisions about use of funds		*	*	*	*	*		*	N/A	*	N/A	*		*	N/A	*		*	*
Direct incentives	*				*			*						*		*			*
Diversification of funding streams	*		*								*						*	*	
Political																			
Political support for conservation			*	*		*					*	*	*	*	*		*	*	
Political support for IPLCs				*		*					*		*	*	N/A			*	
Governance	*			*							*		*	*	*				
Ecological																			
Ecosystem value	*		*	*	*	*	*		*	*		*	*	*		*	*		*
Charismatic species		*	*	*	*		*	*	*			*					*		
Urgency of threat	*	*	*	*		*		*				*				*	*	*	*
Scale of ecosystem			*	*			*				*	*		*	*	*	*	*	
Economic																			
Country income group														*	*				
Infrastructure, linkage to markets									*										
Opportunity cost of restricted activities	*			*								*			*	*			*

Section 4. Discussion and Recommendations

Common barriers and opportunities in IPLC financing instruments

The previous section discussed the contextual and design factors that enabled the feasibility and success of different conservation financing solutions in the case studies. The analysis of case studies also suggested challenges and barriers relating to the design and implementation of conservation financing solutions. Table 6 presents a summary of barriers and opportunities for various financing instruments.

Table 6: Summary of barriers and opportunities

	Financing Instrument	Barriers	Opportunities
Direct market	*Ecosystem service fees*	Requires technical expertise Requires a service that someone is willing or required to pay for Expensive/time-consuming process	Can pursue less formal arrangements, e.g. conservation agreements With conservation-minded IPLCs, opportunity costs may be low Many sources of potential payers (government, private sector, philanthropy)
Indirect market	*User fees (recreation, tourism, research)*	Requires political will Requires institutions to collect, administer Most commonly related to tourism, which should be part of a diversified strategy	Consider Palau Green Fee as model for national-level fee Opportunities for increased use of local recreation and research fees Cultural sites may provide an additional source of fees
	Cap-and-trade or offset market	Requires technical expertise Currently limited markets, excess supply Regulatory market requires government action Expensive/time-consuming process	Additional value of credits provided by IPLCs (price premium for co-benefits) Advocating for expanded markets will yield additional opportunities
	Certified timber, fisheries, agriculture	Expensive/time-consuming process Price premium may be minimal	Alignment with sustainable development vision
Nonmarket (public)	*Domestic budget allocation*	Requires political will	Untapped potential in many areas, particularly local governments (state/provincial/county/etc) Link to rural development and poverty reduction agendas
	Official Development Assistance	Competition for limited funds Short project timelines vs. long implementation needs	Consider sources for complementary activities (health, education, etc.) Consider emerging ODA providers
	Debt-for-nature swaps	Not all countries are eligible	Growing levels of indebtedness may increase appetite for swaps
	Agricultural or fossil fuel subsidy reform	Requires political will Revenue/savings rarely used for IPLC conservation	Size of the potential revenue/savings Long-term systemic shift this would create

	Financing Instrument	Barriers	Opportunities
Nonmarket (private)	*Philanthropy*	Competition for limited funds Short project timelines vs. long implementation needs	Opportunities with less traditional sources: crowdfunding (e.g. Palau's Indiegogo campaign raised $54,000 for a National Marine Sanctuary), corporate (CSR, cause-related marketing) Consider sources for complementary activities (health, education, etc.)
Other market-based instruments	*Natural capital levy (e.g. timber fee, development tax)*	Requires political will Revenue rarely used for IPLC conservation	May be applicable for sustainable resource use on IPLC lands
	Auctioning of emission allowances		Unclear
	Maritime levy		
	Financial transaction tax		
	Levy on insurance premiums		
Credit & investment markets	*Impact investment*	Requires sophisticated legal and institutional enabling conditions Still needs revenue stream for repayment	Can convert a stream of smaller revenues over time to capital for meeting larger upfront costs IPLC co-benefits attractive to some sources
	Green blue/bonds (see box below)		
	Environmental impact bonds		

The cases surveyed in this effort represent success in a variety of ways, having confronted a wide variety of challenges. These could be contrasted with the innumerable projects around the world that have been unable to generate robust financing solutions or the institutional strength needed to secure the minimum needed funding on an ongoing basis through continuous fundraising. Although this analysis did not explore such failures, the set of case studies and the wider literature on conservation finance solutions suggests several particularly salient pitfalls or potential weaknesses:

i. *Inadequate application of market and business expertise to strategies constructed around enterprises and livelihoods*: most of the case studies included support for sustainable livelihoods or enterprises, many of which struggled to achieve viability. This approach requires specific technical expertise to properly understand value chains, supply chains, market dynamics and prospects, capacity requirements for market participation, and the real scope for interventions based on local enterprise development and livelihood investments.

ii. *Insufficient investment in building local capacity, buy-in and institutional resilience, and poor management of transfer of responsibilities and authority*: project implementers may be reluctant to cede control to local actors, for fear of seeing interventions unravel. Other scenarios involve premature transfer of responsibilities before sufficient technical or governance capacity is installed. Long-term sustainability rests on local ownership and

capacity, with sufficiently wide-spread buy-in and redundancy to respond to leadership changes or other shocks.

iii. *Gaps between financing targets and budgetary needs*: the successful execution of a financing solution can nevertheless leave a funding gap if the overall strategy is based on unrealistic assessment of how much funding is required. This may be a particular risk in the case of endowed trust funds and Project Finance for Permanence (see Box below), where successful capitalization or closing may be followed by complacency on the part of implementing partners and fatigue on the part of donors and contributors.

iv. *Failure to manage expectations*: two narratives common to many conservation initiatives around the world are (i) for IPLC audiences, that choosing conservation will yield economic benefits and (ii) for donors, that a short-term investment will allow conservation to pay for itself. There are innumerable examples of initiatives that struggle to make either of these come to pass. This does not necessarily mean that these initiatives are unwarranted – high conservation values may justify ongoing investment regardless – but failure to manage expectations can undermine relationships with IPLCs and erode donor confidence, which in turn can compromise both conservation and financing options.

v. *Gaps between implementer objectives and understanding of needs and IPLC priorities and perspectives*: related to expectations management is the failure to communicate clearly about intentions and motivations. This can result in friction among partners and mixed messages to other stakeholders (including donors, government, and potential business counterparts). In case studies where this issue arose, it generally was overcome by determination to improve communications and take time to build trust and mutual understanding, but there also are examples of permanent ruptures that impeded social and environmental progress.

vi. *Heavy reliance on a single revenue source*: conservation finance solutions focused on a single source of income are vulnerable to shocks. The impact of the current COVID-19 pandemic on tourism offers a clear example affecting several of the case studies covered in this report. Other nature-based enterprises may be vulnerable to climate change, affecting quality or shifting the range of a naturally-sourced product. Reliance on endowed trust funds also is not without risk, as market performance may disappoint in some years but also because costs (or demands) may rise over time.

vii. *Insufficient investment in securing property rights*: A risk noted for some case studies and other projects relates to definition and enforcement of property rights. The importance of property rights is well-recognized. Yet, global conservation experience continues to generate examples where resource wealth from healthy ecosystems secured by successful conservation attracts new resource users. Over time, in the absence of clear provision for

enforcement of property rights and IPLC management authority, such pressure can undermine conservation outcomes and continued prospects for financing.

Box: Blue Bonds

The Seychelles debt-for-nature-swap (DNS) is linked to the first example of a Blue Bond – an application of the climate or green bond concept to marine conservation. Although bond issuance is not a necessary component of a DNS, it provides a means for participation by private investors which reduces the burden of raising funds from philanthropic or public sources.[11] The Government of the Seychelles issued a sovereign blue bond in 2018 with a face value of US$15 million, a 10-year tenor, and a coupon rate of 6.5%. The rate paid by the Government is only 2.8% thanks to a US$5 million concessional (i.e. below market interest rate) loan from the Global Environment Facility (GEF); investor confidence is bolstered by a US$5 million guarantee from the World Bank (World Bank 2018). (By issuing a loan guarantee, the World Bank essentially committed to taking on the debt in the event of default by the Government of the Seychelles.) The main investors are Calvert Impact Capital, Nuveen, and U.S. Headquartered Prudential Financial, Inc. (World Bank 2018). Funds raised by selling the bonds support grants from the SeyCCAT-managed Blue Grants Fund and loans from the Blue Investment Fund managed by the Development Bank of the Seychelles. These grants and loans are directed to conservation and sustainable marine resources management (principally fishing).

There is no real distinction between blue bonds, green bonds or climate bonds aside from what the bond issuer commits to with respect to use of funds. The approach boils down to a tradeable loan instrument with terms that specify repayment period and interest rate (called the coupon rate in case of bonds); this means that the issuer must be able to convince would-be investors of its ability to repay. Support such as guarantees, as provided by the World Bank in the Seychelles example, increase investor confidence and thereby enable the issuer to offer lower coupon rates.

The key enabling factor for issuing a bond is a credible ability to repay. An interesting recent development is that of established endowed trust funds contemplating bond issues to increase funding available for disbursement in the near term against repayment from endowment yields in the longer term; this hinges on financial projections that suggest that the coupon rate needed to attract bond investors now is lower than anticipated returns on endowment capital over time.[12] In the case of sovereign bond issues like that of the Seychelles, ability to repay rests on anticipated government revenue; when a bond is issued to cover payments in a DNS, it essentially trades one form of debt for another (though with more favorable terms). Private companies issue bonds to raise capital, predicated on future profitability. (A company might choose to issue a bond rather than seek a loan because bonds typically have lower interest rates and preserve more operating flexibility for the company.) Thus, for applications to IPLC conservation financing, the essential element for a solution involving bonds is a source of future revenue to repay bond purchasers.

[11] It may be worth noting that much publicly available documentation unhelpfully muddles descriptions of the Seychelles DNS with the Seychelles Blue Bond, and understates the role of philanthropic or concessionary financing in both.

[12] https://www.nytimes.com/2020/06/10/business/ford-foundation-bonds-coronavirus.html

Key lessons that emerge from the case studies

The case studies offer a set of lessons with respect to IPLC conservation finance that collectively serve to ground future efforts to develop effective financing strategies.[13] Below these lessons are grouped per the following three themes: key facts surrounding conservation finance; key enabling factors for success; and key features of successful strategies.

Key facts

- Government and philanthropy remain the most significant sources of conservation finance: Much discussion around financing solutions in the conservation world revolves around innovative market-based solutions, private sector partnerships, and local livelihood/enterprise development. While these may have intuitive appeal, the vast preponderance of conservation finance today, whether IPLC-related or not, still originates from governments and philanthropy. The case studies include examples of significant corporate contributions, but these reflect a form of philanthropy rather than market-based commercial solutions. And market-based solutions such as carbon finance heavily depend on government intervention to create demand and/or commercial viability.

- Successful conservation financing strategy does not require 100% 'sustainable financing': The case studies strongly suggest that pursuit of a 'sustainable financing solution' (i.e. a solution that covers all costs in perpetuity) is not necessary for conservation financing success. Most successful cases feature the installation or strengthening of institutional capacity to engage in an ongoing search for financing, including the ability to engage various potential sources, secure partnerships, and trial different models.

- Strong marketing is essential regardless of source: Fundraising capacity, including networks and specific skills, and a strong fundraising pitch are essential regardless of the type of source being pursued: government, philanthropy, or private sector/market-based solutions. The dedication of strong marketing capacity appears more consistently as a recurring feature in success stories than virtually any other factor or characteristic, and helps overcome other disadvantages. However, even when an organization like TNC has such capacity, its bandwidth will be limited and internal competition for dedication of that institutional capacity to a particular initiative is a challenge.

[13] There is a rich literature on conservation financing, IPLC-led conservation, and related topics, which we will not endeavor to replicate here. The discussion below focuses on themes that emerge specifically from the set of case studies examined in this study.

- Financing success often reflects quick response to an unanticipated window of opportunity: Systematic development of a conservation financing strategy is important, informing deliberate steps to cultivate and realize opportunities. However, various big wins with respect to conservation finance arise out of windows of opportunity that do not necessarily emerge from a deliberate strategy. A new corporate actor may suddenly make funds available to ensure compliance with lender requirements. A newly installed government minister may want to make her mark (as happened in the Socio Bosque example). A natural disaster may result in sudden availability of new government and philanthropic funding, as in Australia following the recent wildfire disaster. A global pandemic may orient focus of recovery to resilience.

- Livelihood programs are important, but rarely substitute for direct conservation finance: For most IPLCs, expanding economic opportunities is a high priority, and overall strategy for conservation financing must incorporate attention to livelihoods to ensure alignment with local needs and expectations. However, the case studies offer few examples of livelihood interventions that become self-sustaining at scale or act as strong conservation incentives. Moreover, instances where livelihood investments in and of themselves result in substantial financing for conservation activities are not common. This suggests that livelihood investments can be an important but insufficient component of overall financing strategy.

Key enabling factors

- IPLC ownership and leadership: Among the cases, the presence of strong IPLC-driven processes and institutions appears consistently as the central enabling factor for successful conservation financing solutions. Particularly if success is understood as including a viable path to reduced fundraising roles for outside partners, IPLC ownership and leadership are vital; for the obvious reason that responsibility for financing needs to rest somewhere, but more importantly because these factors contribute to social resilience in the face of likely fluctuations in circumstances.

- Investment in institutional capacity beyond conservation: In most IPLC settings, conservation cannot be addressed in isolation from wider social and economic concerns. A common enabling feature of successful cases is that entities created to bolster local conservation capacity embrace wider agendas and responsibilities, as people depend on strengthened institutional capacity for services and support beyond conservation. For instance, in addition to conservation, the institutional infrastructure of Coast Funds supports livelihood and enterprise development as well as educational and cultural programming. Warddeken Land Management's responsibility for the Indigenous Ranger program and associated conservation activities cannot be divorced from the company's work in education, language

and culture preservation, and other forms of social support; more than just a conduit for funds or technical programming resource, Warddeken Land Management acts as an advocate for a range of community needs and interests.

- Clarity of tenure, title or some form of property/resource rights: For long-term conservation financing solutions at scale, clarity of property/resource rights is an important enabling factor for understanding decision-making authority, allocation of responsibilities, and distribution of benefits. This need not take the form of individual private ownership of land or resources, as there are several examples of shared or collective property rights among the case studies. However, particularly for long-term solutions, the ability to enter into agreements and make transparent, reliable commitments requires that property rights are well-defined, understood and recognized.

- Political support for IPLCs and conservation: The largest-scale long-term financing solutions all involved significant government roles. Robust, transformative financing solutions often depend on the creation of new institutions or enabling legislation, which requires meaningful political support. In some instances, this political support is grounded in government agendas for rural development and poverty alleviation, which can converge in constructive ways with IPLC priorities relating to sustainable development. Political support for improving tenure security also contributes to achieving the abovementioned benefits of well-defined property rights.

- Trusted partner with technical capacity: A key enabling factor throughout the cases was the technical assistance of a trusted NGO partner, particularly for the design and deployment of conservation financing solutions at scale. Whether in the form of support for communities, protected areas, private sector actors, or national governments, technical contributions from NGOs appears to be a prerequisite for ambitious, innovative efforts in the realm of conservation finance. Moreover, while technical capacity clearly offers an invaluable contribution, NGO focus and commitment to seeing a solution through from concept to execution is an important enabling factor given shifts in priorities and attention on the part of other actors in the face of fluctuating economic, political, and other conditions.

Key features

- Ongoing fundraising efforts: Continued fundraising efforts remain a significant component of most conservation financing strategies. Despite significant revenue sources such as tourism in Kenya or carbon credits in Australia, these sources rarely cover all conservation needs; moreover, as noted above effective institutional capacity typically takes on additional roles and responsibilities beyond conservation and there is a virtually inexhaustible supply of other funding needs that warrant efforts to find additional resources. Even in cases of well-

capitalized trust funds (e.g. Sovi Basin, Coast Funds), there are other conservation, development, and social projects that can't be covered by the endowment and require continued fundraising. This points to the importance of investing in local fundraising capacity as part of a conservation finance strategy and the implementer's exit path.

- Diversification of financing sources: Closely related to ongoing fundraising efforts, successful conservation financing strategies share the feature that they pursue a diversity of financing sources. Although only a few of the cases have achieved significant diversification, most include concerted ongoing efforts to complement current sources with new revenue generating options. Cases that heavily rely on tourism revenue (e.g. Palau PAN Fund, Tubbataha, and conservancies in the Northern Rangelands Trust) in particular are struggling in the current global COVID-19 pandemic.

- Distributed roles and responsibilities: Many successful conservation financing strategies share the feature that they recognize roles/task areas that are best contracted out or assigned to partners. A clear example is the use of joint ventures with professional operators to manage tourism and trophy hunting in many of Namibia's community conservancies. This need not signal problematic dependency on outside support; in the Warddeken case, different parts of the overall financing set-up are handled by different entities under a variety of partnerships and contracts, but all under the ultimate control and oversight of elected IPLC representatives. However, especially for financing solutions that are ambitious in scale and technical complexity, it is not reasonable to expect that any single entity can house all the requisite capacity. This means that a complete conservation financing strategy explicitly recognizes the functions that are to be outsourced, and plan and budget accordingly.

- Private sector partnerships for enterprise-based solutions: Enduring enterprises developed to support conservation efforts (e.g. ecotourism or sustainable NTFP-based businesses) tend to share the feature of partnerships with private sector operators that can provide training, technical support and market linkages. For example, community-based tourism in Kenya's Northern Rangelands benefits from relationships with private sector operators who can provide capital and training, incorporate booking and logistical functions into their own operations, and combine marketing efforts. These types of private sector links lend confidence in the prospects for enterprise and livelihood development, as they signal basic commercial viability, and thus also facilitate access to different types of non-philanthropic investment. Finally, public-private partnerships can seek to align government policy with enabling conditions for long-term financing.

- Flexible funding: The non-trivial role of unanticipated windows of opportunity in successful conservation finance cases was noted above. A key ingredient in these successes is the availability of flexible funding to allow a nimble response to such opportunities when they

arise. For instance, when the Minister of Environment in Ecuador signaled interest in a national program of incentive payments for forest conservation, Conservation International's Conservation Stewards Program was able to respond immediately with technical support to design the program, thanks to the availability of flexible funding from a small family foundation. Thus, to the extent possible, conservation financing strategies should budget for some ability to respond to unforeseen opportunities, or readily accommodate budgetary shifts to allow such responses. A related point is that identifying and experimenting with new strategies requires funding sources that tolerate uncertain outcomes and the possibility of failure.

Recommendations

Acknowledging that the set of case studies herein cannot be taken as representative of the full universe of contexts and conservation financing solutions, they suggest the following departures from or qualifications to the dominant discourse on conservation financing:

- Although investment in livelihoods may be important as a means to seek alignment with sustainable development visions and as a way to signal appreciation of local priorities, they rarely offer a financing solution that adequately covers costs of conservation activities. Thus, in and of themselves, sustainable livelihood investments are unlikely to contribute to conservation finance at scale.

- Despite all the attention to the private sector and market solutions, philanthropy and government funding remain the principal sources of conservation finance.

- The search for bold and innovative solutions has yielded interesting adaptations of private sector financing instruments, such as impact investment models and green (or blue) bonds. Given the large gap in finances that are needed to meet conservation and sustainable development goals, the search, expansion, and testing of new investment approaches is needed. However, tools that generate large amounts of upfront capital, but require generating revenue over time for repayment, will remain a challenge for their application as conservation financing solutions.

- Several notable successes in conservation financing at scale involve a large, well-orchestrated fundraising push framed as Project Finance for Permanence, as described in Linden et al. (2012). This involves a set of donors collectively supporting all the essential elements of a project, making their funding available simultaneously, typically anchored in enabling legislation or the creation of a new dedicated entity such as a trust (see box below).

Box: Project Finance for Permanence

The culmination of the process for protection of the Great Bear Rainforest and the creation of the associated Coast Funds as the conservation financing solution has been held up as an exemplar of Project Finance for Permanence (PFP), as described in Linden et al. (2012). The PFP approach rests on "the power of bringing together, in one large and complex deal, all the stakeholders, resources, and commitments needed to permanently conserve a large and well-defined area." From our case studies, the Seychelles Debt-for-Nature-Swap could be considered another example.

With PFP, all of the required components of a complex project are funded with support from a set of investors, but each contribution is contingent on all of the other important elements of the project being in place. All of the funding contributions are made simultaneously at a single 'closing,' under the proposition that the project's individual components do not offer much value without all the others. This set-up is commonplace in large private sector projects, but remains a rarity in the non-profit sector. Linden et al. (2012) suggest that this needs to change in order to achieve transformational change at meaningful scales, and that PFP could be applied more widely in the conservation field. They highlight the following enabling conditions for the PFP approach to conservation financing:

- ✔ Large intact ecosystems where intervention can produce significant conservation outcomes
- ✔ Features that are potentially attractive to possible donors
- ✔ A sufficiently strong institutional base for a sound organization
- ✔ Strong political support and good governance

They also note that while the private sector may assist, government and philanthropic funding will usually dominate. Thus, the PFP approach can be seen as a way to amplify the power of conventional fundraising to achieve enduring conservation financing solutions at scale.

Experience with application of the PFP model to conservation finance suggests that in practice the single close may not in fact cover all expected project costs. Coast Funds, for example, is now making a concerted effort to develop new revenue streams. This suggests the importance of the following considerations:

- Clear expectations on what exactly is being financed, for what purpose and for how long
- Clear articulation of whether a single close will cover all expected project costs or initial costs of getting a large-scale effort off the ground
- Recognition of the potential need for additional funds to support essential or complementary activities for long-term conservation management

A challenge for situations where additional funding is sought after a major PFP close is that government and the donor community may have little appetite for providing additional support given the large amounts already committed. Thus, managing expectations is critical, through clear articulation of what will be covered by a PFP versus what additional needs will remain.

In addition to these points, IPLC contexts place particular weight on the importance of situating conservation financing solutions within a wider sustainable development frame, and of investing in IPLC capacity to exercise meaningful ownership of the selected financing solution(s).

Moreover, IPLC contexts require attention to the question of cultural fit between a conservation financing solution and local norms and relationships. At a large scale, a conservation financing solution is likely to feature involvement of multiple communities or groups, and its decision-making processes, distribution rules, and other aspects need to align with customary dynamics while retaining and respecting the identities of individual groups. For instance, pooling user fees paid by tourists to an Indigenous Protected Area might not be compatible with the ways that groups traditionally allocate resources derived from that area.

Considered from the perspective of a global program seeking to support conservation partnerships with IPLCs, the preceding discussions suggest the following recommendations:

Path to IPLC ownership: When pursuing a conservation financing solution, an initiative should from the outset define a clear path for enhanced IPLC ownership over time, accompanied by a plan for building requisite capacity. IPLC ownership need not necessarily mean responsibility for all functions and aspects of the solution, but where roles are allocated to other partners or service providers, they ultimately must be accountable to IPLC management. Housing specific technical capacity in a global program to help formulate exit strategy for individual initiatives would offer a valuable contribution to many efforts around the world.

Centralized technical capacity: Noting both the necessity and limitations of sustainable livelihoods and enterprise development as elements of conservation financing solutions, a valuable role for a global IPLC program relates to technical capacity in this area. Both the case studies and the wider conservation world offer plentiful examples of initiatives that foundered, many for arguably predictable reasons relating to market realities. Centralized technical capacity with respect to rigorous feasibility assessment and value chain analysis for sustainable livelihood and enterprise development in IPLC settings could strengthen the track record of such interventions in the future.

With respect to direct investment in conservation financing solutions, two specific areas could benefit from centralized capacity with a global remit.

1. Noting that some cases involved rapid reactions to sudden and potentially time-bound opportunities, there is a powerful role for flexible funds that are readily deployed to enable IPLCs and their partners to respond quickly to such unanticipated windows of opportunity.
2. One conservation financing solution that can involve significant transaction costs is trust fund establishment. Micronesia benefits from the Micronesia Conservation Trust, which can house dedicated sub-accounts and thereby offer substantial economies with respect to both trust fund design and funds management. TNC's IPLC program could undertake an effort to identify potential opportunities to help establish analogous umbrella mechanisms to support IPLC conservation in other regions, or potentially even at a global

level. Doing so may offer efficiencies in establishment as well as advocacy and fundraising efforts.

Bundling initiatives: Both of the above-mentioned direct investments in conservation financing solutions could benefit from proactively marketing a portfolio of IPLC-led conservation initiatives to donors/investors. Doing so would apply the logic of bonds and the PFP approach to make the case for aligning the level of intervention, aggregate funding needs and scale of impact. Growing use of such instruments and approaches for conservation signals appetite on the part of investors; this trend could be reinforced by strengthening investment propositions on the basis of additional co-benefits related to empowering IPLCs and supporting their sustainable development efforts.

Debt transactions: Debt transactions represent a specific application of concepts that also inform bond and PFP transactions. While noting that these are complex, they offer a route to long-term funding that can advance the interests of all major stakeholders. This provides a facilitating organization with considerable latitude to propose particular design elements, such as a focus on IPLC-led conservation. There are growing indications that a new debt crisis may be unfolding, concentrated in private capital markets, warranting a concerted effort to track opportunities for deployment of TNC's considerable expertise in debt-for-nature transactions.[14]

Further research

Conservation finance is an area with a well-developed literature and fairly broad-based consensus on available options and best practices. However, in IPLC contexts it is clear that successful conservation financing solutions are almost always linked to institutional development, and this area is much less understood. Arguably, among the most important areas for further research then are those relating to models, approaches and best practices for creating and strengthening the requisite institutional capacity for IPLC conservation finance.

Another area that features an extensive literature is monitoring and evaluation. However, this literature does not address questions surrounding monitoring and evaluation frameworks that respect IPLC norms and values while meeting the needs of particular types of conservation financing solutions. This presents another area of potential research with concrete applications.

Guidance on conservation finance increasingly emphasizes the role of cost management – optimizing efficiencies, minimizing budgetary burdens, and thus reducing the scale of the financing challenge. However, there is little focused literature on how to approach this aspect of financing solutions in a systematic way. Applying management science to research with a focus

[14] https://www.nytimes.com/2020/06/01/business/coronavirus-poor-countries-debt.html

on the costs of designing, establishing and implementing conservation financing solutions would inform development of strategies to reduce these costs. This research would benefit from a particular focus on the transaction costs involved in various conservation financing instruments, and, for IPLC-led conservation, such a research agenda could be structured to explore costs relating to each of the four VCA pillars.

Conclusion

The overall message to emerge from the analysis is that the importance of diversification cannot be emphasized enough. The need to diversify revenue sources already has been emphasized, but diversity is essential on many fronts:

1. *Intervention strategy* needs a diverse set of approaches to sustainable development rather than a narrow focus on conservation. Moreover, interventions should also reflect diversity by integrating traditional knowledge and 'western science', and interdisciplinary approaches that, in addition to ecology and economics, draw on other relevant fields and modes of thought.

2. *Capacity* must be understood as a highly diverse range of capabilities, relating to conservation and natural science, legal processes, gender issues, business and finance, governance and conflict resolution, communications, and more. Moreover, successful initiatives are marked by distribution of capacity across multiple mutually reinforcing structures, reflecting diversification away from dependence on a single institution.

3. *Relationships* need to reflect a diversity of constructive links to other stakeholders, including government, business and other IPLCs, in addition to implementing NGOs. This type of diversity reinforces resilience to shifting stakeholder priorities, amplifies voices, benefits from exposure to multiple perspectives, and maximizes potential synergies.

One way to pursue diversification is to expand the way that some might conceptualize a trust fund. A trust fund could be narrowly envisioned as an account to receive donor money and disburse funds to cover management costs of a protected or otherwise conserved area. However, several examples suggest that the real value of trust funds lies in their institutional capacity and mandates to pursue more holistic missions. Coast Funds, for instance, supports conservation management but also governance, education, cultural preservation, planning and enterprise development. Beyond its original endowment and sinking fund components, Coast Funds pursues financing strategies that include carbon credits, user fees, and government engagement, in addition to conventional philanthropic sources. Beyond serving as a conduit for funds, Coast Funds provides a voice for its constituents and serves an important convening role to align multi-stakeholder efforts. This diversity of roles and contributions is paralleled in other cases such as

Warddeken Land Management and the Northern Rangelands Trust. These examples show the power and value of investing not in a conservation financing solution per se, but in the institutional capacity for ongoing IPLC-led efforts to advance sustainable development.

For long term finance, then, successful strategy does not focus so much on a single conservation financing solution as on a sustainable economy, encompassing ecosystem value as well as social and cultural value, and combining multiple financing tools. This requires capacity to address needs on an ongoing basis, and respond to changes as these needs evolve; a mandate that encompasses needs linked to a broad range of issues and priorities; and recognition that there will always be a role for continued fundraising and local capacity development for continuous sustainable development work.

Sources

References

Clark, S., 2012. A field guide to conservation finance. Island Press.

Coady, D., I. Parry, N-P. Le, and B. Shang. 2019. Global Fossil Fuel Subsidies Remain Large: An Update Based on Country-Level Estimates. IMF Working Paper, Fiscal Affairs Department.

Deutz, A., Heal, G. M., Niu, R., Swanson, E., Townshend, T., Zhu, L., Delmar, A., Meghji, A., Sethi, S. A., and Tobin-de la Puente, J. 2020. Financing Nature: Closing the global biodiversity financing gap. The Paulson Institute, The Nature Conservancy, and the Cornell Atkinson Center for Sustainability.

Ferraro, P.J. and Taylor, L.O. 2005. Do economists recognize an opportunity cost when they see one? A dismal performance from the dismal science. The BE Journal of Economic Analysis & Policy, 4(1), pp.1-12.

Garnett, S.T., Burgess, N.D., Fa, J.E., Fernández-Llamazares, Á., Molnár, Z., Robinson, C.J., Watson, J.E., Zander, K.K., Austin, B., Brondizio, E.S. and Collier, N.F., 2018. A spatial overview of the global importance of Indigenous lands for conservation. Nature Sustainability 1(7): p.369.

Guest, G., A. Bunce, L. Johnson. 2006. “How many interviews are enough?: An experiment with data saturation and variability.” Field Methods 18, 59-82.

IPBES. 2019. Global assessment report on biodiversity and ecosystem services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services. E. S. Brondizio, J. Settele, S. Díaz, and H. T. Ngo (editors). IPBES secretariat, Bonn, Germany.

Linden, L., S. McCormick, I. Barkhorn, R. Ullman, G. Castilleja, D. Winterson, and L. Green. 2012. A Big Deal for Conservation. Stanford Social Innovation Review pp.42-49.

Meyers, D., C.F. Alliance, J. Bohorquez, B.F.I.B. Cumming, L. Emerton, M. Riva, U.J.S. Fund, and R. Victurine. 2020. Conservation Finance: A Framework.

Parker, C., M. Cranford, N. Oakes, and M. Leggett, ed. 2012. The Little Biodiversity Finance Book, Global Canopy Programme; Oxford.

RRI, WHRC, and WRI (Rights and Resources Initiative, Woods Hole Research Center and World Resources Institute). 2016. Toward a global baseline of carbon storage in collective lands: An updated analysis of indigenous peoples' and local communities' contributions to climate change mitigation.

Sandelowski, M. 1995. "Sample size in qualitative research." Research in Nursing & Health 18, 179-183.

Sobrevila, C., 2008. The role of indigenous peoples in biodiversity conservation: The natural but often forgotten partners. Washington, D.C.: The World Bank.

Social Ventures Australia (SVA). 2014. Evaluative Social Return on Investment Report: Social, Economic and Cultural Impact of Kanyirninpa Jukurrpa's On-Country Programs. Melbourne, Australia: SVA.

The Nature Conservancy (TNC). 2017. Strong Voices, Active Choices: TNC's Practitioner Framework to Strengthen Outcomes for People and Nature. Arlington, VA: TNC.

UNCTAD. 2014. World investment report 2014: Investing in the SDGs: An action plan. Geneva: United Nations Conference on Trade and Investment.

United Nations. 2009. State of the World's Indigenous Peoples. Department of Economic and Social Affairs, United Nations Secretariat. : New York: United Nations.

Westphal, M., Pascal, C., Ballasteros, A. and Morgan, J. 2015. Getting to $100 Billion: Climate Finance Scenarios and Projections to 2020. Working Paper, World Resources Institute.

Wily, L.A., 2011. Customary land tenure in the modern world. Rights to Resources in Crisis.

World Bank. 2018. Seychelles Achieves World First with Sovereign Blue Bond. Feature story. October 29, 2018. Accessed on June 29, 2020. Available from: https://www.worldbank.org/en/news/feature/2018/10/29/seychelles-achieves-world-first-with-sovereign-blue-bond

Recommended resources

Alcorn, J. 2010. Indigenous Peoples and Conservation. MacArthur Foundation conservation White Paper series.

Campese, J., Sunderland, T., Greiber, T. and Oviedo, G. (eds.) 2009 Rights-based approaches: Exploring issues and opportunities for conservation. CIFOR and IUCN. Bogor, Indonesia.

Linden, L., S. McCormick, I. Barkhorn, R. Ullman, G. Castilleja, D. Winterson, and L. Green. 2012. A Big Deal for Conservation. Stanford Social Innovation Review pp.42-49.

Meyers, D., C.F. Alliance, J. Bohorquez, B.F.I.B. Cumming, L. Emerton, M. Riva, U.J.S. Fund, and R. Victurine. 2020. Conservation Finance: A Framework.

OECD. 2019. Biodiversity: Finance and the Economic and Business Case for Action. OECD Publishing. Paris.

OECD. 2020. A Comprehensive Overview of Global Biodiversity Finance. Final Report. OECD Publishing.

Parker, C., M. Cranford, N. Oakes, and M. Leggett, ed. 2012. The Little Biodiversity Finance Book, Global Canopy Programme; Oxford.

Paun, A., Rajanayagam, S. and the Global ESG team. 2020. Paradise lost? Why investors must address the biodiversity crisis next. HSBC Global Research Report.

Porras, I. and Steele, P. (2020) Making the market work for nature: how biocredits can protect biodiversity and reduce poverty. IIED Issue Paper. IIED, London.

Porras, I., Wells, G., Stephenson, C. and Kazis, P. (2016) Ethical carbon offsetting. Guidelines and lessons from smallholder and community carbon projects. IIED, London.

Redstone Strategy Group. 2011. Project Finance for Permanence: Lessons from landscape-scale conservation deals.

The Nature Conservancy (TNC). 2017. Strong Voices, Active Choices: TNC's Practitioner Framework to Strengthen Outcomes for People and Nature. Arlington, VA: TNC.

UNDP (2018). The BIOFIN Workbook 2018: Finance for Nature. The Biodiversity Finance Initiative. United Nations Development Programme: New York.

Annex 1: Brief case study descriptions

Alto Mayo

The Alto Mayo hydrological basin comprises about 780,000 hectares (ha) in the northern Peruvian Amazon. The rainforests of this region house 37 mammal species, 420 bird species (of which 23 are threatened; 5 of 17 bird species endemic to the Alto Mayo are endangered), and 588 plant species, of which 25 are endemic. The landscape is home to about 230,000 people, including 9,000 people in 14 Awajún indigenous communities living on titled territories, as well as migrant farmers renting or living on land within these communities. The indigenous territories total about 146,500 ha, or nearly 20% of the watershed. Awajún livelihoods include coffee production, hunting, timber extraction and banana cultivation, but cash crop production is dominated by migrant farmers. The landscape is threatened by increasing deforestation driven by unsustainable farming practices, much of which stems from migrant farmers who use practices poorly suited to the region's tropical soils. Community Life Plans are officially recognized as the planning instrument for Peru's Indigenous Peoples. The intervention being pursued by Conservation International (CI) and partners is to assist communities with development of Community Life Plans and use these Plans as the basis for Conservation Agreements that spell out community conservation commitments in return for livelihood support and governance capacity strengthening. CI has developed a multi-pronged financing solution to diversify funding sources, including: REDD+ revenue from sale of carbon credits; forest protection payments from Peru's national system of incentive payments for forest protection; livelihood investments including sustainable cash crops (particularly coffee and cocoa), niche products (exotic fruits, ornamental plants, forest medicine), and traditional crops (heirloom cassava varieties); ongoing fundraising from a broad range of corporate, public and philanthropic donors; and a trust fund to support continued green economic development and core conservation management activities by the Awajún. The Awajún people are closely involved in key aspects, as per the Conservation Agreement model and the Community Life Plan processes which by design are highly participatory.

Arnavon Community Marine Park

The Solomon Islands is made up of a double chain of 922 islands covering more than 200 million hectares of the Pacific Ocean. The Solomon Islands has at least 1,019 fish species and the second greatest diversity of terrestrial vertebrate species of all Pacific Island nations. The Arnavon Community Marine Conservation Area was established in 1995 as the first community-managed marine conservation area in the Solomon Islands. It has an area of 15,800 hectares, and is home to nesting grounds of the endangered Hawksbill sea turtle, which was the impetus for creating the conservation area. About 2,200 people live near the MPA and the communities of Waghena, Kia and Katupika co-manage the MPA in partnership with the provincial government and TNC. The main livelihoods in the area are fishing, sea cucumber harvesting, trochus shell collection, and seaweed farming. In 2007, TNC established an endowment fund, which currently has a value of approximately $800,000. Disbursements from the fund cover approximately 30% of the MPA's annual costs, and TNC assists with fundraising for the rest of the budget. Attempts to establish alternative livelihoods and diversify revenue sources have been challenging. Seaweed farming was a successful enterprise until the market price collapsed. Other options have been hindered by the

remote location and lack of capacity for enterprise development. Ecotourism provides some additional income for the communities.

Bird's Head Seascape Blue Abadi Fund

The Bird's Head Seascape (BHS) contains 22.5 million hectares of coral reefs, mangroves, seagrass beds, and marine lakes in West Papua Province, Indonesia. The BHS Seascape contains 75% of the world's hard coral species, 14% of global mangrove area, and more than 1,750 species of reef fish. The BHS is home to approximately 760,000 people, who mainly rely on fishing and agriculture. Given the increasing pressure on fisheries, the BHS MPA Network was established to protect 3.6 million hectares, representing approximately 20 percent of all MPAs in Indonesia. After more than a decade of conservation work in the Bird's Head Seascape by TNC, CI, and WWF, supported mainly by the Walton Family Foundation, the Blue Abadi Fund was created to transition to management by local organizations. The Fund was designed to provide long-term funding that complements existing sources of funding (entry fees, government allocations). The purpose of the fund is to support effective co-management of the network and mobilize and empower local civil society organizations conducting complementary conservation efforts. The initial endowment capitalization reached $15.3 million, with an additional $5 million pending, and $5 million in sinking funds. The sinking fund covered the first three years of operating costs and grant-making. The Fund is managed by an Indonesian foundation, and guided by a governance committee, which includes IPLC representation. Grants are made to local organizations for conservation activities and capacity building. In 2018 the Blue Abadi Fund administered 23 grants totaling $1,506,680, and in 2019 it awarded 16 grants totaling $1,602,793.

Great Bear Rainforest/Coast Funds

The 7.4 million ha Great Bear Rainforest (GBR) on Canada's Pacific Coast stretches from Vancouver Island to Alaska. The total population of about 35,000 people includes 27 First Nations living in unceded traditional territories. In the 1990s clear-cut timber harvesting posed the greatest threat to the area as logging companies sought new concessions, alarming conservation organizations as well as First Nations communities. First Nations also held wider concerns including equitable distribution of economic benefits and recognition of traditional authority. In 2001 First Nations, the timber industry, NGOs, and the provincial government of British Columbia (BC) agreed on a path to a comprehensive settlement for the GBR, including recognition of First Nations land-use planning processes. This led to new provincial legislation to designate areas as conservancies, co-managed by First Nations and BC government agencies. Next, the 2006 GBR Agreement protected 2 million ha and imposed Ecosystem-based Management (EBM); in 2009, the BC government formally encoded EBM as legally binding for the GBR. Finally on February 1, 2016 First Nations and the BC government announced the completion of the GBR Agreement process, protecting 85% of old-growth forests. The 2006 GBR agreement was followed in 2007 by a financing agreement that secured $120 million [Canadian dollars] for the Coast Opportunity Funds (now called Coast Funds). The structure includes an endowed trust fund to maintain long-term support for conservation efforts, and a sinking fund to support sustainable enterprise. They are two separate legal entities, but share the same board and trustees. The endowment was capitalized with $60 million from private foundations; $60 million for the sinking fund came from the Governments of Canada and BC. Coast

Funds disburses approximately $10 million per year; conservation awards have ranged from monitoring and research efforts to cultural and educational programming. Main areas of economic development awards have been aquaculture, tourism, and forestry. Only those First Nations that commit to significant conservation elements in their land-use plans benefit from the fund; the more traditional territory they place under protection, the greater their allocation.

Hadza Yaeda Valley

The Yaeda Valley is the last sizable territory of the Hadza, a hunter-gatherer people that are among the most ancient inhabitants of northern Tanzania. The Hadzabe depend on harvesting wild foods including tubers, berries and other plants; honey; and hunting wild animals. The Yaeda Valley is a semi-arid area of acacia and baobab forests and rangelands near northern Tanzania's Ngorongoro highlands. Several rare and threatened large mammal species use this area, including wild dogs, lions, cheetah, and leopards. The area also supports seasonal populations of Thomson's Gazelle, Wildebeest, Impala, Zebra, Giraffe, Cape Eland, Savannah Elephant, and Cape Buffalo. The rapid deforestation and land degradation occurring throughout Tanzania began to spread into the Yaeda Valley, driven by competition among different ethnic groups for increasingly scarce fertile land. The Ujamaa Community Resource Team (UCRT) began working with the Hadzabe to strengthen their capacity to advocate for their interests in land use plans and succeeded in establishing the first Group Certificate of Customary Right of Occupancy issued in Tanzania, granting the Hadza legal tenure over land. In 2009, Carbon Tanzania, a social enterprise based in Arusha, met with UCRT and the Hadzabe in 2009 to discuss the possibility of a partnership. In 2011, the Hadzabe signed a twenty-year contract with Carbon Tanzania to sell carbon offsets on their behalf from 20,611 hectares of the Hadzabe CCRO. In 2014 a neighboring village was included, to bring the total area to 34,073 hectares. The key actions revolve around enforcing community land use plans that are intended to maintain forest and rangeland and prevent clearing. Land use is monitored by local community guards, who are elected by the community and trained in conducting patrols, monitoring, and enforcement. The monthly community-based monitoring of the project area tracks three potential threats; 1) Illegal land incursion resulting in habitat loss; 2) overgrazing or illegal cattle incursion and associated construction of cattle corrals; 3) poaching or illegal bushmeat hunting. Sixty percent of the revenue from the sale of offsets goes directly to the community, to cover the costs of managing and protecting the area including salaries for local scouts, and to provide community benefits.

Helen Reef

Helen Reef (also called *Hotsarihie*) is a remote atoll located in the southernmost State of Hatohobei (Tobi) in Palau. Helen Reef is located more than 500 km southwest of the main islands of Palau and 40 km east of Hatohobei Island (the only other island in the State). Helen Reef has some of the highest known hard coral diversity among Pacific atolls and its outstanding biodiversity has long been recognized by researchers and conservationists. Helen Reef is traditionally owned by the Hatohobeian community, which is represented by Hatohobei state. Most Hatohobeians have relocated to Palau's main islands because of limited opportunities in Hatohobei, but Helen Reef remains an important place and resource for the people of Hatohobei. With increasing exploitation of the area by foreign vessels in the 1990s, Hatohobei struggled to deter poachers from Helen Reef. In November 2001, the Helen Reef Management

Area Act was passed, which created the Helen Reef Reserve and a three year moratorium on consumptive use within the Reserve. The Helen Reef Reserve covers approximately 16,300 ha, comprising all land and marine areas within one nautical mile of the seaward edge of the reef. Funding was primarily from philanthropic donations and U.S. government grants, and the need for long-term financing for Helen Reef was recognized due to the high cost of enforcing a large remote MPA. In 2009, Helen Reef Conservation Area became part of the Palau Protected Area Network, which unlocked funding derived from Palau's Green Fee (a $15 charge to every visitor to Palau). Beginning in 2012, the PAN Fund has delivered on average $150,000 per year for the Helen Reef Conservation Area. Additionally in 2013, the Hatohobei community and the Micronesia Conservation Trust signed an endowment agreement for Helen Reef, and the endowment was seeded with $30,000 from the Prince Albert II Foundation.

Kayapó Fund

The territories of the Kayapó Indigenous People span around 11 million hectares (ha) of the Xingu River Basin in Pará and Mato Grosso states of Brazil. This is the last large forest block in the southeastern Amazon, and contains a unique and vulnerable Amazonian forest type that is poorly represented in Brazil's protected area system. The Kayapó Fund focuses on five of the eight legally ratified Kayapó Territories. The population of nearly 10,000 lives in 82 communities throughout the territories. Since the 1970s the Kayapó have fiercely defended their territory and rights and maintained their traditional culture, rejecting commercial agriculture as well as infrastructure development. The main livelihood for Kayapó forest communities is subsistence shifting cultivation, but due to remoteness and limited connection to national infrastructure and government systems, they need to pay for medical treatment, education, transportation, and communication services. The Kayapó have been successful in halting the most extreme threats to the ecosystems on their lands. Legal designation as Indigenous Territories means that no activities can legally take place without Kayapó consent, but illegal encroachment by settlers, miners, loggers and ranchers is an ever-present and growing threat. Conservation International (CI) launched the Kayapó Fund in 2011 to provide grants to support monitoring and protection efforts, sustainable economic development activities, and institutional capacity building for administration of indigenous organization. The Kayapó Fund started with an initial donation of US$8 million, half as an endowment from Conservation International and half as sinking funds from Brazil's National Economic and Social Development Bank (BNDES) through the Amazon Fund. The Amazon Fund subsequently released additional tranches totaling up to US$7 million in sinking funds. The Kayapó Fund is managed by the Brazilian Biodiversity Fund (Funbio), a non-profit civil association.

Laguna San Ignacio

Laguna San Ignacio is situated on the Pacific Coast of Baja California Sur, Mexico. The 80,000 hectare lagoon is contained within the El Vizcaino Biosphere Reserve, Mexico's largest protected area. Laguna San Ignacio is the world's last untouched breeding ground for Pacific gray whales. The land around Laguna San Ignacio is comprised of 6 ejidos (a form of communal landholding), whose residents rely on the lagoon for fishing and whale-watching ecotourism. When Laguna San Ignacio was proposed as the location for construction of the world's largest salt manufacturing plant in 1994, concerns about impacts on local fisheries and whale-watching businesses led some of the local communities and environmental groups to

launch the Laguna San Ignacio Conservation Alliance. The Alliance raised $1.5 million dollars for an endowment fund, as a result of international campaigns against the proposed Mitsubishi salt plant. The proposal was defeated, and to protect coastal habitat against future development threats, a 49,000 hectare conservation easement was negotiated with the one of the ejidos (Luis Echeverría Alvarez). The easement restricts development in all the communal lands within the ejido. Annual interest generated from the endowment fund is used for monitoring, legal defense, and community payments. Each year, if monitoring confirms that the community has met its obligations, the ejido receives $25,000 for community sustainable development projects. Any member can present a project proposal that will be reviewed by the ejido leadership, and all the members vote on the proposals in a general assembly.

Loisaba Conservancy

Loisaba is a 22,662-hectare wildlife conservancy in one of Kenya's richest wildlife areas outside the formal protected area system. The Loisaba Conservancy is owned by the Loisaba Community Trust (LCT), which TNC helped form to enable transfer of ownership. Although the Conservancy is owned as private property and not occupied by local communities, relationships between Loisaba and neighboring communities are essential to regional conservation management. Surrounding communities who form grazing committees and improve grazing management are granted controlled access to Loisaba and livestock marketing support. One such relationship is with the Koija Group Ranch, a community of about 1,500 people. The LCT involves neighbors in planning, decision-making and resource use. They also provide community benefits through the Loisaba Community Conservation Foundation (LCCF). The core financing mechanism is ecotourism, a low volume, high value enterprise where guests pay upwards of US$600 per night. Loisaba Conservancy tourism is managed by Elewana, a high-end operator. Current business figures are not public, but before the LCT purchased the property it generated annual revenue of about US$1.5 million. LCT has also supported Koija Starbeds, a community-based joint venture on the neighboring Group Ranch which has generated community employment and revenue. Funding for the community venture included initial support from the USAID-funded Conservation of Resources through Enterprise (CORE) project, the African Wildlife Foundation and the Loisaba Ranch. The LCCF supports education, health and livelihood projects through ongoing fundraising efforts from philanthropic sources, paired with contributions from the Loisaba Conservancy. Philanthropic sources were also critical to the transition to LCT ownership. TNC, with the Northern Rangelands Trust, Space for Giants and other partners, secured about US$10 million for acquisition of the property (the philanthropic sources of this US$ 10 million are not public).

Mexico Baja California Red Rock Lobster Fishery

Northwest Mexico is the most important region for marine fisheries in the country, due to its productive waters. The Baja California Cooperative Societies Regional Federation (FEDECOOP) represents 1,300 fishers in nine of the ten highest-grossing lobster-fishing cooperatives that are located along the coast, extending from Cedros Island in Baja California to Punta Abreojos in Baja California Sur. Most of the area is within the Vizcaino Biosphere Reserve, Mexico's largest protected area. The fishers have exclusive rights to lobster and other species within areas designated through a concession from the government. There are overarching national laws that govern the fishery, but the majority of management decisions and activities are undertaken by the cooperatives, e.g. closed areas, effort levels, monitoring, and

enforcement. Members of the fishing cooperative receive reliable incomes and additional benefits such as disaster payment and retirement plans in exchange for compliance with cooperative rules. In 2004, the sustainable lobster-fishing practices and robust management within these 9 fishing cooperatives led it to become one of the first developing country fisheries to obtain certification by the Marine Stewardship Council (MSC). Certification can provide access to markets (e.g. large retailers that will only buy certified products) and a price premium for a sustainable product. The Mexican government and NGOs have assisted FEDECOOP with the certification process (research, data collection, reporting), and the lobster fishery has successfully maintained certification since 2004.

Micronesia Conservation Trust

The Micronesia Conservation Trust (MCT) provides grant-making in the Federated States of Micronesia, the Republic of Palau, the Republic of the Marshall Islands, the US Territory of Guam, and the Commonwealth of the Northern Mariana Islands. This covers a total sea area of 670 million hectares, representing more than 20% of the Pacific Island region and 5% of the largest ocean in the world. Micronesians depend heavily on their natural resources with coastal fisheries providing income sources to more than half of Micronesian households and nearly all of the animal protein consumed, and forests provide materials for shelter and traditional medicines. Fishing pressure has increased over the last decades and is now a major threat to marine ecosystems. In addition, communities in the region are vulnerable to sea-level rise and flooding. The MCT was established in 2002 to provide long-term, sustained funding through grants and capacity-building programs to support biodiversity conservation, climate change adaptation, and related sustainable development for the people of Micronesia. MCT houses the endowment for the Micronesia Challenge, a regional effort to effectively conserve and manage at least 30 percent of near-shore marine resources and 20 percent of terrestrial resources across Micronesia by 2020. The jurisdictions of the region have developed financing plans with the aim of generating funds to invest in their dedicated endowments. Palau is now receiving disbursements of just under $500,000 annually, as its endowment has grown to approximately $10 million. The MCT houses other small endowment funds and provides $1-2 million per year in grants raised from US federal government agencies, the European Union and individual EU countries, international private foundations and multilateral donor agencies such as the Global Environment Facility (GEF). It recently received accreditation by the United Nations' Adaptation Fund and the Green Climate Fund, enabling access to additional resources for climate change adaptation work in Micronesia.

Northern Rangelands Trust

The Northern Rangelands of Kenya is an arid and semi-arid grassland region across 4.2 million ha, comprising 10 counties and 320,000 people from a dozen ethnic groups. The area is home to endangered elephant, rhino, Grevy's zebra, reticulated giraffe, and many other species. The pastoralist communities depend on livestock rearing for their livelihoods, and much of the land is unsuitable for agriculture. It is a remote area with inadequate government investment or support, resulting in poor healthcare and education facilities. There is intense pressure on wildlife populations mainly as a result of competition with livestock for resources, which is driven by rapidly expanding human populations and small stock populations (goats) and exacerbated by drought. Poaching and human-wildlife conflict also impact

wildlife. In the 1990s, communities in the area began creating conservancies to address the challenges of effective governance and natural resource management across their territories. The Northern Rangelands Trust (NRT) is a backbone organization that supports 39 community conservancies through assistance with developing natural resource management plans, leadership development, peace and security training, incubating economic development initiatives, and mobilizing sustainable funding for conservancies. NRT currently has a $10 million budget that is mainly from donors, but NRT is working on increasing the proportion that is derived from tourism, livestock marketing, beading, carbon trading, and domestic government financing, as well as establishing a trust fund. Kenya's important tourism industry is expanding in the area and more than 1,000 local people are employed in tourism operations. Over time, the NRT activities are designed to evolve as individual conservancies expand capacity and successfully find technical and financial support from other sources.

Palau Protected Areas Network Fund

Palau is located in the western Pacific Ocean at the tip of the Coral Triangle. The land area is comprised of over 700 islands, of which only 12 are continuously inhabited. Palau has over 1,400 species of reef fish, more than 400 species of hard corals, and many protected species such as dugongs, saltwater crocodiles, turtles and giant clams. Palau's terrestrial biodiversity is the most diverse in the Micronesia region, and it has one of the most biologically diverse underwater environments globally. Palau has a population of approximately 21,000 people, of which two thirds are indigenous Palauans. Palau is a country with a tradition of conservation, though traditional knowledge and practices are eroding. Palau's economy is based on agriculture, fishing, and tourism. In 2003, the Protected Areas Network (PAN) Act created a national framework to conserve and protect Palau's biodiversity. The purpose of the PAN is to enhance State-based conservation. Five sites in four States became the PAN's first members in 2008, and currently there are 34 PAN sites in 15 states. Each protected area has its own rules and objectives, as agreed upon by local communities. Approximately 34% of MPA area is completely closed to fishing. The PAN Fund was created to support and finance PAN projects and programs and provide technical support for States' conservation and sustainable development efforts. Green Fees account for nearly 70% of PAN Fund revenue. The Green Fee was established in 2009 as a US$15 departure tax for all visitors to Palau, and later raised to US$100. Total expenditures in FY2018 were US$2,250,524. Of this, 62% was disbursed to PAN States/Sites.

Programma Socio-Bosque

The Socio Bosque Program (SBP, or Forest Partners Program in English) is a national system of direct incentives for forest conservation launched in 2008 by the Government of Ecuador. SBP seeks to prevent forest loss, protect biodiversity, and avoid carbon emissions, while advancing rural development. The goal is to protect around 3.6 million ha of native forest and other ecosystems. To date SBP contracts have conserved more than 1.6 million ha. SBP prioritizes habitat based on ecosystem service value, deforestation pressure, and poverty levels, particularly in poor rural areas with an emphasis on Indigenous communities (individual landholdings also are eligible). A stated goal is to improve the lives of 1 million rural people. Participation is voluntary but requires legal tenure; incentive payments are based on the amount of land enrolled in 20-year contracts. Contract commitments are tailored to each site; community

contracts typically include vigilance efforts to deter illegal logging, mining and hunting. Participation requires management and spending plans in which program payments typically are used for education, health and local infrastructure; community spending plans must be prepared through transparent, participatory processes to prevent elite capture. Biannual payments are contingent on compliance with these plans. To date, the program has benefitted on the order of 180,000 people; as many as 95% of program beneficiaries are from communal contracts, and more than 85% of all land in the program is collectively owned. As of 2019, the annual total amount of incentive payments is about US$10.5 million. Since inception, the Ecuadorian government has invested nearly US$100 million for native habitat conservation through the SBP. This mostly consists of central government budget allocations, with some contributions from bilateral aid, corporate grants and NGOs. Many communities have enrolled in the SBP with technical support from NGOs.

Seychelles Conservation and Climate Adaptation Trust

The Republic of Seychelles covers 1.4 million km^2 of the southwest Indian Ocean. Its marine ecosystems include mangroves, seagrass meadows, and 1,700 km^2 of coral reef. Most of the population of about 97,000 lives on the central archipelago. Tourism and fishing together account for about one-third of employment; fisheries are the primary source of foreign exchange, but overfishing is of great concern. Key commodity species such as the Emperor red snapper show widespread declines, and by-catch in the tuna fishing industry is a threat. Under a debt-for-nature-swap concluded with TNC in 2015, the government committed 30% of its sea area to marine protection by 2020, ten years ahead of the United Nations 2030 target. For the deal, NatureVest raised US$5 million in grant funding from foundations and individuals and a US$14.2 million loan from TNC, and negotiated a discount from creditors on the original debt. These funds were transferred to the Seychelles Conservation & Climate Adaptation Trust (SeyCCAT), created by the government to facilitate the swap; SeyCCAT issued loans at 3% interest to the government, and uses the government's debt payments to repay initial capital, support marine conservation and climate adaptation work (disbursing about US$280 thousand in local currency per year), and build up an endowment to support future work (US$150 thousand per year; at 7% compounding interest over 20 years this ultimately is expected to result in a US$6.6 million endowment). Original debt holders were the governments of Belgium, France, Italy and the United Kingdom. Other collaborators included the government of South Africa and the United Nations Development Program, Global Environment Facility, and Global Island Partnership. In addition to the discount on the debt, the Government of Seychelles benefits from improved terms governing the debt payments, as they are spread over a longer period (average of 13 years versus 8 years), and are partially payable in local currency. The transaction expanded Seychelles marine protection from less than 1% to more than 30% of the EEZ. This amounts to about 400,000 km^2, or the size of Germany.

Sovi Basin

The Sovi Basin houses Fiji's largest remaining parcel of undisturbed lowland tropical rainforest. Though unoccupied, it is owned as native land by 13 landowning family clans (mataqalis) comprising about 4,000 people in villages outside the Basin. Native land cannot be sold, but can be leased (for agriculture, forestry, commercial or residential use, etc.). The Sovi Basin Protected Area was created in 2012 using a 99-year

lease in which mataqali granted the National Trust of Fiji (NTF) the right to manage the area for conservation. The lease was brokered by the iTauki (Native) Land Trust Board with technical support from the University of the South Pacific and Conservation International (CI). Mataqali members retain access rights for traditional hunting, fishing and NTFP collection, and a role as co-managers. Annual compensation to the communities has three components: land rental fee, based on a per-hectare rate negotiated through the TLTB based; timber royalty offset, based on government formulas and commercial timber inventory; and Community Conservation and Development Fund (CCDF) contributions. For the CCDF, NTF facilitates village-level decision-making on use of funds. Examples include scholarship programs and agricultural livelihood projects. The total cost of compensation is on the order of US$62,000 per year, or just over US$4 per hectare per year. In addition, NTF incurs management costs of about US$65,000 per year. To cover the annual costs of compensation and management, CI led the establishment of an endowed trust fund held in Singapore, capitalized with initial contributions of US$1.5 million from the Global Conservation Fund and US$2.25 million from the Fiji Water Foundation. The annual interest and dividends generated by this endowment are sufficient to cover the total annual costs of the Sovi Basin Protected Area.

Tubbataha Reefs Natural Park

Tubbataha Reefs Natural Park (TRNP) is located in the Philippines in the center of the Sulu Sea, approximately 150km southeast of Puerto Princesa City in Palawan, the western-most province of the Philippines. The TRNP was designated as the country's first national park in 1988, and now covers an area of 97,030 hectares. TRNP is part of the Coral Triangle, an area that covers just two percent of the planet's oceans but contains at least 40 percent of the world's fish and 75 percent of corals. Tubbataha is one of the few remaining examples of a highly diverse near-pristine coral reef, and studies show that reefs in this region are comparatively resilient to climate change. There are at least 790 species of fish, two species of marine turtles, and nine species of dolphins and other marine mammals. While the reefs and atolls of Tubbataha and Jessie Beazley are uninhabited, they are part of the municipality of Cagayancillo, a remote island municipality approximately 130 kilometers to the northeast, inhabited mainly by fisherfolk. Its approximately 6,000 inhabitants engage mainly in seaweed farming and fishing. Tubbataha is threatened by foreign poaching and a ranger station is occupied year round by a joint patrol team from the Philippine Navy, Philippine Coast Guard, the Municipality of Cagayancillo, and the Tubbataha Management Office. The vast majority of the TRNP budget is allocated to law enforcement (80%). Approximately 5% is for monitoring and evaluation, and approximately 15% is for livelihoods. Conservation fees paid by dive tourists are the main source of revenue for the park, covering approximately 50% of the budget. Approximately 28% of the budget is funded through the national and provincial government.

Warddeken Land Management

The 1,394,951 ha Warddeken Indigenous Protected Area (IPA) in Australia's Northern Territory belongs to Nawarddeken Traditional Owners with property rights in the form of inalienable freehold Aboriginal Land. The main threat to the ecosystem is uncontrolled wildfire. In 2007 the communities created Warddeken Land Management Ltd. (WLML), an independent company established as a service provider for the Traditional Owners, to secure and manage financial resources to support the IPA. Most (60%) of the IPA's

funding comes from the Government of Australia, principally through its Indigenous Advancement Strategy (IAS) and Indigenous Protected Area (IPA) programmes. Carbon offset purchases provide just over a quarter, and most of the remainder comes from philanthropic sources. From 2006 until 2011, carbon credits were sold to ConocoPhillips under the Western Arnhem Land Fire Abatement (WALFA) project, centered on generating carbon offsets using traditional fire management practices. In 2011, Australia's Carbon Credit (Carbon Farming Initiative) Act facilitated access to a wider universe of buyers. Now, carbon credits are generated and quantified using a government-recognized methodology based on the WALFA model. Management practices primarily include controlled burns; strategic burning to complement natural fire breaks; and creating fire breaks specifically to protect jungles, heaths and sacred places with some fire suppression where required. Reduced prevalence, extent and intensity of fires result in net reductions in carbon emissions. To sell ACCUs, Aboriginal groups involved in WALFA created Arnhem Land Fire Abatement Northern Territory Ltd. (ALFA), a non-profit, Aboriginal-owned company legally empowered to transact carbon credits. They also helped establish the Karrkad Kanjdji Trust (KKT), a charitable organization that pursues philanthropic funding for Indigenous social, cultural and environmental projects. KKT works with WLML in joint fundraising efforts.

Yela Conservation Easement

The Yela Forest Conservation Easement protects 28 ha of endangered forest in Kosrae State, Federated States of Micronesia (FSM). The 566-ha Yela Valley is a pristine tropical watershed containing the 160-ha Yela Forest wetland. The easement involves lands held by the Alik families. They formed a nonprofit organization, the Yela Environment Landowners Authority (YELA), to obtain formal title. In 2004 the area was threatened by growing Kosrae State Government interest in building a road through the watershed. The Alik family approached TNC for support in protecting this ecosystem, leading to the Yela Forest easement which restricted the construction of major infrastructure and reduction in forest cover. This involved the government agency Kosraean Island Resource Management Authority (KIRMA) as the easement holder, the nonprofit Kosrae Safety and Conservation Organization (KSCO) for monitoring, and the Micronesia Conservation Trust (MCT) as manager of an endowment fund for easement payments. Housing the Yela endowment as a sub-account within MCT benefits from professional management of the larger funding body, and thus generates greater returns for YELA and KIRMA. The YELA members receive annual returns from the US$550,000 endowment that was capitalized with funds from the United States Department of Agriculture Forest Service (75%) and the David and Lucile Packard Foundation (25%). Subject to positive reports from KIRMA based on KIRMA and KCSO monitoring, the MCT annually disburses US$25,000 to the ten Alik families.

Annex 2: Interview guide

Much of the information for case studies will be obtained from project documents, websites, and academic papers. Wherever possible, this information will be supplemented by interviewing key informants. It is expected that the focus of these interviews will be on obtaining further details about the financial mechanism, including the history and evolution of the approach, challenges and enabling factors in establishment and management, and social and environmental outcomes. The following is a set of questions and topic prompts to guide the interviews.

1. Interviewee information
    - Name, organization, title
    - Role in conservation project

2. The conservation finance mechanism
    - How is revenue generated for conservation? (Sources and amount of revenue)
    - When and why was the finance mechanism developed? How has it evolved over time? Who/which organizations were involved in establishing the mechanism?
    - Did instituting the finance mechanism require legal or regulatory changes?
    - What is the overall funding need for conservation management and incentives/community benefits?
    - What specific activities are financed?
    - Is there currently a financing gap? Is there an expected future gap? What have been the barriers to securing adequate financing?
    - Is revenue deposited in a trust fund? Description if applicable
    - What was/is the role of the IPLC in the finance mechanism (revenue generation and/or delivery)?
    - What was/is the role of other entities in the finance mechanism (revenue generation and/or delivery)?
    - What is the governance structure (management, disbursement, oversight, monitoring/evaluation)

3. Role of the IPLC in conservation and financing
    - What was the process for IPLC input into the design of the financing mechanism?
    - Who was involved in the establishment of the financing system and who negotiated on behalf of communities? (customary land holding principles, leadership, gender, and representation)
    - What challenges were encountered over the course of these engagement, planning and negotiation processes? (e.g. fear, suspicion, expectations, knowledge or power asymmetries, language or cultural barriers)
    - Were there different (and conflicting) interests among the people involved?
    - Did the financing mechanism create any needs for capacity-building? How was this need met?
    - Does the IPLC receive economic benefits from conservation? What is the value of benefits and how often are they provided? Who receives benefits? How are benefits linked to conservation? Are they contingent on conservation outcomes?

4. Outcomes

- How has the finance mechanism and overall conservation strategy contributed to positive conservation outcomes? What have been some of the barriers to achieving conservation outcomes?
- How has the finance mechanism and overall conservation strategy contributed to positive outcomes for the IPLC? What have been some of the challenges? What is the level of awareness and satisfaction within the community with respect to the finance mechanism?

5. Enabling factors

- What have been some of the factors that have contributed to the success of the mechanism? What have been some of the barriers?
    - Scale of ecosystem, urgency of threat, charismatic species
    - Economic conditions (markets, interest rates, infrastructure, etc)
    - Absorptive capacity/readiness for long-term capital flows
    - Political conditions
        - Level of political support for conservation
        - Governance
    - Support and capacity of involved entities (government, nonprofit, private sector)
        - Resource management
        - Leadership
        - Financial management
    - Social conditions (IPLC)
        - Level of support for conservation
        - Decision-making structure
        - Capacity for resource management, leadership, financial management
    - Implementation process
    - Incentives

6. If another area were looking to implement a similar mechanism, what is some advice you would give?

Annex 3: Stakeholders interviewed

Key Informant Interviews

Interviewee	Role
Lisa Andon	Deputy Executive Director, Micronesia Conservation Trust
Shaun Ansell	CEO, Warddeken Land Management
Munira Bashir	Kenya Program Director, TNC
Jenny Brown	Director of Conservation, Nature United
Matt Brown	Africa Program Director, TNC
Heather D'Agnes	Program Officer, Walton Family Foundation
Ariadne Gorring	Executive Director, Pollination Foundation
Willy Kostka	Executive Director, Micronesia Conservation Trust
Trina Leberer	Pacific Division Director, TNC
Daniel Letoiye	Conservancies Sustainability Director, NRT
Helcio Marcelo de Souza	IPLC Program Manager, TNC Brasil
Chantal Migongo-Bake	Kenya Program Officer, TNC
Margarita Mora	Managing Director, Partnerships, Nia Tero
Patricia Mupeta-Muyamwa	Africa Indigenous Landscapes Strategy Director, TNC
Moses Nyoni	Zambia Community Conservation Project Manager, TNC
Kip Ole Polos	Board Chair, Il Ngwesi Conservancy
Chira Schouten	Northern Tanzania Rangelands Initiative Program Manager, TNC
Vishal Shah	CEO, NRT Trading
Chris Stone	Managing Director, Global Conservation Fund
Steven Victor	Micronesia Program Director, TNC

Other Sources of Information

Source	Role
Richard Diggle	Business and CBNRM specialist, World Wildlife Namibia
Anne McEnany	President & CEO, International Community Foundation
Tom Lalampaa	CEO, NRT
Peter See	General Manager, 10 Deserts Project
Angelique Songco	Superintendent, Tubbataha Reefs Natural Park

TNC Virtual Workshop Participants

Participant
Jaka Ariun
Matt Brown
Rane Cortez
Gala Davaa
Lisa Ferguson
Deb Froeb
Melissa Garvey
Rick Hamilton
David Hinchley
Lex Hovani
Robyn James
Ahmad Kusworo
Trina Leberer
Michael Looker
Allison Martin
Patricia Mupeta-Muyamwa
Luke Preece
Helcio Souza
Ian Thompson
Steven Victor

Annex 4: Case study template

1. Geography/Ecosystem
    - Location (region, country, specific site)
    - Type(s) of ecosystems
    - Size
2. Threats to ecosystem
    - Main threats and origin of threat
3. Local community
    - Location(s)
    - Demographics
    - Territory and resource rights
    - Principal occupation(s)/livelihood(s)
4. Legal protection
    - Type of protection, legal status, prohibited activities
    - Authorities with decision-making power
    - Monitoring (what/where, how often, how, by whom)
    - Enforcement (by whom, penalties)
5. The financial mechanism
    a) Delivery mechanism
        - Type of delivery
        - Establishment process, which organizations were involved, how has it evolved
        - Opportunity costs/structure of incentives
        - Governance structure (disbursement, oversight, monitoring/evaluation)
        - Role of IPLC
        - Role of other entities
    b) Revenue generation
        - Budget/financing needs
        - Source(s) and amount of revenue
        - How established, which organizations were involved, how has it evolved
        - Is revenue deposited in a trust fund? Description if applicable
6. Outcomes
    - Conservation
    - Community
7. Financing gaps/Future needs/Challenges
    - Is there a current financing gap? Is there an expected future gap?
    - Barriers to securing adequate financing
    - Barriers to conservation
8. Enabling factors
    a) Context
        - Scale of ecosystem, urgency of threat, charismatic species
        - Economic conditions (markets, interest rates, infrastructure, etc)
        - Absorptive capacity/readiness for long-term capital flows

- Political conditions
  - Level of political support for conservation
  - Governance
- Support and capacity of involved entities (government, nonprofit, private sector)
  - Resource management
  - Leadership
  - Financial management
- Social conditions (IPLC)
  - Level of support for conservation
  - Decision-making structure
  - Capacity for resource management, leadership, financial management

b) Design

- Implementation process
- Incentives

9. Lessons for other areas