

SETTING THE LONG TERM VISION FOR THE FINANCIAL FUTURE OF CTI



What is the CT Initiative is trying to protect for the current and future generation?

CTI ecosystem services (tourism, fisheries, coastal protection) **values in \$.**

- Fisheries Export CTI \$3.35 Billion USD + in 2004
(Ref - Sugiyama et al. (2004) in the Coral Triangle and Climate Change – Ecosystem people and society at risk WWF and UQ).
- Lack of precise data for Tourism and Coastal Protection
- **Today, worth more than \$5 to 6 B per year.** This amount does not even include the value of the internal consumption of fish by the local population

**TIME WE ACT AS FOR LARGE SCALE PROJECT WITH
CORRESPONDING LARGE SCALE PLANNING AND FINANCIAL PLAN**

What are the risk of Business as Usual?

The cod story in Northern Hemisphere versus lack of decisive Government action.
The tragedy of the commons



The Northern Cod fishery abruptly collapsed in 1992, following overfishing since the late 1950s, and an earlier partial collapse in the 1970s.

- 3 Canadian provinces profoundly affected –
- 35,000 fisherman from 400 costal communities became unemployed in NF
- Moratorium for 2 years, but still
- 20 years later, no recovery

CARIBBEAN CHALLENGE GOAL AND OBJECTIVES

Protect biodiversity across the Caribbean through sustainability and preserve human livelihoods by managed protected area systems that are resilient to climate change and degradation impacts.

- **Conserve at least 20% of the Caribbean's coastal marine habitat by 2020- Effective management of PAs**
- **By 2015, provide dedicated, permanent funding for Caribbean protected area systems through:**
 - 1) the establishment of Protected Areas Trust Funds; and**
 - 2) the creation of *new* sustainable finance mechanisms.**
- **By 2015, develop ecosystem-based adaptation projects and tools to protect key threatened habitats and livelihoods. EBA preservation, restoration and sustainable management**

The Caribbean Challenge SF Plan

Endowment 40 M – Match 1 to 1 by 2015

Into 1 Regional Trust Fund

Countries	KFW	TNC	GEF	+ in country new revenues	Government	TBD	total
Antigua & Barbuda	900,000	600,000	1,500,000				3,000,000
Bahamas	3,000,000	2,000,000	500,000		2,000,000	2,500,000	10,000,000
Dominican Republic	3,000,000	2,000,000	250,000			4,750,000	10,000,000
Grenada	900,000	600,000	1,500,000				3,000,000
Jamaica	1,600,000	1,000,000	750,000			1,650,000	5,000,000
St-Kitts & Nevis	900,000	600,000	1,500,000				3,000,000
St- Lucia	900,000	600,000	1,500,000				3,000,000
St Vincent & The Grenadines	900,000	600,000	1,500,000				3,000,000
Total	12,100,000	8,000,000	9,000,000		2,000,000	8,900,000	40,000,000

Micronesia Challenge



Photo courtesy of Jez O'Hare

30% of the near shore marine resources; and

- **20% of the forest resources by 2020**




Through Partnerships between Governments, NGOs, and Communities

MICRONESIA CHALLENGE Sut. Fin. Plan

**Phase 1 - Endowment 18 millions Match 1 to 2 +
new revenues**

Into 1 Regional Trust Fund MCT

JURISDICTION	TNC	CI	Tot. Match Required by each Country	Substantial local new revenues	Matching endowment 1 to 2		Total today
				revolving fund	other sources	GEF	
Palau	2,000,000	1,000,000	6,000,000	Green fees 1,300,000	2,000,000	1,684,848	6,000,000
Fed. States of Micronesia	1,000,000	1,000,000	4,000,000	Green fees Tuna revenues	500,000	1,684,848	3,000,000
Republic of the Marshall Islands		1,000,000	2,000,000		325,000	1,684,848	2,000,000
Commonwealth of the Northern Mariana – Phase 2							
Guam - Phase 2							
Total	3,000,000	3,000,000	12,000,000	In progress		5,054,544	11,000,000

A vertical strip on the left side of the slide shows an underwater scene. A sea turtle is swimming towards the left, over a dark, rocky seabed. The water is deep blue, and sunlight filters down from the surface, creating a bright, hazy area at the top left.

CTI Funding Mechanism

Pooled and non Pooled fund

Current

Mechanism A: Special account for external funding managed by CTI governments

Mechanism B: Grant agreement under which one or more international or national NGOs manage external funding

Mechanism C: Funder-controlled program

Mechanism D: National and sub-regional trust funds (funds can be pooled or not pooled)

Proposed

Mechanism E: Regional large scale funding mechanism – e.g. Coral Triangle Partnership Fund (both pooled and non-pooled funds)



When Size Matter

For Endowment investment return

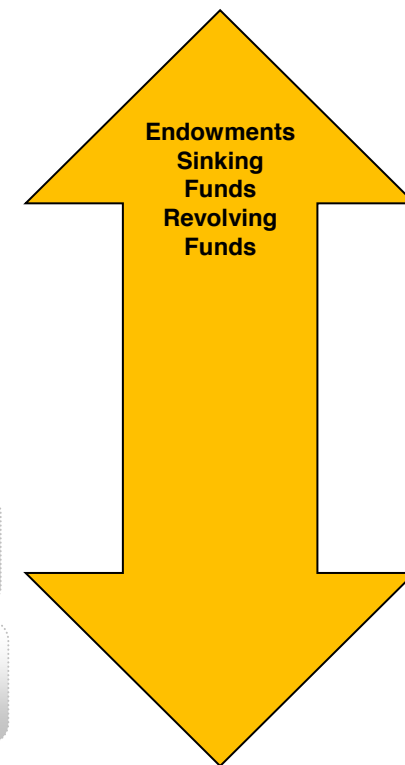
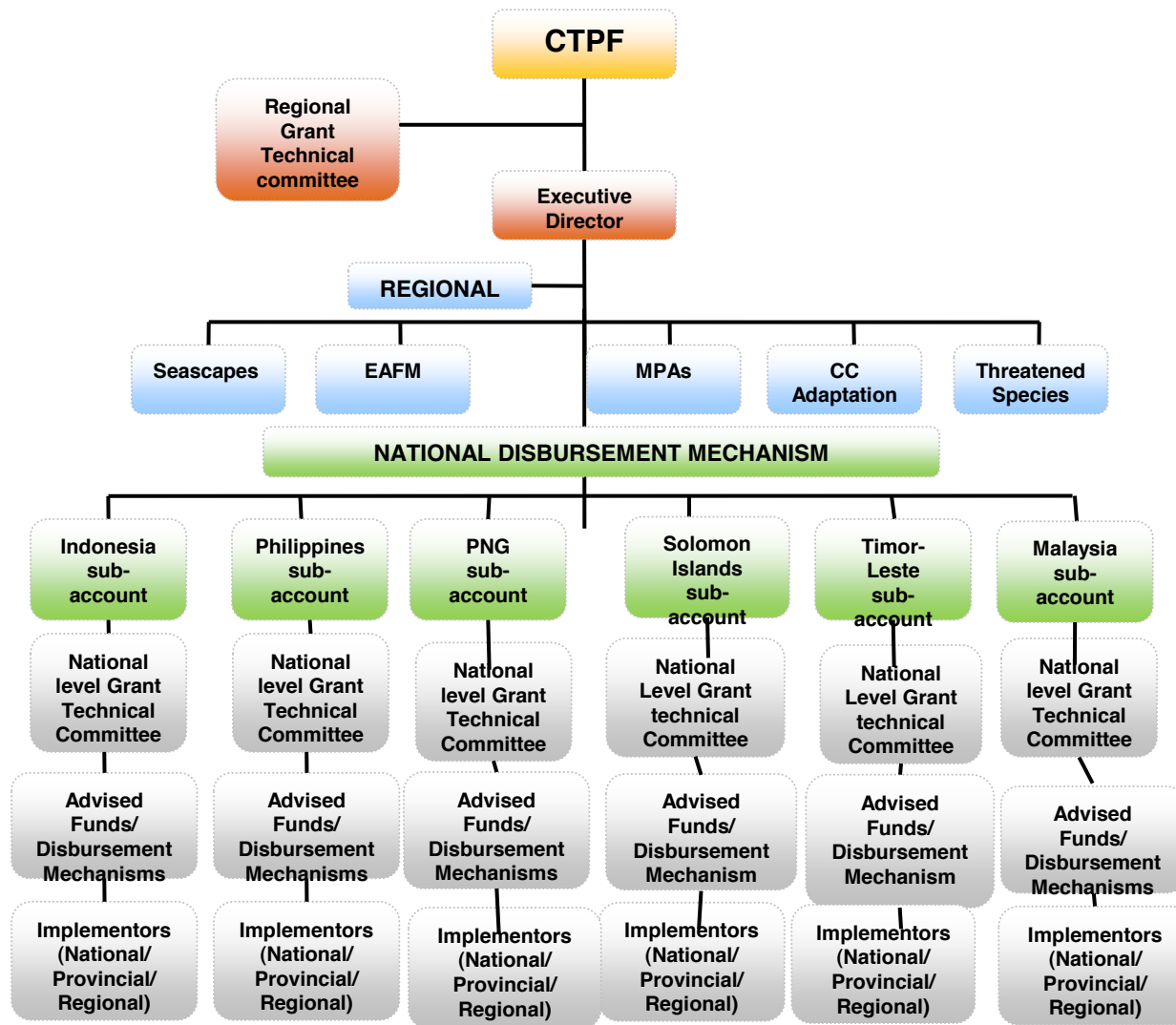
Size of initial investment	Gross revenue	Inflation + fees	Net revenue	US dollars	Surplus
Greater than \$1 billion	9%	4 %	5%	50,000,000	
10 years after investment	12%	- 4%	8%	80,000,000	+ 30 million
500m to 1 b	9%	4 %	5%	25,000,000	
10 years after investment	10.3	- 4 %	6.3%	31,500,000	+ 6.5 million
100m - 500 m	9%	4 %	5%	5,000,000	
10 years after investment	9.3	- 4 %	5.3%	5,300,000	+ 300,000
50m - 100m	9%	4 %	5%	2,500,000	
10 years after investment	8.7	- 4 %	4.7%	2,350,000	- 150,000

(Reference: NACUBO Endowment study of 734 Funds in 2005)

Independent Coral Triangle Partnership Fund, How it work

Like the Micronesia Challenge and Caribbean Challenge Endowment Fund

- Manage by 1 Independent Regional Trust servicing all countries members instead of a trust in each country. (Ref. when size matter)
- Trust with very high level Regional and International Board of Trustee with mandate to grow the Pie. Trust can be establish anywhere where it offer best tax exemption for donation and revenues
- Each donation in the Regional Trust earmark for 1 country by donor is assigned to that country sub – account and can be also assigned by goal in each sub-account
- All net revenues earned by the Regional Trust pool investment are separate among the countries in line with their percentage of the total investment in the Regional Trust
- Each country negotiate an MOU with the Regional Trust which spell out the right and obligations for the disbursement of the revenues and identified the recipient organization
- Each country set up or identified a Disbursement Mechanism to be agreed by the Regional Trust as trustworthy to follow the Regional Trust fiduciary responsibility.



Proposed building CTI initial \$100 Million Endowment – Match 1 to 1 + new local revenues by end 2015 starting NOW

Countries	Donor 1	Donor 2	Donor 3	Government Endow Match	+ New Local revenue estimated py	Total Endowment 5% net revenues py	Total new Revenue by 2016
Philippines				1 To 1	1,750,000	20 M = 1M	2,750,000
Malaysia				1 To 1	1,750,000	20 m = 1 M	2,750,000
Indonesia				1 To 1	3,500,000	40 m = 2 M	5,500,000
Solomon Island				1 To 1	250,000	5 m = .25 M	500,000
Timor Leste				1 To 1	250,000	5 m = .25 M	500,000
Papua New Guinea				1 To 1	875,000	10 m = .5 M	1,375,000
Total					8,375,000	100 M = 5M	13.375,000

The Vision



Thank you

