

# Funding for conservation, science, education, and training: How to get the money you need to survive

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## Introduction

To address the issue of fund-raising for science and conservation in the context of this presentation, it is useful to talk about fund-raising at a country level or protected area level, and fund-raising at an institutional level. Sometimes the methods and options are the same, sometimes the methods for one may not be appropriate for another. The specific case of Galápagos looks at funding options which serve the Galápagos National Park itself, the Park system in Ecuador, as well as those fund-raising options which strengthen the institutions that work with the Park.

Regardless of the institution seeking funds, the key to success lies in recognizing the *types* of funds required to support the initiative in question. The types of funds required determine the *methods* of fund-raising, and the expertise required (either in-house or external to the organization or management authority). The methods of fund-raising carry with them different costs and different consequences for the fund-seeker. Those *costs and consequences* must be carefully weighed, and the fund-seeker must be willing to assess regularly how well the resource is being protected and managed, and/or how well the institution, or suite of stakeholders, are positioned to carry out their goals and objectives.

Once it has been decided what kinds of funds and what level of funds are required, the fund-seekers should establish the *priorities* for fund-raising. This requires:

- establishing the immediate (3-5 year) and long-term needs of the resource or institution;
- reaching agreement on the types and mix of funding to meet those needs;
- establishing expertise to meet those needs (in-house or contracted); and
- formalizing evaluation techniques to adjust the fund-seeking strategy as appropriate.

While these tasks may seem quite obvious, they require a long-term view of the resource to be protected, an understanding of the external forces which may affect the integrity of the resource, and clearly communicated goals, shared by all stakeholders. With these “external”

elements in place, fund-seekers must look within their institutions to make sure that these institutions are effective and well-poised for the long term.

## Fund-raising at the country or protected area level

Three options that readily lend themselves to fund-raising for protected areas include National Environmental Funds (NEF), Debt Swap, and Endowment Campaigns.

**National Environmental Funds** are independent foundations, governed by mixed public/private sector boards which manage large investment funds, the proceeds of which support grant-making to environmental and sustainable development projects. More than 40 NEFs have been established since 1990 and another 40 are in the process of establishment throughout Latin America, the Caribbean, and Asia. The structure which governs the dispersal of these funds is broadly representational and participatory, and efforts are made to be accountable to the wide spectrum of donors. The greatest challenge which faces NEFs is to demonstrate achievement of results and substantive impacts on the positive management of the resource. Further, in the current climate of shrinking international aid budgets and increasing pressures for maximum impact, NEFs must maintain a high profile in international treaties and summit meetings, must manage lean, effective programmes, and must maintain procedures that flexible and transparent.

Funds for National Environmental Funds come from bilateral debt reduction agreements, bilateral and multilateral aid agencies (GEF, Canada, Switzerland, the Netherlands, Darwin Initiative, Germany and U.S.), debt for nature swaps, user fees, taxes, private donations, and privatization of state-owned industries.

**Debt Swap** refers to the negotiation of outstanding debt by the debtor with an intermediary organization (sometimes an NGO), where the holder of the debt accepts partial payment (and a tax break) on the portion of the

payment not received, and the entity that owes the debt agrees to make payment of the full value of the debt in the currency of the debtor country. The debt holder is most frequently a private bank, although it can be a public entity (such as would be involved in a loan from one government to another). The intermediary part is usually an organization with cash that buys the debt to be swapped at a discount from the debt holder.

Debt swaps are a familiar instrument for many development projects and conservation projects. Debt for nature swaps are a variation of the debt re-negotiation, where the debtor country agrees to set up a park or protected area with the funds now required to be spent in-country.

**Endowments** are large sources of pooled funds whose capital is protected and whose interest is disbursed at a rate which allows some portion of that interest to be reinvested in the principal as a hedge against inflation. The value of an endowment is that it provides a steady source of unrestricted income. The difficulty with endowments is that they must be of a sufficient size to produce a useful level of income (e.g., an endowment of \$US10 million, if conservatively managed, provides only about \$500,000 per annum in unrestricted support). Endowment campaigns also require significant infrastructure to receive and manage the funds. Sources of funds usually include bilateral agencies, banks, taxes, and private donations.

Endowment drives at the country level are more appropriately discussed in the NEF section, although there may be other endowment instruments which are managed exclusively by private concerns for a natural area. Most large natural areas are under government control, but it is possible to have a nature reserve under private management. In this case, an endowment would benefit a natural area, but be managed by a private concern (e.g. the Monteverde reserve in Costa Rica).

### **Fund-raising at the institutional level**

The central discussion in this paper is fund-raising for science and conservation. This may mean finding appropriate funds to manage a protected area or park which would most often suggest that a government entity or public/private initiative would seek and manage the funds. It is also valid to fund-raise to strengthen institutions which support management and or/provide technical input to management agencies. These institutions are often NGOs which do not have access to the kinds of revenue streams that a government-supported agency (such as a park service) would have. This discussion will focus on the funding needs of the Charles Darwin Foundation, and suggest strategies for this NGO. The CDF's funding strategies will also serve as a model for other NGOs.

In considering fund-raising for the CDF, there are a number of options which lend themselves to institutional

funding. These options include: private donations, foundations, trusts, aid agencies, and endowments. While it is possible to receive funds from other funding instruments such as NEFs, country-level endowments, and bilateral agreements, they are not the first kind of funding one would seek for an institution. The CDF holds a unique position within the international conservation community in that it is an international institution working with the Ecuadorean government under an agreement not unlike a foreign mission. While it is independent of government control, it enjoys a formal, advisory status. So fund-raising for the CDF is a particularly challenging exercise.

### **Establishing types of funds needed**

Different operational activities represent funding requirements which are most appropriately met by different types of financing. For example, finance for short- and medium-term research appropriately comes from project funding, while the finance for constructing long-term physical infrastructure may be the result of specific, targeted campaigns. Financial support for core staff and other recurring basic running costs should come from sources which generate annually large sums of unrestricted funds.

While the CDF currently has in place organizational structures to implement much of the fund-raising work, additional investment will be needed in both staff and training before certain kinds of fund-raising activities can be undertaken. To secure the required increased funding, a coordinated effort must be carried out by the various CDF-related entities with fund-raising responsibilities, each operating with appropriate autonomy within a common framework. Finally, successful fund-raising on an international scale requires professional staff, an adequate budget, and a fully-coordinated strategy which recognizes fund-raising as a line of action within the institution

**Core** funds underwrite an institution's basic operating structure, meaning core staff, operating supplies and services, etc. Costs would include the key staff and support positions (administrative and science), utilities such as electricity and water, maintenance staff and their supplies, and so on. Core costs include the minimum number and composition of staff to give the institution credibility and protect the infrastructure.

Core funds may be extracted from project funds as overhead. Core funds may come from bed taxes (user fees) or other levies from the recreation or tourism industry. Core funds also come from membership subscriptions, bequests, endowments, sales, research tables, zoological societies, associations, etc.

**Programme** funds have a specific targeted purpose and are for use within a specific period of time. These are the funds that allow an institution to initiate new pro-

grammes, to undertake new investigations, and expand staff temporarily. These are also the funds that donors are most interested in providing, which often leads to situations within institutions where there is a surplus of programme or project funds, but no funds to run the daily operations of the organization. Programme funds come from foundations, aid agencies, bi-laterals, and country governments.

**Infrastructure** funds relate to specific equipment purchase, building construction, and system upgrading, sometimes associated with projects, but generally not. These funds can be raised and applied almost independent of the operation of the institution. They can, on occasion, affect the core budget insofar as they may create an annual obligation in core costs, e.g. for maintenance. Funds for infrastructure come from individual donors, corporations, country donor agencies, and some large bank loans.

### Costs and consequences of fund-raising

In the previous sections, we discussed the types of funds that are available for conservation and science funding, and the methods by which those funds can be solicited. We have made distinctions between funding for protected areas and funding for institutions, although this distinction is often blurred in practical terms. The purpose of drawing the distinction is to illustrate that not all funding sources are readily available to all fund-seekers. Some methods of fund-raising lend themselves more easily to, say, an NGO rather than a national park in a sovereign country. The Charles Darwin Foundation serves as a model for the NGO for which we are seeking funds.

What is not immediately recognized in the act of seeking funds is the consequence of seeking funds. To seek funds successfully requires that the CDF take on the following responsibilities:

- establish long range strategy and evaluation points;
- establish staff and infrastructure within the CDF;
- ensure adequate resources within the CDF structure to carry out the tasks;
- ensure fund-raising culture and training within the CDF structure;
- formalize roles and relationships between related institutions which seek funds on behalf of the CDF (e.g. Friends of Galápagos institutions) and establish norms of behavior and expectations.

The CDF must be the main architect of funding strategies for its own institution, and can be a valuable ally in helping other stakeholders in Galápagos conservation become strong and well-funded institutions. The CDF's structure has, or will have, staff dedicated to fund-raising, as well as satellite or sister organizations whose role it is to help secure funds for the CDF. What will become obvious in undertaking a multi-faceted, broad-based approach to fund-raising is that fund-raising is ongoing,

dynamic, and situational, and requires a broad portfolio of options and methods. Fund-raising creates expectations for performance and therefore required infrastructure and follow-through.

### The Friends of Galápagos campaigns

In 1992, the CDF helped to create the first of several associated NGOs whose role it was to seek funds for the CDF in countries where the CDF did not have an immediate presence. This decision was based on the CDF's assessment of the importance of raising core, programme, and infrastructure funds from individuals, corporations, foundations, trusts, and aid agencies. Further, in agreeing to look for funds from individuals as part of securing core funds, the CDF acknowledged the importance of building a constituency of supporters and advocates who would, as a consequence of being solicited for funds, require ongoing service. The costs and consequences of this relationship are borne by both the CDF and the Friends of Galápagos (FOG) institutions in various countries.

To function successfully as affiliated institutions, the FOGs must ensure that their own institutions are adequately staffed to meet the mutual expectations for fund-raising and other tasks related to building constituencies. Specifically, these organizations require infrastructure at the staff and board level. They must be able to comply with regulations governing not-for-profit organizations in their own countries (which include staffing and board structure). Clearly, to do their job well, FOGs must invest funds annually in their own structures to ensure that they are fiscally responsible, competent, and well-functioning institutions.

### Conclusions

This paper is entitled *Funding for conservation, science, education, and training: how to get the money you need to survive*. Rather than function as a "recipe book" for fund-seekers, it places the burden of fund-seeking and the likelihood for success squarely on the shoulders of the fund-seekers. This responsibility is appropriately that of the fund-seekers because too often, unsuccessful bids for funds are seen as deficiencies in, or vagaries of the funding community, rather than a lack of planning, sophistication, and coordinated strategy on the fund-seekers' part.

The methods for fund-seeking are well known (proposals, debt swap or debt negotiation, direct-response fund-raising, cause-related marketing, etc). What is less well-known, or discussed frankly, is the responsibility that fund-raising creates for the institution seeking the funds. The hardest part of fund-raising is not securing the funds, but dealing with the burden of a relationship now created between a funder and the institution. That burden has wide and lasting implications.

Gone are the days of single-source funding. As more institutions seek to create broader funding portfolios, and create new and ingenious partnerships for funding, their accountability to this suite of donors increases significantly. Institutions must demonstrate achievement of results and a substantial, positive impact on the resource to be protected in a highly professional and effective manner. Donors expect to receive timely financial reports, timely narrative reports, and expect an ongoing dialogue. More donors seek a role in programme development (not necessarily a positive development), and expect candour and transparency in their dealings with fund-seekers. Fund-seekers must have the infrastructure in place to meet the donors' reporting needs as well as meeting programme expectations, which is a significantly different development over the last twenty years. Fund-raising now sits squarely in the hierarchy of programme work within an institution, and requires staff and resources to

undertake it. The consequences of badly-done, or ill-advised fund-raising reverberate throughout the donor community as well as the institution itself.

The goal is to protect wild and fragile places. Fund-raising is a tool which helps to protect the resource, strengthen the institution, and build bridges between advocates and stakeholders.

#### Note

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