

**CONSULTANCY AGREEMENT FOR PROGRESSING THE PACIFIC ISLANDS
CONSERVATION TRUST FUND INITIATIVE**

FINAL REPORT

**By Muliagatele Joe Reti
Consultant**

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Introduction

The concept of a regional trust fund was developed by SPREP during the period 1996 to 1998 although the need for such a fund was first recognized during the Fifth Pacific Islands Conference on Nature Conservation and Protected Areas in the Kingdom of Tonga in 1993. Background papers were prepared in 1996 by Bing Lucas and Joseph Stanley while Eliot Rosenberg's initial draft report in 1997 was used to further promote the idea and sought wider endorsement by the Sixth Conference on Nature Conservation and Protected Areas in Pohnpei in 1997. The Trust Fund concept was also promoted in the 1999 – 2002 Action Strategy for Nature Conservation in the Pacific Islands and was endorsed by the SPREP Meeting in 1998.

Since 1996, five comprehensive reports¹ - all in support of the regional trust fund idea - have been produced to assist efforts in the development of the regional trust fund. At a regional trust fund workshop convened by SPREP in 1999, a Steering Committee comprising several knowledgeable and experienced stakeholders was established to progress further an extensive consultation process on how the fund should be designed and operated and approach possible donors.

In early May 2000, the Steering Committee submitted a broad concept paper on the trust fund for consideration by UNDP and for subsequent submission to GEF for Block B funding. However, despite its initial pledges to assist with the preparation of the proposal, UNDP was not supportive of the concept paper.

Following a report by SPREP to the Fifth Roundtable on Nature Conservation (Wellington, New Zealand, 2000), SPREP was requested to commission an "Issues and Options" paper to assess whether the rationale for a regional trust fund was still relevant and valid especially in light of the growing interest in national trust funds.

The report "Pacific Islands Conservation Trust – long term support for community-based conservation in the Pacific Islands" resulted from the above request by the Roundtable. The report was prepared by consultants Wren Green and Peter Hunnam following intensive consultations with many stakeholders including potential donors such as UNDP, AusAID, ADB and others.

The Green and Hunnam report was completed in November 2001 and was circulated to Steering Committee members in April 2002 for their review and comments. A meeting of the Steering Committee to discuss and decide on the findings and recommendations of the report was held on 6 July in Rarotonga Cook Islands, in the margins of the 7th Pacific Island Conference on Nature Conservation and Protected Areas. The consultant Joe Reti, was contracted by SPREP to amongst other things, organize this meeting of the Steering Committee and to report to SPREP on the meeting outcomes.

¹ Bing Lucas, 1996; Joe Stanley 1996; Eliot Rosenberg 1998; Mark Christensen 1999; Green and Hunnam 2001.

This report constitutes the final report on the consultancy agreement between the author and SPREP dated 4 April 2002 in relation to the development of the Pacific Islands Conservation Trust Fund. The report complies with paragraph 11 of Annex A of the agreement and follows the guidelines provided therein.

Overview of the assignment

The intention of the consultancy was to help SPREP advance the Pacific Islands Conservation Trust Initiative mainly through the organization and facilitation of a decision by the Trust Fund Steering Committee on the future of the regional trust fund initiative following discussions and findings of the Green and Hunnam report "Pacific Islands Conservation Trust: Long term support for community-based conservation in the Pacific island countries".

The consultant was tasked with the organization of the meeting of the Steering Committee to decide on the future of the trust fund initiative based on the findings and recommendations from the Green and Hunnam report. The general feeling was that after seven years, five comprehensive reports and several meetings and workshops on the issue, it was now time to decide, one way or the other, on the future of this initiative. The Third Meeting of the Steering Committee that was organized under this consultancy had that as its main key output.

As indicated in the TOR below, the consultancy involved the recruitment of new members to the Committee, arranging travel of SC members to and from Rarotonga, preparation of meeting documents (agenda, background paper, etc), ensuring that the meeting progressed well, and preparation of the meeting report. These activities were undertaken in close consultation with the Acting Coordinator of KRA 1 and the chairman of the Steering Committee.

TOR, Activities Undertaken, Specific Outputs Desired and Outcomes

The following matrix shows the activities undertaken as well as the outputs required and outcomes achieved against the TORs.

Terms of Reference	Activities undertaken	Expected Outputs	Outcomes
Circulate, seek and coordinate comments from members of the Steering Committee on the Green and Hunnam report.	Green and Hunnam report circulated to SC members in April. Follow up requests for comments sent in May and June but with disappointing results.	A working paper collating and synthesizing comments received from SC members and others with consultant's expert comments on the various issues under discussion.	Unfortunately, substantive comments were received from TNC and Trevor Ward only. These comments and those of the consultants were synthesized in the

		This paper to form one of the background documents of the meeting.	paper "Synthesis of Comments from Steering Committee Members" prepared for the SC Meeting. A copy of this paper is attached as Annex 3 of the meeting report.
In consultation with the Acting Coordinator KRA 1 and the Chairperson of the SC, identify and recruit other potential candidates to the SC.	Contacted existing members to a) reaffirm their intention to continue serving on the Committee, and b) confirm their availability to attend the Third Meeting of the Committee. Consult with governments of Tuvalu and Palau regarding their representatives on the SC.	Finalised and confirmed list of SC members to be reported formally in the Progress report required under paragraph 7 of the contract agreement.	New members were recruited for Palau and Tuvalu. They are Theo Isamu and Mataio Tekinene respectively. Due to communication difficulties, it was not possible to reconfirm SANGO's participation in the Committee ² . Progress with the recruitment of members was reported in the Progress Report submitted in late June 2002.
Develop for discussion with the Coordinator KRA 1 and Chairperson a draft agenda (including objectives and outcomes) for a meeting of the SC to be held at the margins of the 7th Pacific Islands Conference on Nature Conservation.	A draft agenda was developed and submitted for review and comments by the Coordinator and Chairperson. This was then circulated to members of the Committee for comments and suggestions. No such comments were received and the draft was then proposed to the SC meeting for the	Draft agenda developed in consultation with the Coordinator KRA 1 and chairperson and circulated to SC members in advance of the SC meeting in the Cook Islands.	As in expected outputs. The draft agenda was adopted by the SC Cook Island meeting without change. The agenda is included in the Steering Committee meeting report as Annex 1.

² At the Rarotonga meeting, the Committee agreed to invite PIANGO instead of SANGO to participate in the Committee.

Conservation.	the SC meeting for the conduct of its business.		
Arrange travel and accommodation for chairperson and members of the SC.	With the help of SPREP's travel officer and secretary, book flights and hotel accommodation for members of the SC.	Travel and accommodation arrangements for all SC members while in the Cook Islands for the TF and 7th Conference are made and confirmed.	Except for members who opted to make their own arrangements, flights and accommodation arrangements for all SC members were made well in advance of their arrival in the Cook Islands.
Coordinate meeting arrangements including venue, time, documentation, etc. In addition to other documentation required for the meeting, prepare analysis of recommendations from Green and Hunnam report for specific decisions by the SC.	Venue and time for the meeting were organized through Sam Sesega and Cook Islands DEC staff. An analysis of the findings and recommendations of the Green and Hunnam report highlighting specific issues for decision by the Committee was prepared and submitted to the SC meeting.	The SC meeting is held successfully; with proper logistics and venue support provided. Meeting documentation including agenda, copies of the consultants' report, background paper, and synthesis paper of comments received are prepared and distributed to members in advance.	The SC meeting was held successfully on 6 July. All meeting documents were distributed to SC members in advance of the meeting. The report of the meeting provides a list of documents prepared for the meeting. An analysis of the findings and recommendations of the report and the background paper to the meeting are attached as Annexes 2 and 4 to the meeting report.
Arrange for one of the authors of the Green and Hunnam report to present and lead discussions on the report by the SC.	Green and Hunnam were advised to prepare presentation on the report and to review paper synthesizing findings and recommendations	All arrangements for authors to participate in SC meeting are made.	Green and Hunnam presented a summary of the main points of their report. A copy of their power point presentation is

	of the report.		attached as Annex 5 to this report.
Submit Progress report to the Acting Coordinator KRA 1 by 28 June 2002.	Prepared and submitted progress report on 27 June.	Progress report.	Progress report was submitted to the Coordinator KRA 1 on 27 June 2002.
Act as secretary to the meeting of the SC.	Ensured that all logistical arrangements for the meeting were in place.	Logistical arrangements are in place for the meeting.	All logistical arrangements were organized in advance of the meeting.
Preparation of the report of the SC meeting.	Drafted report of the SC meeting. Circulated draft for comments of the SC members.	Finalised meeting report with comments on initial draft incorporated. Report to be in camera-ready electronic form ready for printing and binding.	Finalised meeting report with comments of SC members incorporated completed in Rarotonga. Copy of report ready for printing is to be submitted separately to Acting Coordinator KRA 1.
Act as chairperson of the Drafting Committee for the 7th Pacific Islands Conference – this requirement involves recruiting members of the drafting committee, convening of drafting committee meetings, chairing meeting of the Drafting Committee, ensuring effective and timely compilation of draft recommendations and resolutions for the adoption of the Conference and the	Recruitment of members to the Drafting Committee, convening and chairing of meetings of the committee, receiving and reviewing suggestions for resolutions from working groups of the conference, drafting and editing of resolutions, and presentation of resolutions to the plenary of the conference.	Recruit and finalise members of the drafting committee, editing and formulation of resolutions for the consideration of the conference, and presentation of resolutions at the plenary session of the conference.	The following people were recruited to the drafting committee: Joe Reti (chairman), Coral Pasisi (SPREP), Andrew Smith (TNC), Aroha Mead (IUCN), John Ericho (PNG), Annie Wheeler (NZ), Mona Matepi (WWF Cook Islands), Trevor Ward (Australia), Roger Cornforth (NZ AID), Tessie Lambourne (Kiribati), Jean Jerbre Cassan (New Caledonia), Joseph

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presentation of same to the Plenary sessions of the conference.			Manaute (New Caledonia), Brendan Tobin (International Marinelife Alliance), Christine Mile (IUCN) and Kesaia Tabuna Kawai (WWF-Fiji). Conference resolutions were drafted and presented for adoption by plenary session of conference. A copy of final resolutions has been submitted to SPREP.
Brief SPREP of the outcomes of the SC meeting and especially any decisions relating to the next steps.	Briefing to be done on the return of SPREP Management from Majuro on a date and time to be determined by Sam Sesega.	Briefing successfully conducted. Consultant's final report.	On advice of Acting Coordinator KRA 1, this was not considered necessary.

Comments on the outcome of the Steering Committee Meeting

While noting that there were some opposing views to the regional trust fund idea, the Committee agreed not to revisit arguments, for and against, that have already been made but rather, focus its discussions on the Green and Hunnam report as the basis for whatever decision it might take. Logically therefore, the Committee had to firstly decide whether or not the report had met its TOR and whether it has provide adequate information necessary for such decision to be taken. In response to the question from the chair, the Committee was unanimous in its view that the report had in fact provided adequate information for it to discuss and agree on a decision on this long-standing issue.

The following is a brief summary of the main decisions by the Committee.

1. **The need to move on -** Although it was noted that there were a number of issues to be worked through, the Committee agreed that the consultants had provided a comprehensive analysis on the conservation needs of the region and a solid justification for the establishment of a regional conservation trust fund. In this regard, there was agreement that a regional trust fund as proposed by the

consultants should now be advanced without further delay. The time for analysis and justifying the concept needs to move now to a new focus on design and consultation.

Strong opposition to the regional trust fund idea has come from international NGOs (mainly TNC and WWF) who advocate national trust funds as the best means for financing local and national conservation action. TNC has however indicated that it will not stand in the way of a regional trust fund but will not be a main driver of the concept.

2. **The next steps** - Having agreed to move forward with the development of the regional trust fund idea, the Committee adopted the proposal for a two-phase Establishment Project responsible for advancing the setting up of the trust fund. Phase 1 will involve region-wide consultation with national jurisdictions and will form part of the process to develop a detailed operational business plan for the conservation trust fund (the design and consultative phase). Phase 2 on the other hand would involve the actual establishment of the regional trust fund in association with a number of national trusts in the participating Pacific island countries.

It is interesting to note that the Committee is calling for an immediate implementation of phase 1 starting July 2002. Two specialists (the committee actually wanted three), one preferably a trust fund design expert, will be required to prepare a draft business plan for stakeholder consultations within a period of six months. The other consultant is to manage the process and with the design expert, undertake country and donor consultations during the initial phase. Consultations should start in January – June 2003 and it is expected that this phase will be completed in July 2003. SPREP has been asked to seek funding to implement this project.

3. **Issues of concern** - Although the Committee adopted the recommendation for the establishment of a specific project to progress the design and implementation of the regional trust fund proposal, a number of important issues remain to be resolved. The Committee noted that these issues will need to be addressed during phase 1 of the Establishment Project. The most critical of these issues are:

- 3.1. **Country contributions** – The suggestion for countries to contribute financially to the capitalization of the fund will no doubt create problems for PICs who, historically, have had difficulties meeting their financial obligations to regional bodies and international conventions to which they are parties. The consultants have suggested that it might be possible for countries to get their donor partners either through bilateral or other arrangements to pay the contributions on their behalf. This could happen if the countries and donors are both committed to the trust fund as a high priority for their support. If not, then achieving the target for country contribution would be a major problem,

Joe?
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- needs a bit of explanation for countries.

one that could stall the timely implementation of the fund and the disbursement of its resources.

- 3.2. Links to national funds – How the regional trust fund would link to national funds was a major issue of concern particularly for country representatives on the Committee. Decisions relating to the way in which funds disbursement would be decided and the level of autonomy accorded each national trust needed to be worked out, hence it was decided that these and other outstanding issues would need to be established in consultation with the countries during phase 1 of the Establishment Project.

The question of how the regional fund would link to the national funds is crucial to country support for the regional initiative as there is some apprehension that a regional initiative could inhibit the ability of national governments to secure resources for national initiatives including national trust funds. WWF believes more PICs will become eligible for the GEF's small grant scheme in about two years' time but that this window of opportunity could be compromised by a regional initiative. UNDP and TNC have voiced similar concerns with regards GEF support for national activities. It is noted though that PNG and several other countries continue to benefit financially from other schemes of the GEF despite their having set up GEF-funded national trust funds.

- 3.3. Donor commitment – Seeking early commitment to the regional trust fund from the donor community was considered by the Committee as essential to the process and likely outcome of the fund. As earlier stated, UNDP has not been very supportive of the initiative and is unlikely to champion the idea to the GEF. UNDP however needs to be kept informed of and consulted on developments as much as possible while other GEF implementing agencies may have to be engaged as the channel for the trust fund proposal to the GEF.

Obtaining early donor support may have to begin with securing funds for the Establishment Project. SPREP's traditional donors New Zealand and Australia should be asked to contribute to the resourcing of the phase 1 and if possible phase 2 of the project. Other potential donors such as ADB, UNDP, WB and UNEP will also need to be consulted preferably at the completion of the draft business plan for the regional fund.

- 3.4. Management – To illustrate the intention of the regional fund as neither a SPREP or government initiatives, it was agreed that the Establishment Project will be managed by the Steering Committee with SPREP as the managing agency. SPREP will thus be responsible for seeking funds for the project, approve the selection of consultants, review progress and outcomes and receive and approve the final products.

*writing of proposal
- AUSAID + NZDF
- GEF via CL*

It is expected that the Acting Coordinator for KRA 1 will have overall responsibility for the project within SPREP and will report regularly to the Steering Committee on progress. The TOR for the Establishment Project was prepared by the Steering Committee and is attached to the report of the Meeting.

4. Cost Implications

The immediate priority for SPREP in as far as this initiative is concerned is to secure the necessary funds to implement phase 1 of the Establishment Project. After paying the costs of the Rarotonga meeting, there should be sufficient left over funds from the PIE grant to fund most if not all the cost associated with the recruitment of the first two consultants for the preparation of the draft business plan. More funds will however be required to support the remaining activities during this phase. Excluding any left over funds after the Rarotonga meeting, the totals estimated cost for phase 1 is \$280,000.

As SPREP will only be managing the project on behalf of the Steering Committee, there will be a need for the Committee to meet at least twice within the lifetime of the Establishment Project to monitor progress and to review and revise strategies as necessary. The first meeting should preferably happen immediately after the completion of the draft business plan (after December 2002) and the second following the completion of country and donor consultations. The cost of these meetings has been estimated at \$50,000.

5. Recruitment of a design expert

Recruitment of a trust fund design expert will not be easy, nor will it be cheap! The few names that are available to SPREP are mostly TNC staff who have in the past, not been too keen to support this initiative, probably because of that organisation's stance on the idea.

If SPREP is to keep to the timelines set by the Committee, it will need to start the recruitment process as quickly as possible. Likely agencies that might be able to identify suitable experts in this field include IUCN and UNEP. The latter could also be a potential channel for the proposal to the GEF when it gets to that stage.

Report of the Meeting

With the help of Trevor Ward, the consultant was able to draft report and circulated for review and comments of members. Comments of members were then incorporated and the report finalized before leaving the Cook Islands. The report is being submitted separately to SPREP.

Cost of meeting

The following estimate covers airfares and per diem of a number of Steering Committee members only. The contingency budget for the meeting was managed by SPREP whose report on 7th Conference costs would include other expenditures related to the Steering Committee meeting.

	USD
Cost of airfares	\$9656
Per diem costs	\$7169
Consultancy costs	\$12,600

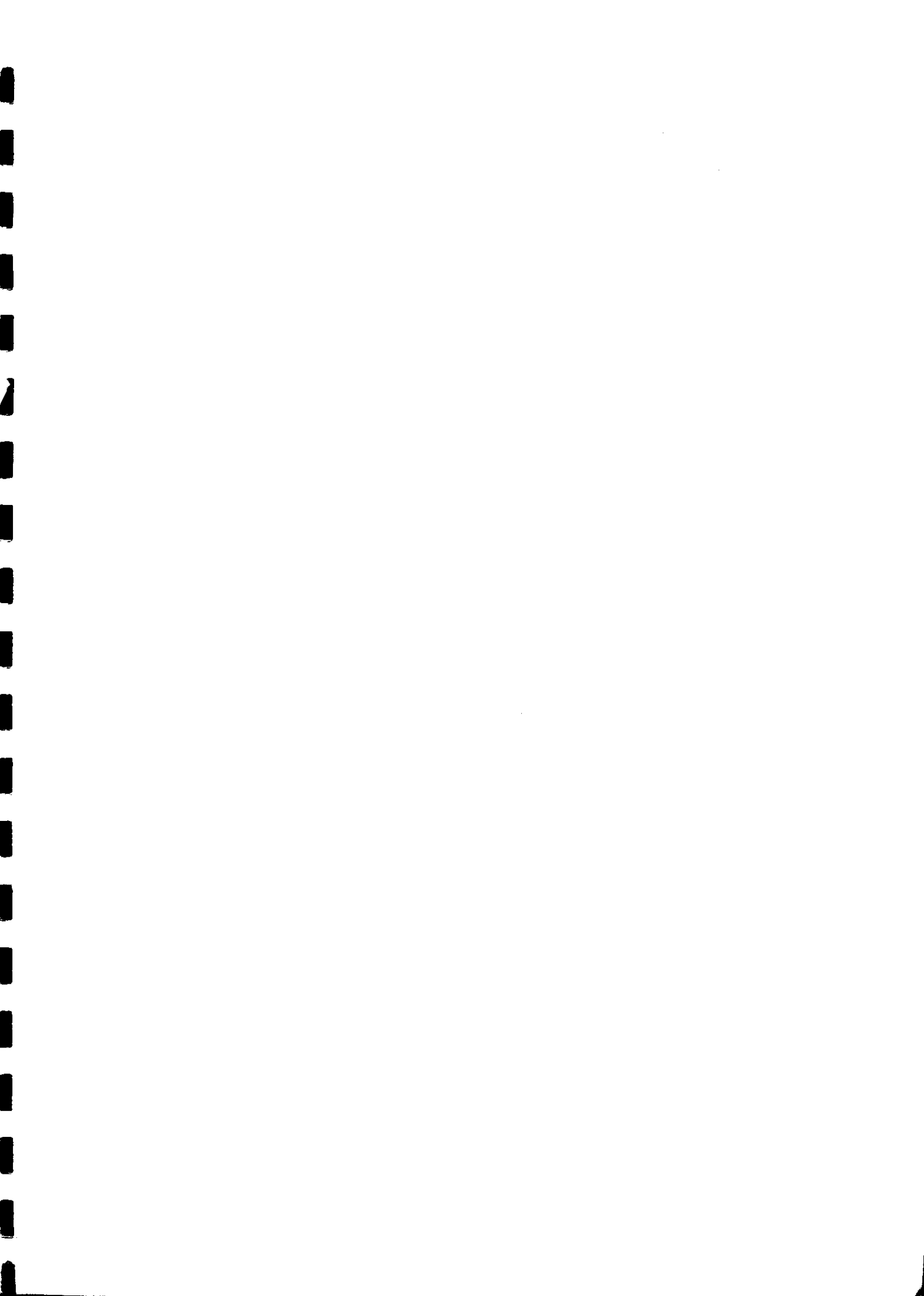
Total costs (excluding contingency costs) \$29,425

Chairing the Drafting Committee for the 7th Pacific Islands Conference on Nature Conservation

The work of the Drafting Committee started on the evening of the first day of the Conference (8 July) when members met for the first time to discuss and clarify the nature of the work expected of the Committee. Members were invited to volunteer however a few were appointed given the small number of those volunteered.

The Committee met on the evenings of Monday to Thursday and on Friday morning before the draft resolutions were presented for consideration by the plenary. Amendments were made during the plenary session to a number of draft resolutions and these were duly incorporated before submission to SPREP the following week.

It is interesting to note that other than the resolution encouraging SPREP to continue its efforts towards the establishment of a regional trust fund, another resolution sponsored by TNC and also adopted by the Conference is also calling for the establishment of financial mechanisms in support of conservation in the Pacific islands. This latter resolution does not specifically identify an agency to lead action towards implementation; nevertheless it may be incumbent on SPREP as the custodian of the resolutions to ensure that follow up action on this resolution is taken before the 8th Conference in PNG in 2006.



MEETING REPORT

**Third Meeting of the Pacific Islands Conservation Trust Fund
Steering Committee, 6 July 2002, Rarotonga, Cook Islands**

The Third Meeting of the Pacific Islands Conservation Trust Fund Steering Committee was held at the Board Room of the Ministry of Culture Development of the Cook Islands between 8.30 am and 4.00 p.m on Saturday, 6th July 2002.

Attendance

The following members were in attendance.

Tamarii Tutangata	SPREP (part meeting)
Theofane Isamu	Palau
Wep Kanawi	PNG (Meeting Chair)
Pati Liu	Samoa
Mataio Tekinene	Tuvalu
Ernest Bani	Vanuatu
Cedric Schuster	WWF (part meeting)
Trevor Ward	Australia: technical support
Joe Reti	coordinator
Sam Sesega	SPREP
Wren Green	consultant
Peter Hunnam	consultant

Meeting Agenda

1. Opening of Meeting
2. Adoption of Agenda
3. Meeting Objectives
4. Summary of consultants report on a Pacific Islands Conservation Trust
5. Synthesis of comments and feedback received by the Committee
6. Discussion of Main Issues
7. Any other matters
8. Meeting Outcomes and Recommendations
9. Meeting Close

Documentation

The Steering Committee was provided with the following documents that were used as the basis for discussions:

- Consultants report by Green and Hunnam
- Background paper on the Trust Fund initiative by Meeting Coordinator.

- An analysis on the findings and recommendations of the consultants report by Meeting Coordinator.
- Comments on the consultants report by TNC (Peter Thomas) and Trevor Ward
- A synthesis and evaluation of the comments received by Meeting Coordinator
- Terms of Reference for the consultants (Green/Hunnam) task
- Records of outcomes from previous meetings of the Steering Committee.

Opening Remarks

The meeting was opened by the Chair, Mr Wep Kanawi, who welcomed members to the meeting. Pati Liu offered prayers for the success of the deliberations recognising the importance of this topic for the future of the Pacific Islands peoples. The Chair then outlined the work required of the Committee and invited the SPREP Director to open the meeting.

The Director of SPREP, Mr Tamarii Tutangata, in his opening remarks called on members of the Steering Committee to make a clear unequivocal decision about the future of the trust fund initiative. He pointed out that there had been a long history of investigations and discussions (7 years) and that 5 reports had been prepared, including the most recent one by Green and Hunnam. He called on the Steering Committee to make a decision based on the accumulated history of information and the concepts discussed in the present consultants' report.

Adoption of the Agenda

The Agenda was adopted unchanged.

The Consultants Report

The Consultants, Wren Green and Peter Hunnam, summarised the main points of their report on the trust fund. A copy of the summary presentation is attached as annex to this report.

Discussions of the Main Issues

The discussions were focused on the following key points, raised by the consultants, the Steering Committee, and in the comments received on the consultants' report:

1. Response to the Consultants' report.

The Committee agreed that the consultants' report had provided a comprehensive analysis of the regional conservation needs and a solid justification for a regional conservation trust fund. There was agreement that a regional trust fund, as proposed, should now be advanced without further delay, although there are still a number of issues to be worked through. The time for analysis and justifying the concept needs to move now to a new focus on design and consultation focused on implementation.

2. Government contributions

The consultants' report recommends a financing model that in addition to a \$10M block capitalisation, involves Pacific Island government funding (scaled to the size of each country) for a 15-year period. Country representatives identified this as a difficulty that would, potentially, cause some adverse reaction and might not be acceptable to governments of the region. The consultants agreed, and advised that in their preferred financial model, although the funding contribution would be required on behalf of each country, this did not dictate that it had to be provided from internal national resources, although this could be preferable.

The consultants considered that the country contributions might be sourced from a range of areas, including donors, or from the private sector. The key advantage proposed by the consultants was that, after 15 years of contributions, each country would receive back for conservation grants, in perpetuity, double the amount of their annual contributions.

Issues about how this country contribution might interact with commitments of country funds to SPREP and other regional agencies were also raised. The consultants advised that the trust Fund was considered to be an independent function, and was intended to remain independent. SPREP was currently hosting the project to develop the concept, but it is fully recognised that when the Trust Fund comes to reality it will need to operate independent of SPREP. A potential model for this is operation by a management services contract, which would see the Trust Fund contract an institution (which could be SPREP or some other competent agency) to implement the relevant parts of the Trust Fund. This would hopefully enable the trust fund concept to be seen as a separate issue from that of country funds for SPREP.

The Steering Committee discussed the complexity of having a trust fund that may operate to displace the opportunity to apply for and receive grants from donors, and that donors may consider that once a regional Trust Fund was operational they may be able to withdraw some financial support from those countries. The consultants and some country representatives agreed that there were issues like this to be considered, but that the availability of an operational mechanism would be an advantage, and would enable countries to more readily accept opportunities as they arose, rather than having to build new donor-specific finance and project management systems for each funding opportunity. In addition the specific focus of the areas for grants for the Trust Fund would assist to ensure that donors did not become convinced that the Trust Fund was the only vehicle for financing conservation activities in each country where it operated.

4. More efficient mechanisms for funding of local scale conservation

The Steering Committee considered again the question of alternative financing mechanisms, and particularly the GEF Small Grants Program. The consultants were of the view that the Trust Fund would enhance the opportunity for a country to win such GEF funds, because of the availability of the Trust Fund mechanism to carry out the financial and project management required, without building a new entity and without incurring the high level of transaction costs that are typical of a small grants program. At present, PNG is the only PIC eligible to receive GEF Small Grants funding although according to WWF, this situation could change in the next two years or so.

5. Regional to national linkages

The Steering Committee was supportive of the concept of a regional trust fund, but country representatives were concerned about the lack of detail in how the trust Fund would work, particularly in the linkages between regional and national activities. Also of concern was the way in which funds disbursement would be decided, and the level of autonomy that would be provided to each national trust fund. The Steering Committee agreed that a clearer picture of the Trust Fund was needed.

The consultants agreed and considered that this was a valid concern, and was the basis for their proposal for an 'establishment project' that forms part of their report. The Steering Committee considered that the detail needed to be established in consultation with countries and donors, and this would form the first phase of a work plan for the intended project (see attached TOR for this proposed Project) that would build on the proposal put by the consultants in their report, which would form the second phase of work.

6. Donor commitments

The Steering Committee considered that it was essential to seek early commitments from donors, such as UNDP, to the process and likely outcomes. This was not however intended to limit the generality of donor support, and should ensure that the Trust Fund was open to support and promotion by any competent implementing agency in terms of seeking GEF funds for capitalisation, or other donor or granting sources. The consultants considered that this (engaging with a range of potential donors) would be part of the establishment project.

Changes to the Steering Committee

The coordinator (Joe Reti) advised that he would be unable to continue his participation in the committee now that he had completed his term with SPREP. Joe's role as coordinator was passed to Sam Sesega, from SPREP.

The Steering Committee agreed that it would be useful to invite a representative from PIANGO (Pacific Islands Association of Non-government Organisations) to join the Steering Committee.

The Chair of the Steering Committee (Wep Kanawi) is no longer employed by TNC, and the Steering Committee agreed that discussions would be opened with TNC to renew their formal representation on the Steering Committee, in addition to Wep Kanawi, who would retain the Chair in his individual capacity.

Next Steps

After full agreement in principle by the Steering Committee to the concept of a trust fund that would be modelled along the lines of the fund structure identified in the consultants' report, the committee identified a number of key actions required:

- (a) inform the 7th Nature Conservation Conference of the Committee's intention to develop and promote a regional conservation trust fund that involves national trusts and a regional structure;
- (b) prepare a briefing paper for the next SPREP meeting, to be held on 22 July 2002 that summarises the outcomes of this Steering Committee meeting, endorsement by the 7th Nature Conservation Conference, and the next steps proposed for the Trust Fund (from this list), seeking endorsement of the SPREP member countries;

proposed for the Trust Fund (from this list), seeking endorsement of the SPREP member countries;

- (c) development of the terms of reference for the implementation of the first phase of the 'Establishment Project'.

Outcomes and Recommendations

- (a) The Steering Committee adopted and endorsed the consultants' report.

- (b) The Steering Committee agreed that there was adequate justification for the establishment of a conservation trust fund for the Pacific Islands that will comprise national conservation trusts and a regional structure. The draft objective of the proposed trust is:

"to protect the biological diversity of the Pacific Island countries through support for local community-based and regional conservation initiatives".

- (c) The Steering Committee considered that region-wide consultation with national jurisdictions was required as part of a process to develop a detailed operational business plan for the conservation trust fund. This should be formulated as Phase 1 (the design and consultative phase) of an Establishment Project. Phase 2 of the Establishment Project would broadly follow the outline of the implementation project proposed in the consultant's report.

- (d) The Establishment Project should be established and supervised by the Steering Committee independent of SPREP, but using SPREP as the implementing institution. The Steering Committee re-affirmed its intention to establish the trust fund as an entity independent from SPREP.

- (e) The Steering Committee recommended that SPREP raise the funds necessary for development and implementation of the 'Establishment Project' (see TOR attached).

- (f) The Steering Committee recommended that SPREP prepare a briefing on the trust fund process for the 2002 SPREP Meeting, and seek endorsement for the Establishment Project to be initiated.

- (g) The Steering Committee recommended that the outcomes of Phase 1 of the Establishment Project be reported to the 2003 SPREP Meeting.

Closing of the Meeting

The Third Meeting of the Pacific Islands Conservation Trust Fund Steering Committee was concluded with words of thanks from the Chairman to members and SPREP staff. Ernest Bani conveyed the meeting's appreciation to Joe Reti for his efforts in keeping the trust fund 'alive' for the past seven years.

Pacific Islands Regional Conservation Trust Fund Establishment Project

Background

At the third meeting of the Steering Committee for the Pacific Islands Conservation Trust Fund (Cook Islands, 6 July 2002), the committee agreed in principle to proceed to supervise the establishment of a regional conservation trust fund.

The proposed trust fund would be modelled on the design suggested in the consultants report to the steering committee – a series of national trusts and a regional trust operated within a single regional structure.

The Steering Committee meeting decided that the next step would be an Establishment Project that would first resolve the fine details of the trust fund, by consultation with national and regional jurisdictions and interested donors, and then begin its implementation in the region.

The Steering Committee has prepared these Terms of Reference to guide the conduct of the Establishment Project.

Terms of Reference

Objective

The objective of this project is to develop and implement a regional trust fund to protect the biological diversity of the Pacific Island countries through support for local community-based and regional conservation initiatives.

The trust fund is to have the following features and criteria:

- A Pacific Association of Conservation Trusts;
- A common capital fund held in trust in perpetuity, invested in a diversified international portfolio;
- Initial capitalisation of a sinking fund with grants from aid donors and the Global Environment Facility;

- Annual contributions to the capital fund from each participating member country;
- Re-capitalisation as a perpetual endowment fund subject to demonstrating the success of the initial phase;
- An affiliated semi-autonomous statutory Conservation Trust in each member country;
- Membership limited initially to the 13 independent Pacific Island countries;
- A grant fund disbursed annually by the regional Association for regional conservation initiatives; and
- Each country's Trust supporting and financing a programme of local community initiatives in natural resource management and conservation, with grants disbursed annually in each member country against selection criteria to local community-based organizations (CBOs) undertaking the planned initiatives; grants disbursed in stages to grantee organizations against performance criteria.

Management

This project is to be managed by the trust fund Steering Committee, with SPREP as the managing agency. Funds for the project will be sought by SPREP. The Steering Committee will be responsible for approving the selection of consultants, reviewing the progress and outcomes of work in each Phase, and receiving and endorsing the final products. Funding to support this will be contained within the Project budget.

Activities

Phase 1 (a). Conduct a desk study, based on all of the available information developed so far on the trust fund concept, including the reports of meetings of the Trust Fund Steering Committee to develop an initial design for how the Trust Fund would be structured and would operate.

Phase 1 (b). Negotiate with national jurisdictions to identify working arrangements in each country that provide for the effective implementation of the trust fund structure and operations within each jurisdiction; this would include at least 6 countries – Vanuatu, Samoa, Palau, Tuvalu, Cook Islands, and FSM.

Phase 1 (c). Revise the initial design and consult potential donors to seek engagement and commitment of funds. Specific agencies and donors are to include at least UNDP, WB, UNEP, ADB, NZAID, and AUSAID.

*Steering
Committee*

*2nd
consultant*

Phase 2. Subject to donor funding , proceed to establish the trust fund arrangements at the regional level and to foster the development of national trusts.

Outcomes

Phase 1 (a). A draft business plan for the trust fund: how it would operate at national and regional levels;

Phase 1 (b). A business plan that can be operationalised within each of the 6 (or more) national jurisdictions, and a country-specific annex that outlines the intended operational arrangements of the trust fund and its interactions with the regional level structure.

Phase 1 (c).

- An operational business plan that meets the requirements of a range of potential donors for their participation, and particularly the GEF. This business plan will include responsibilities, management, processes and procedures for activities of the trust at both regional and national level; the complete structure and operational mechanism of the trust; granting processes to be used; maintenance of technical advice and support; board appointments and composition; and investment and financial management strategies.
- Provisional Project Establishment Document specific to each donor that is engaged with the fund, to act as a proposal to each donor in order to enable securing of capitalisation funds into the trust.
- Project Establishment Document for Phase 2 of the Project, including all costing.

Phase 2. An operational regional trust and national trusts in each participating national jurisdiction:

- Promotional materials for the PICT;
- Guidelines for establishing a country-based Conservation Trust;
- Legal analysis and model legal arrangements;
- Assessment of potential financial institutions to manage the Trust Fund investment;
- Draft guidelines for operating small grants programmes for community-based conservation in the Pacific;

- A capital endowment fund, invested in a carefully-selected international portfolio through a reputable financial institution;
- Investment guidelines in place;
- Performance targets determined;
- Monitoring systems designed and operating;
- Rules of operation for each Conservation Trust developed and agreed;
- Application and disbursement procedures in place;

Resources and Timeframe

Steering Committee:

Phase 1: 2 meetings, including stipend for non-government members; in-country support and discussions
(estimate \$50K)

Consultations:

Phase 1 (a): 2 persons for 3 months each: July to Dec 2002
(estimate USD 60K)

Phase 1 (b): 2 teams of 2 persons for 3 months each: Jan to Jun 2003; plus travel
(estimate USD 150K)

Phase 1 (c): 2 persons for 1 month: Mar to Jul 2003
(estimate USD 20K)

Phase 2: expected to be a 2-year project for a 2-person team
[to be determined in Phase 1]

11/10/02
17,500
11/10/02

Briefing Paper for the 7th Pacific Islands Conference

Pacific Islands Regional Conservation Trust Fund

A meeting of the Steering Committee for this initiative was held on Saturday 6 July in Rarotonga, Cook Islands to determine if the concept was viable and if it should be continued. The meeting considered the Green and Hunnam report as well as the previous consultants and workshop reports from the 7-year history of this idea.

The meeting concluded that there was now a good justification for proceeding to develop the concept further.

The Steering Committee has agreed that the objective of the regional trust fund is to be:

“to protect the biological diversity of the Pacific Island countries through support for local community-based and regional conservation initiatives”.

The basic model to be developed and refined in close consultation with countries and donors is a series of national trusts that operate within a regional trust structure.

The details of the proposed regional structure, and how it would operate in each country, are to be developed and implemented in a 3-year Establishment Project to commence in the second half of 2002.

Funds for the Establishment Project are to be sought from donors after endorsement from the SPREP member countries.

The Steering Committee would welcome the endorsement and support of the 7th Conference on Nature Conservation for this initiative.

Any specific questions or comments should be directed to the Chair of the Steering Committee, Mr Wep Kanawi, the Coordinator Mr Sam Sesega, Dr Trevor Ward, or any other member of the Steering Committee.

And finally, the Steering Committee would like to acknowledge the consultants report, prepared by Wren Green and Peter Hunnam that has provided the basic model to enable us to agree that this is a viable initiative. We also acknowledge with regret that Joe Reti will be standing down, and thank him for his input and expertise in guiding the committee over the past few years. We wish Joe well for the future.

**THIRD MEETING OF THE PACIFIC ISLANDS CONSERVATION TRUST FUND
STEERING COMMITTEE, RAROTONGA, COOK ISLANDS, 6 JULY 2002**

AGENDA

1. Opening of the Meeting (Director of SPREP)
2. Adoption of Meeting Agenda, Meeting Arrangements and Hours of Work

Chairman will invite comments and suggested changes to the draft agenda. Secretariat will prepare the draft report for review and comments of members during the course of the Rarotonga conference.

The SC will meet for one day only. Regular breaks at 10.00 am, 12 noon and 3.00 pm will be made, however the duration of the meeting will depend on how long the Committee would take to complete its business.
3. Meeting Objectives (Chairman)

The Chairman will outline the objectives of the meeting and the expected outcome(s).
4. Summary presentation of Green & Hunnam Report – Findings and Recommendations (Wren/Peter)

The authors of the report “Pacific Islands Conservation Trust: Long-term support for community-based conservation in the Pacific island countries”, Mr. Wren Green and Mr. Peter Hunnam will make a short presentation on the main findings and recommendations of the report.
5. Synthesis of Comments Received from Steering Committee (J. Reti)

Joe Reti will present a synthesis of comments received from SC members on the Green and Hunnam report.
6. Discussion of main issues and report recommendations

Members will be invited to discuss the main findings and recommendations of the report and to elaborate on their comments (summarised under agenda item 5 above) if necessary. Members will be

advised to concentrate solely on the report and not to reopen discussions that have been covered in previous meetings.

7. Other matters

It is possible that other matters for discussion/decision by the SC will be identified following its discussion under agenda item 6 above. One such matter could be the composition and size of the SC itself.

8. Meeting recommendations

The SC will be required to make a firm decision as to whether or not it supports the recommendations of the report. If it does, then it might be necessary to agree on when to meet next to decide the next steps.

9. Close

10. Drinks and dinner hosted by SPREP Director

**THIRD MEETING OF THE STEERING COMMITTEE FOR THE PACIFIC
REGIONAL CONSERVATION TRUST FUND**

RAROTONGA, COOK ISLANDS

6 JULY 2002

MEETING OBJECTIVES, OUTCOMES AND LOGISTICS

Meeting Objective

The main objective of the meeting is to provide an opportunity for the Trust Fund Steering Committee to consider the findings and recommendations of the Green and Hunnam report: Pacific Islands Conservation Trust – long-term support for community-based conservation in the Pacific island countries.

Expected Outcomes

The expected outcomes for the meeting will include:

- A decision as to whether or not a regional trust fund was the best way to achieve the original objective of securing long term funding for community-based conservation in the Pacific islands.
- If the decision favours a regional trust fund, an indication of preferred design features and options for such a fund, including the most appropriate governing structure, and financing and operating mechanisms.
- Recommendations for next steps.
- Possible recommendations to the 7th Conference and to the 13th SPREP Meeting.

Chairperson

As the appointed chairperson for the Committee, Wep Kanauai will preside as chair of the meeting.

Hours of work

The meeting will be held on 6 July only. The opening is scheduled for 8.30 am. There will be 30-minute breaks at 10.00 o'clock in the morning and 3.00 o'clock in the afternoon. There will also be a one-hour lunch break between 12 noon and 1.00 o'clock.

Venue

The meeting will be held at the National Auditorium.

Transport

Transport will be provided to and from the venue. Participants will be picked up at their hotels at about 8.15 a.m. Please note there are only a few taxis on Rarotonga so it is advisable to catch the SPREP-provided transport to avoid being late.

Meeting documents

Meeting documents have been provided electronically to most participants. Hard copies are available from the Secretariat. Participants should make sure they have copies of the following documents. Spare copies could be obtained from the meeting secretary if needed.

- Meeting agenda
- Meeting Objectives etc
- Background paper
- Green and Hunnam report
- Analysis of Issues and Options (the Green and Hunnam) report
- Synthesis of comments received from Steering Committee members

Copies of the Lucas, Stanley, Rosenberg and Christensen reports could be provided on request.

Meeting participants

Note that the meeting is restricted to core members of the Steering Committee only. The participants are listed below with their expected arrival dates and hotel accommodation in Rarotonga.

Name	Expected Arrival Date	Hotel Accommodation
Wep Kanaui		Edgewater
Pati Liu	4 July	Edgewater
Ernest Bani	5 July	Edgewater
Theofanes Isamu	3 July	Club Raro
Mataio Tekinene	4 July	Edgewater
Peter Hunnam		Club Raro
Trevor Ward		Edgewater
Wren Green		Club Raro
Roger Cornforth		Edgewater
Cedric Schuster		Edgewater
Audrey Newman		Edgewater

Sam Sesega		Paradise Inn
Joe Reti	4 July	Paradise Inn

Meeting report

Joe Reti with the assistance of Trevor Ward will be responsible for the drafting of the meeting report for comments and clearance by members before they depart the Cook Islands. The final meeting report will be distributed by SPREP to members of the Committee.

Meeting recommendations

Depending on the outcomes of the meeting, the Committee may wish to discuss and agree on any specific recommendation it wishes to put forward to either the 7th conference or the 13th SPREP Meeting.

Dinner and drinks

The SPREP Director is inviting participants to dinner and drinks after the meeting. The venue and time will be advised before the end of the meeting. Participants are asked to please keep this evening free.

Secretariat support

A SPREP secretary will be available at the venue to provide assistance to participants if required.

More information

For more information on the meeting and arrangements, please contact either Joe Reti or Helen Ng Lam at Paradise Inn, telephone 20544.

Annex 2**THIRD MEETING OF THE PACIFIC ISLANDS CONSERVATION TRUST FUND
STEERING COMMITTEE, RAROTONGA, COOK ISLANDS, 6 JULY 2002****ANALYSIS OF FINDINGS AND RECOMMENDATIONS FROM THE GREEN
AND HUNNAM REPORT****Purpose of paper**

1. This paper aims to provide an analysis of the main findings and recommendations of the Green and Hunnam report which, it is hoped, will help facilitate focused discussion by the Steering Committee thereby enabling an informed decision on the future of the trust fund proposal.
2. Copies of the Green and Hunnam report were distributed to members of the Steering Committee in April. Hence, it is assumed that members have already read the report and would have done their own analysis of its findings and recommendations. This analysis should therefore serve to complement those of the members themselves, but it is noted that where this analysis differs in interpretation from that of the main report, the intent of the report shall prevail.

Terms of Reference

3. It is reasonable to start this analysis by looking at what the report aimed to achieve. This is best done by summarising the terms of reference for the consultancy that produced the report, as is done below.

Objectives of the consultancy

4. The objective of the consultancy was to provide an assessment through an "Issues and Options" paper, of whether or not the rationale for a regional trust fund as originally conceived was still valid and whether its proposed goal and objectives were still relevant from all stakeholders viewpoints.
5. More specifically, the Issues and Options paper aimed to provide an assessment of:
 - The funding needs for conservation, both at the national and regional levels in the Pacific islands.
 - The likely mix of funding mechanisms (regional and national) that might best meet such needs.

- Whether or not a regional trust fund was the best way to achieve the original objective of finding a means to secure long term funding for Pacific biodiversity, particularly now that community-based approaches are acknowledged and accepted, and that national trust funds have become more commonplace.

Outcomes

6. The outcomes expected from this consultancy included:

- An assessment of whether or not a regional trust fund was the best way to achieve the original objective of securing long term funding for Pacific biodiversity conservation.
- Identification/reaffirmation of the long term funding needs/priorities for Pacific biodiversity conservation.
- Consider the role of regional assistance in meeting these needs, as opposed to national and bilateral sources of assistance (including national and local trust funds), and what is the best mix of funding mechanisms to achieve results.
- If a regional trust fund is recommended, outline suggested design features and options for such a fund, including the most appropriate structure for it.
- Investigate appropriate links between regional programmes such as SPREP and any regional trust fund.

Funding Needs for Conservation in the Pacific

7. Chapter 2 of the report provides a summary discussion of the priorities and challenges for conservation in the Pacific islands. Increased pressure on resource owners, communities and their governments to use resources to generate economic wealth has resulted in major environmental problems including land degradation, destruction of ecosystems and landscapes, loss of endemic plant and animal species, water pollution and over-exploitation of marine resources. The challenge for conservation in the Pacific is to redress the increasingly imbalanced relationship between human activities and natural processes – to ensure that renewable resources are not used above their replenishment rates.

8. The report goes on to suggest that Pacific island countries have set out in several planning exercises, including NEMS, the report to UNCED, CBEMP, National reports to CBD, Environment Outlook, NBSAPs and the Action Strategy for Nature Conservation, their priorities for environment and conservation and

possible responses. These plans presented a consistent view of what was needed to safeguard the natural environment and biodiversity of PICs. They all sought the goal of conserving biodiversity and protection of significant species and places by:

- Tackling specific threats and managing wastes; and
- Sustainable use of natural resources.

9. The priority means for reaching these goals were identified as:

- Capacity building, from community to government levels.
- Community participation in nature conservation.
- Policy, planning and legal frameworks.
- Education, awareness and provision of information.
- Financial sustainability for biodiversity.

10. According to the report, when existing plans are looked at in details, two trends emerge that are relevant to the trust fund. First, there has been an increased emphasis on the importance of action at the community level for achieving conservation goals. Secondly, the NBSAP - the latest in the series of national plans - are picking up more issues that need to be addressed at a regional level. They include invasive species, biosecurity, migratory species and biosafety. **Both these trends are specifically targeted in the trust fund model proposed by the report.**

11. The discussion in Chapter 3 of the report provides a comprehensive summary of the issues that needed to be addressed to strengthen nature conservation and outlines how a regional conservation trust fund would address those issues. An assessment of this chapter would suggest that **the authors have confirmed that the rationale for a regional trust fund as originally conceived was still valid.** In chapter 5 (page 19), the report concludes "a trust fund was feasible and would be a valuable mechanism for delivering an appropriate type and level of support for nature conservation and natural resource management initiatives across the region". What the report is silent on is whether all the relevant stakeholders share this view. Comments from UNDP and TNC suggest otherwise.

12. The report, especially in chapter 3, has provided a convincing logic for a trust fund, but it is not clear if the logic can apply equally to national and regional trust funds, or for the purpose of the consultancy, whether it favours the establishment of a regional trust fund over national funds. In this context, it is believed that the report has not adequately responded to the question of **whether a regional trust fund was the best way to achieve the original objective of finding a means to secure long term funding for Pacific biodiversity, particularly now that community-based approaches are**

acknowledged and accepted, and that national trust funds have become more commonplace.

13. The main arguments in support of a regional trust fund are provided in section 3.6 and 3.9, where it is stated that *if efficiently administered, a regionally accessible Trust Fund could disburse action funds rapidly to address urgent national or regional problems that threaten significant biodiversity values (3.6); and, a regional trust fund could provide sustained support for the protection of regionally and globally significant sites, species or phenomena for posterity, and could attract capital funding from the Global Environment Facility and allied funds (3.9).* The rest of the arguments tend to apply equally to the regional and national funds, if not more so to the latter.

14. The most compelling argument in favour of a regional trust fund is however presented in section 4.1.2 (page 13) where it is stated that *rather than pursuing separate national trust funds, there would be advantages, in terms of economies of scale, administrative efficiencies, mutual strengthening and synergy, in Pacific island countries establishing a regionally structured fund linked to national trust funds in each country.*

15. In an attempt to address the second specific objective of the consultancy, (i.e. the likely mix of funding mechanisms (regional and national) that might best meet funding needs of PICs) the consultants have provided in section 4.3.1 of the report, four potential models of sinking and endowment funds as possibilities. Again, the report appears to focus entirely on regional models and not on the **likely mix** of regional and national mechanisms as anticipated in the TOR. This can however be explained by the argument in paragraph 14 above where the consultants are espousing a regional fund linked to national funds as opposed to a “mix” of mechanisms that was called for by the TOR.

16. One could argue that a “mix” of funding mechanisms is not necessarily the best way to securing long term funding for Pacific biodiversity. By suggesting the establishment of a Pacific Islands Conservation Trust as an Association of Pacific national conservation trusts, the consultants appear to be saying that instead of a mix, a regional fund that complements and support a series of national trust funds was the better means for securing long term funding for biodiversity conservation in the Pacific. There is merit in this argument but the Committee may still wish to debate what advantages, if any, a true mix might have over what has been proposed.

17. Reverting to the TOR, it is fair to say that the report has adequately addressed the specific tasks required of the consultants as can be determined from what has been achieved for each expected outcome as shown in the following matrix.

Expected outcomes	Actual outcomes
<p>- An assessment of whether or not a regional trust fund is the best way to achieve the original objective of securing long term funding for Pacific biodiversity conservation.</p>	<p>The consultants have concluded that a trust fund was feasible and would be a valuable mechanism for delivering an appropriate type and level of support for nature conservation across the region. The consultants have suggested that the preferred option is to combine the strengths of national modes of operation by establishing the mechanisms for each country Conservation Trust to control its own affairs within operating rules and guidelines agreed by the collective membership of the regional Pacific Association of the Trusts. They have therefore recommended an Establishment Project to organise the establishment of such Trust.</p>
<p>- Identification/reaffirmation of the long term funding needs/priorities for Pacific biodiversity conservation.</p>	<p>From their review of existing planning documents and reports as well as discussion held during the course of the consultancy, the consultants have reaffirmed the validity of earlier proposals to establish more consistent, long term sources of financing for conservation, to be widely accessible, particularly for local conservation initiatives, and to integrate and coordinate the mechanisms of support provided by governments, overseas aid agencies and the international community. Chapter 3 of the report provides a detailed discussion.</p>
<p>- Consider the role of regional assistance in meeting these needs, as opposed to national and bilateral sources of assistance (including national and local trust funds) and what is the best mix of funding mechanisms to achieve results.</p>	<p>Sections 3.7 and 3.8 of the reports discuss the respective contribution of governments and overseas aid to conservation. It suggests that a trust fund could provide a long-term co-financing mechanism that would be attractive to both island governments and donor agencies. It further suggests that a trust fund could</p>

	<p>provide a transparent, secure, consistent and effective mechanism for investing and disbursing funds that would be attractive to donors. Not much is said about national or local trust funds as opposed to a regional fund. Instead, the authors have suggested the establishment by each of the 13 PICs of national conservation trusts as members of the regional conservation trust. It has been suggested that this was the preferred option (to national, local or a mix of these types of funds?)</p>
<p>- If a regional trust fund is recommended, outline suggested design features and options for such a fund, including the most appropriate governing structure.</p>	<p>As indicated earlier, the consultants are of the view that a regional trust fund was feasible and have as a result, and in accordance with their TOR, discussed in great details in Chapter 4 of the report, issues for design and establishment of a suitable financing mechanism.</p>
<p>- Investigate appropriate links between regional programmes such as SPREP and any regional trust fund.</p>	<p>This discussion is provided in section 4.2.6 of the report. According to the consultants, there is a widespread feeling in the region that it would not be appropriate or effective for SPREP to be in a position where it can direct and control the proposed Trust or its funds. Instead, it is preferred that SPREP's relationship with the Trust be one of partnership, based on clearly distinct, complementary roles. The consultants have however suggested that SPREP administer the proposed project to manage the establishment of the Trust and its funding mechanism.</p>

18. From the above discussion, it is the Secretariat's view that the consultancy has satisfied its TOR and the Steering Committee now has more than enough information at its disposal to decide on the future of the trust fund initiative. If the decision is in favour of the establishment of a regional trust fund, then the issues raised in the following paragraphs of this paper will need to be discussed. If on

the other hand, the decision was not in favour of a regional fund, then obviously, the issues will become irrelevant.

Issues for design and establishment of a suitable financing mechanism

19. One of the main obstacles to the advancement of the trust fund concept in the past years has been the absence of a design that shows ownership, relationships and control of the Trust and its funds to facilitate discussions with donors and other stakeholders. In the absence of such a design, it was difficult to respond to the main issues of concern from the donor's perspective such as transparency and accountability. The consultants have suggested certain issues to be addressed when designing the Trust Fund (SC may have others). Secretariat comments on some of these are outlined in the following paragraphs.

Autonomy

20. The consultants have pointed to the widespread concern that SPREP or governments might be seen to have control of the fund and its operation. It is important that these concerns be allayed by having a structure that clearly shows the autonomous status of the fund with links to advisory bodies and technical agencies like SPREP.

Relationship with PIC governments (4.2.5)

21. It is suggested that each PIC will need to actively (create and) support a semi-autonomous conservation trust in its country if the mechanism is to be established effectively and operate without undue political influence. Unless there is a concerted effort to ensure there is a political will to do this, it is extreme ambitious to expect all 13 countries to have established conservation trusts within the two years of the Establishment Project. The consultants have realised this and have as a result suggested that the fund could start with perhaps six PICs with the others joining later as the fund progresses. This is a sensible recommendation as it would probably take far more than two years to get all 13 PICs on board.

22. Of greater concern though is the suggestion for governments to contribute financially to the Trust Fund. Experience has shown that country contribution to regional initiatives (including contributions to regional organizations such as SPREP) have been extremely unreliable. Convincing countries to contribute to the trust fund would be made even more difficult if, as suggested, government agencies are not able to apply for funding from the trust for their own operations. The Committee will need to consider these issues very carefully.

Relationship with SPREP and other Regional Organisations

23. Although the trust fund is likely to affect SPREP's own efforts to raise funds for its work programme activities in nature conservation, the suggestion that SPREP should not be put in a position where it can direct and control the trust or its funds makes sense. As most if not all activities of SPREP are of a regional nature, it should not be a problem for the organization applying for funding from the Trust. SPREP's independence from the fund should enhance rather than impede its ability to apply for funding from the Trust.

Regional versus National Support Mechanisms

24. The discussion under section 4.2.3 of the report provides a strong case for the regional trust fund. According to the report, a trust fund active across the region would be stronger and could achieve economies of scale in its technical management and investment of funds, by having a single infrastructure and common operating procedures. The reports has however cautioned that the management of the fund and decisions on grant applications and disbursements should be subject to in-country control and guidance, rather than to decisions made regionally or internationally.

Feasible Mechanisms for Financing and Operating

25. If the Steering Committee should decide to accept the consultants' recommendation for the development of a project to organise the establishment of a trust fund, then it would also need to agree on which of the four models considered in the report should be pursued. It is noted that the consultants have recommended model 4, which is a combined fund progressing from a sinking fund to an endowment fund.

26. The suggestion for a sinking fund that eventually progresses into an endowment fund is interesting especially in light of the potential difficulty in raising large capital funding to enable the trust fund to operate immediately. It does however appear to be a logical way to bridge the widening gap between the SPBCP and future funding especially in light of the expected long time it will take to secure investment in the trust fund.

Pacific Islands Conservation Trust – Establishment Project

27. The Consultants have indicated that it will take a long time to bring the proposed Trust Fund into existence and have subsequently recommended the development of a specific Project to organise the establishment of the Trust Fund. This recommendation is however subject to the acceptance by the Steering Committee of the findings of the Consultants and that is the main business of this meeting of the Committee.

Summary of Issues for Decision by the Committee

28. To facilitate its discussion of the trust fund proposal, the following issues are highlighted for eventual decision by the Committee.

- Whether or not the Consultants have satisfied their terms of reference;

If the Committee agrees that the Consultants have met their terms of reference, then the Committee would need to decide on the following findings and recommendations by the Consultants.

- That there was adequate justification for the establishment of a regional conservation trust fund;
- That a specific project to organise the establishment of the Pacific Islands Conservation Trust Fund be developed;
- That the Objective, project activities, outputs and indicative budget of the Proposed Project (see 6.1 – 6.5, page 23 - 25) are appropriate;
- Provide suggestions or comments on governance, mechanisms for financing and operating of the Trust Fund and other key elements of the proposal as listed in section 5.2. page 19 of the report.

29. In addition to above, the Committee may also wish to consider the issues relating to the composition and future role of the Committee.

30. The Committee may also wish to provide specific directions to SPREP regarding the development of the project for the establishment of the trust fund.

by the Committee to consider the issues relating to the composition and future role of the Committee.

by the Committee to provide specific directions to SPREP regarding the development of the project for the establishment of the trust fund.

THIRD MEETING OF THE STEERING COMMITTEE OF THE PACIFIC ISLANDS CONSERVATION TRUST FUND, RAROTONGA, COOK ISLANDS, 6 JULY 2002

SYNTHESIS OF COMMENTS RECEIVED ON THE GREEN AND HUNNAM REPORT

Purpose of paper

1. To provide a synthesis of comments received from members of the Steering Committee and others on the Green and Hunnam Report- Pacific Islands Conservation Trust: long term support for community-based conservation in the Pacific island countries.

Introduction

2. The Green and Hunnam report was distributed to members of the Steering Committee, and others in April 2002 with a request for comments to be sent to SPREP for the purpose of preparing this paper. By the time of writing (June 25), only The Nature Conservancy (TNC) and Dr. Trevor Ward had submitted written comments on the report.

3. The disappointing response from the Steering Committee to the request for comments has made it difficult to prepare this paper not only because it cannot be assumed that the views expressed by TNC and Dr. Ward were representative enough of what the group might think, but also because the views expressed are so markedly different that an attempt at synthesising is extremely difficult.

4. Rather than a synthesis of the views expressed therefore, this paper presents a brief summary of the comments from the sources as mentioned, highlighting the main issues raised for the consideration of the Steering Committee. Comments of the Secretariat on the comments received are in italics.

TNC Comments

5. While it acknowledges that there may be a role for a regional trust fund to support coordinated, region-wide action to protect certain conservation targets and to address some regional threats requiring multi-country collaboration and approaches, TNC remains of the view that a regional trust fund alone has very limited scope to support and catalyse conservation in the Pacific. Instead of a

regional trust fund, TNC has suggested employing a much broader range of sustainable financing mechanisms including site-based, national as well as regional mechanisms. In its views, TNC believes that national, rather than regional trust funds are more appropriate for supporting conservation.

Green and Hunnam have pointed out that "rather than pursuing separate national trust funds, there are advantages, in terms of economies of scale, administrative efficiencies, mutual strengthening and synergy, in Pacific island countries establishing a regionally structured fund linked to national trusts in each country". This recommendation attempts to address the suggestion by TNC for a broader range of sustainable financing mechanisms including site-specific, national and regional mechanisms. But as indicated in the next paragraph, TNC believes that even this suggestion falls short of the potential benefits from a national fund.

6. TNC does not believe that the hybrid Pacific Trust Fund proposed by Green and Hunnam will maximise the potential benefits of a national trust fund, or be an efficient vehicle for delivery of funds for conservation. Pointing to its experience over the past ten years, TNC claims that independent trust funds have proven to be more effective mechanisms for catalysing lasting conservation action in country.

TNC has pointed to its experience over the past ten years (including in PNG and Micronesia) to support its claim that independent trust funds have proven to be more effective. As far as we know, there are no regional trust funds (certainly not in PNG and Micronesia) to which such independent national funds have been compared. Further, a hybrid fund of the nature proposed in the report has not been tried before so that it is fair to say that there is some degree of speculation in the claims by TNC. The fact that we know more about national trust funds than regional funds is however still valid and as TNC would probably agree, it might be better to err in favour of what we know than what we don't.

7. The proposed design and financing modalities of the Pacific Trust Fund are also of concern to TNC who argues that "the proposed structure would likely to be unwieldy and inefficient". It suggested that the Association of National Conservation Trusts, a central council, and advisory committee and thirteen individual national trusts would be time-consuming and expensive. Furthermore, TNC argues that in some countries, national level funds may not make sense! The cost argument is interesting as it is based on the independent national funds that TNC is arguing for.

The final design of the regional trust fund, if there is going to be such a fund, is still open for debate by the Steering Committee and the design team once the Establishment Project is launched. The consultants have however made it quite clear that the development of the regional trust fund will neither be easy nor cheap. It is for this reason that a two-year Establishment Project has been suggested. In countries where a national fund does not make sense as claimed

by TNC, one would tend to think that the case for a regional fund would be stronger and make more sense.

8. TNC has also questioned the estimate of the establishment and operating costs of the regional fund saying that based on their experience in PNG and Micronesia, these will be significantly higher than estimated, both at the regional and national levels. It suggested that to operate a national trust fund that has a capacity building goal would cost around \$150,000 per year excluding cost of a pre-establishment phase of at least 12 to 18 months.

If, as TNC claims, it costs more than \$150,000 annually to operate a national trust fund, then it is doubtful that independent national trust funds will be sustainable on their own either. The consultants have estimated (disputed by TNC) that the annual cost for managing the PICT Association and the (13) national Conservation Trusts would be about \$150,000, equal if not less than what is claimed by TNC will cost to manage one national fund. If indeed a regional fund would result in economy of scale and optimal returns on investments to the members, then certainly there is ground for supporting a regional approach as the PICT initiative. The cost argument by TNC therefore strengthens rather than weakens the case for a regional trust fund.

9. In addition to the above concerns, TNC has also reminded that at the Wellington Roundtable, solid indication of donor support for the regional fund was identified as critical. A related issue that needed to be addressed was whether significant donor contributions to a regional fund would preclude their support for national activities.

These are fundamental issues that the Committee will need to take into account in their consideration of the Green and Hunnam report. As part of their assignment, the consultants were required to consult widely with relevant stakeholders, including donors. UNDP/GEF have some serious concerns about the proposal and are unlikely to support its submission to GEF. The other GEF Implementing agencies, namely UNEP and ADB have however indicated interest in the idea and are willing to help. The point though is that unless there is something to "sell" to these agencies (i.e. a design and structure for the fund), progress will not go beyond the reports and discussions that have characterised "progress" of the past seven years.

10. Finally, TNC has correctly pointed to the less than satisfactory history of country contributions to regional agencies and programmes in the Pacific, which does not engender a high degree of confidence that countries will meet their financial obligations to a regional fund.

This is perhaps the most critical issue that might very well determine the acceptability or otherwise of the mechanism for financing (model 4) the proposal as preferred by the consultants. The history of country contribution to regional

programmes and agencies suggests that the proposal for country contributions to the PCT is unlikely to work, hence other modalities for financing the regional fund may have to be considered.

Dr. Ward's Comments

11. Unlike TNC, Dr Ward is of the view that the case for a regional trust fund has been well made. He therefore supports the strategy for an Establishment Project to progress the idea further. The rest of the comments are to do with design matters, which, he pointed out, "could be easily addressed as the details of the CTF begins to develop and unfold". He concluded by saying that whilst the report has (correctly) focused on financial accountability, there will ultimately be a need for equal focus on delivering actual outcomes from the fund.

Dr. Ward's comments have focused on certain design issues (composition of the Advisory Board, criteria and rules for distributing funds, performance assessment and reporting system) which, it is hoped, the design team will address during the design phase.

Recap of comments received

12. TNC has reservations about a regional trust fund hence; it is imperative that the Steering Committee takes TNC and other stakeholders' concerns into consideration as it debates the need and justification for a regional fund. In its view, a regional trust fund by itself has limited scope to support and catalyse conservation. Instead, a broader range of sustainable financing mechanisms should be considered. The proposal for a regional fund structured, as an Association of Pacific national conservation trusts does not meet this criteria according to TNC.

13. While TNC acknowledges that there may be a role for a regional fund, it does not support the regional fund as a model for disbursement of funds for national-level conservation. According to TNC, national trust funds are the more appropriate structure for doing so. This is the rationale underpinning the rest of TNC's comments.

Challenging the TNC Argument

14. While acknowledging the validity and importance of TNC's argument for national funds as opposed to a regional trust fund, it is noted that TNC also pointed out that (a) national trust funds could cost more than \$150,000 annually to operate, and (b) in some countries, a national-level fund may not make sense. It is possible to counter the arguments by TNC based on these two points alone.

15. The points as identified above, it is argued, support rather than weaken the case for a regional trust fund. In the first instance, it is unlikely that

investment in a national fund would be large enough to generate more than \$150,000 a year to pay for conservation and to cover operating cost of the national trust fund as estimated by the TNC. Secondly, as pointed out by TNC, it is unlikely that all 13 PICs will be able to set up and sustainably manage independent national funds. The question is: Without a national or a regional trust fund, what then shall become of these countries? TNC has not provided an answer to this question, unfortunately!

16. Except for PNG and Micronesia whose trust funds are *already* in their advanced stages, the others referred to by the consultants (i.e. Fiji, Vanuatu and Samoa) are simply proposals, which have yet to be fully investigated and developed. It is not known if the rest of the countries would chose to establish national trust funds but it is possible that some of these countries would opt for a regional fund provided there are clear, tangible benefits for them.

17. PNG and Micronesia are fortunate to have TNC who has been instrumental in the development of their trust funds present in their sub-region. The rest of the countries are not so fortunate and may find the responsibility involved in setting up and managing a national trust fund too much for the capacity and resources available locally. A regional trust fund that benefits these countries (expected to be mainly the smaller islands) would be extremely useful.

Issues for the Steering Committee

18. TNC has clearly highlighted some of the key issues the Committee will need to take into consideration when deciding on the future of the regional trust fund proposal. For ease of reference, and to facilitate discussion, the main issues for discussion by the Steering Committee as summarised from TNC's comments are:

- That the regional trust fund as proposed by Green and Hunnam is not an effective way to disburse funds for national-level conservation. It will therefore not achieve our original objective of securing long term funding for conservation in the Pacific.
- That independent national trust funds (despite the high operating costs) are the more effective mechanisms for catalysing lasting conservation in PICs.
- That PICs are unlikely to contribute financially, at least at the level proposed by the consultants, to a regional trust fund.
- That the degree of donor support remains an important factor guiding a decision on the future direction of the regional trust fund proposal.

**THIRD MEETING OF THE STEERING COMMITTEE FOR THE PACIFIC
REGIONAL CONSERVATION TRUST FUND**

RAROTONGA, COOK ISLANDS

6 JULY 2002

BACKGROUND PAPER

Purpose of the paper

To provide, mainly for the benefit of new members of the Committee, a background paper outlining the origin and progress to date in the development of Regional Trust Fund for Nature Conservation.

The Call for a Regional Trust Fund

1. The Action Strategy for Nature Conservation in the Pacific Region 1994 – 1998 (SPREP, 1994) recognised the need for continuing funding for nature conservation. Objective 2 of the Strategy was:

To develop and advocate mechanisms for the sustained support of conservation and sustainable resource management activities at the local, national and regional levels.

2. At the Sixth Pacific Islands Conference on Nature Conservation (Pohnpei, FSM 1997), Pacific island governments, non-governmental agencies and regional and international organisations active in nature conservation in the Pacific island region again called for the establishment of a regional trust fund for nature conservation. The trust fund idea was further promoted in the 1999 – 2002 Action Strategy for Nature Conservation and was endorsed by the Governing Council of SPREP in 1998.

Progress to date

3. In 1995, Bing Lucas prepared for the South Pacific Biodiversity Conservation Programme (SPBCP) a report on funding options for nature conservation in the Pacific region (Lucas, 1996). The report recommended, amongst other things, that SPBCP/SPREP in conjunction with its member states, and in consultation with GEF and its bilateral partners and others, initiates in-depth investigation into the possible

establishment of a Pacific Regional Endowment Trust Fund for Pacific island countries.

4. In May 1995, the Technical and Management Advisory Group (TMAG) of the SPBCP considered the Lucas report and supported in principle the establishment of a trust fund to assist the protection of biodiversity. Joe Stanley then carried out a review of available material on trust funds and initial consultation with some potential donors in December 1996 (Stanley 1996).
5. In 1998, a report outlining a possible structure and operational procedures for a trust fund was prepared for ESCAP and SPREP by Eliot Rosenberg (Rosenberg, 1998). This report was considered by TMAG who recommended that a team of specialists be put together to:
 - Review the trust fund document in light of recent developments and expertise available in the region, particularly to take into consideration and review the successful TNC/PNG Trust Fund proposal put together with the recent GEF Evaluation Report on Trust Funds; and
 - Rethink the Trust Fund concept and reformulate the approach and mode of operation taking advantage of and building on the new context created by the NBSAP initiative in the Pacific island countries.
6. Following the above recommendations of TMAG, a report entitled "Proposing a Framework for a Biodiversity Conservation Trust Fund" was prepared by Mark Christensen in 1999 (Christensen 1999). This report recommended a series of steps to be followed to progress the policy and design issues for the trust fund and was considered by a workshop held in Samoa in October 1999. This workshop resolved that a Steering Committee comprising several knowledgeable and experienced stakeholders be established and be charged with the responsibility to progress further an extensive consultation process about how the fund should be designed and operated and to approach possible donors. The Steering Committee includes representation from SPREP, four member countries (Samoa, Vanuatu, Palau and Tuvalu), the GEF NGO Focal Point for the Pacific (SANGO), a technical adviser on biodiversity conservation (Trevor Ward) and two international NGOs (WWF and TNC).
7. In early May 2000, the Steering Committee submitted a broad outline concept paper on the trust fund to the United Nations Development Programme (UNDP), which is an implementing agency for the Global Environment Facility (GEF). Unfortunately, despite its earlier pledges to

“do its utmost to help in preparing a final proposal that can be submitted to potential donors – including the GEF” (Ducasse, 2000), the proposal when it was finally submitted, was not supported by UNDP.

8. Following a report to and extensive discussion at the Fifth Roundtable on Nature Conservation (Wellington, New Zealand November 2000), it was recommended that SPREP commission an “Issues and Options” paper to assess whether the rationale for a regional trust fund was still valid and relevant especially in the context where the importance of community-based initiatives is now more widely accepted and at a time when environmental funds are proliferating world-wide.
9. The report “Pacific Islands Conservation Trust – long term support for community-based conservation in the Pacific island countries” resulted from the above recommendation of the Roundtable and is the subject for discussion and decision by this Steering Committee meeting. This report was prepared by consultants Wren Green and Peter Hunnam and involved intensive consultations with other stakeholders including potential donors.

Establishment of the Trust Fund Steering Committee.

10. In October 1999, a workshop was convened by SPREP to review and discuss the 1999 Concept Paper Proposing a Framework for a Pacific Conservation Trust Fund. One of the key recommendations of the workshop was the establishment of a Steering Committee to progress the development of the Conservation Trust Fund. The following individuals were therefore nominated to the Steering Committee.

- Joe Reti (SPREP);
- Ernest Bani (Vanuatu);
- Pati Liu (Samoa);
- Trevor Ward (TMAG and University of Western Australia);
- Wep Kanau (TNC, PNG and Chairman of SC).

11. The first meeting of the Steering Committee was held in Apia, Samoa in February 2002. At this meeting, the Committee agreed to expand its membership by inviting the following experts and individuals to participate. The Committee may invite others to its meetings.

- Ramon Rechebei (Palau);
- Seve Lausaveve (Tuvalu);
- WWF-Pacific, Director;
- Dr. Peggy Dunlop, (SANGO and Pacific NGO Focal Point for GEF).

12. The second Meeting of the Committee was also held in Apia in May 2000 to further advance progress with the development of the Trust Fund proposal and to formulate a submission to UNDP. The terms of reference for the Steering Committee is provided in the attachment hereto.

What is a Conservation Trust Fund?

13. A Conservation Trust Fund is a funding and capacity building tool designed to provide long-term funding support for conservation activities. It is a legal arrangement in which a group of people (called the trustees) legally own and manage money that has been donated (entrusted) to them exclusively for conservation purposes.

14. Trust Funds have been established in a number of countries and have become increasingly important in facilitating the conservation of biological diversity. They have received enthusiastic support both from governments and NGOs throughout the world as a solution to the problems of insufficient and unreliable financial contributions for conservation programmes.

Why a Regional Trust Fund?

15. The advantages and disadvantages of a regional trust fund have been discussed exhaustively in the Stanley, Rosenberg and Christensen reports referred to in the first part of this background paper. Paragraph 4.2.3 (page 13) of the Green and Hunnam report, to be discussed by this meeting, provides a brief discussion of regional vs. national support mechanisms.

16. According to Stanley (1996), the requests for support to willing donors will continue to be piecemeal, and without the comprehensiveness and overall direction that a regional trust fund would bring to the conservation of the region's biodiversity.

17. The Overview of the Pacific Islands Trust Fund for Nature Conservation (SPREP 1998) suggests that while there needs to be continued commitment to conservation activities at the national level, there are a number of interest and concern which are best addressed in a strategic manner at the regional level. Further, a regional trust fund will operate as a leverage mechanism to gain the support for conservation priorities. It will add value by enabling Pacific island countries to work together on conservation issues of mutual interest and concern. In doing so, it will assist in achieving regional and global conservation benefits.

Where to next?

18. This meeting of the Steering Committee is critical in that it is required to decide on the future of the Trust Fund proposal following its deliberations of the Green and Hunnam report.
19. SPREP is of the view that more than enough preparatory work on trust funds has been done (i.e. five reports and several meetings in seven years) and that it is now time for the Committee to decide, one way or the other, on the future of the proposal and for SPREP to report to the next meeting of its Governing Council accordingly.

Objectives and Expected Outcomes of the Third Meeting of the Steering Committee.

20. In line with the comments in paragraphs 15 and 16 above, the Third Meeting of the Steering Committee will have as its main Objective ***the provision of an opportunity for the Trust Fund Steering Committee to consider the findings and recommendations of the Green and Hunnam report and on the basis of such consideration decide on the future of the Trust Fund proposal.***
21. The expected outcomes of the Third Meeting of the Steering Committee are:
 - A decision relating to the future of the Trust Fund proposal;
 - Should the Committee decide to pursue the Trust Fund idea, suggestions and recommendations relating to appropriate design features, options and structure;
 - Recommendations for the next steps; and
 - A report to the 7th Conference on Nature Conservation and to the 13th SPREP Meeting.

Recommendation

22. The Committee is invited to note the information provided in this background paper.

Green & Hunnam Presentation

TRUST FUND

for the Pacific Islands

why ?

- build local conservation capacity
- community-based conservation
- sustainable use of natural resources
- avoid the pitfalls of projects
- need for rapid mobilisation
- contributions from governments
- overseas aid for

conservation

→ **regional conservation
initiatives**

a Conservation\$ Trust Fund

how ?

- demand for the fund's product
- autonomy
- regional vs national trust funds
- relationship with PIC governments
- relationship with SPREP and other regional organisations
- relationships with donor agencies and the GEF

and

→ a feasible mechanism

Capital Financing

**Costs of
establishment &
operation**

**Investment
management**

Governance

Management

**Institutional
framework &
legalities**

Pacific Islands Conservation Trust what ?

an Objective:

“ to protect the biological
diversity of the Pacific
Island countries through
support for local community-
based and regional
conservation initiatives ”

Pacific Islands Conservation Trust t what ?

- Pacific Association of Conservation Trusts
- affiliated semi-autonomous statutory Trust body in each country
- a common capital fund held in trust in perpetuity
- invested in diverse global portfolio
- initial capital from aid donors + GEF
- annual contributions to the capital fund from each

member country (the 13 independent PICs)

- a grants fund disbursed annually by the regional Association for regional conservation initiatives
- each country's Trust supporting and financing a program of local community initiatives in natural resource management and conservation
- grant funds disbursed annually in each member country against selection criteria, to local CBOs for planned programs of local activities
- e.g. community visioning,

resource planning and
management, technical
assistance, training,
facility construction,
enterprise seed grants

Typical rates

- investment fees (0.3% of Principal p.a.)
- returns on investment (6% of Principal p.a.)
- management costs (12% of gross income p.a.)

**US\$20m Principal → US\$1m
annually, in perpetuity**

Capitalization

- US\$10+10 million bilateral aid plus GEF
- Contributions from member PICs until Principal is US\$20 million
- Principal would reach US\$20 million in approximately 15 years

Annual contributions and disbursements to small grants account of each member Conservation Trust

	Annual contribution for 15 years	Annual income to each Trust in perpetuity
Small country	15,000	29,500
Medium country	30,000	59,000
Large country	60,000	117,500
Regional		59,000
Totals (13)	US\$ 480,000	1,000,000