

CEPF FINAL PROJECT COMPLETION REPORT

Organization Legal Name:	New England Aquarium
Project Title:	Phoenix Islands Protected Area Trust Initiative
Date of Report:	March 6, 2013
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CEPF Region: Polynesia-Micronesia

Strategic Direction: 2. Improve management of key biodiversity areas

Grant Amount: \$84,976

Project Dates: June 1, 2009-December 31, 2012

Implementation Partners for this Project (please explain the level of involvement for each partner):

Phoenix Islands Protected Area (PIPA) initiatives have relied on and benefited from a deeply collaborative strategy. PIPA was born through the hard work and shared vision of many people and institutions, both from within Kiribati and internationally. Various organizations and individuals have participated in and supported PIPA projects, including the formation of the PIPA Trust, which was the focus of the CEPF grant.

Partners that have helped accomplish goals for PIPA include first and foremost, the Government of Kiribati (GoK), which has a Memorandum of Understanding (MoU) with the New England Aquarium (NEAq) and Conservation International (CI). The MOU covers the design and declaration of PIPA, including development of a management plan, targeted training, and the capitalization of an endowment fund. The project is being coordinated by the Kiribati Ministry of Environment, Lands and Agricultural Development (MELAD). The PIPA director works from MELAD to achieve project goals.

CI's Global Conservation Fund (GCF) and Pacific Islands Programme (CI-PIP) have supported development of the management strategy, successful application to UNESCO World Heritage in 2010, and greater international integration. They also have provided vital funding. GCF has provided financial support throughout the PIPA initiative. CI has provided technical expertise into the financing vehicle and endowment creation, including legal requirements. The CI-PIP has a key role in the protected area design, management planning and regional integration.

NEAq staff manage the project, maintaining schedules, administering finances, coordinating communications and travel, and reporting results. NEAq has a permanent seat on the Phoenix Islands Protected Area Conservation Trust (PIPA Trust) Board of Directors, as do CI and Kiribati. Currently NEAq President Bud Ris sits on the Board, along with CI Executive Vice President, Dr. Greg Stone and Kiribati's Minister of Environment, the Honourable Tiarite Kwong.

Other PIPA partners have included Coastal Oceans Research and Development in the Indian Ocean (CORDIO), the New Zealand Government, the Australian Government, the UNESCO World Heritage Centre, and several individual donors.

Conservation Impacts

Please explain/describe how your project has contributed to the implementation of the CEPF ecosystem profile.

The CEPF Micronesia/Polynesia Ecosystem Profile recognizes that species can be conserved by protecting the sites in which they occur. The Phoenix Islands was not listed as a priority site for the investment strategy, but is one of 161 key biodiversity areas listed for the hotspot and contains 5 globally listed species identified in the CEPF strategy.

The ecosystem profile indicates several Major Action Strategy objectives, including increasing the number of areas under effective conservation management; strengthening conservation networks and partnerships, especially through institutional capacity and community support essential for long-term conservation; safeguarding and restoring threatened species of ecological or cultural significance; and improving knowledge and understanding of the state of the Pacific's environment and biodiversity.

With a size of approximately 408,250 km² - about the size of the State of California in the US - PIPA hosts an interesting and huge diversity of terrestrial and marine habitats – birds, atoll, low reef islands, submerged reef, seamount and deep seabed as well as open ocean habitats. It embraces a range of associated marine environments that display high levels of marine abundance as well as a full spectrum of age and size cohorts, increasingly rare in the tropics, and specially in the case of the apex predator fish, sea turtle, seabirds, corals, giant clams and coconut crabs, most of which have been depleted elsewhere. These unique features make PIPA an oceanic wilderness and a superlative natural phenomenon of global significance. Recognizing that this was not only important to Kiribati but to the world, the Government of Kiribati in partnership with NEAq and CI founded PIPA in March 2006, officially declaring these group of islands and its surrounding marine environment a protected area.

Please summarize the overall results/impact of your project.

Project Approach (500 words)

The Phoenix Islands Protected Area will be managed through a Conservation Contract executed between Kiribati and the new organization created under Kiribati law, the PIPA Trust. The contract will define management obligations and performance metrics to ensure long-term protection of PIPA's natural resources.

The PIPA Trust is a financing vehicle established to support conservation efforts in PIPA. It was legally established in 2009. Its primary objective is to address the need for a long-term sustainable approach to funding the conservation of terrestrial and marine biodiversity in the Phoenix Islands group as outlined in the PIPA Management Plan.

The PIPA Trust operates as a not-for-profit, non-governmental organization. Its Board comprises representatives of the Government of Kiribati, New England Aquarium, and Conservation International. In 2011, The Board hired a PIPA Trust Executive Director, Dr. Teuea Toatu, who manages operations from an office in Tarawa, the capital of Kiribati. The initial focus for the Director is raising funds to establish an endowed trust, the PIPA Trust Endowment Fund (PTEF). The Board and Director will develop investment policies and work with an investment firm to manage the endowment. The capitalization targets have been developed to cover management of the protected area, administration of the trust itself, and payments to the Government of Kiribati to compensated for lost fishing license revenues.

Dr. Toatu is responsible for the overall management of the Trust, subject to the supervision of the Board of Directors. He is responsible for the development and implementation of long-term operating and fundraising plans, internal operations policies, and annual budgets. In addition, he represents and promotes PIPA in dealing with the GoK, NGOs, international donor agencies and media.

Link to CEPF Investment Strategy

PIPA is a unique marine wilderness, a mostly uninhabited coral archipelago within a biologically important *Polynesian/Micronesian hotspot*. Because of their remoteness, they show what a reef might have looked like one thousand years ago, before human impacts were felt strongly in the global oceans. Biologists on

expeditions to PIPA have not only discovered new species, they have been surprised to find normally rare Pacific species in abundance there such as the Napoleon Wrasse, which is disappearing from other Pacific reefs due to over fishing. The healthy shark populations are another amazing site. With the global shark fin trade decimating shark populations worldwide, PIPA is a sanctuary where these crucial top predators thrive. It is because of this unique value and importance to science and global conservation that the Government of Kiribati made the bold decision in 2006 to declare the Phoenix Islands a protected area.

The PIPA project is closely aligned with CEPF investment Strategic Direction 2.2: *Improve the management of existing protected areas that are priority sites*. As stated in the Investment Strategy, financial support is vital to the proper management of existing protected area. This grant supported development of infrastructure, strategy and fundraising capacity needed to establish an the PTEF for PIPA and fundraising is underway. Once capitalized, the trust will provide financial support for management and enable the long-term biological monitoring of the PIPA among other research projects. It will also support Kiribati's ability to monitor and evaluate its management strategies to ensure conservation objectives for the MPA are met successfully. Finally, the Trust will support capacity development in management practices to maintain and enhance the biological and cultural values of PIPA.

Planned Long-term Impacts - 3+ years (as stated in the approved proposal):

The project will lead to the long-term protection of more than 408,000 square kilometers (inclusive of all terrestrial and marine habitat types found in this area) and will contribute to management capacity. The project will help enable significant, sustained habitat protection and global biodiversity benefit, not only by reducing fishing, but also through restoration, monitoring and other conservation activities, such as invasive species eradication.

By helping to support sound management, this project will protect one of the world's most pristine coral archipelago ecosystems. The atolls and fringing coral reefs are ecological stepping-stones in the Pacific, providing important breeding grounds and supporting fish populations in abundance rarely seen elsewhere. Such abundant species include many that are globally endangered (Napoleon wrasse, hawksbill turtle) and vulnerable (Bristle-thighed Curlew, green turtle, giant clam, bumphead parrotfish, polkadot cod, brindle bass). PIPA also protects apex predators such as sharks, as well as the often endemic and fragile species associated with seamounts. PIPA provides a safe haven where tens of thousands of seabirds come to the islands for refuge and breeding, where fish that are rare on other tropical reefs swarm in the thousands, where endangered turtles find safe beaches to lay eggs, and where new species are still being found.

Actual Progress Towards Long-term Impacts at Completion:

Planned Short-term Impacts - 1 to 3 years (as stated in the approved proposal):

This project supported important steps toward the establishment of the PTEF, which will support long-term protection and management of the MPA. The PIPA Trust is an independent body that was established under Kiribati law during the grant period. Its purpose is to manage the endowment so it can supply a stream of income to provide compensation to the Government of Kiribati as part of a 'Conservation Contract', under which Kiribati limits access to fisheries and controls other activities within the protected area, including the islands. Payments will offset what otherwise would be a significant budgetary loss for education, healthcare, and other government services formerly funded through revenue earned from issuing fishing licenses.

Governed by a Board of Directors comprising representatives of the Government of Kiribati, NEAq, and CI, the Trust operates as a not-for-profit non-governmental organization. During these formative first years, the PIPA Trust has benefited from financial and technical support from NEAq, CI, CEPF, AusAID and NZAID. As the PIPA Trust achieves stronger financial footing, income will be generated by the PTEF.

The endowment will be designed so that a closely managed investment portfolio will yield reliable income to support effective management of PIPA and compensate Kiribati for guaranteeing protections. Funds will be invested and the Trust managed according to international best practices.

Actual Progress Toward Short-term Impacts at Completion:

During the CEPF grant period, the PIPA Trust was established, an office opened in Tarawa—the capitol of Kiribati, an Executive Director hired and development of both investment and fundraising plans begun. Three full Board meetings have occurred and there have been many telephone conferences on various planning and strategy topics.

Approval of an investment manager for the PIPA Trust endowment during this period is a short term accomplishment that will have long term impacts. ANZ Bank was selected by vote of the Board in October 2012. As a first step, they will help develop the investment policies that will ensure the endowment's growth and ability to support PIPA in perpetuity. Work has begun on an investment strategy and meetings have come together between the Trust and Kiribati officials to begin negotiations on the Conservation Contract. In addition, progress toward development of the Conservation Contract is now underway.

A first fundraising strategy has been completed and approved. This PIPA Trust Fundraising Framework (PFF) was developed in 2012 to accommodate policy and implementation issues pertaining to fundraising, partnerships, innovative funding and implementation approaches. While the PFF itself is a confidential document, a summary of major points follows.

While significant funds have been raised to date to support the operation of the Trust, there remains a significant need to continue to fundraise both for continued support of Trust Operations, and for the Trust endowment. The PIPA Trust will be supported in meeting its financial obligations under the Conservation Contract by the PIPA Trust Endowment Fund (PTEF), a financing vehicle that will be established with private and public contributions. The PTEF will be capitalized at a level able to generate an income stream sufficient to cover the operating and management costs of the Trust, the operating and management costs of the PIPA, and the foregone revenues from fishing associated with the closure or restriction of activities within the PIPA.

The overall goal is to capitalize the Trust (PTEF) at \$25 million, with an interim target of \$13.5 million. This target was established through a comprehensive valuation of PIPA's offshore and atoll resources. This \$25 million target was selected to generate a stream of income sufficient for establishing a no-take zone covering 28.7 percent of PIPA by 2014. This is the minimum capital needed for PTEF to generate a stream of income each year to enable PIPA to meet its financial obligations (reverse licensing fee and core management costs) without the need for additional funding assistance. If the PIPA partners were to close off the entire PIPA area, the Endowment Fund target could be raised significantly.

PIPA, by virtue of its unique universal value and importance to global and regional biodiversity conservation efforts, coupled by the fact that it is currently the largest World Heritage site, may prove attractive to a variety of institutional and government donors, which constitute a very important component of PIPA's overall fundraising strategy. Governmental development agencies, UN and other multilateral agencies are considered prospects.

The strategy also includes identifying potential individual donors that can give major gifts to the endowment. Although fundraising will not be restricted to US donors, one of the first steps in the strategy involves creating a not-for-profit organization to support the PIPA Trust with 501 (c) 3 status with the U.S. Internal Revenue Service (IRS). This status is pending.

The strategy also considers private foundations, which can be more complicated because of their restrictions and compliance requirements. Some steps in attracting foundation support include partnering with conservation organizations in countries where foundation prospects are located and aligning proposals with foundation priorities.

Other opportunities and strategies that PIPA can employ to increase its funding base and attract additional funds for the PTEF include developing a business plan that will lay out its strategy and program focus and developing a communications plan to promote PIPA to a broad audience within Kiribati, the US and Europe. The fundraising strategy includes development of an effective communications program, an expanded internet presence, targeted meetings with decision makers, developing and strengthening promotional materials and participation by the Executive Director in international meetings to network and link with donor and funding organizations.

To date, \$5 million US dollars have been pledged towards the PTEF. The Executive Director has begun reaching out to other potential donors for the endowed trust, with initial fundraising primarily focused on development agencies.

Please provide the following information where relevant:

Hectares Protected: 40,825,000

Species Conserved: PIPA is home to the following:

- Algae 107 (South et al. 2001; Obura et al. 2011a)
- Arthropods 50 (Degener and Gillaspay 1955; Banner and Banner 1964)
- Birds 20 (Buddle 1938; Kepler 2000)
- Bivalves 43 (Bryan 1974)
- Corals > 120 (Obura and Stone 2002)
- Dolphins and whales 20 (Reeves et al. 1999)
- Fishes 516 (Allen and Bailey 2011)
- Insects 93 (Van Zwaluwenburg 1955)
- Other invertebrates 15 (Van Zwaluwenburg 1955)
(spiders, crabs, scorpions)
- Plants 28 native (Fosberg and Stoddart 1994)
- Reptiles 5 (Pierce et al. 2006; Obura et al. 2011b)

Corridors Created: N/A

Describe the success or challenges of the project toward achieving its short-term and long-term impact objectives.

PIPA is a huge success story for ocean conservation and marine protected areas. It was the first large-scale MPA created by a developing country, and listed in 2010 as the largest and deepest UNESCO World Heritage site on Earth for its outstanding natural value. PIPA has come to be a model and benchmark by which other Pacific countries have looked to, spurring a movement to create other large MPAs and forming the cornerstone of the Pacific Forum's Pacific Oceanscape initiative.

Challenges we have faced include having a conservation project of this scale meet the shorter term timelines of funding streams. A project as new and innovative as this one, partnered across datelines with a remote developing country with limited internet bandwidth and resources, takes time. Another challenge has been outside criticism—many want Kiribati and PIPA to run before they crawl. Our goal is to do it right the first time, and this takes time. We are focused on building capacity and infrastructure, whereas critics want increased management going on before the proper tools and trainings are in place. Again, this takes time and proper planning.

Were there any unexpected impacts (positive or negative)?

The huge impact PIPA's creation would have on marine conservation in the Pacific could not have been foreseen. For a short time, PIPA was the largest MPA and it has been a sincere pleasure to have seen the momentum increase to where countries are almost competing to have the largest MPA.

In addition, the management of large-scale MPAs brings both new benefits and challenges to marine conservation. Due to being a new phenomenon, no guidance had existed to assist decision-makers or

managers in navigating issues or maximizing effectiveness when working at such large scales. Recognizing this need, the Big Ocean network was founded in 2010. The six founding members of Big Ocean together represent more than 2.3 million km² (approximately 900,000 miles²) of ocean ecosystems (in alphabetical order): the British Indian Ocean Territory Marine Reserve (United Kingdom); the Great Barrier Reef Marine Park and World Heritage Area (Australia); the Mariana Trench Marine National Monument (USA); the Motu Motiro Hiva Marine Park (Chile); the Papahānaumokuākea Marine National Monument and World Heritage Site (USA); and the Phoenix Islands Protected Area and World Heritage Site (Republic of Kiribati).

Project Components

Project Components: *Please report on results by project component. Reporting should reference specific products/deliverables from the approved project design and other relevant information.*

Component 1 Planned:

Establish PIPA Trust.

Component 1 Actual at Completion:

The PIPA Trust is established under Kiribati law. Under the governance of a Board of Directors, the PIPA Trust has an Executive Director, office, and bank account.

Component 2 Planned:

Establish endowment and raise endowment funds.

Component 2 Actual at Completion:

Five million USD has been pledged by Conservation International (\$2.5 million) and the Kiribati government (\$2.5 million). The fundraising strategy has been completed, the investment firm identified, and an investment strategy is being drafted at this time. We had hoped to be further along by 2013 in our proposed timeline, however since this is the first program of its kind, there was no benchmark by which to gauge ourselves and we remain extremely pleased with progress to date.

Component 3 Planned:

Monitor outcomes of PIPA.

Component 3 Actual at Completion:

Monitoring outcomes will occur when the Conservation Contract is in place. It is under development. A monitoring and evaluation plan, important to the long-term financing of the project, is part of the PIPA work plan and is one of the suite of criteria for disbursement of GCF funding to the endowment.

Were any components unrealized? If so, how has this affected the overall impact of the project?

The PIPA Trust project, as described in the proposal to CEPF, is continuing as planned with all components either completed or scheduled. The timeline for completion of the components has been extended significantly to where several outcomes are as yet unrealized. With progress continuing in 2013, we are confident that the short and long term benefits of CEPF funding will be achieved.

Please describe and submit (electronically if possible) any tools, products, or methodologies that resulted from this project or contributed to the results.

PIPA Newsletters and the PIPA Management plan are attached.

Lessons Learned

Describe any lessons learned during the design and implementation of the project, as well as any related to organizational development and capacity building. Consider lessons that would inform projects designed or implemented by your organization or others, as well as lessons that might be considered by the global conservation community.

Project Design Process: (aspects of the project design that contributed to its success/shortcomings)

As mentioned above, all aspects of the PIPA initiative have been planned collaboratively and are successful because of the contribution and guidance of partners.

Project Implementation: (aspects of the project execution that contributed to its success/shortcomings)

Establishing the Trust under law took longer than expected. We had to identify salary support before being able to begin a search for an Executive Director, and that too took longer than initially expected. Since Dr. Toatu's arrival, however, the project has been moving at a good pace with many important accomplishments. We are grateful to CEPF for understanding these challenges and allowing a grant extension.

Other lessons learned relevant to conservation community:

Additional Funding

Provide details of any additional funding that supported this project and any funding secured for the project, organization, or the region, as a result of the CEPF investment in this project.

Donor	Type of Funding*	Amount (USD)	Notes
New England Aquarium	A	20,000	PIPA Trust operations
CI-Marine	A	100,000	PIPA Trust salary support
GEF	B	60,000	Grant to Kiribati, sub-granted to PIPA Trust
Akiko Shiraki Dynner Fund at the New England Aquarium	A	46,000	PIPA Trust operations and salary support

***Additional funding should be reported using the following categories:**

- A** *Project co-financing (Other donors or your organization contribute to the direct costs of this project)*
- B** *Grantee and Partner leveraging (Other donors contribute to your organization or a partner organization as a direct result of successes with this CEPF funded project.)*
- C** *Regional/Portfolio leveraging (Other donors make large investments in a region because of CEPF investment or successes related to this project.)*

Sustainability/Replicability

Summarize the success or challenge in achieving planned sustainability or replicability of project components or results.

Challenges in achieving sustainability of the PIPA Trust have mostly centered around access to short-term implementation funding. Feedback received has been that PIPA is pristine so why does it need funding? Some funders have indicated they want to fund the protection of highly impacted ecosystems and habitats, rather than helping to prevent degradation among healthier habitats. Also, funding is often on short timelines, and this is a project that requires proper planning and implementation.

Another challenge stems from the Government of Kiribati's commitment in designating the MPA early on, before funding was identified. Some funders have indicated they want to fund "new" MPAs and not the sustained improvement of management of an existing one. Finally, funders see PIPA as a government initiative, and some foundations are reluctant to fund governments. Therefore, the CEPF funding received was critical in getting the PIPA Trust off the ground and to where it is today.

There is no doubt that the main success is seeing the large MPA model with an endowed trust adopted by other developing countries, such as the Cook Islands.

Summarize any unplanned sustainability or replicability achieved.

Safeguard Policy Assessment

Provide a summary of the implementation of any required action toward the environmental and social safeguard policies within the project.

This project did not involve activities likely to pose adverse impacts on the environment or on the local community

Additional Comments/Recommendations

We would like to sincerely thank the CEPF team for their support!

Information Sharing and CEPF Policy

CEPF is committed to transparent operations and to helping civil society groups share experiences, lessons learned, and results. Final project completion reports are made available on our Web site, www.cepf.net, and publicized in our newsletter and other communications.

Please include your full contact details below:

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*****If your grant has an end date other than JUNE 30, please complete the tables on the following pages*****

Performance Tracking Report Addendum

CEPF Global Targets

June 1, 2009-December 31, 2012

**Provide a numerical amount and brief description of the results achieved by your grant.
Please respond to only those questions that are relevant to your project.**

Project Results	Is this question relevant?	If yes, provide your numerical response for results achieved during the annual period.	Provide your numerical response for project from inception of CEPF support to date.	Describe the principal results achieved from July 1, 2007 to December 31, 2012. (Attach annexes if necessary)
1. Did your project strengthen management of a protected area guided by a sustainable management plan? Please indicate number of hectares improved.	Yes	40,825,000		This project strengthened management of PIPA by supporting the PIPA Trust which will eventually provide funding-through an endowment-to support PIPA management and the Conservation Contract.
2. How many hectares of new and/or expanded protected areas did your project help establish through a legal declaration or community agreement?	No			
3. Did your project strengthen biodiversity conservation and/or natural resources management inside a key biodiversity area identified in the CEPF ecosystem profile? If so, please indicate how many hectares.	Yes	40,825,000		PIPA is located in a key biodiversity area. Its management is designed to protect the biodiversity of PIPA's atolls, coral reefs and open ocean. The project will enable significant, sustained biodiversity and habitat protection, not only by reducing fishing, but also through restoration, monitoring, scientific research, and other conservation activities.
4. Did your project effectively introduce or strengthen biodiversity conservation in management practices outside protected areas? If so, please indicate how many hectares.	Yes	2.3 million km ²		Decision makers and managers of the six largest MPAs in the world created a forum for sharing strategies for ocean conservation through the Big Ocean Network
5. If your project promotes the sustainable use of natural resources, how many local communities accrued tangible socioeconomic benefits? Please complete Table 1 below.	No			This does not apply, as these islands contain no permanent populations; however the Kiribati people as a whole will benefit in many of the ways outlined below through future job creation in management positions, sustainable tourism, science activities, etc.

If you answered yes to question 5, please complete the following table