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ENVIRONMENT

Collective Impact for Conservation

How effective collaboration led to the largest conservation deal in history.

By [Larry Linden & Guillermo Castilleja](#) | Jun. 16, 2014

On May 21, 2014, the government of Brazil and multiple public and private funders signed a deal that commits \$215 million to help secure the durability of the world's largest system of tropical forest protected areas. This single closing involved actions, funding, and commitments from organizations in both the public and private sectors, within Brazil and internationally, to achieve an ambitious vision for large-scale conservation—and it underscored the power of [collective impact](#).

What does it take to secure the largest conservation deal in history? A big idea; unprecedented collaboration between governments, NGOs, and funders; and a financing model imported from Wall Street.

The [Amazon Region Protected Areas \(ARPA\)](#) program was the idea. Its goal: to protect 60 million hectares of the Brazilian Amazon—an area one-and-a-half times the size of California—in perpetuity. Now, after 16 years of fundraising, planning, and securing vast expanses of land for conservation, a plan is in place to make that idea a reality.

The ARPA for Life plan builds on an approach called Project Finance for Permanence (PFP), which we described in detail in our *SSIR* article "[A Big Deal for Conservation](#)" two years ago. PFP stands upon two central pillars:

- *Permanence:* To ensure permanent conservation, the area must be large and well protected enough to maintain biodiversity and ecosystem health, and there must be sufficient funds, organizational capacity, political commitment, and local community support to maintain the protected areas in the future.
- *Project finance:* United by a common goal and a holistic deal that both depends on and benefits all stakeholders, a core set of partners share fundraising responsibility for a more ambitious project than any one of them could support alone. The fundraising target is set according to a financial plan that estimates the full costs of maintaining the protected areas in perpetuity, and a formal set of closing conditions and disbursement milestones ensure that government implementation of the program proceeds according to plan. Finally, a single, all-or-nothing closing creates leverage for every partner, since none of them deliver their pledged funds until all of the closing conditions have been met.

Project Finance for Permanence in the Amazon

The Big Idea. In 1998, President Fernando Henrique Cardoso made the bold announcement that Brazil would set aside 10 percent of its forests for permanent protection and sustainable use. It is a goal that Brazil has kept steadfastly in its sights and expanded on through the administrations of Presidents Lula and Rousseff. Through its audacious vision, it has also attracted the support of a wide array of public, private, foreign, and multilateral funders.

NGO Leadership. From the beginning, the **World Wildlife Fund** (WWF) has been an important partner for Brazil, providing technical assistance and fundraising support to make ARPA a success. In the early years, that included the traditional mode of incremental, year-to-year fundraising for an endowment to support ARPA's long-term operating costs (though eventually it became clear that ARPA needed a different funding approach).

Shared Fundraising Responsibility. As President Cardoso indicated when he launched ARPA, international support was critical. The **German Development Bank**, the **Global Environment Facility**, the **government of Norway** through the **Amazon Fund** and others all contributed funds to ARPA. Grants helped pay for the creation and consolidation of protected areas, but the program also needed funding to cover the ongoing costs of maintenance and monitoring. Initially, the plan was to build an endowment—a traditional tool in the conservation toolbox—to cover those long-term expenses, but after several years, the partners found that the size of the endowment required to cover these costs in perpetuity: 1) was beyond their collective fundraising capacity, and 2) assumed that Brazil would never be capable of covering these costs. Was there another way?

The Role of Philanthropy. To help answer this question, WWF turned to its partners, the **Linden Trust for Conservation** and the **Gordon and Betty Moore Foundation**. And the solution wasn't just about dollars. Beyond the funding we provided, our foundations contributed at least as much by helping to develop the strategic financial model that would eventually deliver on ARPA's ambitious goal. WWF itself, plus the **Inter-American Development Bank**, joined prior funders in a renewed effort to finish ARPA.

The Long-Term Financial Plan. The first step was to calculate the amount of funding required. We recognized that Brazil, as a strong emerging economy, would eventually be able to take full responsibility for financing the ongoing maintenance of its protected areas. Indeed, Brazil currently provides the bulk of the funding for its protected areas and has shown great leadership in creating (through ARPA and other programs) the most protected areas of any country worldwide in the last two decades. Nevertheless, it would take time for the government to completely support conservation of new areas three times the size of the entire United States National Park system. We needed a way to bridge the gap until Brazil was ready to assume full responsibility for funding ARPA in perpetuity.

The Innovation. To meet this need, we developed a \$215 million transition fund that we will disburse gradually, on a declining basis, until it is fully paid out. This gradually decreasing fund will supplement the Brazilian government's own efforts, enabling it to steadily increase its budget allocations until, approximately 25 years from now, it assumes full responsibility for funding ARPA in perpetuity.

The Political Commitment. Along with the transition fund, the centerpiece of the deal was a commitment from the highest levels of the Brazilian government to ramp up its own ARPA funding over time and, eventually, take full responsibility for financing, maintaining, monitoring, and enforcing the conservation of the ARPA region. This commitment is reinforced by the terms of the closing, which provide for the disbursement of funds over time, as long as project partners continue to meet milestones and disbursement conditions.

Project Management. A deal of this complexity and duration requires highly structured project management, a sustained sense of urgency, and excellent coordination among a large and diverse group of partners. Thus, there is a very important role for a "deal broker" (played in this case by the Linden Trust), in which all parties have confidence, to maintain the financial plan and drive the process.

Leverage through a Single Closing. The final element of project finance is that these conditions—the partnership, the financial plan with sufficient funds committed to fulfill it, the

political commitment—all must be in place before the deal closes. With a deal this large and complex, it is reassuring for funders to know that the necessary funding, plans, commitments, and capacity will be in place before the independently managed trust that oversees the transition fund makes the planned disbursements.

Beyond ARPA

Home to thousands of species and millions of people whose livelihoods depend on its natural resources, critical to mitigating global climate change, and source of one-fifth of the world's freshwater, the Amazon is arguably the world's most valuable ecosystem. By ensuring the enduring conservation and sustainable use of 15 percent of the Brazilian Amazon, ARPA is a landmark in global conservation.

But many critical ecosystems remain at risk, both in other parts of the Amazon region and around the world. As governments, funders, and their partners strive to secure the future of these ecosystems, we hope the ARPA model will provide a source of ideas and inspiration for their work.



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