



**ANNUAL REPORT 2012**  
Baa Atoll Conservation Fund  
Republic of Maldives

Assalaamu Alaikum,

The Baa Atoll Conservation Fund (BACF) is a Trust Fund established on 18 April 2012 under the Public Finance Act (Act No. 3/2006) of the Republic of Maldives.

The purpose of the Baa Atoll Conservation Fund is to co-finance activities that contribute to making Baa Atoll a world-class model of atoll ecosystem conservation, in accordance with its designation as a UNESCO Biosphere Reserve on **28 June 2011**.

Conservation finance is a relatively new concept in the Maldives. However, the need for sustainable conservation financing was highlighted through the work undertaken by the **Atoll Ecosystem Conservation Project (AEC Project)**, implemented by the Ministry of Environment and Energy from 2004 to 2012 in Baa Atoll.

The report *The Economic Case for Biodiversity Conservation in the Maldives*, produced through the AEC Project, demonstrated the importance of valuing coastal ecosystems and understanding their contribution to national development. The study highlighted how biodiversity-based sectors contribute to national employment, public revenue, foreign exchange earnings, exports and the country's GDP. It also identified the need for conservation finance that reflects the significant economic contribution of biodiversity-based sectors.

With the development of tourism in the Maldives, and subsequently in Baa Atoll, local communities have benefited indirectly through employment, business opportunities and the sale of biological resources. This brings us back to an important question raised by a participant at the AEC Project Inception Workshop in 2004:

**“What is in it there for us if this project is undertaken in Baa Atoll?”**

At the time, the answer was that workshops, meetings, studies and research would be undertaken by the AEC Project in close collaboration with local communities and other stakeholders. Local knowledge would be brought together with scientific information generated through research to develop practical approaches for managing the natural resources of Baa Atoll sustainably.

It is envisaged that the newly established Baa Atoll Conservation Fund will act as a catalyst for providing grants to local communities from 2013 onwards in areas including **livelihoods, conservation, awareness, education and research**. Through these activities, the Fund can contribute directly to local communities while helping to address the question raised at the AEC Project Inception Workshop.

The establishment of BACF alone, however, does not resolve the challenges of environmental management in Baa Atoll. Its success will depend on the work undertaken alongside the management of the newly established Baa Atoll UNESCO Biosphere Reserve. There are many challenges ahead, and addressing them will require cooperation, confidence and trust among all partners of the Baa Atoll Biosphere Reserve.

I sincerely hope that, by working together with local communities, the tourism sector, councils, government agencies and other stakeholders, the Baa Atoll Conservation Fund will provide a strong foundation for managing the environment and natural resources of Baa Atoll sustainably for the benefit of present and future generations.

**Abdulla Shibau**

*Baa Atoll Conservation Fund*

## 2. ABOUT THE BAA ATOLL CONSERVATION FUND

The **Baa Atoll Conservation Fund (BACF)** is a Trust Fund established on **18 April 2012** under the Public Finance Act (Act No. 3/2006) of the Republic of Maldives.

The Fund is governed by a **Board of Directors** and managed by the **Fund Manager/Managing Director**, in accordance with its founding documents, Terms of Reference, Rules of Procedure and other applicable laws and regulations of the Republic of Maldives.

The Annual Report 2012 documents the establishment of the Fund, its initial governance arrangements, the first meeting of the Board, decisions taken during the year and the Fund's financial position and revenue sources.

The Fund's geographical focus is **Baa Atoll**, and it was established to provide a mechanism through which financial resources could be directed towards conservation, sustainable development and activities benefiting communities in the atoll.

BACF was also envisaged as a mechanism for attracting additional contributions from third-party sources, thereby increasing the Fund's capacity to support conservation and sustainable development activities over time.

## 3. BACKGROUND AND ESTABLISHMENT

The establishment of BACF followed several years of work under the **Atoll Ecosystem Conservation Project**, which was implemented in Baa Atoll from 2004 to 2012.

The AEC Project highlighted the ecological and economic importance of Baa Atoll and demonstrated the need for long-term approaches to conservation and sustainable management.

The designation of Baa Atoll as a **UNESCO Biosphere Reserve on 28 June 2011** provided an important framework for linking biodiversity conservation with sustainable development and community well-being.

BACF was subsequently established in April 2012 to provide a financial mechanism to support these objectives.

The establishment of the Fund therefore represented an important step towards creating a more sustainable and locally focused financing mechanism for conservation and sustainable development in Baa Atoll.

## 4. PURPOSE AND OBJECTIVES

### 4.1 Purpose

The purpose of the Fund is to **co-finance activities that support Baa Atoll as a world-class model of atoll ecosystem conservation**, in accordance with its designation as a UNESCO Biosphere Reserve.

### 4.2 Objectives

The objectives of the Baa Atoll Biosphere Reserve are to:

- Conserve and enhance the natural beauty, biodiversity and cultural heritage of Baa Atoll.
- Promote opportunities for local communities and visitors to understand, appreciate and enjoy the special qualities of Baa Atoll.
- Support the sustainable development of Baa Atoll, including sustainable fishing and tourism.
- Support the economic and social interests of people who live and work in Baa Atoll.
- Promote collaboration among government, communities, tourism operators, researchers and other stakeholders.
- Encourage education, awareness, research and knowledge sharing related to the sustainable management of Baa Atoll.

## 5. VISION AND MISSION

### Vision

Baa Atoll: A world-class model of atoll ecosystem conservation, where sustainable use supports a prosperous economy and a good quality of life for all, forever – providing a model for replication across the Maldives.

### Mission

Working with public, private and non-profit partners to protect, preserve and sustainably manage the natural resources of Baa Atoll for future generations through education, awareness, research and knowledge sharing.

## 6. BAA ATOLL UNESCO BIOSPHERE RESERVE

Baa Atoll was designated as a **UNESCO Biosphere Reserve on 28 June 2011** under UNESCO's Man and the Biosphere Programme.

The designation recognised the exceptional biodiversity and ecological importance of the atoll and established a framework for integrating conservation with sustainable development.

The Biosphere Reserve approach seeks to ensure that conservation of natural ecosystems is undertaken alongside sustainable use of resources and the improvement of livelihoods.

BACF was established to support this broader vision by providing financial resources for activities that contribute to conservation, sustainable development, education, research and community benefits.

The Fund therefore forms an important part of the institutional framework supporting the long-term objectives of the Baa Atoll Biosphere Reserve.

## 7. GOVERNANCE AND INSTITUTIONAL ARRANGEMENTS

The Baa Atoll Conservation Fund was established as a Trust Fund under the Public Finance Act (Act No. 3/2006).

The Fund is governed by a **Board of Directors** and managed by the **Managing Director**, in accordance with its founding documents, Terms of Reference and Rules of Procedure.

The governance structure is intended to provide oversight of the Fund's financial resources and ensure that its activities remain aligned with the objectives of the Baa Atoll Biosphere Reserve.

The Board is responsible for providing strategic oversight, considering budgets and programme priorities, and approving major decisions relating to the Fund.

The Managing Director is responsible for the day-to-day management and administration of the Fund and implementation of decisions approved by the Board.

## 8. BACF BOARD MEETING

Following the establishment of the Baa Atoll Conservation Fund in April 2012, the first meeting of the BACF Board of Directors was held on 7 November 2012.

The meeting was chaired by the **Director General of the Ministry of Environment and Energy, Mr. Ibrahim Naeem**.

The purpose of the meeting was to update Board members on the status of the Baa Atoll Conservation Fund, the Baa Atoll UNESCO Biosphere Reserve and the Atoll Ecosystem Conservation Project, and to discuss the Fund's future plans and priorities.

The meeting was attended by representatives of seven stakeholder organisations, together with other participants.

## Agenda Items

1. Update on the BACF, Biosphere Reserve and AEC Project.
2. Overview of BACF governance and institutional arrangements.
3. Confirmation of members of the Board and Chairperson.
4. Review of the Terms of Reference and Rules of Procedure.
5. Appointment of the Managing Director and other staff.
6. Review of revenue streams, including current status, projections and plans.
7. Expenditure projections and related decisions.
8. General discussion on BACF work-plan priorities.

## 9. BOARD DECISIONS

The following decisions were approved by the BACF Board at its meeting held on 7 November 2012.

### 9.1 BACF Management Budget

The Board approved a **management budget of US\$52,000 for 2013**.

### 9.2 Biosphere Reserve Office Budget

The Board approved a **management budget of US\$50,000 for the Biosphere Reserve Office for 2013**, following clarification and discussion among Board members.

### 9.3 Programme Grants

The Board approved **US\$100,000 for programme grants for 2013/2014**.

It was decided that programme grants should be aligned with the priority spending strategies of BACF, including:

- Biosphere Reserve Management Programme
- Biodiversity Programme
- Livelihoods Programme
- Education and Research Programme

The Board also noted the provisions of the BACF Memorandum and Articles of Association and Rules of Procedure concerning the frequency of Board meetings.

## 10. FINANCIAL OVERVIEW

The establishment of BACF in 2012 was accompanied by the development of initial revenue streams intended to provide financial resources for conservation and sustainable development activities in Baa Atoll.

During 2012, the Fund received total revenue of: **MVR 5,195,059**

The principal source of revenue was the **Global Environment Facility (GEF)**, followed by contributions from the Government of Maldives and revenue generated through Hanifaru Access Permits, tour guide registration fees and partnership fees.

These initial revenue streams provided the financial foundation for the Fund's future programme activities.

## 11. SOURCES OF FUNDS – 2012

| No.          | Source of Funds                      | Amount (MVR)     |
|--------------|--------------------------------------|------------------|
| 1            | Global Environment Facility (GEF)    | 3,820,425        |
| 2            | Government of Maldives               | 771,000          |
| 3            | Tour Guide Registration Fees         | 28,200           |
| 4            | Hanifaru Access Permits – Malé       | 331,364          |
| 5            | Hanifaru Access Permits – Eydhafushi | 174,680          |
| 6            | Partnership Fees – Dive Schools      | 46,260           |
| 7            | Partnership Fees – Liveaboards       | 23,130           |
| <b>TOTAL</b> |                                      | <b>5,195,059</b> |

The revenue generated during the first year demonstrated the potential for combining public funding, international financing and locally generated revenues to support conservation financing in Baa Atoll.

## 12. PROGRAMME PRIORITIES FOR 2013–2014

At its first meeting, the BACF Board approved **US\$100,000 in programme grants for 2013/2014**.

The Board agreed that future grant-making should focus on four principal areas:

### 12.1 Biosphere Reserve Management

Support for activities contributing to the effective management and implementation of the Baa Atoll Biosphere Reserve.

### 12.2 Biodiversity Conservation

Support for the protection, conservation and sustainable management of Baa Atoll's biodiversity and ecosystems.

### 12.3 Livelihoods

Support for activities that contribute to sustainable livelihoods and strengthen the economic and social well-being of communities in Baa Atoll.

### 12.4 Education and Research

Support for environmental education, awareness, scientific research, knowledge generation and sharing of information relevant to the sustainable management of the atoll.

These priorities were intended to ensure that future grants addressed both conservation needs and the interests of local communities.

## 13. LOOKING AHEAD

The year 2012 represented the beginning of a new phase in conservation financing for Baa Atoll.

With the Fund established and its governance arrangements initiated, the focus from 2013 onwards would shift towards supporting practical activities on the ground.

BACF was established with the expectation that it would provide financial support to initiatives that directly contribute to the objectives of the Baa Atoll Biosphere Reserve.

The Fund also aims to attract additional financial contributions from government, private-sector partners, development partners and other sources.

Building a sustainable financing mechanism will be important to ensure that conservation activities can continue beyond individual projects and funding cycles.

The success of BACF will depend not only on the availability of financial resources but also on effective partnerships among local communities, government institutions, tourism operators, councils, researchers, non-governmental organisations and other stakeholders.

## **14. CONCLUSION**

The establishment of the Baa Atoll Conservation Fund in 2012 marked an important milestone in the development of a dedicated financing mechanism for conservation and sustainable development in Baa Atoll.

During its first year, the Fund established its basic institutional and governance arrangements, convened its first Board meeting, secured initial revenues and established programme priorities for future grant support.

The Fund's establishment was closely linked to the vision of the Baa Atoll UNESCO Biosphere Reserve and the broader objective of demonstrating how conservation and sustainable use can contribute to the long-term prosperity and well-being of communities.

The challenges facing Baa Atoll cannot be addressed by any single organisation. Continued cooperation among government, communities, tourism operators, councils, researchers, development partners and other stakeholders will be essential.

BACF therefore begins its work with a clear objective: to help create a sustainable financial foundation for protecting the natural resources of Baa Atoll while supporting the people and communities who depend upon them.

The experience gained during 2012 provides the foundation for the Fund's future activities and its continued contribution to Baa Atoll as a model of atoll ecosystem conservation.

