



ANNUAL REPORT 2013
Baa Atoll Conservation Fund
Republic of Maldives

It is my pleasure to present the **Baa Atoll Conservation Fund (BACF) Annual Report 2013**, documenting an important period in the establishment and development of the Fund and its contribution to conservation and sustainable development in Baa Atoll.

The Baa Atoll Conservation Fund was established as a financial mechanism to support activities that contribute to the conservation and sustainable management of the natural resources, biodiversity and ecosystems of Baa Atoll. The establishment of the Fund followed the designation of Baa Atoll as a **UNESCO Biosphere Reserve on 28 June 2011**, creating an important institutional foundation for supporting the long-term objectives of the Biosphere Reserve.

During the reporting period, the BACF Board continued to establish the policies, priorities and mechanisms required for effective management of the Fund. Particular attention was given to ensuring that BACF resources were directed towards priority activities, that grant recipients were appropriately defined, and that a transparent mechanism was established for evaluating grant proposals.

The Board meeting held on **7 November 2012**, chaired by the **Director General of the Ministry of Environment and Energy, Mr. Ibrahim Naeem**, was particularly important in setting the framework for the 2013/2014 grant programme. The Board considered updates on BACF and the Baa Atoll Biosphere Reserve, experiences from small-grants programmes, presentations by development partners and NGOs, BACF work-plan priorities, and proposed grants.

The Board identified three broad areas for grant support: **sustainable livelihoods; conservation and management of biological and natural resources; and awareness, research and education**. Within these areas, priority was given to practical community-based initiatives, including environmentally friendly agriculture, sustainable handicrafts, value addition to community activities, sustainable aquaculture, biodiversity protection, community engagement and awareness of the Baa Atoll UNESCO Biosphere Reserve.

The year also saw continued development of the Fund's financial base. BACF recorded total income of **MVR 1,073,710.00** during 2013 and expenditure of **MVR 436,150.42**, resulting in an increase in running capital of **MVR 637,559.58**. The Fund therefore closed the year with running capital of **MVR 5,832,618.58**, compared with **MVR 5,195,059.00** at the end of 2012.

This strengthening of the Fund's financial position provides an important foundation for supporting future conservation and sustainable development initiatives in Baa Atoll.

The progress achieved during this period was made possible through the cooperation of government institutions, local communities, councils, development partners, NGOs, tourism stakeholders and other organisations. Their continued engagement will remain essential to strengthening the conservation and sustainable development of Baa Atoll.

Abdulla Shibau
Baa Atoll Conservation Fund

1. EXECUTIVE SUMMARY

The **Baa Atoll Conservation Fund (BACF)** entered 2013 as an emerging financial mechanism supporting the objectives of the Baa Atoll UNESCO Biosphere Reserve.

During the reporting period, emphasis was placed on strengthening the governance and financial foundation of the Fund and establishing a clear framework for future grant-making.

A major milestone was the BACF Board meeting held in **July 2013**, which established the principal criteria and priorities for BACF grants. The Board decided that BACF funds should only be used for activities falling within the Fund's priority spending areas.

The Board also:

- Removed individuals as eligible recipients of BACF grants;
- Included Councils as eligible recipients for the following two years;
- Established **US\$15,000** as the maximum grant ceiling;
- Agreed to establish a Project Evaluation Committee;
- Identified registered organisations as the principal source of grant proposals; and
- Defined priority areas for livelihoods, conservation, awareness, research and education.

The financial performance of BACF during 2013 was positive.

2013 Financial Highlights

Item	MVR
Opening Running Capital	5,195,059.00
Total Income	1,073,710.00
Total Expenditure	436,150.42
Net Increase	637,559.58
Closing Running Capital	5,832,618.58

The year's work established an important foundation for the Fund's future role in financing community-based conservation, sustainable livelihoods, environmental education and other initiatives supporting the Baa Atoll Biosphere Reserve.

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 was established to provide financial support for activities that contribute to making Baa Atoll a model of atoll ecosystem conservation and sustainable development in accordance with its designation as a **UNESCO Biosphere Reserve**.

BACF provides a mechanism for mobilising and managing financial resources for activities associated with:

- Conservation of biodiversity;
- Sustainable management of natural resources;
- Environmental protection;
- Sustainable livelihoods;
- Environmental awareness;
- Research and education; and
- Community participation in conservation and sustainable development.

The Fund is governed by a Board of Directors and managed by the Fund Manager/Managing Director, in accordance with its governing documents, rules and procedures and applicable laws and regulations of the Republic of Maldives.

5. BAA ATOLL UNESCO BIOSPHERE RESERVE

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

The designation recognises the ecological importance of Baa Atoll and provides a framework for balancing conservation of biodiversity with sustainable use of natural resources and community development.

The BACF was established to support activities contributing to these objectives by providing financial resources for conservation, sustainable livelihoods, awareness, research and education.

The relationship between BACF and the Biosphere Reserve provides an important foundation for mobilising resources and supporting practical activities at the community level.

3. BOARD MEETING AND KEY DISCUSSIONS

A significant BACF Board meeting 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 agenda items for the day included:

1. Update on the BACF and Baa Atoll Biosphere Reserve;
2. Presentations on Small Grants by the Mangroves for the Future Project;
3. Presentation on Small Grants Project by UNDP;
4. Sharing of experiences by the NGO Federation of Maldives;
5. General discussion on BACF work-plan priorities; and
6. Discussion on proposed BACF grants for 2013/2014.

The meeting provided an opportunity to review the development of BACF and consider experiences from other small-grants programmes.

The presentations and discussions also contributed to defining the Fund's future grant-making approach and identifying priority areas relevant to Baa Atoll.

4. BACF GRANT FRAMEWORK

The Board approved several decisions concerning the use and administration of BACF grants.

4.1 Priority Use of Funds

The Board decided that **BACF funds can only be used to fund activities that are in line with the priority spending areas of BACF** as this establishes the principle that Fund resources should be directed towards activities directly contributing to BACF's objectives.

4.2 Eligible Recipients

The Board decided to:

- Remove **individuals** as recipients of BACF grants;
- Include **Councils** as recipients of BACF funds for the following two years; and
- Require proposals to come from **registered organisations**.

These measures were intended to strengthen accountability and ensure that grants were implemented through recognised organisations and local institutions.

4.3 Maximum Grant

The Board approved **US\$15,000** as the maximum ceiling for a grant awarded under the BACF grants programme.

4.4 Project Evaluation Committee

The Board agreed that a **Project Evaluation Committee** should be established by BACF.

The proposed committee would comprise representatives from:

- Environmental Protection Agency;
- An NGO;
- A conservationist;
- United Nations Development Programme; and
- The Ministry responsible for Environment.

5. GRANT PRIORITY AREAS

The Board identified three principal areas for BACF grant support.

5.1 Livelihoods

The Fund identified activities that could improve community livelihoods while promoting environmentally responsible practices.

5.1.1 Agriculture

Priority areas included:

- Composting;

- Use of environmentally friendly fertilisers; and
- Other sustainable agricultural practices.

5.1.2 Handicraft Works

Priority was given to:

- Extension of existing lacquer work activities; and
- Development of existing community handicraft activities.

5.1.3 Other Livelihood Activities

5.2. CONSERVATION AND MANAGEMENT OF NATURAL RESOURCES

The Board identified conservation and management of biological and natural resources, biodiversity and nature protection in Baa Atoll as a major grant priority.

5.2.1 Sustainable Aquaculture

Potential projects included:

- Sustainable aquaculture programmes;
- Ornamental fishery initiatives; and
- Environmentally responsible approaches to marine resource use.

5.2.2 Community Engagement

The Fund also identified:

- Community biodiversity programmes;
- Environmental protection activities; and
- Community engagement in conservation as areas suitable for grant support.

These priorities recognised that long-term conservation depends on the meaningful participation of communities and local stakeholders.

5.3. AWARENESS, RESEARCH AND EDUCATION

Awareness, research and education were identified as another principal area for BACF grant support.

A specific priority identified by the Board was:

5.3.1 Awareness Programmes on the Baa Atoll UNESCO Biosphere Reserve

Such activities were intended to improve understanding of the Biosphere Reserve and its conservation objectives among communities and other stakeholders.

The broader priority also provided a basis for supporting environmental education and research activities relevant to Baa Atoll.

6. GRANT REVIEW AND APPROVAL

The Board agreed that grant proposals should be assessed and shortlisted before being submitted for final Board consideration.

The intended process included:

1. Submission of proposals by eligible organisations or Councils;
2. Evaluation of submitted proposals;
3. Shortlisting of suitable proposals;
4. Presentation of shortlisted proposals to the BACF Board;
5. Board approval; and
6. Award and implementation of approved grants.

The Board agreed that shortlisted proposals should be tabled at the relevant BACF meeting for consideration.

7. FINANCIAL PERFORMANCE

The financial performance of BACF during 2013 demonstrated continued growth in the Fund's capital.

The Fund entered the year with running capital of **MVR 5,195,059.00**

During the year, BACF recorded a **Total Income: MVR 1,073,710.00**

and a **Total Expenditure: MVR 436,150.42**

The resulting increase in capital was **MVR 637,559.58**

The Fund therefore ended 2013 with **MVR 5,832,618.58** in running capital.

8. INCOME

BACF's total income for 2013 was **MVR 1,073,710.00**.

Income Source	MVR
Sale of Hanifaru Access Permits	137,330.00
BR Partnership Fees — Resorts, Dive Schools and Liveaboards	154,780.00
Tour Guide Examination Registration Fees	4,320.00
Photography and Videography Permits and Others	6,280.00
Donations	771,000.00
TOTAL INCOME	1,073,710.00

Donations were the largest individual source of income recorded during the year, while access permits and Biosphere Reserve partnership fees also contributed to the Fund's financial resources.

9. EXPENDITURE

Total expenditure for 2013 amounted to **MVR 436,150.42**

Expenditure comprised management, travel, office operations, maintenance and procurement.

9.1 BACF Management Costs

Description	MVR
Salary and Allowances	346,950.00

9.2 Travel and Transport

Description	MVR
Internal / Sea	1,728.00
Internal / Air	3,267.00
Internal / Land	0.00
Overseas Travel	0.00
Total	4,995.00

9.3 Office Management Costs

Description	MVR
Office Stationery	1,425.70
Miscellaneous Expenses	0.00
Communication	3,646.17
Fuel	29,518.00
Total	34,589.87

9.4 Maintenance

Description	MVR
BR Vessel	20,202.67
BR Vessel Communication Equipment	17,979.72
Machinery and Equipment	0.00
Office Maintenance	1,946.16
Total	40,128.55

9.5 Procurement of Goods

Description	MVR
Furniture and Fittings	5,962.50
Machinery and Equipment	3,524.50
Total	9,487.00

10. FINANCIAL POSITION

The financial movement during 2013 can be summarised as follows:

Financial Position	MVR
Running Capital — End 2012	5,195,059.00
Add: Total Income	1,073,710.00
Less: Total Expenditure	(436,150.42)
Net Increase	637,559.58
Running Capital — End 2013	5,832,618.58

The Fund's running capital increased by **MVR 637,559.58** during the year.

This provided a stronger financial base for future grant programmes and conservation-related activities.

11. PARTNERSHIPS AND STAKEHOLDER ENGAGEMENT

BACF's development during this period was supported by engagement with government agencies, development organisations, NGOs, resorts, dive schools other stakeholders in the atoll.

The Board's engagement with the Mangroves for the Future Project, UNDP and the NGO Federation of Maldives provided opportunities to learn from existing small-grants programmes and community-based initiatives.

The involvement of different stakeholders also supported the development of a grant framework that recognised the importance of both conservation and community livelihoods.

The Fund's partnership-based approach provides an important foundation for future collaboration in support of the Baa Atoll Biosphere Reserve.

12. KEY OUTCOMES OF THE PERIOD

- The period covered by this report established several important foundations for BACF.

12.1 Governance

- A clearer framework for the governance and administration of grants was established.

12.2 Grant Management

- The Board defined eligibility requirements, a maximum grant ceiling and a proposal evaluation mechanism.

12.3 Strategic Priorities

- **Awareness, Research and Education**

12.4 Financial Sustainability

- BACF's running capital increased from **MVR 5.195 million to MVR 5.833 million**.

12.5 Community Focus

- The grant framework placed emphasis on community-based activities, Councils and registered organisations.

12.6 Biosphere Reserve Support

- The Fund's priorities were aligned with the conservation and sustainable development objectives of the Baa Atoll UNESCO Biosphere Reserve.

13. PRIORITIES GOING FORWARD

The framework established during this period provides a basis for BACF's future activities.

The Fund's priorities going forward include:

- Strengthening conservation financing;
- Supporting community-based conservation;
- Promoting environmentally sustainable livelihoods;
- Supporting biodiversity protection;
- Encouraging sustainable aquaculture;
- Increasing awareness of the Baa Atoll Biosphere Reserve;
- Supporting relevant research and education;
- Strengthening partnerships with local councils and communities; and
- Maintaining sound financial management of the Fund.

The continued development of BACF will depend on effective partnerships and the responsible use of financial resources to achieve measurable conservation and sustainable development outcomes.

14. CONCLUSION

The **2013 reporting period** was an important stage in the institutional development of the Baa Atoll Conservation Fund.

The BACF Board established a clear framework for the use of Fund resources and identified priority areas that reflected the environmental, social and economic needs of Baa Atoll.

The establishment of a **US\$15,000 maximum grant ceiling**, eligibility requirements, a proposed Project Evaluation Committee and defined priority areas provided a foundation for a more structured grant programme.

At the same time, the Fund maintained a positive financial position. Total income of **MVR 1,073,710.00** exceeded expenditure of **MVR 436,150.42**, resulting in a net increase of **MVR 637,559.58** and closing running capital of **MVR 5,832,618.58**.

The progress achieved during this period strengthened BACF's ability to support activities that contribute to conservation, sustainable livelihoods, environmental awareness, research and education in Baa Atoll.

The Fund will continue to build on this foundation through collaboration with government institutions, councils, communities, NGOs, development partners, tourism stakeholders and other organisations committed to the long-term conservation and sustainable development of Baa Atoll.

15. FINANCIAL HIGHLIGHTS AT A GLANCE

2013 Indicator	Amount
Opening Capital	MVR 5,195,059.00
Total Income	MVR 1,073,710.00
Total Expenditure	MVR 436,150.42
Net Increase	MVR 637,559.58
Closing Capital	MVR 5,832,618.58
Maximum Grant Ceiling	US\$15,000

16. BOARD DECISIONS ON GRANTS

The BACF Board approved the following key principles for grant-making:

1. BACF funds shall only be used for activities consistent with the Fund's priority spending areas.
2. Individuals shall not be eligible recipients of BACF grants.
3. Councils shall be included as eligible recipients for the following two years.
4. The maximum grant ceiling shall be **US\$15,000**.

5. A Project Evaluation Committee shall be formulated by BACF.
6. The proposed committee shall include representatives from EPA, an NGO, a conservationist, UNDP and the Ministry responsible for Environment.
7. Grant proposals shall be submitted by registered organisations.
8. Livelihood priorities shall include sustainable agriculture, composting, environmentally friendly fertilisers, handicrafts and value addition.
9. Conservation priorities shall include sustainable aquaculture, ornamental fisheries, biodiversity and community environmental protection.
10. Awareness, research and education priorities shall include awareness programmes concerning the Baa Atoll UNESCO Biosphere Reserve.
11. Shortlisted proposals shall be submitted to the BACF Board for consideration and approval.
12. Grants shall be awarded following Board approval of shortlisted proposals.

