

Organizational Profile








Mission

To support financing
environmental management
towards the sustainable
development of Ecuador.

Vision

Fondo Ambiental Nacional (FAN) is a leading organization in the design and implementation of financial strategies and mechanisms. It constitutes a point of convergence for ideals and actions to come



A photograph of a sunset over a body of water. The sky is filled with soft, colorful clouds in shades of blue, purple, and pink. The sun is partially obscured by a large cloud, creating a bright glow. The water reflects the colors of the sky. In the foreground, two plants with large green leaves and thin stems are visible, one on the left and one on the right, partially submerged in the water. The overall mood is serene and peaceful.

together to efficiently support environmental management and biodiversity conservation in Ecuador within the framework of sustainable development.



Our History

Fondo Ambiental Nacional is a private, non-profit organization, born out of the interests of a group of leaders from different sectors of Ecuadorian society (government, productive sector, academia and non-governmental environmental organizations) for the purpose of identifying a stable financing mechanism to support the implementation of environmental management actions in Ecuador. Given the critical lack of resources, our work is vital to ensure the financial sustainability of initiatives that would otherwise end after their financing was discontinued.

In 1994, a process of consultations and workshops began with a variety of actors from Ecuadorian society, the donor community and other Latin American environmental funds, aimed at identifying an efficient mechanism to support financing environmental management in Ecuador. Two conclusions drawn from those workshops were essential to the creation of the Fondo Ambiental Nacional: one, that it should be a private organization constituted under the Civil Code but with a minority representation from the Government; and two, that there should be a direct link between actions carried out by the Fund and the national environmental priorities.

Between 1996 and 1998, the political situation in Ecuador prevented the Fondo Ambiental Nacional from beginning its activities. Later, in 1999, the Ministry of the Environment initiated a process of consultation with the participation of a diverse group of stakeholders interested in Ecuador's environmental agenda, in order to analyze the suitability of activating the Fondo Ambiental Nacional as a financing mechanism to support environmental policies in the country. Based on those results, as well as on guidelines established in the National Environmental Plan and the Environmental Strategy for Sustainable Development, the Board of Directors of the Fondo Ambiental Nacional developed an initial strategic approach aimed at supporting biodiversity conservation with an emphasis on the Protected Areas.

Since 2000, the Fondo Ambiental Nacional has made important progress in managing extraordinary donations to support conservation initiatives in Ecuador through the Protected Areas Program, the Eco-Fondo Program, and other programs and projects.

In 2003 the Board of Directors approved our Strategic Objectives to 2010:

To contribute to environmental management and biodiversity conservation in Ecuador through

- a) Long-term co-financing of the basic operating costs of the National System of Protected Areas (government-run) with an endowment fund of at least 35 million US dollars;
- b) Support for the strengthening of the National Environmental Authority, and;
- c) Application of FAN's institutional capacities for fundraising and the administration, monitoring and evaluation of programs and projects, generating synergies with national and local organizations.





Legal Status

Executive Decree No. 3409 RO. 865, 01.18. 1996) defines the Fondo Ambiental Nacional as a non-profit entity with its own legal status under Private Law, registered under and subject to the provisions of the Ecuadorian Civil Code for the primary purpose of financing plans, programs, projects and any other activities related to the protection and conservation of natural resources and the environment.

To enable the Fondo Ambiental Nacional to fulfill the objective for which it was created, its By-laws (last amended by Executive Decree 2820, RO. 622, 07.19.2002) authorize FAN to raise and administer financial resources and to channel foreign and domestic contributions to finance governmental and non-governmental activities, in both the public and private sectors, related to the sustainable management of Ecuador's natural resources.





Main Characteristics

Fondo Ambiental Nacional:

- Manages and channels resources. It is not directly involved in implementing field activities.
- Supports financing the country's principal environmental priorities through a strategic alliance with the Ministry of the Environment of Ecuador, for which purpose it maintains current agreements.
- Is a voluntary mechanism for channeling national and international resources from public and private entities.
- Has a multisectoral and cross-disciplinary Board of Directors, which ensures that a range of stakeholders participate in decision-making.





Principles and Values

The activities of the Fondo Ambiental Nacional aim to generate and support changes towards sustainable development through the following institutional principles and values:

- 1 Our activities respond to national environmental policies and are aimed at providing solutions to national problems with a global scope.
- 2 We work to generate and strengthen broad participation through strategic alliances among different stakeholders – governmental and private, national and international – with a preference for participatory processes involving local stakeholders, based on equity and respect.
- 3 Our actions are based on the broadest possible concept of sustainable environmental management, including issues related to air, water and soil quality and to conservation (holistically defined), involving an ecosystem approach, sustainable use of natural resources, recovery of biodiversity, and fair and equitable benefit and cost sharing.

- 4 We assume due environmental and social responsibility for our actions, processes and investments. We work with organizations, businesses and institutions that also assume those responsibilities, and require potential partners to accept them as well.
- 5 Our activities are characterized by high standards of integrity, transparency and efficiency, complemented by full accountability for all of our actions.
- 6 We continuously strive for excellence in our performance, characterized by our commitment, professionalism and the personal qualities of our Board of Directors and members of our staff.



Governance and Operational Structure

Board of Directors

The Board of Directors of the Fondo Ambiental Nacional is its highest decision-making body as well as regulatory and policy-making authority. It is comprised of seven members, and its composition faithfully reflects the concept of its being a point of convergence for different sectors:

- The Ministry of the Environment official in charge of environmental management as an ex-officio member, in representation of the government of Ecuador;
- Three members representing Academia, Non-Governmental Environmental Organizations and the Private Productive Sector, all of whom shall be appointed by electoral colleges operating as stipulated in the By-laws;
- Three appointed members who will be unanimously selected by the Board of Directors from among individuals with distinguished careers in the fields of finance, investment, philanthropy or fundraising, among other areas.

They shall not have a political party background or be connected to the Government; they must have irreproachable track records, both ethically and professionally, and recognized experience in the field(s) that the Board of Directors deems necessary for the institutional strengthening of the Fondo Ambiental Nacional. Two of these three members of the Board of Directors must be from cities other than Quito, Ecuador.

Staff

The Board of Directors appoints an Executive Director, chosen through a competitive selection procedure, who is responsible for the operations of the Fund, in accordance with the policies and guidelines issued by the Board of Directors.

Fondo Ambiental Nacional has been designed with a horizontal structure for effective operation, which includes: the Programs and Projects Director, the Management and Finance Director and the Fundraising and Communications Unit, all of whom work closely with the Executive Director. There is also an Internal Auditor who reports to the Board of Directors.

All activities are carried out in accordance with planning processes aimed at concrete performance goals.



Scope of Action

A) THE PROTECTED AREAS PROGRAM

The Goal of the Protected Areas Program is “to support in-situ biodiversity conservation in Ecuador by consolidating and strengthening the National System of Protected Areas (NSPA), promoting the design and implementation of policies, strategies, technical tools and long-term financial mechanisms to make it possible to fulfill the objectives for which the Protected Areas were established”.

The ‘protected areas fund’ (fap)

One of our most important initiatives is the establishment and operation of the *‘protected areas fund’ (fap)*, whose main purpose is “to contribute to consolidating the continental protected areas of the National System of Protected Areas, through long-term co-financing of basic operating expenses, as well as related technical assistance”.

This '*protected areas fund*' (*fap*), is a joint initiative between the Ministry of the Environment of Ecuador and Fondo Ambiental Nacional with strong support from international cooperation agencies. It aims at raising a variety of extraordinary funds to capitalize an intangible endowment fund. The income generated from investments is used to cover the basic operating expenses of priority Protected Areas on the mainland of Ecuador, additional areas will be included as new funds are secured. This strategy provides stable long-term financial resources to supplement the budget allocated by the government of Ecuador.

The instrument has a decentralized mechanism for channeling funds directly to the Protected Areas, in which eligible budget items and accounting mechanisms are well defined.

The first phase of operations of the '*protected areas fund*' (*fap*) was funded by the Government of Ecuador, a donation from GEF, and two debt-for-nature-swaps (Germany), which totaled around 13 million US Dollars (August 2006).

Despite the important efforts made to reach the required level of capitalization, much remains to be done. It is estimated that Ecuador needs an additional 60 million US Dollars for the '*protected areas fund*' (*fap*). This estimate is based on a proposed 'basic management scenario' for conservation of the continental NSPA (Financing Needs Assessment for the National System of Protected Areas of Ecuador, Ministry of the Environment: 2005).

The Strategic Plan 2006-2015 for the National System of Protected Areas of Ecuador includes a 35 million US dollar capitalization target for the '*protected areas fund*' (*fap*) by 2010 as an essential component to achieve financial sustainability. This amount will enable the '*protected areas fund*' (*fap*) to provide funding for all of Ecuador's continental protected areas. This assumes that government contributions will remain at their current levels.

Institutional Strengthening of the National System of Protected Areas

Our activities in this area include efforts to strengthen the capacity of the National System of Protected Areas to maintain Ecuador's national biodiversity heritage through four major approaches:

- Support for strategy development and implementation of the National System of Protected Areas.
- Development of improved management instruments, including guidelines for more effective day-to-day control and surveillance of protected areas.
- Contributions to the analysis of the national system's financing needs, and innovative solutions for sustainable funding.
- Analysis of and recommendations for cost efficiency in protected area management, impact monitoring and evaluation.



B) THE ECOFONDO PROGRAM

The Fondo Ambiental Nacional (FAN) manages the EcoFondo Program, funded by the Crude Oil Pipeline (OCP), Ecuador S.A. and EnCana Corporation (EnCana). This 16.9 million US dollar, 20-year 'sinking' fund constitutes one of the most important sources of private funding dedicated to biodiversity conservation in Ecuador.

The design and structure of this fund are the product of a thorough negotiation process between a group of non-governmental environmental organizations in Ecuador and petroleum sector companies interested in co-financing conservation activities.

The implementation of the EcoFondo follows an annual competitive project cycle that begins with a public call for proposals. Projects are assessed by a panel of external experts and approved by the board of the EcoFondo.

Eligible activities include: conservation and sustainable use of natural resources, research, and promotion. This program is mainly applied in areas of direct influence of the pipeline, protected areas related to hydrocarbon production, and ecosystems of national importance.

C) PROJECTS MANAGEMENT

Based on its institutional capacity, its agile and transparent mechanisms and procedures, Fondo Ambiental Nacional has assumed responsibility for the management of several programs and projects related to specific protected areas or priority policy issues for biodiversity conservation in Ecuador.

FAN's current portfolio of projects includes: i) The CEREPS – Yasuní and Cuyabeno Project funded by the Government of Ecuador, ii) The Project of Consolidation and Creation of Protected Areas in the Cón-dor Kutukú Corridor, funded by The Gordon and Betty Moore Foundation, iii) Projects sponsored by Conservation International – Ecuador, among others.

D) FUNDRAISING AND COMMUNICATIONS

The Fondo Ambiental Nacional (FAN) has a specialized Unit that implements FAN's interconnected Fundraising and Communications Strategies.

The primary goals of the Fundraising Strategy are to: i) Continue capitalizing the '*protected areas fund*' (*fap*); target: 35 million US dollars by 2010; ii) Obtain additional sinking funds for ear-marked Protected Areas; and iii) Mobilize resources for internal institutional strengthening.

The Fundraising Strategy will be updated in 2007 with support from The John D. y Catherine T. MacArthur Foundation.



Investing in the Future of Ecuador

The strategic importance of interventions of Fondo Ambiental Nacional for the Protected Areas of Ecuador, and the sustainable development of the country, is also reflected in the significant contributions received from a variety of sources, especially: The Government of Ecuador, GEF - World Bank, The Republic of Germany, Kingdom of the Netherlands, United States Agency for International Development, Andean Development Corporation, The Nature Conservancy, Conservation International - Ecuador, The John D. y Catherine T. MacArthur Foundation, The Gordon and Betty Moore Foundation, IUCN-NL, and Summit Foundation, among others.

Impacts are visible: since starting our operations in 2002, we have managed to channel substantial funding to 11 of the 32 protected areas, on the mainland of Ecuador, representing around 70% of the total area designated as a high priority for biodiversity conservation.

Working closely with the Ministry of the Environment, we are now financing approximately 20% of the total basic operating expenses of the National System of Protected Areas. This is done in a cost efficient, accountable way and sustainable over the long term.

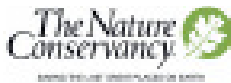
Fondo Ambiental Nacional is a strong and professional institution with a clear strategy directly related to the environmental priorities of Ecuador.

The support and trust different donors have placed in this initiative, and the substantial progress achieved, demonstrate that our operational model constitutes an interesting opportunity for international cooperation agencies and the private sector to invest in biodiversity conservation and the sustainable use of natural resources, which are essential for the sustainable development of Ecuador.



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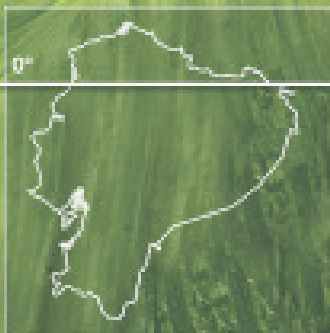
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