Resilient Reefs: Case Study on Co-Investment

As the Resilient Reefs' sites move from resilience planning into strategy implementation, a key challenge (and opportunity!) in this transition is securing the funds and project partnerships to implement priority activities identified in the strategy.

Great Barrier Reef Foundation and BHPF Knowledge Network facilitated a targeted conversation that connected conservation finance experts, including Eddy Niesten from EcoAdvisors and Bjorn Everts from the Indigenous Land and Sea Corporation, with the Ningaloo Resilient Reefs Project team.

The discussion centred on key questions the Ningaloo team had been grappling with as they look for co-investment to leverage Resilient Reefs funds. This document provides an overview of that conversation and guidance for other conservation projects.

June 2021

Great Barrier Reef Foundation

A. Building Funder Relationships

Q1: "We have identified a range of different funding sources (grants, sponsorships, co-financing etc) and potential partners who all have different funding criteria and strategic priorities. Is there a framework to help us to quickly understand which funders should be targeted for specific actions?"

When exploring potential funding partnerships, consider analysing each funder against the three C's:

1. Capacity:

- How much can the funder give? How much have they given in the past, and what proportion of your required funding gap would this meet?
- Is their funding typically a one-off investment and if not, how do they stage their funding? For example, do they start with small community grants $10-20k to test the waters and build a relationship, then move to an opportunity to apply for larger amounts $50k+?
- You also need to consider what capacity you have to meet the funder's proposal and reporting requirements.

2. Commitment (or concern):

- How much alignment is there between your organisation and a potential funding partners' strategy and values?
- Does the funder typically provide support along with others, or are they happy going it alone?

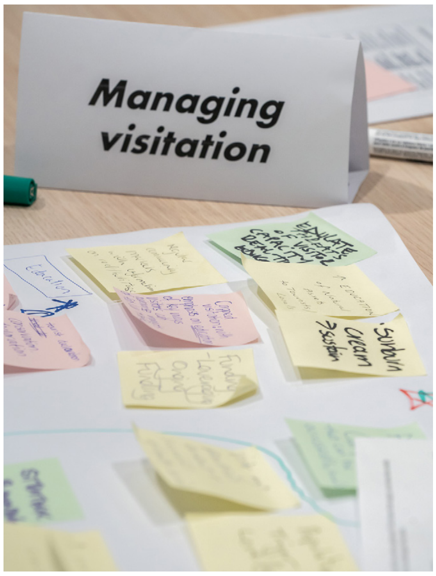
3. Connection:

- How many degrees of separation are there between your organisation and the funding partner?
- How easy will it be to make a personal connection? In donor-oriented philanthropy, people give to people they trust.

The most productive financing partnerships are based on relationships and personal connections with fund managers/ high net worth individuals. Long-term relationships and ongoing communication with particular funders dramatically increase the chance of attracting funding. For project sites where teams are located in remote locations (away from capital cities), this often requires a liaison or key contact person who can maintain and steward those relationships. It may also be helped by fundraising champions within the organisations (e.g. board members or project advisors) that can help navigate the network and advocate on your behalf.

Q2: "How do we strategically prioritise attractive activities for funding proposals to develop important relationships with high-value funding partners? For example, we have a number of activities which tick a number of boxes for many funders. Rather than taking the first offer, do we need to think more strategically about our first steps and leverage small activities to get the most 'bang for our buck' by developing partnerships with potential for long term investments?"

It's important to understand what funders want to invest in, and that different types of funding will be useful at different times throughout a program. Philanthropy doesn't want to replicate the role of Government – they want to fund high risk, catalytic projects that no one else will fund, then Government comes in later once something has been proven.



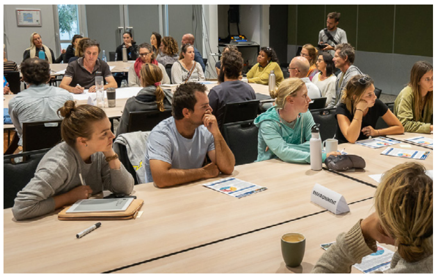
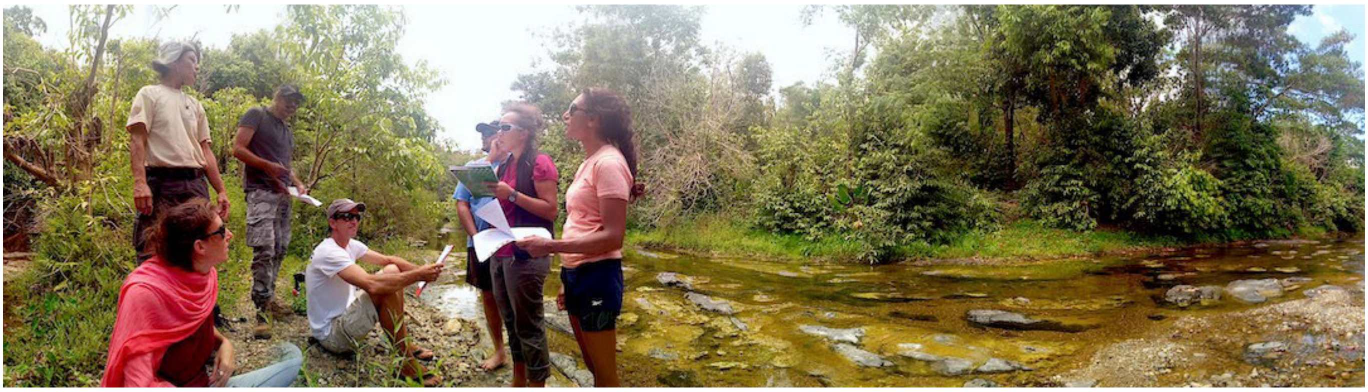


Photo credits: Top and bottom images: © Joel Johnsson.

Do your research and try and prioritise funders that have a track record of long-term relationships, of drawing in other funders overtime and of acting as a champion for the projects they support. It's also important to look for early signs of a productive partnership by testing their responsiveness to co-design, joint planning and taking a collaborative approach.

Be strong about not taking funds from donors who don't align on values. Misaligned funding can lead to mission creep for your project and ultimately doing more, different kinds of activities than you have the capacity to deliver.



B. Writing Funding Proposals

Q3: "What information/analysis is meaningful for funders when presenting options? What do they expect to see from us and in what format (e.g. should we be developing a mini prospectus for particular actions, and what info should be included? Would it be useful for funders to see prioritisation of all actions on offer and what would this look like)?"

When approaching a funder, start by asking for genuine advice and articulating your vision to check for alignment with their investment priorities. Develop a 2-pager that you can send to possible funders to ask for advice on your project (it's best not to ask for funding in the first instance). You could develop a 2-pager for each priority action, or if actions relate to enterprise development or paths to self-financing, a mini prospectus that lays this out is a great thing to have on hand. For your own toolbox, having a "menu" of actions, with a few different ways of organising the menu (prioritisation, size, duration etc) can be a handy tool to respond to particular funders' interests.

It's important to have a signature project to focus on (which may already have some investment) and articulate a clear role for philanthropy which will be catalytic.

Initially, funders want to hear about impact (not about process and not even about outcomes). Your project strengths are a good starting point for developing a project brief for a funder – detail the project's environmental, social and economic benefits.

For many funders, other key elements to highlight include information about how the intervention will be sustained over the long-term, can it be replicated, and how innovative is the solution. Eventually funders will want to see evidence of robust processes, governance, and professionalism.

Funders are diverse, so do your research to understand alignment (funding guidelines/mission statement), for example not all funders want to achieve impact at scale. In addition, make sure to do funder research regularly because priorities change regularly.

Q4: "What are the value propositions that are important for funders for this kind of work?"

Resilience itself is probably, for many audiences, not the starting point – the concept is perhaps too abstract for many funders. Value propositions in general will depend on the funder – check if they focus on social issues, environmental issues, education or enterprise development and how your activities align with these priorities.

C. Overcoming Barriers

Q5: "We often hear that there is a lot of interest/money looking for a home in relation to conservation projects at the moment. What are the main barriers to allocating this, and how can we start to overcome them?"

There might be a lot of interest in supporting conservation projects, but there are also a lot of conservation projects out there looking for funding. Donors want comfort that they're investing in the right projects; projects where they trust the partner and are confident that uncertainties will be managed, and risks have been minimised.

This means that starting out is hard! Funders are usually more confident to commit funds to a project or organisation when it can see that other reputable funders have done so already. The first partnership might be hard to secure, but once this is in place, other funders will likely come on board more easily as they can rely on the due diligence done by other parties. Think hard about how to pre-empt the objection "Isn't that the government's job?" Funders like a comfort zone (who they know, what they've funded before, what their friends have funded).

Photo credit: © Conservatoire D'espaces Naturels.

A way around this can be to work with multiple project partners and establish an intermediary for your organisation.

It can be expensive, but they play a crucial role in communicating about the project, building partnerships and giving the donor confidence to invest.

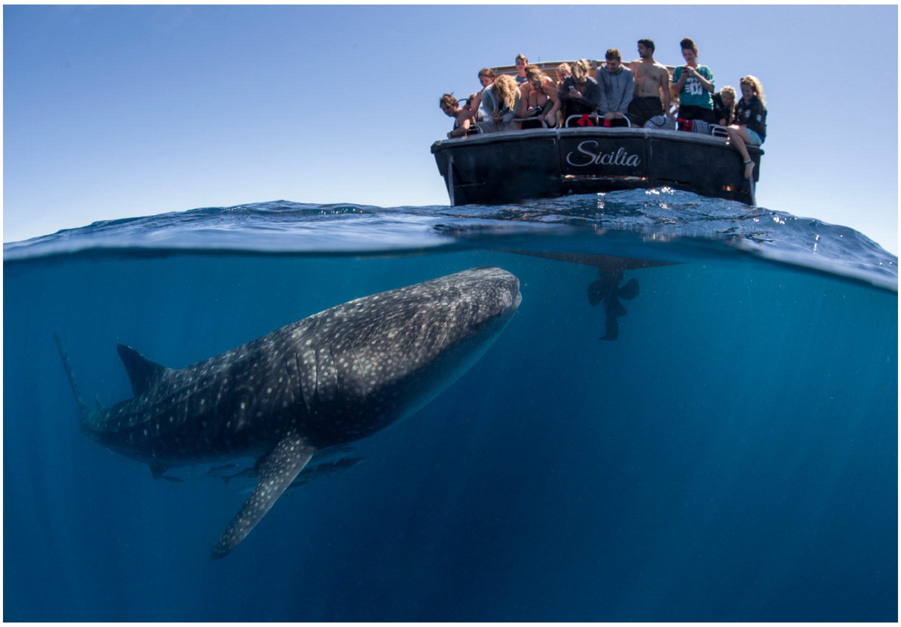
Become an organisation that has due diligence in place. Make sure your corporate governance is up to date and that you have organisational policies and insurance (if required) in place. Be really transparent about impact and how you're spending your money.

D. Exploring Other Options

Q6: "What other innovative finance mechanisms are out there?"

There are lots of financing mechanisms available but they're complex and not often the right fit for early stage programs. More complex models often require a sophisticated intermediary and a revenue stream. The Conservation Finance Framework has more information on opportunities and challenges posted by the field of conservation finance.

For financing resilience actions at the early stages, such as when Resilient Reefs sites are transitioning from strategy to implementation, crowd source funding might be a good start and you could pitch for philanthropic donor match funding, i.e. 'if we raise xx $, will you match it?". Several resources are available to guide crowd funding efforts for environmental programs (see additional resources below).



E. Additional Resources

KTT Trust webinar: https://vimeo.com/527132284/9cd9d8e86c

Conservation Finance Framework: https://www.conservationfinancealliance.org/cfa-white-paper

The Ultimate Guide to Crowdfunding for Environmental Charities: https://chuffed.org/academy/articles/detail/environment-crowdfunding-campaign-guide

What determines the success and failure of environmental crowdfunding? https://link.springer.com/article/10.1007/s13280-021-01522-0

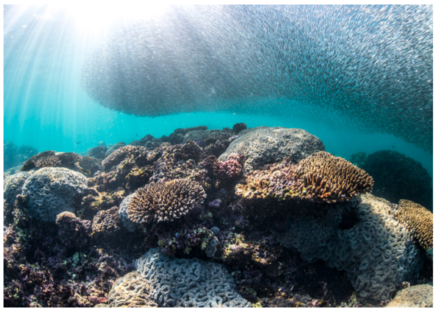


Photo credits: Top image: © Sam Lawrence. Middle image: © Joel Johnsson. Bottom image: © Alex Kydd.

The fundraising session was co-hosted by GBRF & The Knowledge Network with expert advice from Eco Advisors and support from BHP Foundation

BHP Foundation THE KNOWLEDGE NETWORK EcoAdvisors