

A Vision of Success

Perspectives from John Adams, UBS Financial Services ¹

There are multiple sources of financing for MPAs, including domestic government budgets, international assistance, visitor fees, and more. While each source plays a vital role for sites worldwide, it can also be subject to fluctuation. Domestic budgets can be cut. International donors can change their area of interest. Tourism rates can rise and fall. These variations create instability for MPA management. An ideal component of sustainable finance strategies would be a tool that ensures a steady, or even rising, stream of funds over the long term. The tool that perhaps comes closest to this ideal is an endowment. In an endowment, funds are invested and the earnings on those invested funds are spent on program activities. Meanwhile the capital in the investment remains fully invested, thus generating additional income year after year. While not risk-free (they involve investments, after all), endowments can provide a level of financial sustainability for MPAs that is hard to match. In May 2008, MPA News examined this tool, including how to establish endowments, cases where they exist for MPAs, and what their main challenges are.

“Endowments are useful for several reasons,” says John Adams, senior vice president for investments at UBS Financial Services, a global finance firm. Adams heads a group within UBS that manages the long-term investment of conservation endowments for income and growth. “First, endowments create financial reserves that can help meet budgets during unexpected hard times,” he says. “This allows an organization that has worked hard to hire a good staff to retain talented people during a lean period of funding.” “Second,” says Adams, “an endowment will normally provide, from investment income, part or all of the funding needed to meet the budget of the organization. The larger the endowment is, the less an MPA manager has to search for other sources of funding.” “Finally,” he says, “the endowment creates a real psychology of permanence that extends throughout the MPA, including staff, the community, and donors. If everyone knows that there is funding in perpetuity for the organization, the future of the protected area is in far better shape,” says Adams.

For the entire article in MPA News, see: <http://depts.washington.edu/mpanews/MPA96.pdf>.

¹ Taken from: MPA News, Volume 9, Number 10. May 2008.