

Press Release: MCT Makes the First Funds Transfer from Palau's MC Endowment Fund to the Palau PAN Fund

On January 31, 2017, the Micronesia Conservation Trust (MCT) Board approved a resolution instructing its Investment Advisor, Raymond James, to disburse \$435,362 to the Palau Protected Areas Network (PAN) Fund (www.palaupanfund.org). The Palau PAN Fund, per the agreement with MCT, will use the fund exclusively for (a) implementation of PAN protected areas management, sustainable development and work plans for PAN sites based on performance, impact/outcome and appropriate management costs for the continuing sustainable operation of the PAN Fund; (b) the undertaking of necessary research and educational activities substantially related to carrying out the purposes of RPPL No. 7-42; and (c) the performance of any of the functions that are necessary in order to carry out the purpose of RPPL 7-42 including the operation of the PAN Office. The amount withdrawn is based on a formula agreed to between the donors and the owners of the endowment in an Investment Policy Guidelines on the Micronesia Challenge Endowment Fund (www.micronesiachallenge.org) and is designed to ensure the value of the Fund is maintained in perpetuity.

In 2006, MCT was selected by the Chief Executives of Micronesia to serve as the Micronesia Challenge Endowment Fund financing mechanism and has been managing the MC Endowment Fund since its inception in 2008. The fund was initiated with a \$1,000,000 grant from The Nature Conservancy and a \$500,000 contribution from the Palau Government. Subsequently the Palau Government, through their Palau PAN Fund, and the Federated States of Micronesia and Marshall Islands governments started contributing their own national funds to the endowment to match other donor funds from The Nature Conservancy (\$3M), Conservation International (\$3M) and the Global Environment Facility (GEF) – United Nations Environment Programme (\$5M). Today the endowment fund stands at nearly \$18.5M, with Palau owning approximately half of the fund, and with FSM and RMI owning approximately \$5,000,000 and \$4,000,000 respectively. A student group from Saipan, the Tanapag Middle School Micronesia Challenge Club, provided \$1,000 from their own funds to launch the Commonwealth of the Northern Marianas Islands' (CNMI) Micronesia Challenge Endowment Fund in 2016. MCT continues to work with Guam and CNMI officials, as well as other international development partners, to launch their MC endowment funds as part of this joint regional initiative.

For the FSM and RMI to start to receive earnings from the MC Endowment Fund, they will need to put in place national policies and legislations that formally establish their protected areas networks, as well as the mechanisms for disbursement (i.e. the Palau PAN Fund). Both the FSM and RMI Governments are now working to put these program requirements in place so they can begin to drawdown on the funds to support the much-needed community based site work within their respective jurisdictions.