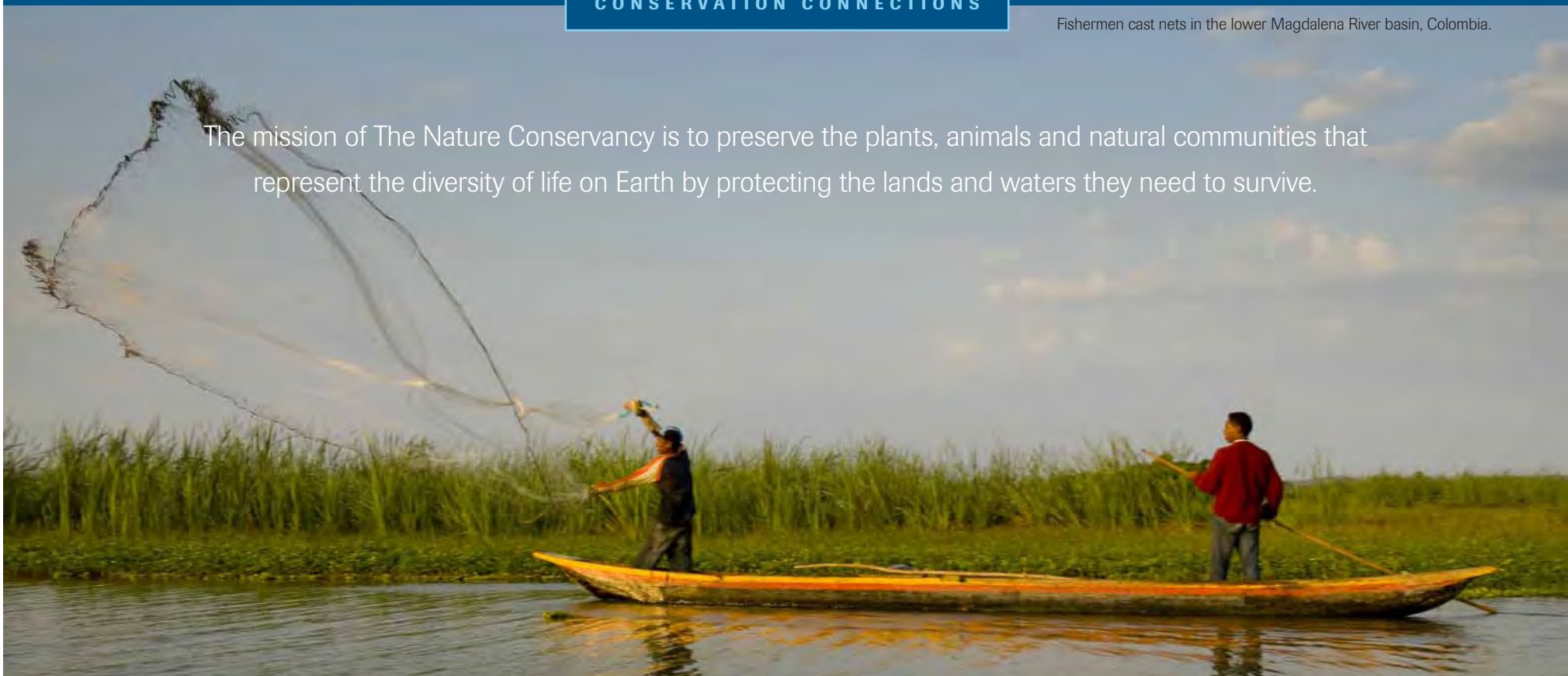
The Nature Conservancy
Protecting nature. Preserving life.™

CONSERVATION CONNECTIONS

ANNUAL REPORT 2008

CONSERVATION CONNECTIONS



Fishermen cast nets in the lower Magdalena River basin, Colombia.

The mission of The Nature Conservancy is to preserve the plants, animals and natural communities that represent the diversity of life on Earth by protecting the lands and waters they need to survive.

2008: THE YEAR IN REVIEW

Rallying Global Support for Caribbean Islands

A coalition of Caribbean island nations announced bold commitments to conserve at least 20% of their marine and coastal habitats by 2020, and The Nature Conservancy pledged an initial $20 million in support. The Conservancy has been instrumental in developing these "island challenge" initiatives—including the Micronesia Challenge and Coral Triangle Initiative—whereby island governments with limited internal resources agree to dramatically expand conservation with investment from development agencies and governments. The Conservancy's new European office in Berlin helped broker financing from German agencies.

Above: Exuma Cays Land and Sea Park, Bahamas.

Restoring a Billion Trees to the Atlantic Forest

The Nature Conservancy launched the *Plant a Billion Trees Campaign* (plantabillion.org) to reforest Brazil's Atlantic Forest, which has been reduced to just 7% of its original range. Working with Brazilian agencies and local communities, the campaign also enables people to participate online. These efforts will be counted as part of the United Nations Environment Programme's goal to plant a billion trees a year around the world. Besides protecting wildlife habitat and water supplies, this reforestation will remove 10 million tons of carbon dioxide from the atmosphere every year, the equivalent of taking 2 million cars off the road.

Above: Seedlings near Guarapuava, Brazil.

Through 788 conservation transactions, the Conservancy helped protect a remarkable 2,728,993 acres around the world in fiscal year 2008. The 10 projects highlighted here represent the scope, scale and variety of strategies employed in this banner year.

Landmark Forest Save in the Crown of the Continent

The Conservancy partnered with The Trust for Public Land to acquire 312,000 forested acres in western Montana from Plum Creek Timber Company for $510 million, making it one of the most significant conservation sales in history. Over the past five years, the Conservancy has been a leading force in structuring innovative deals to prevent the development of working forests in the U.S., totaling 3.5 million acres and more than $1.5 billion.

Above: Cross-country skiers in Lolo Pass, Montana.

Strategic Desert Acquisition in Central Australia

A vast wilderness at the intersection of three of Australia's central deserts and the convergence of three desert rivers was acquired by the Australian Wildlife Conservancy with 50% funding from The Nature Conservancy. The new 1.7-million-acre Kalamurina Sanctuary is a crucial missing piece in a mosaic of contiguous conservation areas larger than the country of Ireland. The Conservancy has supported the acquisition of nearly 3 million acres by likeminded Australian organizations in the past year alone.

Above: Kalamurina, Australia.

California Climate Change Demonstration Model

The Garcia River Forest near Mendocino became one of the first forests to be certified as a source of carbon credits by the most rigorous set of standards worldwide. The Nature Conservancy, as easement holder, and The Conservation Fund, as owner of the nearly 24,000 acres of redwoods and Douglas firs, teamed up to establish and manage this demonstration site for the rapidly developing domestic carbon market. Over the past decade, the Conservancy has emerged as a global leader in developing such demonstration projects from Bolivia to China and Belize.

Above: The Garcia River, northern California.

China-U.S. Agreement Excludes Illegal Timber

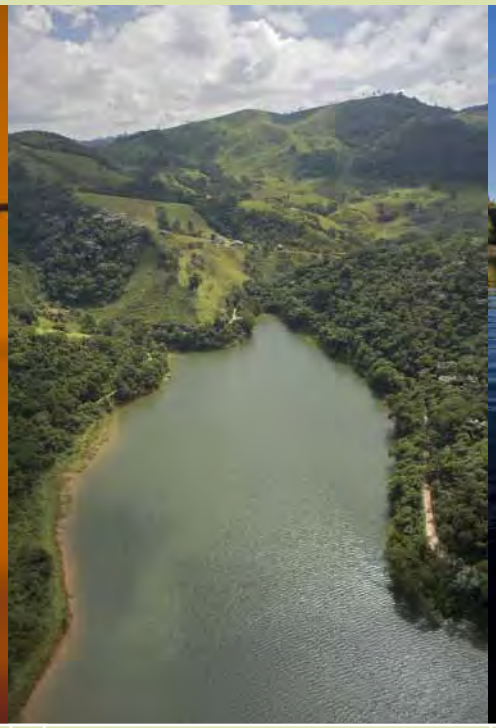
China and the United States—the largest importers of wood and wood-based products in the world—committed to work together to protect forests by excluding illegal and unsustainably harvested timber from supplier countries. The Conservancy aided the agreement by providing counsel and leading learning exchanges for Chinese government officials to both Indonesia and the United States. The agreement, which will give consumers greater access to products made only from certified legal and sustainably sourced wood, could influence forest conservation around the world.

Above: Logs of certified wood in Indonesian Borneo.

Conservancy Helps Florida Set National Standard

Conservancy leadership was instrumental in building a coalition of more than 160 organizations in support of *Florida Forever*, the state's third 10-year commitment of $3 billion for land conservation. The first two authorizations of this funding protected some two million critical acres over 18 years. Beginning in 1990, the Conservancy collaborated with the state to develop multi-year state funding for land protection as growth threatened Florida's natural heritage. The Florida model has inspired similar Conservancy-state partnerships in other high-growth states like Colorado and California.

Above: Anhinga at J.N. "Ding" Darling National Wildlife Refuge in Florida.



Municipal Water Funds to Perpetuate Watershed Protection

The Quito Water Fund, a milestone project established with The Nature Conservancy, taps contributions from water users to perpetually fund conservation of the forestlands that hold freshwater supplies for the 2 million citizens of Ecuador's capital. This year, the Conservancy helped replicate the successful model in watersheds that supply water to São Paulo, Brazil, Bogotá, Colombia, and three more cities in Ecuador. These funds will generate millions for dedicated watershed conservation. A water fund for Lima, Peru, is planned for the coming year.

Above: Cachoeira Reservoir, Brazil.

Dam, Levee Removals Restore River, Wetlands

Four half-mile levees were dynamited to flood four square-miles of reclaimed farmland in Oregon's Klamath Basin. The goal is to improve water quality and supply nursery habitat for endangered fish species. In the East, the Conservancy is part of a landmark agreement to buy, remove and bypass three hydroelectric dams to restore health, habitat and livelihoods to Maine's Penobscot River. These U.S. examples mirror efforts the Conservancy is pursuing to both mitigate hydropower development and guide management of dams to mimic natural processes on China's Yangtze and Africa's Zambezi Rivers.

Above: Sturgeon release on the Penobscot River, Maine.

Cloud Forest Protection Continues Latin American Model

Two new municipal protected areas and the first indigenous municipal protected area in South America were created to preserve more than 600,000 acres of Bolivian cloud forests. PROMETA, a Bolivian conservation organization, helped establish the parks by applying tools they acquired while being supported by *Parks in Peril,* a joint 17-year partnership between the Conservancy and the U.S. Agency for International Development. Besides shifting the paradigm for advancing international conservation, *Parks in Peril* secured the lasting protection of 45 parks and reserves covering 44.8 million acres in 18 countries across Latin America and the Caribbean.

Above: Rio Bravo field station, Belize.

A MESSAGE FROM THE PRESIDENT

In July of last year I was honored to become the president and CEO of The Nature Conservancy. How the world has changed since then. Despite the often-pessimistic news about the economy and the environment, I remain convinced that it is an exciting time for The Nature Conservancy and its mission.

There is a palpable desire for change in the United States and around the world that extends beyond politics and elections. The public's growing awareness of issues like climate change has pushed our mission to the forefront of public discourse. Sustainability issues, like alternative energy, have gained tremendous momentum, and business is seeking greener options as never before.

Regardless of your political persuasion, the combination of a new administration in the U.S. and our challenging economic circumstances is creating an opportunity for new thinking, pioneering collaboration and creative solutions. I'm a believer in the maxim that necessity is the mother of invention, and we are in the midst of the kind of necessity in which the Conservancy excels and is most inventive.

A glance at the highlights of last year that open this report only hints at what is possible in the coming years: conservation on a grander scale, more ambitious partnerships, an increased integration of human well-being into conservation and an expansion of market solutions across continents and the planet.

I know that our supporters understand that now is not the time to cut back on conservation. Difficult times also create opportunities for our work. A depressed real estate market, for example, may create possibilities for expanded land protection. But one thing is certain: conservation need will not diminish; in fact, it will only increase as some seek to sacrifice our natural heritage for immediate return.

The past year was a very good one for The Nature Conservancy in terms of increased revenue and expanded accomplishments.That momentum will not be slowed. Just as great companies often emerge improved after economic hard times, I remain optimistic about our collective ability to weather this economic crisis and emerge stronger, invigorated and renewed.

The "connection stories" in this publication give me great confidence about our future. Seeing people from all walks of life working together around the world to tackle the common ecological challenges we share is inspiring. These inspirational stories are testament to the generosity of our supporters. The work we do is necessary and expensive. Those who support us should take pride in what they have made possible and what they have inspired.

Mark R. Tercek
President & Chief Executive Officer

A MESSAGE FROM THE CHAIRMAN

As we come to the end of 2008, each day reveals new uncertainty in economic markets, and each month presents mounting evidence of melting ice caps, diminishing glaciers and more intense storms.

Last spring, the board of directors met in Papallacta, Ecuador, 11,000 feet above sea level. As we visited the páramo, an exquisite high-alpine shrubland that is the source of most of Quito's water, a local guide told us that the line between where precipitation falls as rain and where it falls as snow had moved 1,000 feet up the mountain—in just eight years!

Whether it's our climate or financial systems, the whole world is linked. No longer can we luxuriate in easy divisions of local and global.

My roots in The Nature Conservancy have been as a trustee and donor to the Maine Chapter, where I fell in love with the Conservancy's bright, heartfelt people and our smart, thoughtful conservation. Our core strength is that we take the time to understand how places work—both ecologically and socially—and then act to protect the natural world on which all life depends.

Looking through the lens of our work in Maine, the coin of global interconnection has two sides. On the bright side, the Conservancy's restoration of Maine's Penobscot River improves the whole North Atlantic. On the other side, no matter how effective our work with coastal estuaries, if climate trends continue, a rising ocean will swamp these nurseries of biodiversity we thought we had protected. Our success conserving local landscapes is now tied inextricably to global conservation.

Twenty percent of global carbon emissions come from deforestation—and the Conservancy has decades of experience conserving forests around the world. As we now combine this work on the ground with support for international initiatives to curb deforestation as a key strategy to halt climate change, our impact will grow exponentially.

Today's mix of crisis and opportunity makes me confident that our Campaign for a Sustainable Planet is the right endeavor at the right time. I am heartened that the campaign has already generated an impressive 40 percent of our three-year, phase-one goal of $1.6 billion.

Please join us as we work together to double the amount of the world's conserved land and water by 2015. By supporting The Nature Conservancy's practice of acting locally all around the world, we will protect the land we love at home, support the well-being of people everywhere and conserve the Earth herself, who supports our every step and breath.

Roger Milliken, Jr.
Chairman, Board of Directors

CONNECTING THE DOTS

From many perspectives the world is getting smaller. Places that once seemed insurmountably remote are now reachable by cell phone. Satellite cameras can take us to virtually any spot on Earth. Coffee served by a Seattle barista contains beans grown on three continents. And a financial drop on Wall Street ricochets around the world in hours. But unfortunately, our world's natural landscapes are also shrinking.

A smaller and more interconnected world, however, presents new solutions for saving the places that must remain intact for the benefit of people and wildlife. Lessons from waterways of the American South are now guiding managers of Africa's Zambezi River. Discoveries in the South Pacific are informing marine scientists in the Florida Keys. A New York businessman is investing in a program that values the carbon stored in Indonesian forests. And a Mongolian herder and California rancher are sharing their common challenges and learning from each other.

In our quest to create a sustainable world, solutions will emerge both in our own backyards and oceans away. Making connections among these disparate dots on a map is key to expanding the scope, scale and pace of global conservation.

Mongolian herder Otgonbaatar Tsog talks with California rancher Bob Blanchard. Seven Mongolians visited California's Carrizo Plain National Monument in search of strategies to help them better protect Toson Hustai Nature Reserve in eastern Mongolia, an anchor site for the Conservancy's new Mongolia Program.


ГАЛЗАРТ УУЛ

CONSERVATION CONNECTIONS

RESILIENT REEFS

Protecting Coral Reefs in a Changing World

The Nature Conservancy is revolutionizing the way coral reefs are managed to ensure their survival during bleaching events caused by warming oceans. Dr. Rod Salm, Asia Pacific director of marine conservation, likens it to managing a financial portfolio.

The first component is spreading risk: protecting duplicate examples from all habitat types. This is like diversifying your portfolio. The second component is investing in refugia, the "blue-chip stocks": These are the areas naturally resistant to bleaching that can reseed damaged areas and aid their recovery.

The next step is connecting the refugia to the damaged areas via reliable ocean currents. Having connectivity is like maintaining liquidity in one's portfolio. The final step is incorporating effective management.

The Conservancy is applying these principals in areas where reefs are threatened by coral bleaching. The sites in the marine protected area network in Papua New Guinea's Kimbe Bay were chosen to provide connectivity through ocean currents. The innovative Micronesia Challenge is helping to ensure that sufficiently large and representative habitat is protected. And the Florida Keys represents a system that is both benefitting from and informing resiliency planning around the globe.

Top: Fishing on the coast of West Java, Indonesia, in the Coral Triangle.
Bottom: A mushroom leather coral off the coast of Papua New Guinea.

Jody Thomas has been based in the Florida Keys for the past 12 years, developing regional marine conservation strategies. She serves on the Florida Oceans and Coastal Council.

"I first read about Rod Salm's revolutionary work on reef resilience about six years ago. I remember being struck by his expression 'like a string of pearls across the Pacific,' referring to the island and reef systems in his part of the world. It reminded me of the Florida Keys and I knew the resilience approach could guide our work here as well.

A visit from Rod to look at our reefs with representatives from the state and the Florida Keys National Marine Sanctuary put us on a course that changed our thinking about preserving coral reefs in the face of climate change. What has happened from that meeting may make the critical difference in coral survival here.

The resilience principles are becoming integrated into Florida's management of the state's coral resources from Martin County to the Dry Tortugas, and private stakeholders are part of the team. And the global network has grown: We're exchanging experience with colleagues at Australia's Great Barrier Reef and throughout the Caribbean."

Above: Jody Thomas in Key West, Florida.

Right: Florida's coastal resources are benefitting from the experiences of marine managers around the world; here, the Conservancy's Blowing Rocks Preserve on Jupiter Island.

PAPUA NEW GUINEA • MICRONESIA • FLORIDA •

Mainat Litom is the chairman of his village's locally managed marine area committee in Kimbe Bay, Papua New Guinea.

"I first got involved with the locally managed marine area because the environment is my life. It provides everything for me. I'm trying to talk to other communities. If we are trying to protect the reefs and other communities don't care, then we're becoming a fool.

We need to protect and monitor the spawning aggregation areas around the reefs. We have to make sure that other communities aren't poaching in those areas so that we are protecting our fish stock. They need to do that in order to support us.

That's what I'm telling other communities; I'm trying to create awareness. There's no point in protecting our environment if other communities aren't doing the same."

Above left: Mainat Litom in Tarobi, West New Britain, Papua New Guinea.

Above right: Conservancy marine conservation officer Freda Paiva inspects a Tambu sign, which restricts fishing and other activities in a designated area, in a Kimbe Bay locally managed marine area.

"There's no point in protecting our environment if other communities aren't doing the same."

MICRONESIA · FLORIDA · PAPUA NEW GUINEA ·

Tommy E. Remengesau, Jr., is the exiting president of Palau, a small island nation in the western Pacific. On November 5, 2005, Remengesau called on his peers to join him in the Micronesia Challenge to effectively conserve 30 percent of nearshore marine resources and 20 percent of terrestrial resources by 2020.

"For Palau, the environment is our economy. Our people rely on the food and income the reefs provide—and coming generations will, too.

On our small planet, the actions of one affect all, and if islands fail to stand together to protect our natural resources and cultural pasts, we will have no future.

Support from the international community, coupled with tangible community, state and national commitments to conservation, are critical ingredients to achieving our national and global protected area goals.

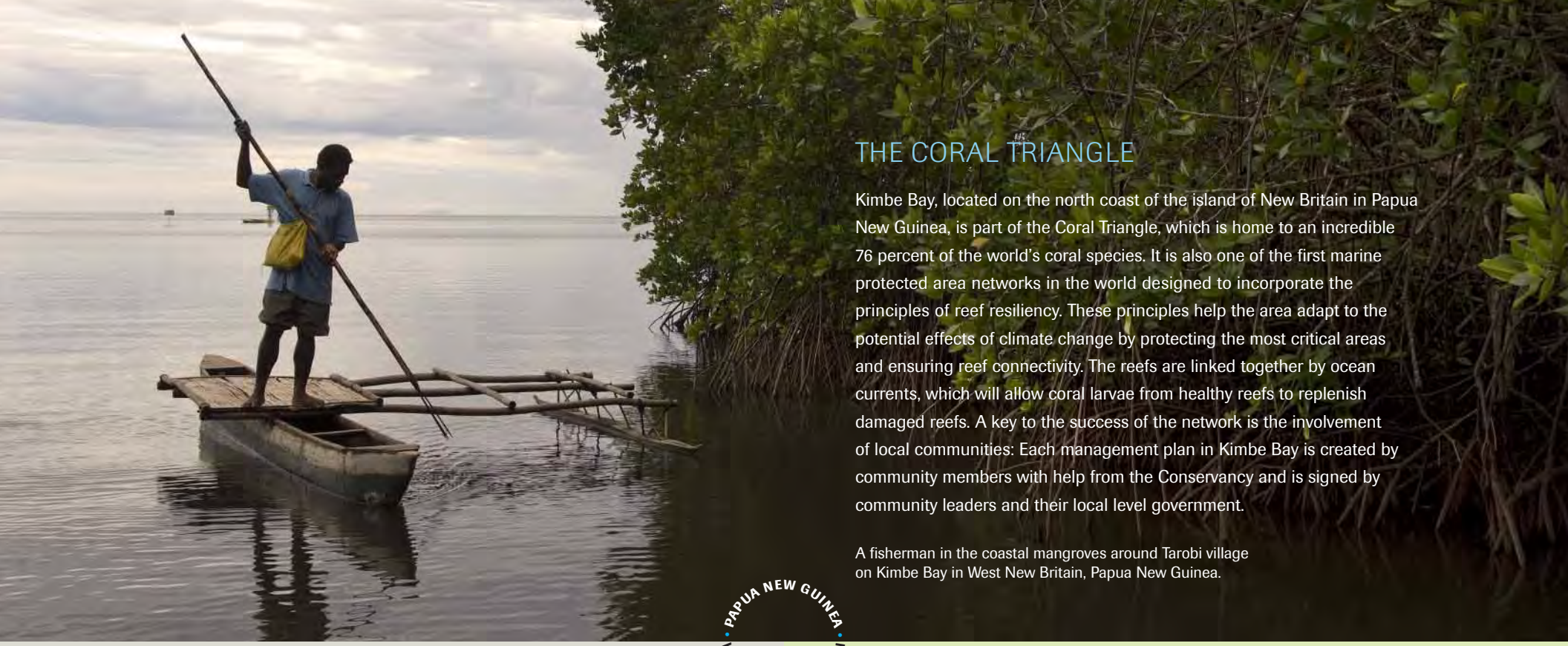
The $3 million pledge from The Nature Conservancy demonstrates the serious commitment the Republic of Palau and the Conservancy have made to help us effectively preserve our important natural habitats.

It is the proverbial pebble sending ripples across the world's oceans, and Palau is proud that pebble came from its shores."

> "On our small planet, the actions of one affect all."

Top: Palau President Tommy E. Remengesau, Jr., in Hawaii to promote the Micronesia Challenge, a landmark project he spearheaded three years ago.

Bottom: Cabbage coral shelter squirrelfish in Palau's Ulong Channel, which is also a haven for recreational divers.



THE CORAL TRIANGLE

Kimbe Bay, located on the north coast of the island of New Britain in Papua New Guinea, is part of the Coral Triangle, which is home to an incredible 76 percent of the world's coral species. It is also one of the first marine protected area networks in the world designed to incorporate the principles of reef resiliency. These principles help the area adapt to the potential effects of climate change by protecting the most critical areas and ensuring reef connectivity. The reefs are linked together by ocean currents, which will allow coral larvae from healthy reefs to replenish damaged reefs. A key to the success of the network is the involvement of local communities: Each management plan in Kimbe Bay is created by community members with help from the Conservancy and is signed by community leaders and their local level government.

A fisherman in the coastal mangroves around Tarobi village on Kimbe Bay in West New Britain, Papua New Guinea.

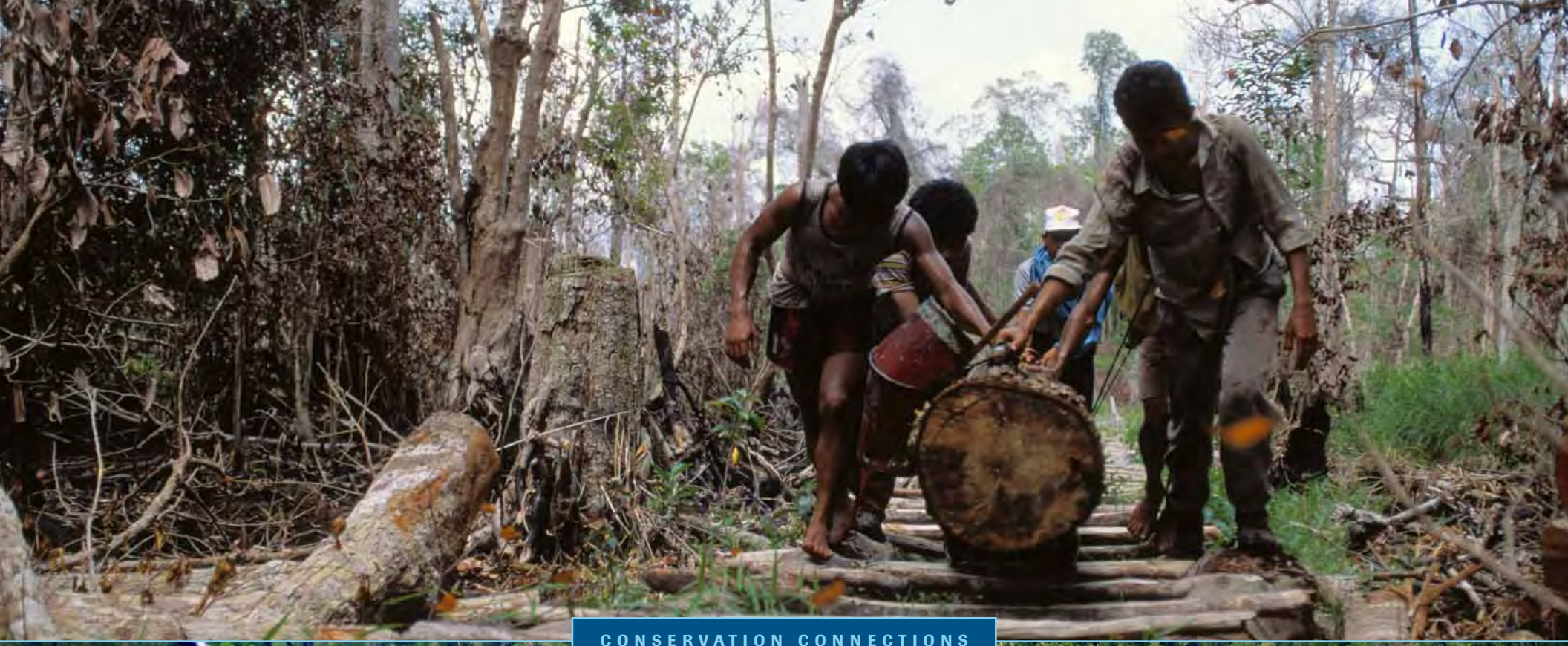
• PAPUA NEW GUINEA • MICRONESIA • FLORIDA •

FLORIDA KEYS

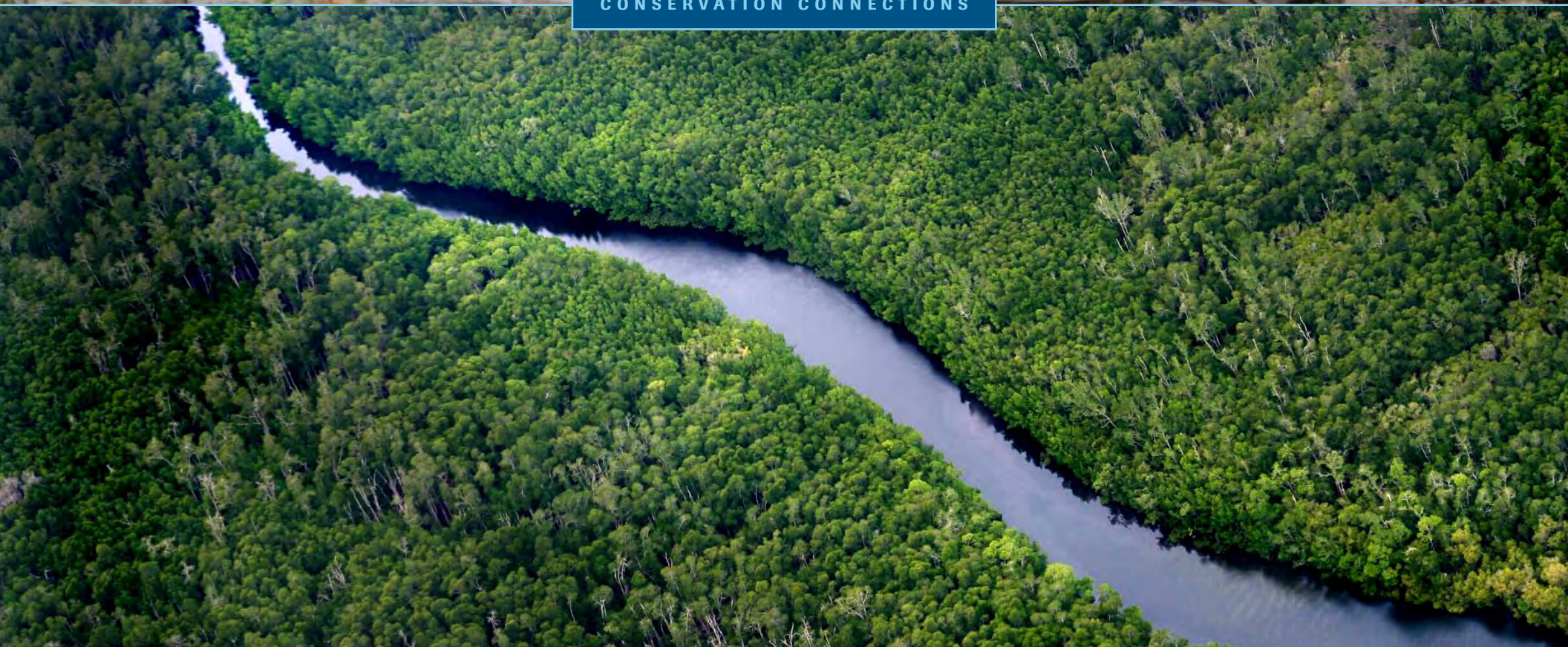
The waters of South Florida harbor the continental United States' largest coral reef. The Conservancy convened a group of scientists, resource managers, coral reef stakeholders and other conservation groups to develop a toolbox of resiliency-based management actions for coral reef managers. A major focus for the coming years will be to develop agreement for an integrated resilient reef management plan of Florida's reefs from the St. Lucie inlet to the Dry Tortugas. A Florida project to restore the federally threatened staghorn coral is underway at coral nursery sites in the Dry Tortugas, the Florida Keys and Biscayne Bay National Park.

MICRONESIA

Micronesia, a tiny string of islands in the western Pacific, is leading the world in coral reef and island conservation efforts. The Micronesia Challenge—launched in 2006—is an ambitious commitment by five Micronesian governments to "effectively conserve at least 30 percent of the near-shore marine resources and 20 percent of the terrestrial resources across Micronesia by 2020." The Conservancy is helping the islands reach these goals in a number of ways. Along with a start-up pledge of $3 million, the Conservancy is assisting partners with identifying the most biodiverse places, establishing protected area networks, developing management plans, and training local organizations how to best protect priority areas.



CONSERVATION CONNECTIONS



CONNECTED BY CLIMATE

Teaming Up to Reduce the Threat of Climate Change

The reality of human-induced climate change is increasingly accepted by the public. And public perception of the causes usually focuses on belching smokestacks and highways choked with automobiles. But rampant cutting of tropical forests is also a major contributor to the greenhouse gases that are released into our atmosphere.

If deforestation is such a big part of the problem, then reversing the trend should play a major role in the solution. The Nature Conservancy has been working with a host of partners for more than a decade to incorporate climate change considerations into the conservation of tropical forests on a global scale. Building market incentives to keep forests standing and reforesting large tracks that have already been cleared are twin strategies to reduce global carbon emissions.

And there is a role to play for everyone. Actions taken by governments, organizations and individuals around the world are all required to create a solution to this global problem.

Top: Local men harvesting timber from a forest in Central Kalimantan, Indonesian Borneo.
Bottom: Sungai Wain Protection Forest in East Kalimantan on the island of Borneo.

INDONESIA • NEW YORK

H. Makmur is head of the local level government of Berau, located in the province of East Kalimantan on the Indonesian part of the island of Borneo. He is working with the Conservancy to launch a pilot program in his district for REDD (Reducing Emissions from Deforestation and Degradation), which will test the concept of paying local communities to protect their valuable forests.

> "The conditions of our forests should be the concern of citizens all over the world."

"REDD has the potential to reduce emissions by creating incentives and programs to help communities living near forests make their lives more prosperous. Up to now, communities haven't been included in these kinds of programs; they're usually just accused of slash-and-burn practices, leaving the woods worse off. But it's not fair to blame them entirely when they're just trying to fulfill their families' needs.

The conditions of our forests should be the concern of citizens all over the world, be they in Berau or Belarus. If there were an innovative mechanism to both save tropical forests and allow some prosperity to communities, we should welcome it. REDD has that potential, so now we're waiting to see."

Above left: H. Makmur surveys the forests of East Kalimantan's Berau district.

Above right: A view of a forest that has been cleared for agriculture in East Kalimantan, Indonesian Borneo.

Joshua Fink, CEO and Chief Investment Officer of Enso Capital Management LLC in New York City, recently made a significant gift to help the Conservancy's work to value standing tropical forests for the carbon they store.

"Our firm invests both publicly and privately around the globe. One needs only to travel inland to some places in Asia to see the impact of clear-cutting forests, not just on fragile ecosystems, but the whole quality of living for people.

When you look at the challenge of crafting a new global agreement for abating carbon emissions, conservation and avoided deforestation will play a much more central role, and I don't think there's any one better positioned to be a leader in the implementation of REDD than the Conservancy.

What ties anyone in the world together—whether they're in Manhattan or the middle of the East Kalimantan jungle—is our desire to ensure that the world of our children and our grandchildren is as just, if not more so, than the world we were born into. A central component of that is ensuring that the environment is a strong one, that our forests are intact, and that the flora and fauna we grew up with will be the same flora and fauna that our grandchildren will see."

Above left: Joshua Fink, CEO of Enso Capital Management.

Right: Trees like this wild fig (*Ficus werckleana*) compose healthy tropical forests that contain huge amounts of carbon dioxide.

◁ CREATING INCENTIVES TO REDUCE DEFORESTATION

Because deforestation produces about 20 percent of the world's greenhouse gas emissions, forest conservation must be a key element in any successful climate change strategy. Today, forests are considered more valuable for timber, cropland, or pasture than for the amount of carbon they store. Financial incentives for Reducing Emissions from Deforestation and Degradation (REDD) would correct this market imbalance by rewarding countries that effectively lower their emissions from forest destruction. Countries participating in a REDD program would see economic and environmental benefits, along with all the other benefits an intact forest ecosystem provides to local communities.

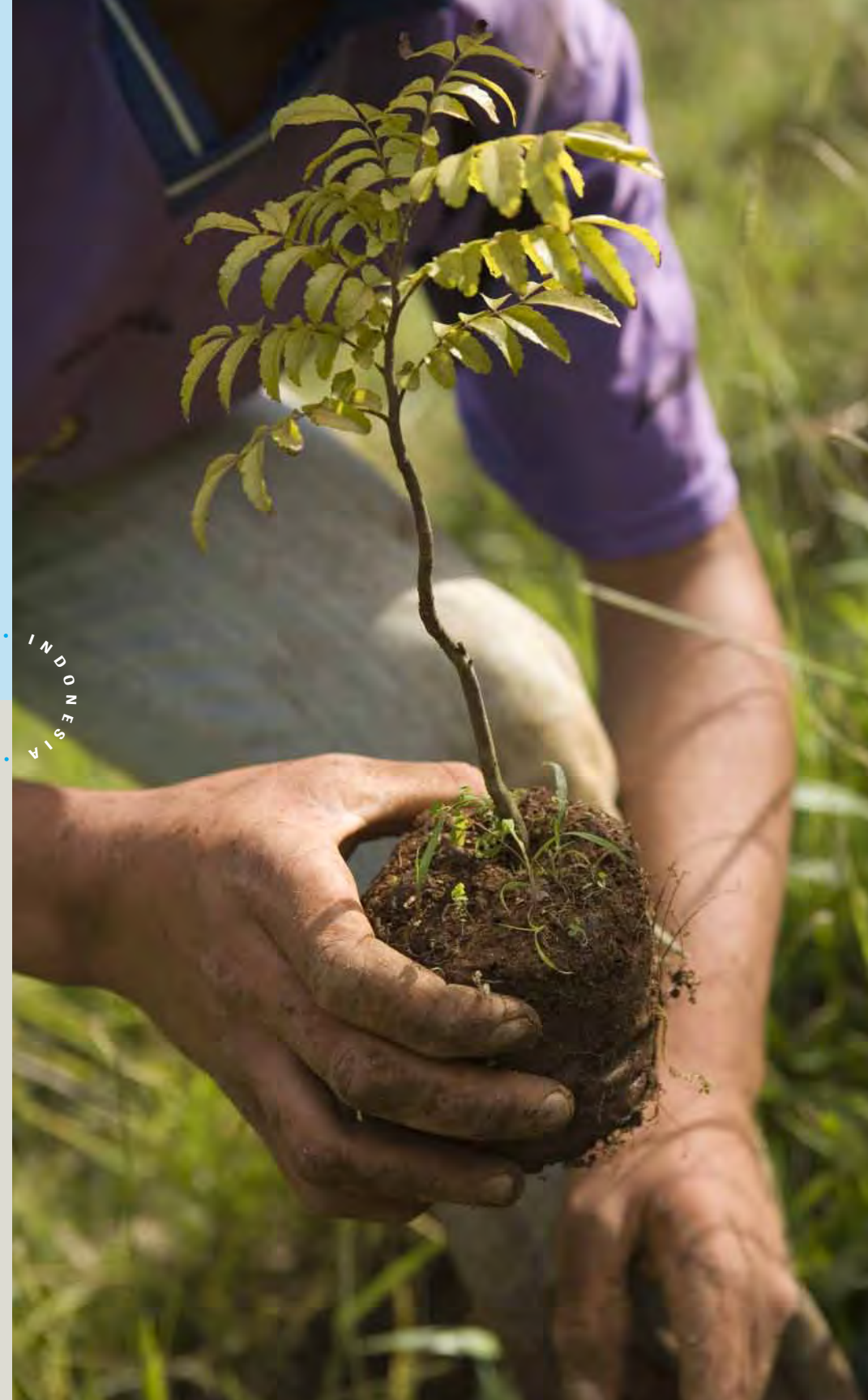
Left: Visitors explore the redwood forest in Humboldt County, California.

NEW YORK • INDONESIA •

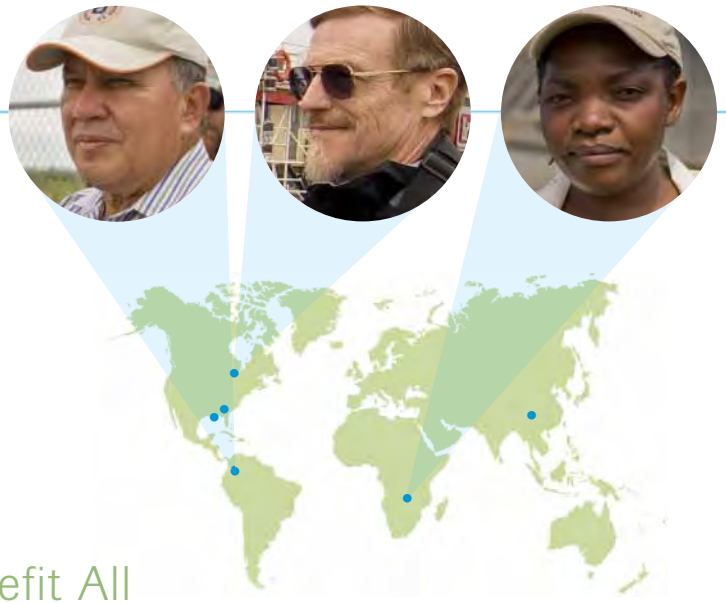
▷ TAKING ACTION NOW

Most Americans can easily name 10 ways to reduce their own carbon footprints. But how can individuals affect climate change on a larger scale? Some people, like Joshua Fink (p. 15), have donated to Conservancy programs that create incentives for reducing deforestation at an international scale. Others offset their emissions through the Conservancy's voluntary carbon offset program. One could also, like the Conservancy, support policies to reduce greenhouse gas emissions and recognize forest and land conservation and restoration as key strategies in fighting climate change. No matter which way you choose to take action, it's imperative that we take that action now. To find out more, visit nature.org/climatechange.

Right: Reforesting a hillside near Extrema in Brazil's Atlantic Forest.



CONSERVATION CONNECTIONS



FRESHWATER EXCHANGES

Exporting and Importing Knowledge to Benefit All

One of the best ways to expand the scope and pace of river conservation is to avoid recreating the wheel. Lessons learned in one place can always inform strategies at another.

The Nature Conservancy increasingly relies on bringing together freshwater scientists, engineers and resource managers from projects around the world to see innovative examples of how rivers can remain healthy while still serving the needs of human populations.

The Conservancy has pioneered efforts with the U.S. Army Corps of Engineers, for example, to influence hydroelectric dam management in the United States. By mimicking natural seasonal water flows, these dammed rivers can better maintain fish and other freshwater species, as well as the streamside plants that depend upon variation in water level.

With the burgeoning development of hydroelectric dams around the world as a clean source of energy, the Conservancy is hosting ongoing exchanges of experts from four continents to learn from one another and use collective brainpower to develop new conservation solutions for a changing world.

Top: Fisherman at the Wu Gorge on the Yangtze River, China.
Bottom: Conservancy staff and partners from the U.S. Army Corps of Engineers and Cormagdalena tour Barataria Preserve near Marrero, Louisiana.

“We wanted to learn from the Mississippi experiences—the successes and also the mistakes.”

COLOMBIA MISSISSIPPI

Paulino Galindo is the direction advisor for Cormagdalena, a governmental agency appointed with the management of the Magdalena River watershed in Colombia.

“I served as project manager for a hydroelectric dam on the Magdalena in the Department of Huila. At the time, designers and engineers thought that they were taking all factors into account.

Twenty years later, it was not true. We didn’t look closely at the environmental impacts. It changed the village. The number of fish increased, but the diversity decreased. The impacts downriver are negative.

We need to make sure that doesn’t happen again. We can keep the rivers connected to our communities—we just need to change the way we are doing things. We can generate ecological flow that’s better for navigation and conservation.

We wanted to learn from the Mississippi experiences—the successes and also the mistakes. The Conservancy and Corps are putting new concepts into our hands. Our priorities for the Magdalena are flood control, navigation, natural resource management and hydropower, but this time around we want environmental impacts to be a guiding force in our design and construction.”

Above left: Paulino Galindo (at left) visits with scientists and water resource managers on the Mississippi River.

Above right: The Totumo Lagoon in the lower Magdalena River basin of Colombia.

ILLINOIS CHINA

Dr. Richard "Rip" Sparks is the director of research at the National Great Rivers Research and Education Center (NGRREC) located at the confluence of the Mississippi, Missouri and Illinois rivers near St. Louis.

"Like the Mississippi, China's Yangtze is a working river that supports the country's economy. As part of a U.S. science team that visited China, I had the opportunity to share my research on floodplain restoration in Illinois with scientists and river managers facing similar challenges balancing commercial uses of the river while maintaining biodiversity.

Our counterparts were very interested in the work the Conservancy and its partners are doing to restore floodplains and reconnect them to the Mississippi River. We also shared our experience in monitoring water quality and fish populations in a coordinated way across many different political jurisdictions.

NGRREC and the Conservancy are now collaborating on the development of an international center that will foster more of these learning exchanges and allow us to use the work we are already doing together here on the Mississippi to accelerate freshwater conservation on a global scale."

"Like the Mississippi, China's Yangtze is a working river that supports the country's economy."

Above left: Rip Sparks and Tomas Walschburger of The Nature Conservancy study a model of sediment regimes along Mississippi River.

Right: The Yangtze River in the Kunlun Mountains of China's Qinghai Province.

ZAMBIA GEORGIA

Dora Kamweneshe is the manager of the Zambia Rivers and Wetlands Programme for World Wildlife Fund-Zambia.

"One major lesson that I have learned from this study exchange is the value of partnerships among institutions toward a common goal.

The partnership that The Nature Conservancy has developed with the Corps of Engineers in terms of integrated resource management is of great value to me because you have environmentalists and engineers putting their heads together for the common goal of water management.

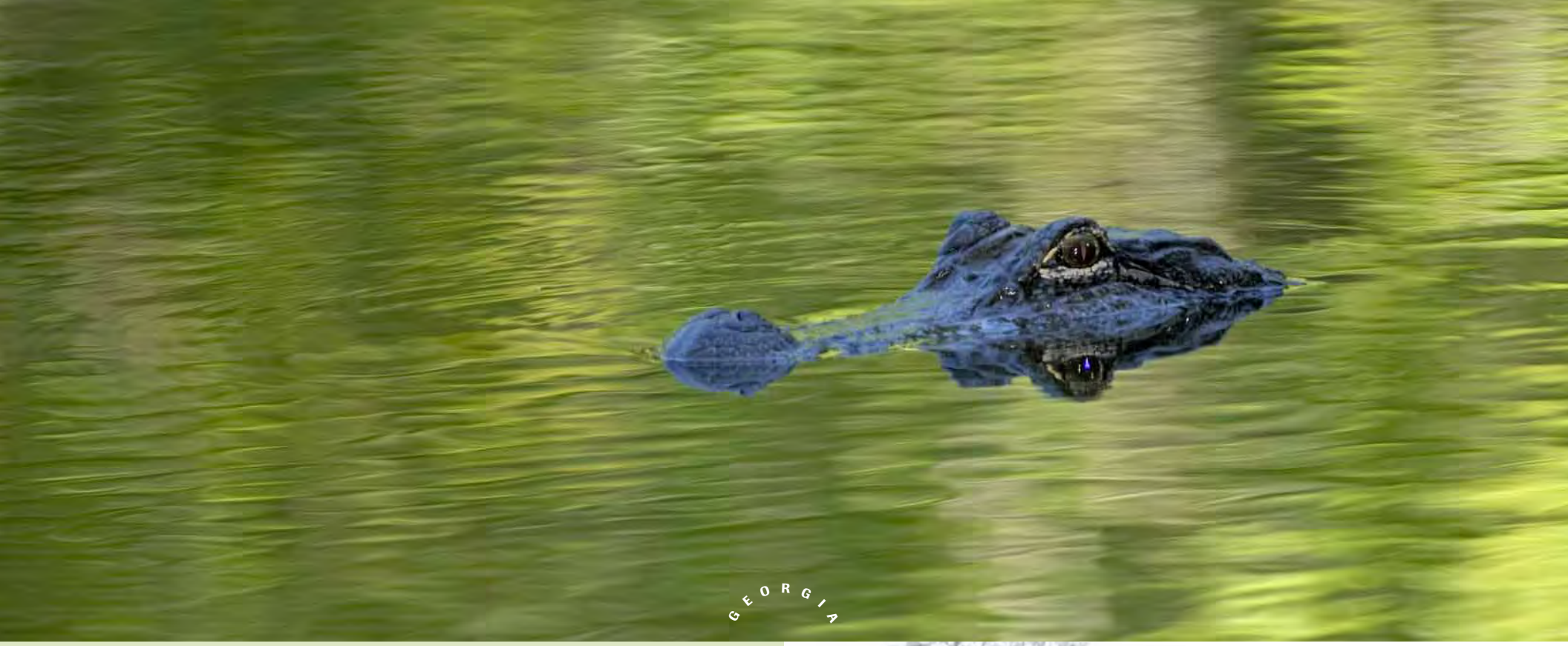
Another thing that really struck me was the inter-disciplinary approach to water management. We will be able to go back home and draw on various expertise and plan together for the sake of both energy production and the environment so that there doesn't have to be a compromise.

We have to find a balance if we want to manage the Zambezi River basin sustainably, both for the development of the region and also for the conservation of the environment."

Top: Dora Kamweneshe at the J. Strom Thurmond Dam on the Savannah River near Augusta, Georgia.

Bottom: An elephant drinks from the Zambezi River near Lower Zambezi National Park in Zambia.

"One major lesson that I learned...is the value of partnerships among institutions toward a common goal."



GEORGIA

ZAMBIA

U.S. SOUTHERN RIVERS/ZAMBEZI RIVER

The southern United States is a national center of freshwater biodiversity. Despite their diversity, southern rivers face common threats, with dam operations key among them. Now the work to restore flows on the Savannah River, which forms most of the Georgia-South Carolina boundary, is helping nations around the globe, like Zambia, balance the demand for hydropower with the need for healthy fisheries, agriculture and habitats. The exchange of information between scientists, local partners, and water resource managers will be key to helping conserve the 1,500-mile Zambezi River, which winds through eight countries in southern Africa and provides water to more than 40 million people.

Top: The American alligator can be found in river systems throughout the Southeastern United States.

Bottom: Goba women wash clothes in the Zambezi River in Zambia's Lower Zambezi National Park.

◁ MAGDALENA RIVER/MISSISSIPPI RIVER ▷

The Mississippi River is the second longest river in the United States, flowing from Minnesota to the Gulf of Mexico. More than 15 million people rely on the river and its tributaries as sources of drinking water. Colombia's Magdalena River is also vitally important to the country: It is responsible for generating 85 percent of Colombia's national gross domestic product, generating 70 percent of the country's hydropower and transporting roughly 2.5 million tons of cargo each year. By exporting the lessons learned in places like the Mississippi River throughout the world, the Conservancy can meet its goal of protecting 10 percent of the world's freshwater ecosystems.

Left: A fisherman casts his net in Totumo Lagoon of Colombia's lower Magdalena River basin.

Right: Bald cypress trees in the lower Mississippi River valley.

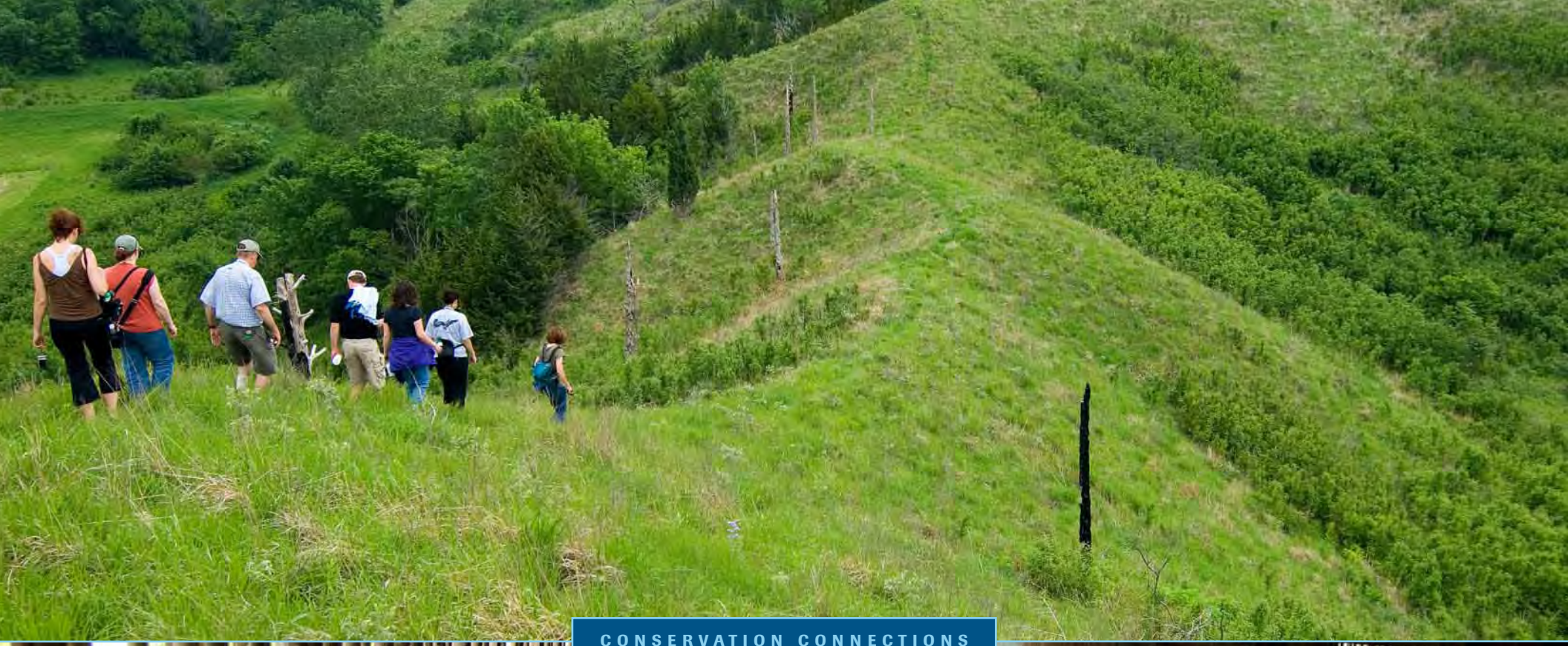
COLOMBIA • MISSISSIPPI •

▷ GREAT RIVERS PARTNERSHIP

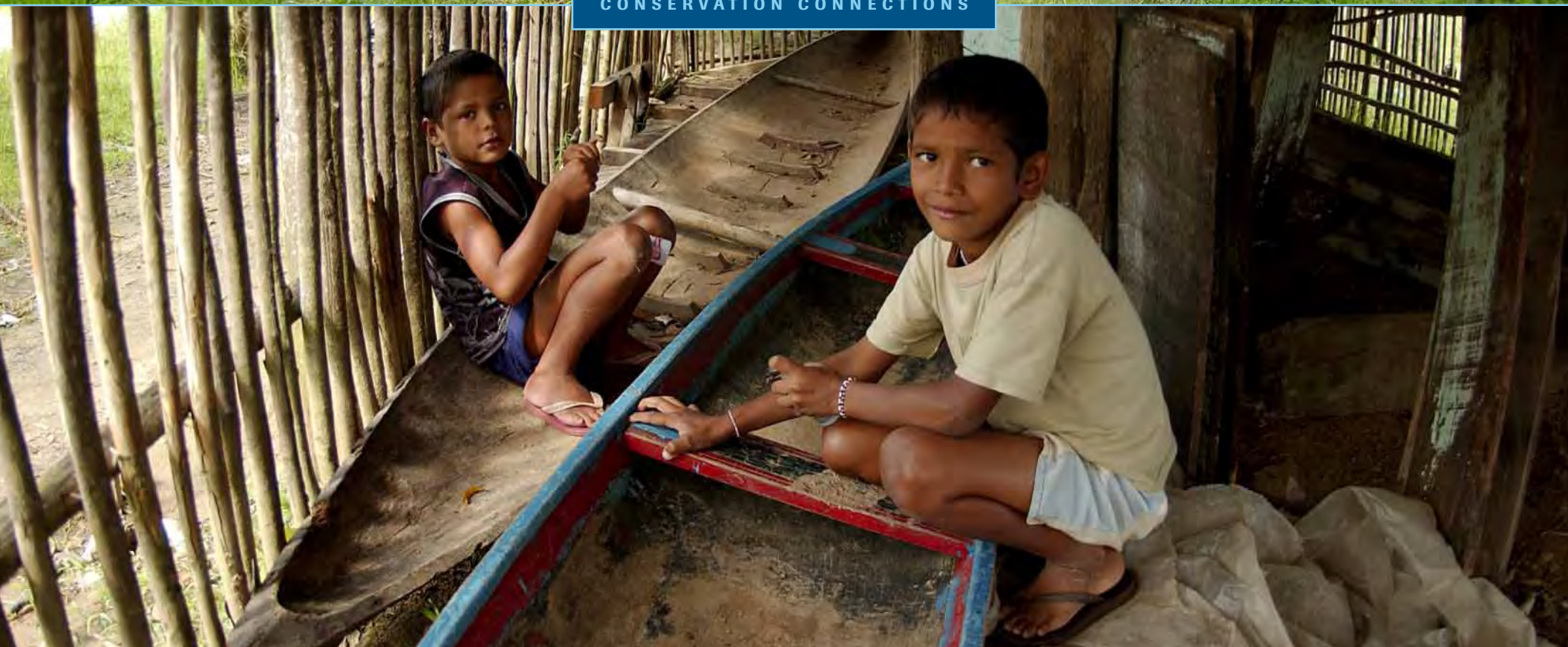
In 2005, the Conservancy and Caterpillar Inc. embarked on the Great Rivers Partnership, an effort to guide protection of the world's imperiled freshwater systems and transform the way large working river systems are preserved and protected. Caterpillar's initial gift of $12 million, given through its foundation, provided critical funds to launch this project protecting the Mississippi, Brazil's Paraguay-Paraná and China's Yangtze rivers. A central component of this project is a center for conservation and learning that will encourage greater and faster communication and collaboration among those working to conserve and manage great rivers around the world. Learning exchanges like those highlighted here on the Magdalena, Zambezi and Yangtze rivers are one key strategy.

Right: Local fisherman along the banks of the Yangtze River, China.

• CHINA • ILLINOIS



CONSERVATION CONNECTIONS



CONSERVATION'S NEXT GENERATION

Nurturing Connections to the Natural World

From the rainforests of South America to the farmlands of the American Midwest, young adults are leaving their communities to find opportunities in bigger cities. Many of them never come back.

This exodus has dire consequences for culture and conservation. As more and more people move to urban areas, there are fewer people to act as stewards of the land that remains. New Nature Conservancy-funded research shows that across the U.S. and in other developed nations, people are spending far less time outdoors than ever before.

As people remove themselves from nature, it's easy to lose the compulsion to protect it. And as the younger generation leaves, communities are losing their means of passing down their culture.

That's why the Conservancy is helping budding conservationists find opportunities close to home. These programs can help direct a general interest in science toward biology and conservation and retain communities' excitement for protecting their own lands and waters.

Top: Conservancy sites serve as learning laboratories, here at Iowa's Folsom Point Preserve.
Bottom: Indigenous children play in canoes on the Amazon River in Brazil.

Shane and Kristi Daniels, the first participants in the Beginning Rancher Program, a partnership between the Conservancy and the Sandhills Task Force, have a five-year lease on the Horse Creek Fen Ranch in Nebraska.

Kristi: It was one of our dreams to be able to have our own ranch. If it's not in your family to hand down to you, it's very hard to break into ranching on your own.
Shane: Being a part of the Beginning Rancher Program is a unique and wonderful opportunity. This is the only opportunity we would ever have in our lifetime to start our own ranch.

Below left: Shane and Kristi Daniels and four daughters on Horse Creek Fen Ranch in Nebraska.

Below right: Shane Daniels.

> "If you don't take care of the land, it's not going to take care of you."

Kristi: This land is our home. We've always loved and respected it. But it does have a special feeling to it now because it's ours.
Shane: If you don't take care of the land, it's not going to take care of you. All ranchers know about the importance of conservation, but this program has helped us understand it more. It's a very fragile ecosystem
Kristi: This is the environment we wanted to raise our four daughters in. We want to pass down a good work ethic, responsibility and a respect for the land and animals.
Shane: This area is really special because of the fen. Fens contain peat soils and high water tables that are good for supporting different plants and animals. We see all sorts of wildlife there. It doesn't require any maintenance—we just let nature take care of everything.

Above: Leno Davis.

Ancilleno "Leno" Davis is a former participant of the Conservancy's Kirtland's Warbler Research and Training Project. In July 2008, Davis joined the Conservancy's Northern Caribbean Program as a conservation coordinator.

"I always wanted to go into conservation, but the Kirtland's warbler program was the first time I had someone pay me to actually walk around in 'the bush.'

And I got to meet real scientists. People who had gotten weird diseases, had seen animals from books in real life—people who knew why...or how to find out why. I loved that.

The enthusiasm that the scientists had for all their work is really contagious. It really got me enthusiastic about doing research and science again.

There were a lot of people in the Bahamas that asked me, 'Why are you studying science? You should be a banker or an accountant,' and other people that told me I should stay in the United States after getting my degree.

Of all the people that have gone into Kirtland's warbler program, I can think of only one that hasn't stuck with conservation. I would never trade the Kirtland's project for anything. Looking back, everything that I'm doing now is because of that."

> "The enthusiasm that the scientists had for all their work is really contagious."

Raimunda Luíza Yawanawá is a graduate of the Amazon Indigenous Training Center (CAFI) in Manaus, Brazil, and a member of the Yawanawá indigenous group.

Above left: Chestnut-mandibled toucan.

Above right: Raimunda Luíza Yawanawá has been chosen by her people to become a *pajé*, or healer, which requires her to be a community leader and understand the healing properties of the spiritual and natural world.

"I am a curious person. I came to the Amazon Indigenous Training Center because I wanted to learn, and I wanted to learn to be able to support my people.

One of my indigenous sisters within my organization told me about the course at CAFI, that it was a course where people learned about environmental management.

When I saw the notice about CAFI I thought, 'this is perfect for me' because everything related to the Earth, I like. Most of my indigenous brothers are rubber tappers or bricklayers, and the only opportunity for them to study was in Rio Branco.

> "One day I want to be able to pass this on to new generations."

For me, CAFI is the same opportunity. CAFI is a conquest, where indigenous people learn together, it will form great leaders for the future. I feel very privileged to be participating in CAFI.

CAFI is a history that we are planting to take good fruits back to our people. One day I want to be able to pass this on to new generations."

Victor Medina, age 18, from New York City, spent a month working and studying at the Conservancy's Delaware Bayshores project through the Internship Program for City Youth.

"We did a lot of piping plover patrols. Picture a McDonald's chicken nugget and a half; that's about the size of a piping plover. At one point I thought, if the piping plover dies, if this bird dies, then another bird will take its place and that's evolution or whatever. The truth of the matter is, we don't know the negative impacts that losing a species will have—until we lose a species.

So it's a preventative measure. I had never had seen it that way before. It did give me an appreciation of why people would conserve and protect wildlife for the sake of doing so—because the cost of not doing so may be far greater than we can ever comprehend.

I've been in the woods. I've been in the forest and I've seen. That's the stuff that gets people more aware. The visual effect of seeing a devastated forest really sparks that lightbulb. That's what the Conservancy internship did for me: It turned that light bulb on. And it has not gone out ever since...because it is a fluorescent bulb."

Below: Victor Medina stalks an elusive dragonfly at the Conservancy's Delaware Bayshores project in southern New Jersey.

▷ THE INTERNSHIP PROGRAM FOR CITY YOUTH

Launched in 1995, the Internship Program for City Youth is a partnership between the Conservancy and the Friends of the High School for Environmental Studies and the Brooklyn Academy of Science and the Environment. Students work with trained mentors for a four-week field season in July, during which they leave New York City to work on nature preserves. Most of these urban students have never had the opportunity to connect with the natural world. Conservancy staff teach the students to assist with land management, educational outreach and scientific research in a safe and supervised natural environment. The students maintain contact with Conservancy staff and our partners, who provide college and career guidance, along with alumni meetings, classroom presentations and additional internship opportunities.

Right: Urban interns study a dragonfly at the Conservancy's Delaware Bayshores project in southern New Jersey.

NEBRASKA • NEW YORK • BRAZIL • BAHAMAS

◁ AMAZON INDIGENOUS TRAINING CENTER

In 2006, the Conservancy and COIAB, the largest indigenous federation of the Amazon, launched the Amazon Indigenous Training Center (or CAFI) as a pilot initiative for conserving indigenous lands, which make up nearly 22 percent of the Amazon Basin in Brazil. CAFI's mission is to strengthen local and regional indigenous organizations by training indigenous technicians who will work in land management in their own territories. The instructors are trained specialists in topics important in meeting the current demands faced by indigenous communities in conservation and development. After their seven-month training in Manaus, Brazil, the students return to their areas of origin to put their new technical knowledge to practice.

Left: Students examine maps at the Amazon Indigenous Training Center in Manaus, Brazil.

BEGINNING RANCHER PROGRAM

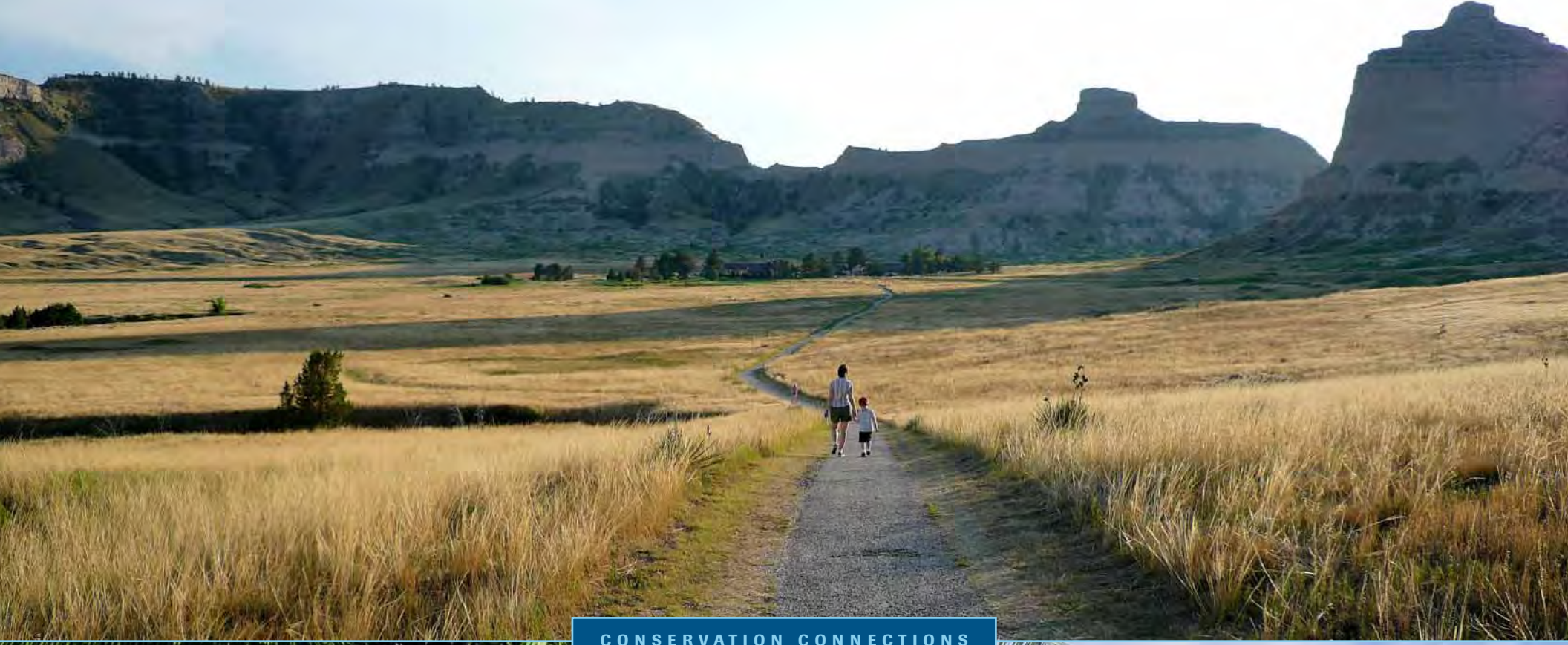
The Beginning Rancher Program, a partnership between the Conservancy and the Sandhills Task Force, was created after the Conservancy purchased the 3,240-acre Horse Creek Fen Ranch. The first family chosen for the program was given the opportunity to trade a lot of sweat equity for mentoring and a chance to own the ranch (on which a protection agreement will be placed at the time of sale). The fen holds deep peat soils that nourish a variety of moisture-loving plants and provide habitat for small fish and many species of birds. The program allows for the protection of not only the critical wetland habitat, but also family ranches, which are disappearing as young people leave and the land is consolidated into huge operations. Ranching families in the program will continue the conservation stewardship the land has enjoyed for so many years.

NEW YORK • BRAZIL • BAHAMAS • NEBRASKA

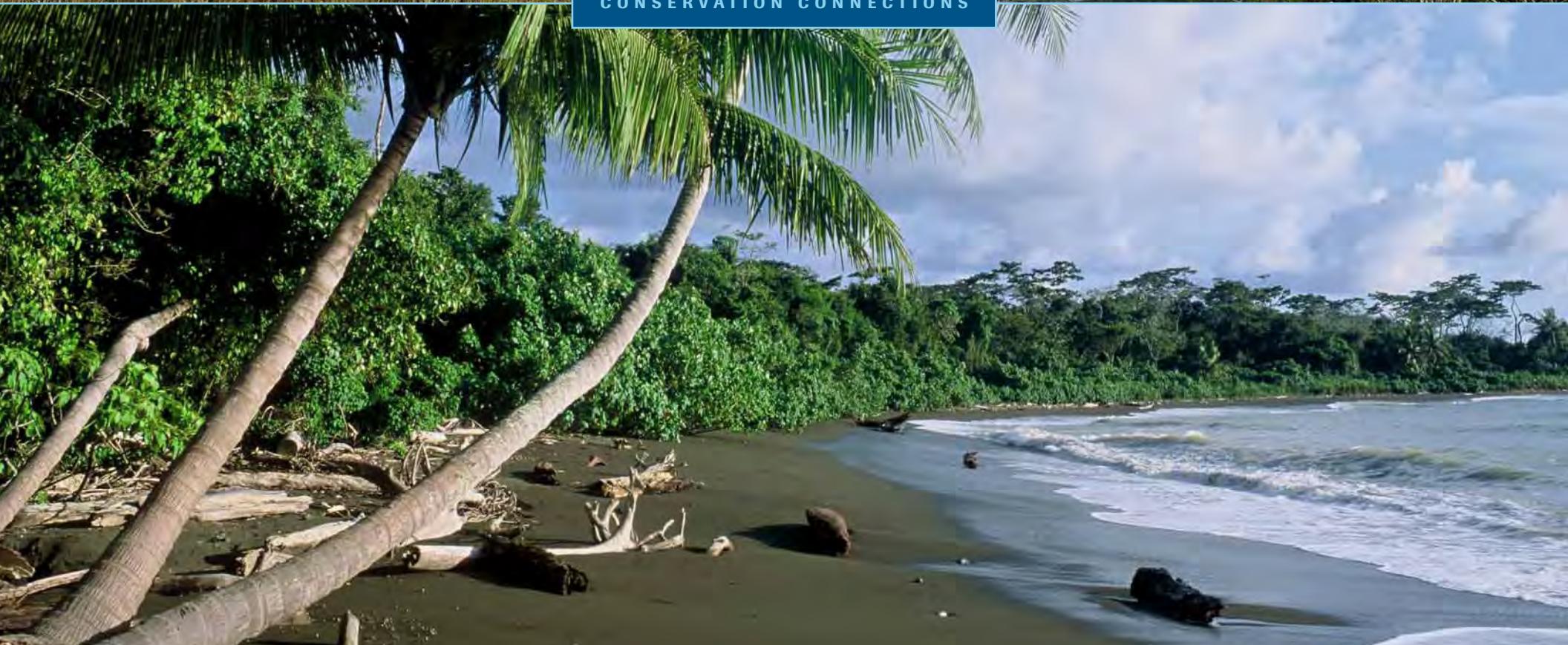
▷ KIRTLAND'S WARBLER RESEARCH AND TRAINING PROJECT

The federally endangered Kirtland's warbler, North America's rarest songbird, breeds only in Michigan and winters only in the Bahamas. In Michigan, the Kirtland's Warbler Recovery Team has fine-tuned the protection of the habitat of nearly all the breeding pairs, but in the Bahamas, the habitat needs of the warbler are fairly unknown. The two primary goals of the Kirtland's warbler project, launched by the Conservancy in collaboration with the Bahamas National Trust and the U.S. Forest Service, are to describe and protect the winter habitat of the Kirtland's warbler and to build conservation capacity in the area by working with recent College of the Bahamas graduates. The Kirtland's warbler project works to increase conservation capacity in the Bahamas by helping participants develop bird identification skills, expertise in field sampling techniques, and experience with project management.

Right: A Kirtland's warbler in its wintering grounds on Eleuthera Island, the Bahamas.



CONSERVATION CONNECTIONS



FROM POLICY TO PROTECTED AREAS

The Circular Path from Global to Local

Cai Zhao, a resident of a tiny village inside the Songshan National Nature Reserve in China, probably doesn't think what happens in a conference room could affect his daily life. But it's the international and national commitments made to conservation in just such conference rooms that led to the creation of Songshan and the subsequent economic benefits for Zhao and the community, such as being paid to assist in fire prevention patrolling and to not log in the area.

International policy treaties such as the Convention on Biological Diversity are venues through which national leaders set conservation goals for their countries. The Conservancy not only collaborates with government leaders to help a country determine what those goals should be, it works with local nongovernmental organizations and other partners to make those goals a reality.

On the other end, bringing local community members to an international forum gives the people who are directly affected by these policy decisions a stronger voice in shaping them. Local and indigenous community members bring with them thousands of years of experience with conserving their natural resources.

Top: Visitors walk on a trail through Scotts Bluff National Monument in western Nebraska.
Bottom: Tropical rainforest meets the Pacific Ocean at Corcovado National Park, Osa Peninsula, Costa Rica.

Above: Carl A. Gerstacker Nature Preserve, Northern Lake Huron Bioreserve, Michigan.

FROM INTERNATIONAL POLICY…

The Conservancy plays several roles in shaping international policies. First, we help establish the Program of Work on Protected Areas to which all the countries agree by establishing target goals and timelines. But we don’t just help a particular country decide what they need to do, we get involved with other partners and governments to assist them in making their goals a reality. Finally, our position as a trusted partner may give national leaders the confidence to speak about raising the bar or pushing the boundaries on conservation.

Left: Trevor Sandwith.

WASHINGTON, DC • ECUADOR • ECUADOR •

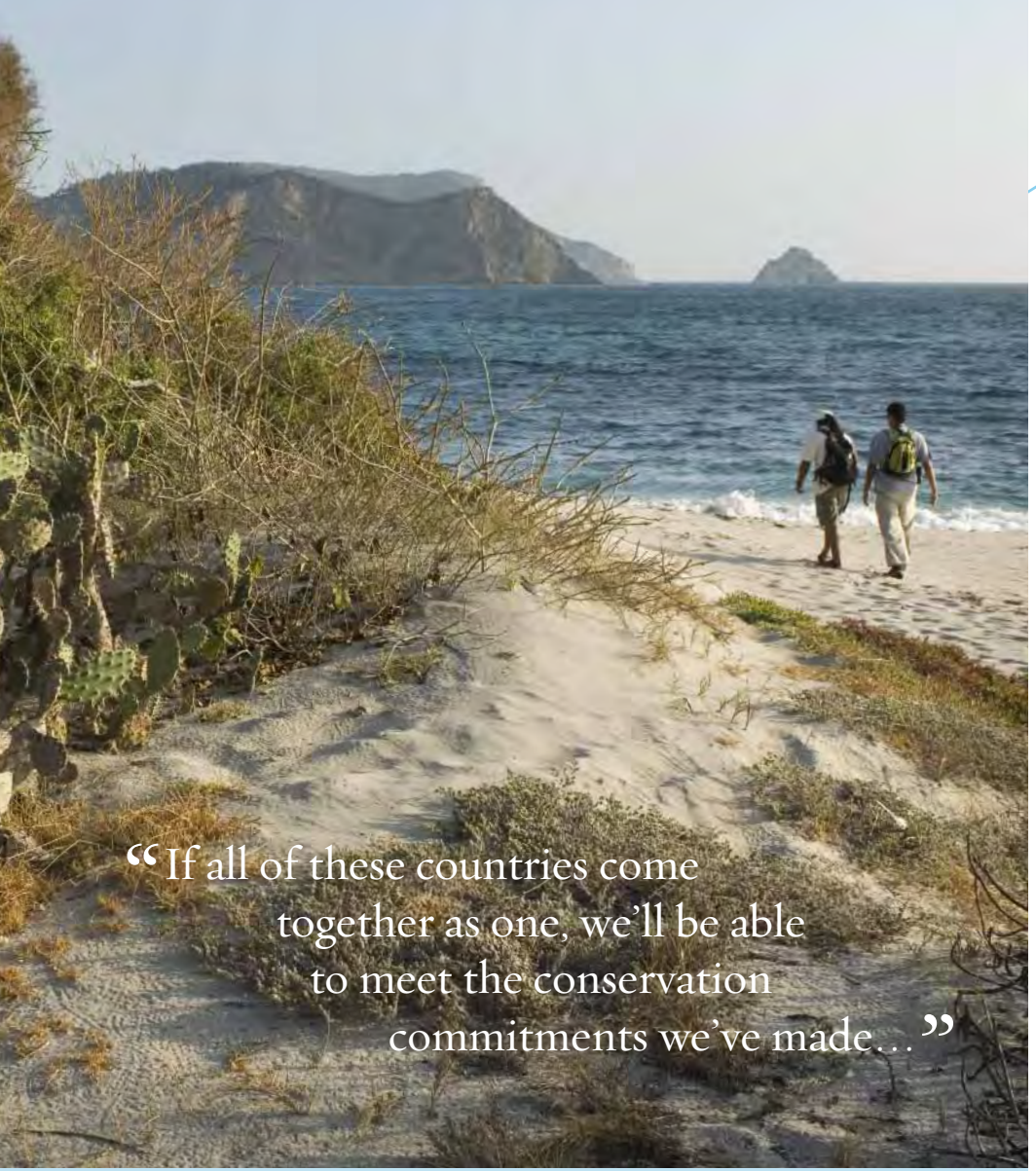
Trevor Sandwith is the Conservancy’s director of policy for protected areas.

“The Nature Conservancy can encourage a particular country to live up to a conservation goal by not just helping them decide what they should be doing, but by assisting them and making it a reality in the field. By working hand in hand with governments, non-governmental organizations and local communities, we can give even little countries the ability to flex their muscles and challenge other countries to do what they are doing.

By sharing our technical and policy expertise, we can enable an environment minister to be confident that when she speaks about raising the bar and pushing the boundaries, she knows that she can count on the Conservancy as a trusted partner to back that up back home.

International agreements can help show some countries what the rest of the world is doing. It’s a way of seeing change happen, and that change will trickle down all the way to local communities. International policy process isn’t just limited to government—it can start with community-based participation.

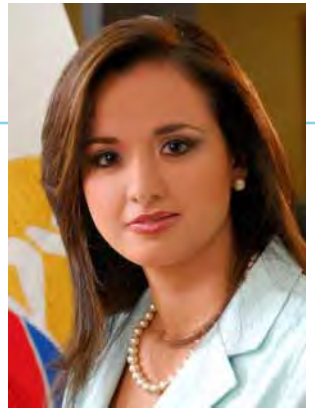
International policy meetings give indigenous and local communities a chance to make their voices heard across the world. That gives the international community a chance to join them in their priorities on the ground.”



Above: Pacific coastline of Machalilla National Park, Manabí Province, Ecuador.

TO NATIONAL LEADERS…

In many countries around the world, the Conservancy is an established and trusted partner. Once a goal has been established, many countries rely on the Conservancy’s scientific, management and technical capabilities to determine the best conservation strategies. National leaders are able to create a unique strategy to help meet these broader conservation goals, often with participation from local and regional players.



Left: Marcela Aguiñaga Vallejo.

Marcela Aguiñaga Vallejo is the Minister of Environment for Ecuador. Aguiñaga announced Ecuador’s commitment to the 10 million hectare initiative at a U.N. conference on biodiversity conservation in Bonn, Germany, in May 2008.

“For Ecuador, the Program of Work on Protected Areas is absolutely important to aid us in creating the most biodiverse national system of protected areas. It allows countries to demonstrate their commitment to conservation.

The 10 million hectare initiative looks to strengthen commitments from countries and provides the opportunity to combine forces to maintain the environment and biodiversity within the region. If all of these countries come together as one, we’ll be able to meet the conservation commitments we’ve made to the Program of Work on Protected Areas for 2015.

I believe that the initiative Ecuador has taken with its commitment to the 10 million hectare initiative will be seen as advanced for such a small country. I hope it will make other countries commit to protecting their biodiversity.

The most important effect this commitment has on the people is that it grows a public environmental conscience. When you get people involved in the process of decision making about their natural resources, they see that it’s worth it to protect them, and they become our first allies.”

Above: An open-air market in Otavalo, Ecuador.

TO COMMUNITY MEMBERS, AND BACK AGAIN.

When local indigenous leaders like Randy Borman attend international policy forums—like the U.N. conference on biodiversity conservation in Bonn, Germany—policy-makers take note. It's a circular process: while decisions made at international conferences eventually affect on-the-ground conservation, the decision-makers can only formulate authentic policy by hearing from the ground which policies would be effective.

Left: Randy Borman.

WASHINGTON, DC · ECUADOR · ECUADOR ·

Randy Borman is a charter member of the Centro Cofán Zabalo community and the executive director of the Fundación para la Sobrevivencia del Pueblo Cofán in Ecuador.

“The Cofán Nation reaches back to pre-Inca times. We have maintained a deep relationship with our rainforest environment.

Half of the Cofán language describes our environment and our relationship with it. To lose our rainforest would mean the loss of our identity as a culture and as a people.

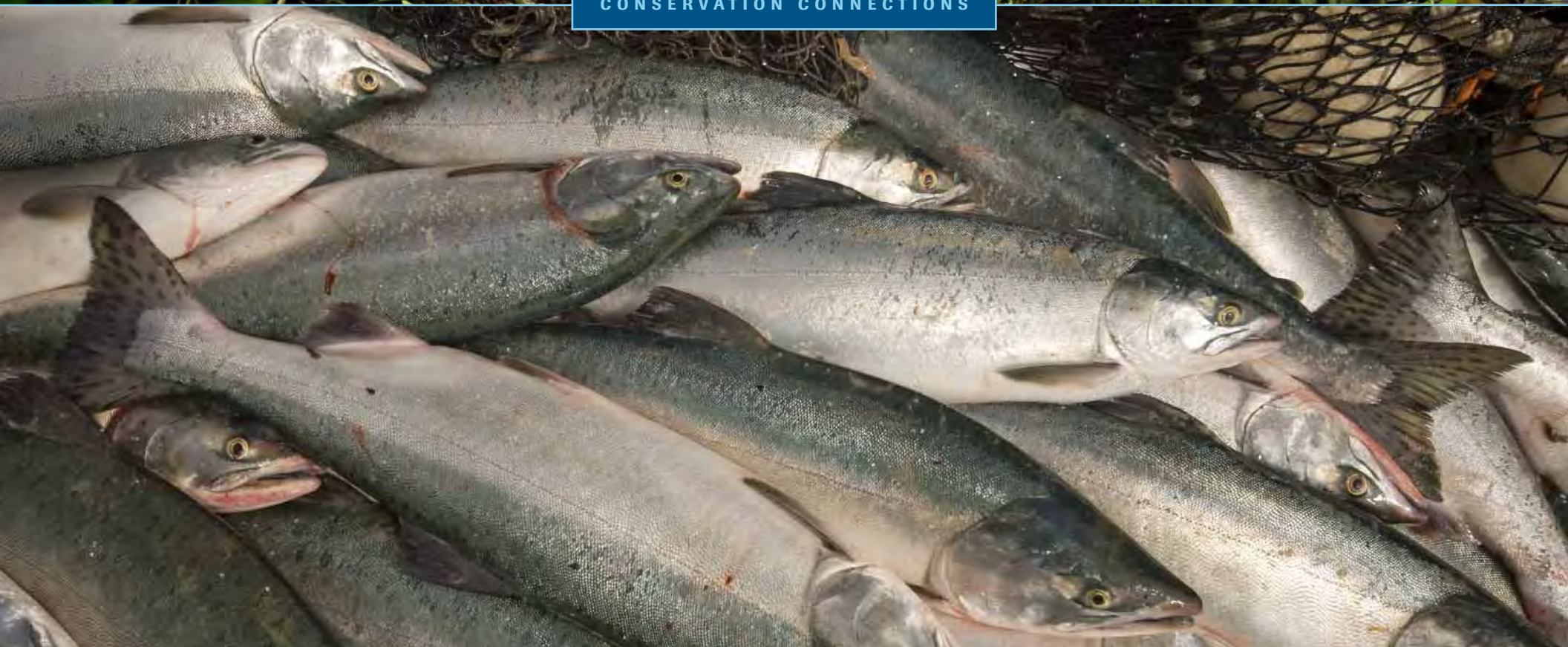
The international forum ensures that the world begins to take on the responsibility of conservation. This in turn creates policies that trickle down to local communities and indigenous groups. In the long run, international policies do affect what happens at the ground level.

Local communities should not be expected to carry the load of protecting these forests on their own. This global problem should involve global-level solutions, including mechanisms that will allow indigenous communities to take on the frontline task of local management of the forests.

Government policy in Ecuador is increasingly recognizing this reality. While indigenous leaders cannot be credited with making this happen by ourselves, I think we have had an influence in making this come about.”

Sigse grass growing in the páramo highlands of Ecuador.

CONSERVATION CONNECTIONS



THE WORLD WE DESIGN

Connecting People Through Sustainable Products

For better or worse, the products we use every day are often manufactured in other parts of the world, connecting us to faraway places and the people who live there. People are frequently unaware of these connections, but a growing number of consumers are asking where their products come from and demanding more sustainable products.

While much of the sustainability discussion centers on manufacturing processes, the choice of materials is a crucial node in the product life cycle. The invisible legacy of materials includes the environmental impact of extracting them from the ecosystem, the natural resources required to grow and process them, and the cultural history of the communities that depend on them for their livelihood.

The Conservancy's *Campaign for a Sustainable Planet* is the most ambitious global conservation initiative of our generation. It seeks to double the amount of land and waters in protected status by 2015. A key element is encouraging sustainable use of natural resources as a way to keep forests and other habitats intact. Helping local communities build markets for sustainable products, like chicle (a natural latex), has the potential to be a powerful conservation tool.

Top: *Chiclero* Elias Cahuich gathers chicle in the Campeche state of Mexico.
Bottom: Discarded salmon skin is converted to leather for the Design for a Living World project.

MEXICO · RHODE ISLAND ·

Elias Cahuich is a *chiclero* in the ejido, or community-owned village, of Veinte de Noviembre in the Campeche state of Mexico. Cahuich is a part of the Conservancy's Sustainable Forestry Project with partner organization Tropica Rural Latinoamericana.

"My father was a *chiclero*. He taught me how to work with chicle and I've been doing it ever since. I started learning when I was 20 years old, and now I'm 57. My son is also following in my footsteps.

In this *ejido* there are seven of us who still practice chicle extraction. All my colleagues are very happy about the way the work is going. Sometimes we can get five kilos, sometimes 10. Based on a study that was done on the capacity of the forest, we have the permission and capacity to take out 15 tons of chicle per year. We're only at one or two tons now. If there's more demand for chicle, I believe that as long as the prices are good, we'll just work and extract more.

The good thing about chicle is it doesn't run out and it doesn't destroy the forest. You don't just go and cut into every tree. We tap a tree and then we leave it for 10 or 12 years before tapping again. Nothing is destroyed and the forest stays intact. It's an ecological process."

"The good thing about chicle is it doesn't run out and it doesn't destroy the forest."

Right: Elias Cahuich.

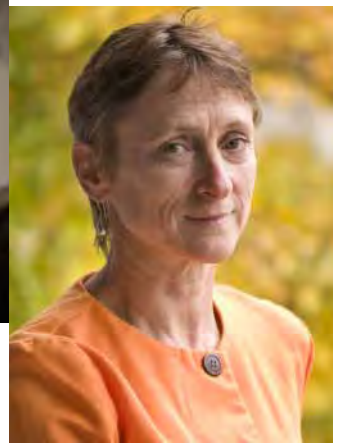
Above Left: A *chiclero* boils down chicle, which can then be put into blocks and sold to chewing gum manufacturers.

Below Right: Deborah Shimberg.

RHODE ISLAND • MEXICO

Debbie Schimberg

is the founder of Verve, Inc., the manufacturer of Glee Gum, the only chewing gum in North America still made from the sap of sapodilla trees, called chicle. Schimberg sources chicle from Mexico, where *chicleros* harvest the latex-like substance while keeping the trees healthy.



"At one point there were thousands of chiclero communities in Mexico. When gum companies developed synthetic gum base, the industry collapsed. But chicle-producing communities are in a much better state of conservation. The forest had value for people so they weren't chopped down.

We wanted to see if it would be possible to create a market for chicle again, which in turn would produce income for these communities. We also wanted to provide education to consumers about the rainforest. Finally, we wanted to assist communities directly: We now offer scholarships to the children of chicleros who want to continue with higher education.

We are seeing more and more interest on the part of consumers who want to know where their products are coming from. We're interested in connecting the community of consumers here with the community of producers there.

For better or worse, we are all consumers. Our consumer dollars are, in effect, one of the ways that we're the most powerful."

"Our consumer dollars are, in effect, one of the ways that we're the most powerful."

SUSTAINABLE FORESTRY PROJECTS, MEXICO

Conservation of the forest habitat in the Yucatán Peninsula is not just about ensuring the viability of vulnerable species such as mahogany and jaguar—it's also about working with the communities who live in the forests. The Conservancy is supporting sustainable forestry projects by strengthening business capacity, providing technical advice, and giving seed money to finance a transition to more ecologically sound forest harvest techniques. The Conservancy works with two local organizations on sustainable forestry work in the region: Tropica Rural Latinoamericana spearheads work in the Calakmul Biosphere Reserve and east into southern Quintana Roo, and the Organization of Forestry Ejidos (OEPF) works in the Maya Region as far north as the Sian Ka'an Biosphere Reserve. OEPF's Sustainable Forestry Project has been so successful that it won second prize in the international Schooner contest for projects that alleviate poverty and improve conservation.

DESIGN FOR A LIVING WORLD • MEXICO •

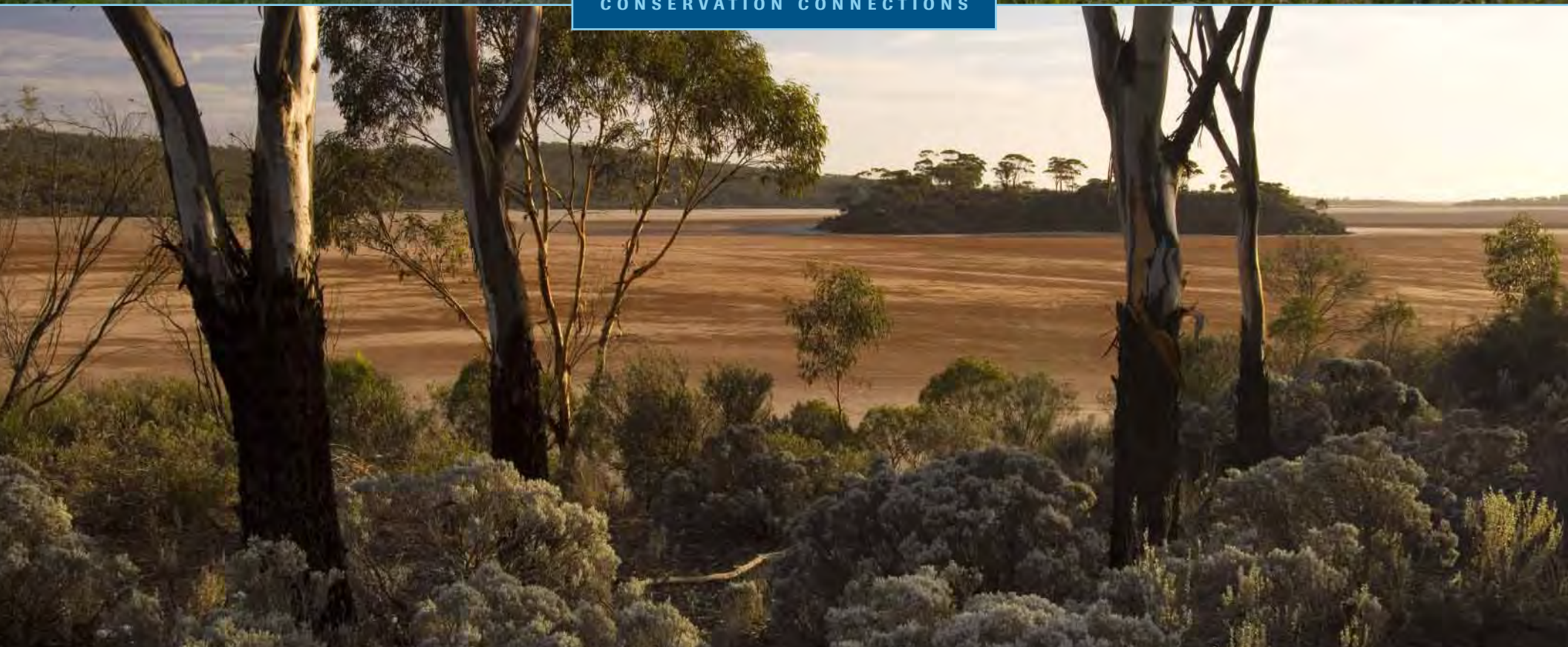
DESIGN FOR A LIVING WORLD

The Conservancy has commissioned 10 leading designers to develop new uses for sustainably grown and harvested materials for a book and exhibition opening in New York City in May 2009. Each commission tells a unique story about a region where the Conservancy works, the life-cycle of materials, and the power of conservation and design. The exhibition will feature unique creations such as handbags made of Forest Stewardship Council-certified Bolivian wood from *kate spade new york*, Alaskan salmon leather dresses from Issac Mizrahi, and vases created by Hella Jongerius from the chicle latex harvested in Elias Cahuich's (p. 42) community.

Left: Elias Cahuich surveys the Yucatán's Maya forest for chicle source trees.

Right: Collecting sap from a tree in the Maya forest, Yucatán Province, Mexico.

CONSERVATION CONNECTIONS



ORGANIC SOLUTIONS

Natural Farming as a Conservation Tool

Organic products—grown without the use of chemical fertilizers or pesticides—are increasingly in demand. While organic farming has never been a specific objective of The Nature Conservancy, it is becoming an important tool to achieve other conservation goals.

People are more and more willing to pay a premium for foods and other products that are free of potentially dangerous additives. This increased demand translates into higher returns for farmers and ranchers. And that added income—from organic coffee in Nicaragua, for instance—can be the incentive to keep the forest intact.

But equally important, guidelines that are followed to grow organic produce for human consumption serve the landscape well and result in healthier natural systems, which also benefits wildlife. Farming native plants as commercial crops sometimes eliminates the need for chemicals that introduced species may require, and in some situations, adjusting farming techniques to better accommodate wildlife can make for an environment naturally rich in the nutrients upon which crops depend.

Top: Dave Hedlin and Serena Campbell on their Washington farm, flooded to accommodate migrating birds.
Bottom: Dawn over a eucalypt forest and dry lake in Western Australia's Great Western Woodland.

Marbely Garcia Lopez

is a professional *catadora de café* or "coffee taster," helping develop international markets for organic coffee from Chinandega, Nicaragua. The Conservancy is supporting local partner *Fuente Verde*'s efforts to achieve organic certification for shade-grown coffee and honey, sustainable products from the area's intact forests.

"All countries have good coffee, they all have something special to offer and they all taste a little different, but my job is to make sure that this is the best coffee possible. The Bourbon variety grown here is one of the best and tastes more like chocolate. This is a natural element of the coffee that has to do with the shade and the process from cutting the coffee to drying it. The volcano also helps to give it a better taste.

The idea is that you have to give it adequate care and oversight—helping to get organic certification, and that requires a lot of work. There is a lot of work that needs to be done to increase production. We need more people, better management. I've been working here about six months doing quality control, pest controls. Money from selling the coffee will help support the surrounding communities. The more production we have, the more people we can hire, and they'll have permanent work."

> "Money from selling the coffee will help support the surrounding communities."

Right: Marbely Garcia Lopez.

Dr. Geoff Woodall is an Australian sandalwood expert and co-director of a biodiverse commercial sandalwood demonstration project in the Gondwana Link project, supported by a Conservancy philanthropist.

"The soils of southern Western Australia are ancient, fragile and nutrient-poor. When this land was cleared and planted in cereal crops—wheat, barley, canola—it required regular input of chemical fertilizer, pesticides and herbicides. Those chemicals then make their way into the creeks that run to the coast.

A species of sandalwood is native to this area. It has commercial value for incense, perfumes and cosmetics. It is a parasitic plant that taps into the root systems of other native plants as a source of nutrients. The great thing about growing sandalwood is that it actually requires biodiversity. And the plant assemblage it needs also accommodates native birds.

After commercial sandalwood is established in the first year or so, it no longer requires fertilizers or pesticides—it becomes a true organic crop. It's also like a good red wine: The longer you hold it, the better. It takes about 20 years to mature, during which time it is locking up carbon—for which markets are developing as well. The farmers nearby were initially skeptical. Now they are eager to grow native sandalwood, too."

Above left: Geoff Woodall with his family on their sandalwood farm.

Above right: Former sheep ranch being revegetated at the Stirling Range in southern Western Australia.

"Growing sandalwood...actually requires biodiversity."

Dave Hedlin of La Conner, Washington, is one of three farmers participating in the "Farming for Wildlife" study in Washington's Skagit River Delta.

> "This project is possible because the Conservancy has been willing to step beyond its comfort zone."

"My family has had the privilege of farming here for over 100 years. Farmers here call this rich alluvial delta 'The Magic Skagit'. With more than 80 crops of commercial significance and lots of wildlife, it's hard to argue.

We are currently participating in a research project with The Nature Conservancy studying ways to enhance shorebird habitat within the parameters of viable long-term farming. This project is possible because the Conservancy has been willing to step beyond its comfort zone to work with farmers and involve themselves in non-traditional partnerships.

Serena and I have enjoyed watching shorebirds stop by on their migrations and working with the scientists to understand the issues of saturated soils and its microbiology. We also made use of this time to transition our ground to certified organic. If 100 years from now there are shorebirds and waterfowl on the delta, fish in our rivers and viable family farms, everyone wins."

Top: Dave Hedlin.

Bottom: Produce for sale at the Hedlin farm roadside stand.

▷ GONDWANA LINK, AUSTRALIA

The southwest corner of Australia is a global haven for plant diversity. Although sparsely populated, nearly two-thirds of the vegetation has been cleared for agriculture, which much of the land can no longer support. Gondwana Link is a visionary effort by six Australian organizations and the Conservancy to restore and reconnect a 620-mile swath of native bushland that includes the tall wet forests flanking the Indian Ocean and a relatively undisturbed—yet currently unprotected—interior woodland the size of England. Privately-owned lands at risk make up only a small percentage of the total link, and already some 20,000 acres have been protected, and 3,700 acres of barren farmland have been restored with plants found only in that part of the world.

Right: Dawn over the agricultural lands of the Gondwana Link project area.

NICARAGUA • AUSTRALIA • WASHINGTON •

FARMING FOR WILDLIFE, WASHINGTON

The Skagit River Delta in western Washington state is rich in wildlife. It is a critical stop on the Pacific Flyway for migratory shorebirds and waterfowl and crucial habitat for recovering salmon populations. But the delta also boasts a family-farming heritage. This three-year study, supported by the Conservancy and a coalition of university, government and agricultural association partners, seeks to discover how habitat rotation can be compatible with crop rotation with implications for similar estuary systems around the world. Part of the hypothesis is that farmers who rotate their land through three-year cycles of controlled flooding that accommodates migratory shorebirds increase their yields and cut their costs by eliminating the need for pesticides and chemical fertilizer.

FOREST BRIDGE OF THE AMERICAS

Nicaragua marks the heart of the Forest Bridge of the Americas, a finger of forest that runs the length of Central America. Although 80 percent of these forests have been cleared, this verdant ribbon of habitat packs more than seven percent of the Earth's species into less than half a percent of its land mass. Here, the Conservancy is working with conservation partners to implement forestry certification programs, improve fire management, establish payment for ecosystem services and empower local growers to develop sustainable land-use practices. Over the next two years, these strategies will enable us to strengthen the management of 2.5 million acres of protected forests and certify an additional 100,000 acres under sustainable management.


“In nature we never see anything isolated, but everything in connection with something else which is before it, beside it, under it and over it.”
—GOETHE

Coral reef off Restorff Island in Kimbe Bay,
West New Britain, Papua New Guinea.

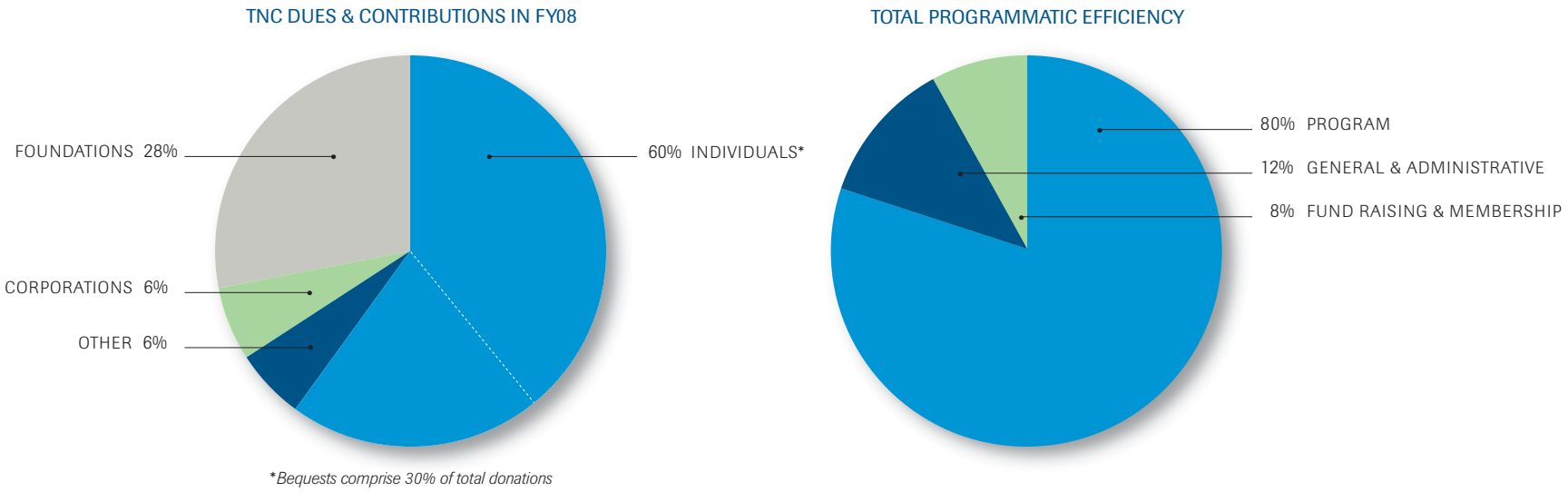
FY08 CONTINUED THE LANDMARK REVENUE TREND

of surpassing a billion dollars that began in FY06. As the Conservancy launched the Campaign for a Sustainable Planet, new revenue records were attained in fundraising, land sales and gifts, due to a substantial conservation land/easement gift year. Total revenue was dampened, however, by negative returns of 6.8 percent in the Conservancy's $1.7 billion investment portfolio, consistent with its investment benchmark performance. However, as a result of a record fundraising year, the Conservancy was able to grow its operations by a robust 12 percent and balance its budget in FY08.

Net assets increased by 4 percent to $4.9 billion primarily from land gifts totaling nearly $290 million, which added to an already strong balance sheet. Land purchase and sale activity continued to be significant, consistent with the Conservancy's strategy of deploying capital as a catalyst to achieve lasting conservation at scale. And overall programmatic efficiency remained strong at 80 percent.

The financial results depicted on page 55 are derived from the Conservancy's audited June 30, 2008, consolidated financial statements, which contain an unqualified opinion. The Conservancy's complete, audited financial statements can be obtained online at nature.org/annualreport or by calling (800) 628-6860.

Stephen Howell
Chief Financial and Administrative Officer



**Bequests comprise 30% of total donations*

FINANCIAL SUMMARY

	For the fiscal year ending on June 30, 2008 and 2007 (in thousands)	2008	2007
SUPPORT & REVENUE	Dues and contributions	484,764	378,297
	Private contracts	27,226	25,639
	Government grants	128,558	109,637
	Investment Income (loss)	(137,390)	350,826
	Other income (loss)	(8,668)	35,603
	Land sales and gifts	612,863	377,439
	Total Support & Revenue	1,107,353	1,277,441
EXPENSES & PURCHASES OF CONSERVATION LAND & EASEMENTS	Conservation activities and actions	417,908	338,293
	Purchases of conservation land and easements	313,222	566,472
	Total Conservation Program Expenses & Purchases of Conservation Land & Easements	731,130	904,765
	General and administrative	107,112	101,707
	Fund raising	57,418	48,165
	Membership	19,794	16,903
	Total Administration & Fund Raising	184,324	166,775
	Total Expenses & Purchases of Conservation Land & Easements	915,454	1,071,540
	Net Result-Support & Revenue over Expenses & Purchases of Conservation Land & Easements (Note 1)	191,899	205,901
FUND RAISING SUMMARY	Fund raising expenses as a percentage of total expenses & purchases of conservation land & easements	6.3%	4.5%
ASSET, LIABILITY & NET ASSET SUMMARY	Conservation land	1,768,984	1,780,350
	Conservation easements	1,442,032	1,161,434
	Investments held for conservation projects	621,735	630,744
	Endowment investments	1,077,036	1,161,229
	Planned giving investments	286,460	298,528
	Property & equipment (net of depreciation)	99,714	92,628
	Current assets	235,657	186,119
	Other assets (note 2)	117,526	104,480
	Total Assets	5,649,144	5,415,512
	Current liabilities	221,016	114,567
	Notes payable—long-term	352,566	417,091
	Other liabilities (note 3)	174,713	156,486
	Total Net Assets	4,900,849	4,727,368
	Total Liabilities & Net Assets	5,649,144	5,415,512

(1) Not intended to represent increase in net assets.
(2) Primarily includes pledges of future gifts, notes receivable, trade lands and restricted cash.
(3) Primarily includes deferred revenue and planned giving liability.

Note: The figures that appear in the financial summary shown are derived from the 2008 & 2007 consolidated financial statements that have been audited and have received an unqualified opinion. The complete, audited 2008 & 2007 financial statements for The Nature Conservancy can be seen at nature.org/annualreport, or can be ordered from The Nature Conservancy at (800) 628-6860.

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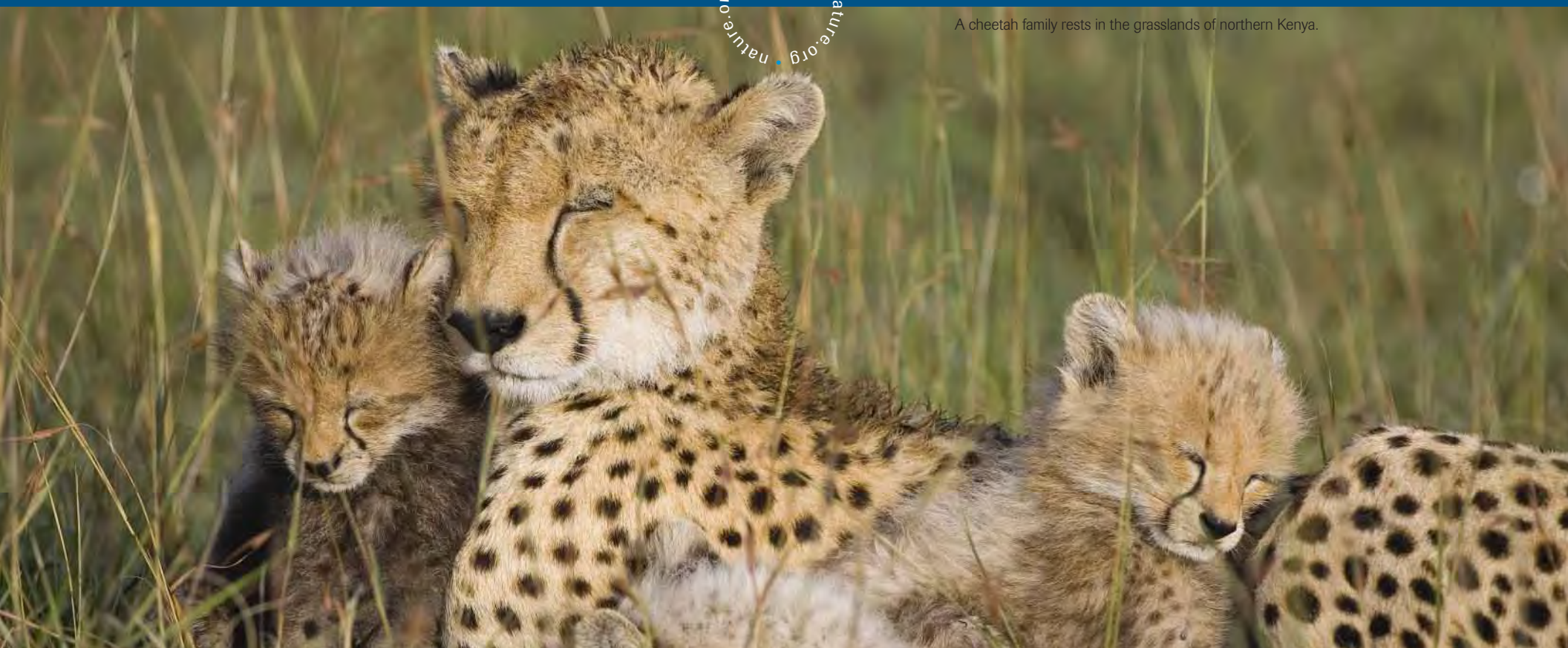

A cheetah family rests in the grasslands of northern Kenya.

CONSERVATION CONNECTIONS

Cover images. Left: Race to the Sky, Montana's largest dogsled race, runs through the Swan Valley. Right: Laikipia Maasai at a cultural village in the Il Ngwesi area of northern Kenya.

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