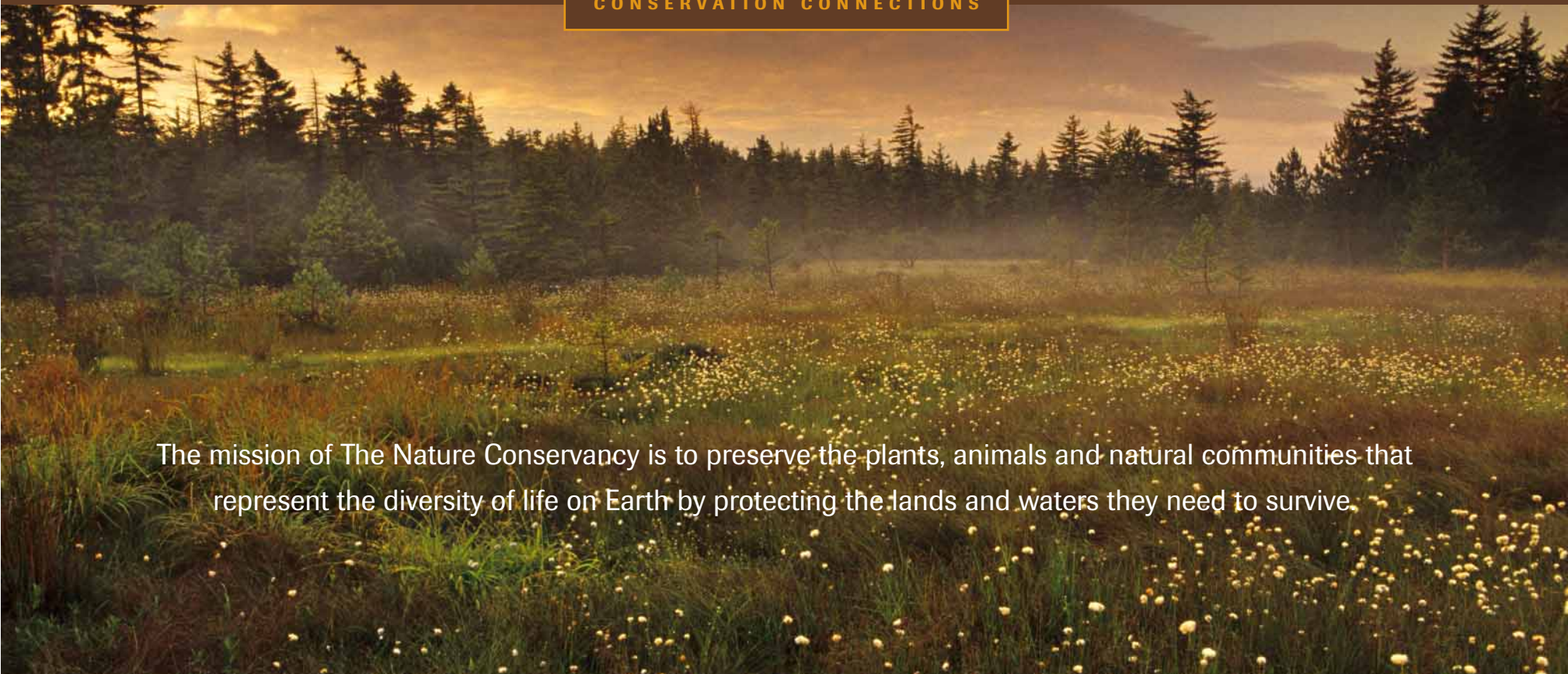
The Nature Conservancy
Protecting nature. Preserving life.™

CONSERVATION CONNECTIONS

ANNUAL REPORT 2009

Bog with Cottongrass at Dolly Sods Wilderness in West Virginia.

CONSERVATION CONNECTIONS



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.

2009: THE YEAR IN CONSERVATION

Adirondack Acquisition Includes Iconic Pond

The 1,000-acre Follensby Pond, where Ralph Waldo Emerson and other 19th-century intellectuals once convened, is the jewel in a 14,600-acre acquisition by the Conservancy in New York's Adirondack Park. The property, purchased from the John and Bird McCormick family, includes northern hardwood forest and 10 miles of meandering frontage on the Raquette River. It borders the largest wilderness in the Northeast and is also where bald eagles were first reintroduced to the park in the 1980s, following the species' collapse in the 1960s.

Above: Follensby Pond in Adirondack Park, New York.

Six Nations Launch Coral Triangle Initiative

The Nature Conservancy was a catalyst for bringing together leaders from Indonesia, Malaysia, Papua New Guinea, the Philippines, Solomon Islands and Timor-Leste to launch the Coral Triangle Initiative. The coalition seeks to ensure the sustainability of marine and coastal resources that provide livelihoods and food security for more than 120 million people in the region. Governments, including that of the United States, pledged $17 million in new funding, and Indonesia announced the establishment of a new, 8.6-million-acre marine protected area within the epicenter of marine diversity on the planet.

Above: Diver with barracudas, Solomon Islands.

The 10 achievements highlighted here illustrate the geographic breadth and the range of strategies employed to advance conservation action in 2009. In a time of tremendous economic challenges, the Conservancy nevertheless maintained momentum on all fronts, from pioneering scientific research and completing traditional real estate transactions to informing international policy and providing diverse communities with tools to fulfill their conservation aspirations.

Minnesota Sets New Public Funding Record

The Nature Conservancy was instrumental in the campaign to pass the Clean Water, Land and Legacy amendment to the Minnesota Constitution, the largest public funding initiative for the environment in U.S. history. The amendment increases the state sales tax by three-eighths of 1 percent to fund clean water projects, wildlife habitat, parks and trails and cultural heritage projects, amounting to an estimated $300 million per year in dedicated funding for the next 25 years.

Above: Forest at Tettegouche State Park, Minnesota.

Mount Shasta Action Protects Salmon Habitat

Acquisition of the 4,528-acre Shasta Big Springs Ranch in northern California secures cold-water springs that feed Big Springs Creek and support more than 75 percent of the flow of the Shasta River, historically one of the most productive salmon streams in the state for its size. Restoring the creek could be a "silver bullet" in reviving runs of salmon, steelhead and other fish throughout the Klamath Basin.

Above: Water research on Shasta Big Springs Ranch, California.

Community Conservation Expands in Northern Kenya

Supporting one of the most successful community conservation movements in East Africa, The Nature Conservancy partnered with Northern Rangelands Trust to conduct Conservation Action Planning (CAP) workshops for tribal elders and conservation managers of 17 community conservancies covering nearly 2 million acres across northern Kenya. Elephants, giraffes and other animals are returning to areas from which they had been eliminated in past decades, and there are preliminary plans to reintroduce rare black rhinos from breeding grounds at nearby Lewa Wildlife Conservancy.

Above: Reticulated giraffe on the northern rangelands of Kenya.

Acreage Transferred to Indigenous Colombians

More than 3,000 acres in Colombia's Sierra Nevada de Santa Marta were purchased by the Conservancy and donated to indigenous communities to expand their ancestral territory. The communities' environmentally friendly agricultural practices promote the conservation of the mountain's tropical and alpine ecosystems and thus help protect the Sierra Nevada's 35 river basins, which supply freshwater to nearly 1.2 million people.

Above: Pablito Vergel drinks from a mountain stream, Colombia.

United Conservation Region Spans Texas-Mexico Border

Mexico's new Ocampo Flora and Fauna Protected Area is the final piece of the puzzle for one of the largest binational conservation regions in the world, uniting two Mexican protected areas with Big Bend National Park, Big Bend Ranch State Park and the Conservancy's Davis Mountains Preserve across the Rio Grande in Texas. The Conservancy and partners spent five years completing a justification study and management plan and garnering local landowner support for Ocampo. The Conservancy has also been promoting ecological restoration and eco-friendly enterprises in the region.

Above: Abandoned miner's house in Big Bend National Park, Texas.

Forest Carbon Elevated As Climate Change Solution

On both the domestic and international fronts, the Conservancy played a leadership role in ensuring that avoided deforestation and forest restoration are key components of comprehensive global climate change policy. Legislation crafted with Conservancy input is working its way through the U.S. Congress, and international policy talks are benefiting from active Conservancy involvement. The Conservancy's forest-carbon projects around the world have also garnered cutting-edge investment from European climate change agencies.

Above: Araucária tree in the Araucária Forest region of Paraná, Brazil.

Landmark Study Underscores Threats to Shellfish

The Nature Conservancy released Shellfish Reefs at Risk, the first-ever comprehensive global report on the state of shellfish. The report, which finds that 85 percent of oyster reefs have been lost worldwide, concludes that oyster reefs are the most severely compromised marine habitat on the planet. The report was written by scientists across five continents, from conservation organizations as well as academic and research institutions. Besides serving as a global call to action, the report provides guidance on reef restoration and conservation strategies.

Above: Shellfish reef restoration at Virginia Coast Reserve, Virginia.

Mississippi Basin Undergoes Floodplain Restoration

At Louisiana's Mollicy Farms, the Conservancy is working with partners to reconnect 25 square miles of floodplain forest to the Ouachita River. The restoration, which includes removing portions of a 17-mile-long, 30-foot-tall levee, will improve habitat for fish and other species and provide vital ecosystem services such as nutrient cycling, flood storage and water quality enhancement. The $4.5 million project is part of the Conservancy's Great Rivers Partnership and is the largest floodplain restoration project ever in the Mississippi River Basin.

Above: Mollicy Farms restoration planning, Louisiana.

2009: THE YEAR IN CONSERVATION

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A MESSAGE FROM THE PRESIDENT

As I reflect on my first full year as the president of The Nature Conservancy, I am proud of all that we accomplished in 2009. Thanks to many generous supporters who have stuck with us through uncertain economic times, we were able to conserve habitats around the world at record scale and to advance action on climate change in a particularly crucial year.

The success stories highlighted in this report exemplify a Conservancy attribute that helps us maximize our impact: the connectivity of our work. At our core is a drive to be much more than the sum of our individual programs and projects. We continuously pursue new ideas, strategies and solutions that can be tested in one place and replicated in others. And we collaborate to achieve results far beyond what we could accomplish alone.

This drive pushes us to tap collective brainpower in pursuit of solutions that are richer for the collaboration. It enables us to maximize conservation returns on donated dollars. And it makes us more effective and more efficient.

Over the last year, I have seen this connectivity firsthand. In Mongolia, I saw vast, unspoiled grasslands, much like those in Colorado and Wyoming. This year, we expanded our partnership with the Mongolian government by sharing conservation strategies developed through our work in the western United States.

In Illinois, I saw the rebirth of a once-thriving wetland at Emiquon Preserve, one of our premier demonstration sites for wetland restoration efforts around the globe. And in California, I met marine staff who pioneered our efforts to purchase fishing vessels and permits and work alongside fishermen to develop sustainable harvesting practices—an innovative strategy we are now bringing to the Gulf of Maine.

This connectivity also can be a powerful driver of pro-conservation public policy. The Conservancy launched a groundbreaking pilot project in Bolivia in 1997 to test the efficacy of using forest conservation as a market-based tool to reduce carbon emissions. Today, I see that project informing climate negotiations, instilling confidence in innovative strategies and encouraging forward-thinking governments to make significant new investments in forest protection.

Furthermore, those early tests have led to the development of similar projects in California, Brazil and Indonesia, which I believe are among the most ambitious and important large-scale forest-carbon projects in the world.

Few Conservancy projects exist in a vacuum. They connect across continents and oceans and with those supporters dedicated to our mission. Such conservation connectivity is necessary in a globalized world. It's our best hope to escalate the scope, scale and pace of conservation action and innovation that our changing world demands.

Mark R. Tercek
President and Chief Executive Officer

A MESSAGE FROM THE CHAIRMAN

Last May, I traveled to the Coral Triangle, which extends from the Philippines south through Malaysia, then east through Indonesia to Timor-Leste, Papua New Guinea and the Solomon Islands. Comprising just 2 percent of the world's oceans, the Coral Triangle contains an astonishing 30 percent of the world's coral—and a larger, richer diversity of fish and coral species than anywhere else on Earth.

When I slipped over the side of a dive boat in Komodo National Park, I was greeted by an astonishing rainbow of corals carpeting every inch of the ocean floor. I had never seen a marine system as healthy, colorful and diverse.

Earlier that week, I represented The Nature Conservancy at the unveiling of the Coral Triangle Initiative, an unprecedented agreement among the leaders of the Triangle's six nations to protect this cornucopia of marine life. Indonesia, for one, added 3.5 million hectares to its system of marine protected areas, expanding protection to a total area the size of New York state.

It is common for heads of state to come together for purposes of trade or mutual security; far more rarely do they collectively agree to sustain the bounty of nature. It was the culmination of years of hard work by the Conservancy, its partners and the six governments as these leaders bent forward together, pens in hand, to pledge to protect the biodiversity of these waters for future generations.

Behind them, huge banners proclaimed "Coral Reefs, Fisheries and Food Security." The leaders understood that they were not just protecting nature; they were also assuring life for the 120 million citizens who depend directly for sustenance on the protein fished from those waters. This is what conservation for the 21st century is all about: people coming together to protect the natural world on which all life depends.

Scaling up to meet the challenges of our time requires just this sort of global leadership—and making explicit these links between people and nature. After working for nearly 60 years with ranchers and foresters, fishing communities and vacation homeowners, governments and businesses, the Conservancy understands what it takes to find the win-win for both people and nature. The Conservancy's mission is about more than simply protecting biodiversity—it is about assuring a future in which vibrant human communities are sustainably embedded in thriving natural communities. It's not about protecting nature from humans—it's about protecting both nature and humans.

We depend on—and are grateful for—your support as we work together to save life on Earth.

Roger Milliken, Jr.
Chairman, Board of Directors

CONNECTING THE DOTS

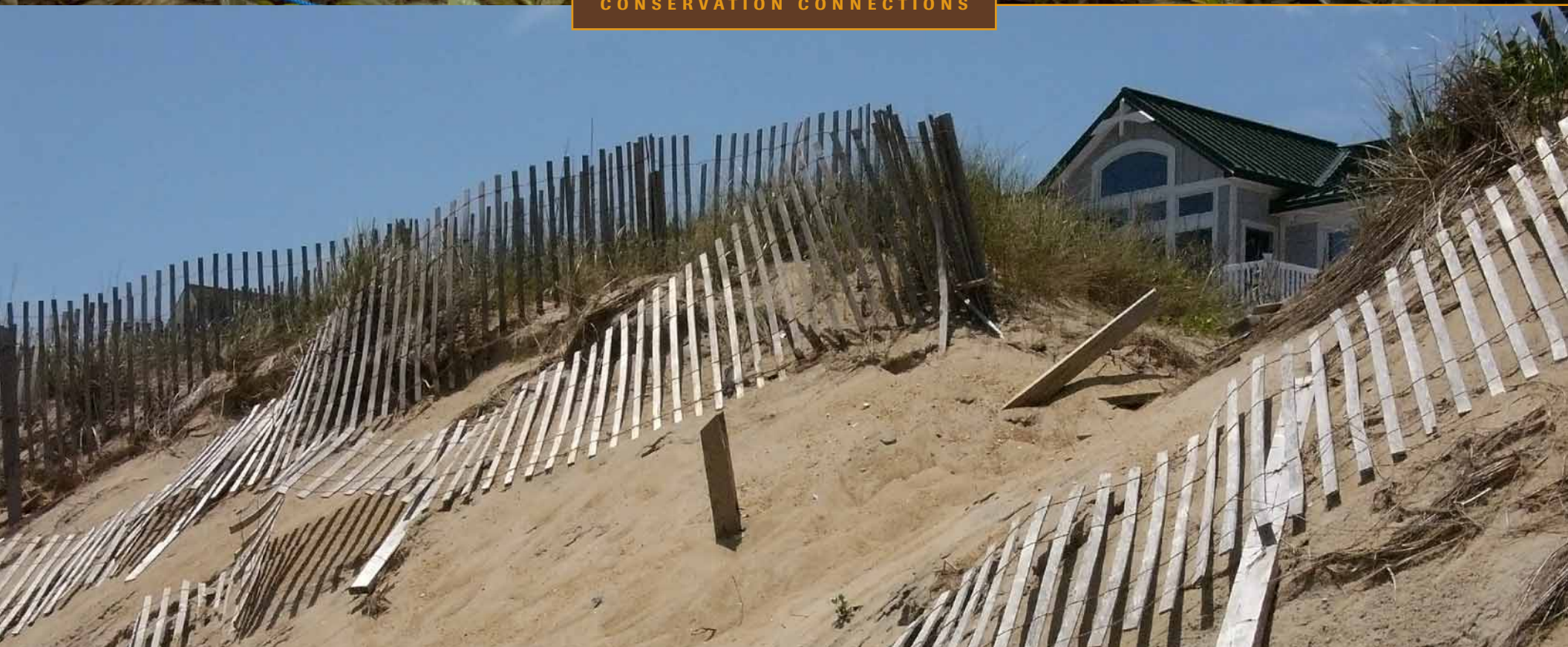
A herdsman in northern Kenya confers by cell phone with a conservation scientist in Colorado. Islanders in the Bahamas and oceans away in Micronesia share strategies and invite the world to help save their fragile homes. Indonesians pioneering an effort to contain carbon in their forests garner support from the government of Norway. River managers in Brazil, China and the American Midwest join a conference call to consider the most effective restoration techniques.

Each person's story supports the old adage that "all conservation is local," because each one is deeply committed to protecting his or her own natural landscape and resources. But the modern way in which they are working together—often across continents and oceans—suggests a more contemporary maxim: "All local conservation is also global."

Global forces—whether climate change, economic cycles or shifts in resource consumption—affect local places. So it only makes sense that the most effective conservation happens when we tap global resources. By making conservation connections and strategically linking people and strategies from multiple points on the map, the Conservancy is advancing conservation solutions that achieve the scope, scale and pace demanded by our modern, global world.

A local resident gathers mushrooms and berries while hiking through the Yangtze River valley, Yunnan Province, China. The Conservancy is working with the Chinese government to increase protection of Yunnan's natural areas by establishing a system of national parks.

CONSERVATION CONNECTIONS



A CLIMATE FOR CHANGE

Turning to Nature to Ease a Global Threat

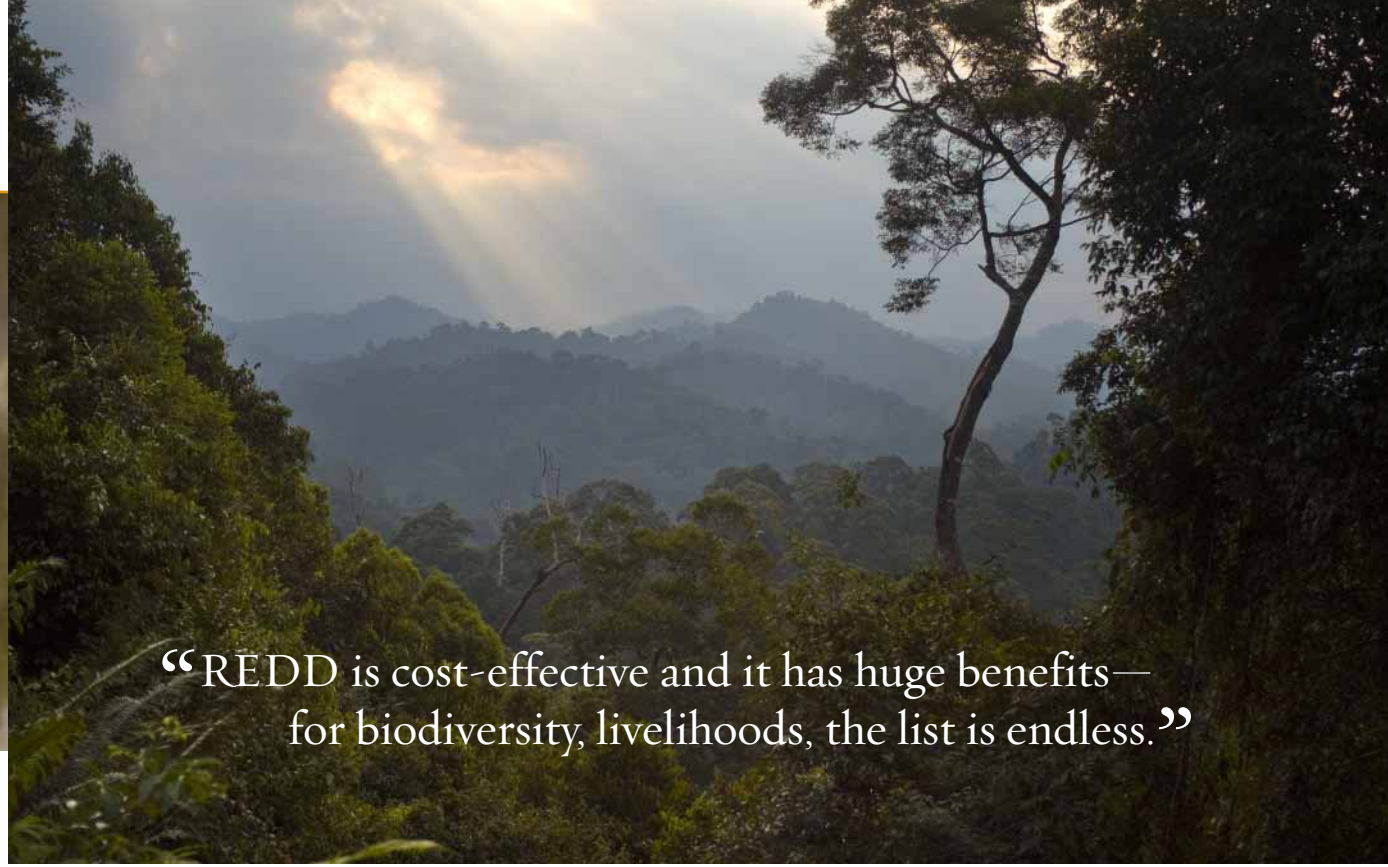
Climate change is no longer an abstract danger. It's already affecting people's lives and the places they live. Rising seas, warmer temperatures and more intense storms threaten to shift habitats, damage economies and strain freshwater supplies.

But nature is not just a victim of climate change—it also holds key solutions to the problem. If kept intact, the world's forests will store massive amounts of carbon, and oyster reefs, corals and mangroves are nature's own storm surge and erosion buffers.

The Conservancy is using the power of nature to help people and places adjust to predicted changes, protecting forests to reduce the amount of greenhouse gases released into the atmosphere and promoting national and international policies that would help enable these practices on a global scale.

From on-the-ground projects in the forests of Indonesia and along the shorelines of North Carolina to the negotiating rooms where climate change policy decisions are made, the Conservancy is finding solutions that will reduce the impact of climate change on people, nature and wildlife.

Top: Carbon monitoring in a teak plantation, Berau District, East Kalimantan, Indonesia.
Bottom: Storm fences used to preserve sand dunes on North Carolina's Outer Banks.



Per Fredrik Ilsaas Pharo is a senior advisor for the Norwegian International Climate and Forest Initiative, which implements the Norwegian prime minister's 2007 promise to spend up to US $500 million a year on efforts to reduce greenhouse gas emissions from deforestation in developing countries. In 2009, the initiative gave $800,000 to The Nature Conservancy's REDD project in Berau, Indonesia, REDD capacity building with indigenous communities in the Amazon and climate science work.

Above left: Per Fredrik Ilsaas Pharo in Washington, D.C.

Above right: A tropical Wehea forest in East Kalimantan, Indonesia. Protecting forests and reducing emissions from deforestation and degradation (REDD) is an important strategy in the fight against climate change.

"REDD [Reducing Emissions from Deforestation and Degradation] is cost-effective and it has huge benefits—for biodiversity, livelihoods, the list is endless. Plus there is the hypothesis that these reductions can be significant in just a short period of time.

The most interesting thing about the Conservancy's approach is the holistic nature—looking both at global-level policy issues and how things would work on the ground. Plus the caliber of the people the Conservancy has working on this is really impressive. The Conservancy is almost a research-type institution rather than an NGO, or perhaps the best of both worlds, and addresses the issue in a serious way.

I hope that the Conservancy's work in Berau will give us valuable lessons learned. We hope that we will learn useful approaches that can be rolled out on a larger scale.

I think governments should be helping fight climate change by changing the macroeconomic rules of the game. This is the largest economic failure ever. We have to make lowering emissions good for the bottom line. No one else but governments can do it, and governments have to do it."

Kelly Davis and her husband, Blythe, live and farm on nearly 1,000 acres adjacent to the Mattamuskeet National Wildlife Refuge in Hyde County, North Carolina. On the nearby Albemarle Sound, the Conservancy is making the shoreline more resilient to higher sea levels by planting salt-tolerant species and building oyster reefs to buffer shorelines.

"Most of what we farm is 3 feet above sea level, so it has to have a lot of drainage.

About 250 acres are already in conservation set-aside programs. Farming that land just wasn't profitable: it was too wet and too salty. We are doing wetland restoration on one set-aside, putting a duck pond on another, and planting trees on a third.

We assume that in 50 years, it's going to be even wetter and saltier. Blythe is working on a new pumping system to move water out. Excess water is a problem in the spring, and too little later in the summer. It will become harder as the sound gets higher. It's not unusual after a storm to see major erosion or entire islands wiped out. We own property that is now completely underwater.

Even if you can't do anything about the storms coming in, you can do something about sea level rise. The Conservancy is coming in with a long-term vision but packaging it in short-term plans for the people who live off the land one year at a time."

Below: Kelly Davis stands in a field showing saltwater incursion on her property in Hyde County, North Carolina.

"We must guard nature because nature is our only guardian."

Lung Bu is a leader of the Long Oking village in Berau, Indonesia. He serves as an advisor for Badan Pelaksana (BP), a management body—in which the Conservancy acts as facilitator—that monitors the activities of Sumalindo Lestari Jaya Unit IV, a logging company with a permit in the region. The Conservancy also works directly with Sumalindo on sustainable forestry practices.

"Members of Badan Pelaksana were recruited from the local people, like village elders or leaders, but also logging company managers and government representatives. The Conservancy then consulted with them on the matter and helped them organize the BP. The BP watches Sumalindo so that they follow the rules.

We must guard nature because nature is our only guardian. If nature is unguarded, that means we will be threatened with disasters.

The roofs of our buildings, our huts on the field, medicine … they all came from the forest. So our lives depend on the forest. And if we use up all of the resources, that means we are not thinking about our children and grandchildren. And they will hate us for it. We should at least give them a chance to be able to manage what is left of our natural resources.

At the simplest, we can see that protecting the forest means that we are keeping the air clean. And air is shared by everyone everywhere. Even the people in Europe are helped by the clean air. It's a shared responsibility."

Above left: Lung Bu.

Above right: Carbon monitoring in the Berau district of East Kalimantan, Indonesia.

◁ REDUCING DEFORESTATION

The world's ability to reduce its carbon emissions will depend in part on reducing deforestation. Currently, countries have few incentives for preserving their forests. With no price put on the value of the carbon stored in trees, forests are considered more valuable for timber, cropland or pasture. A global effort—called Reducing Emissions from Deforestation and Degradation (REDD)—is about providing alternatives to forest destruction. Putting a value on carbon storage will not only lead to reduced carbon emissions, but it will also protect forests that local communities depend on for food, shelter and livelihoods.

More Online: **nature.org/deforestation09**

POLICY

Effective solutions to climate change will require powerful public policy decisions. With decades of on-the-ground experience in more than 30 countries, the Conservancy has become a go-to source for practical and science-based climate policy solutions. This year, the Conservancy worked with U.S. and international leaders, building support for an international climate change agreement that would reduce the impact of climate change. The Conservancy also advocated for the agreement to enable developing countries to reduce emissions from deforestation through REDD schemes, and for funding to implement nature-based adaptation strategies to help protect people from the impacts of climate change.

More Online: **nature.org/climatepolicy09**

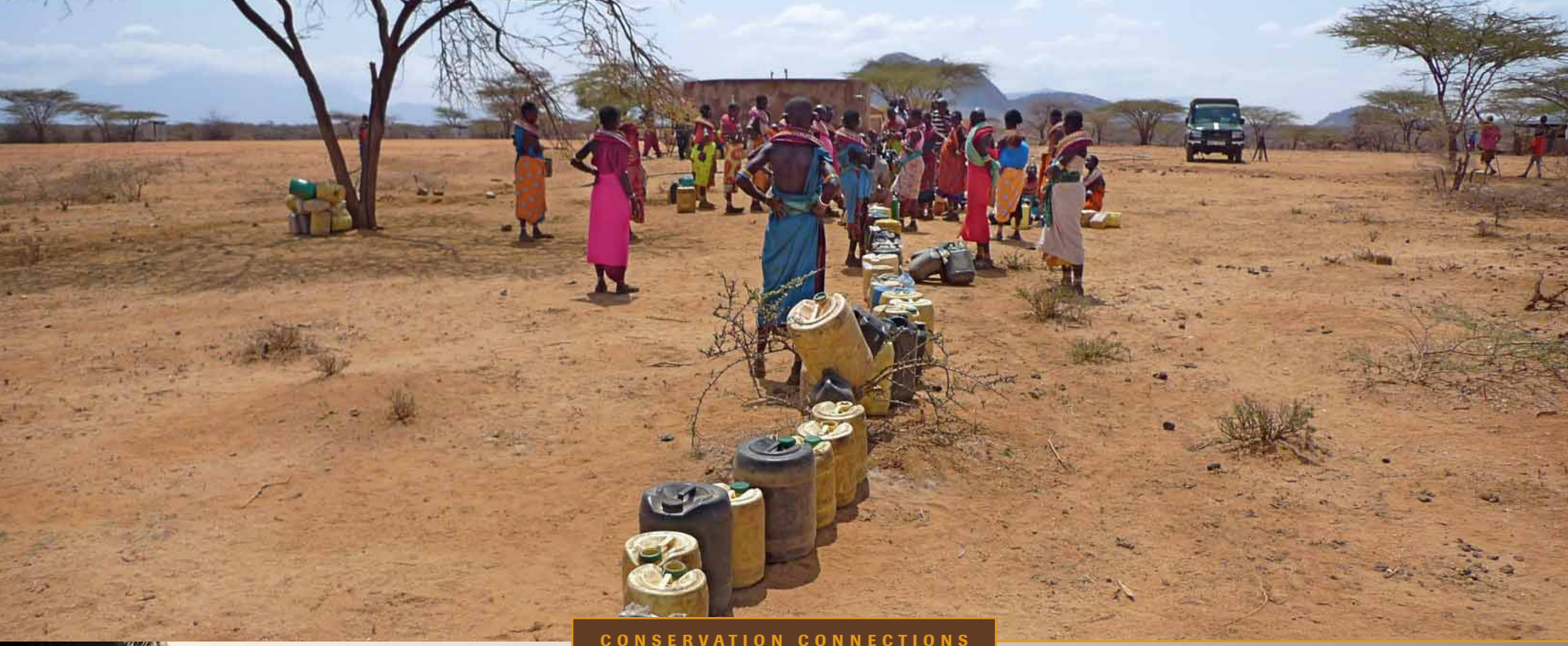
NORTH CAROLINA • INDONESIA • NORWAY •

▷ ADAPTATION

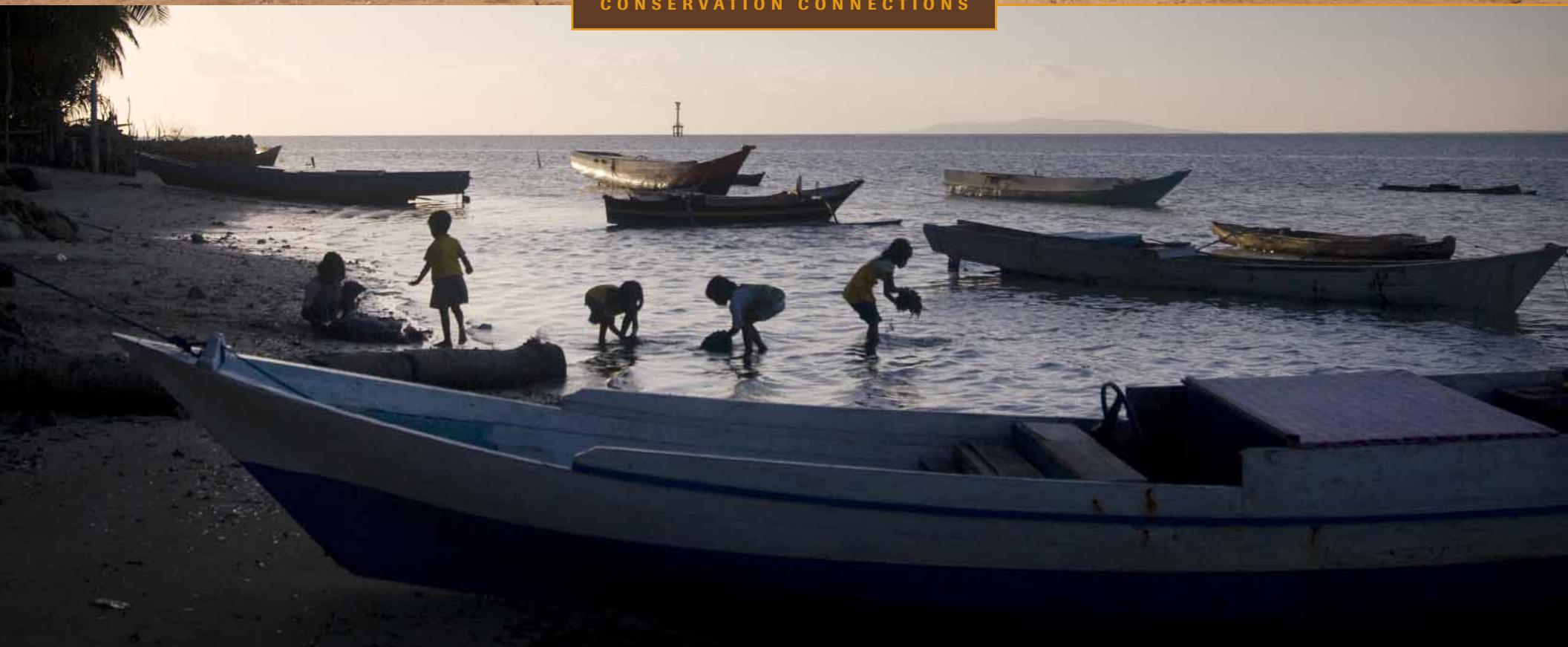
People and nature around the world are already feeling the impacts of climate change. It threatens to erode coastal areas, strain clean water supplies, increase fires and collapse fisheries and farming operations. In nearly every community where the Conservancy works, nature could become more resilient. By protecting and restoring ecosystems, the Conservancy will help make plants, animals and people more resilient to the effects of climate change. For example, in Kimbe Bay, Papua New Guinea, where warming oceans threaten to kill coral reefs, the Conservancy helped local communities design a network of marine protected areas that will be better able to bounce back from coral bleaching events, ensuring more sustainable fisheries for local people.

More Online: **nature.org/adaptation09**

Right: Rising sea levels inundate the shoreline of North Carolina's Albemarle Peninsula.



CONSERVATION CONNECTIONS



COMMUNITIES AND CONSERVATION

Enabling Local People to Keep Homelands Intact

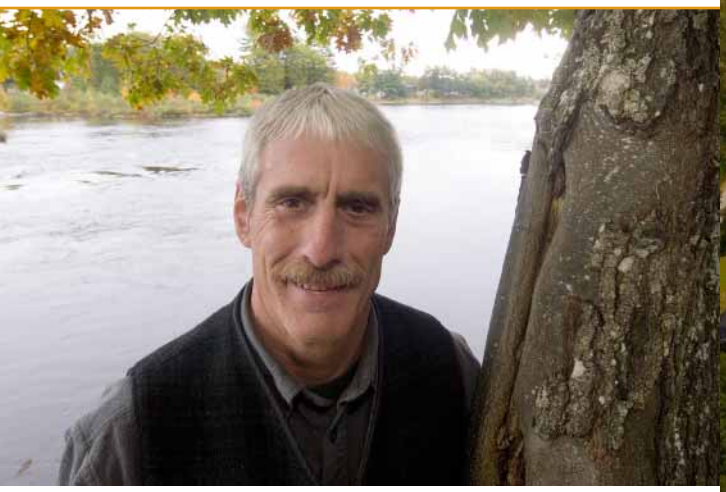
Conservation's long-term success depends on the hearts and minds of local people. The health of wildlife and natural systems is intrinsically tied to the well-being of the people who share those landscapes, waterways and resources, whether in North America or Africa or islands that dot the Pacific.

Conservation cannot be done to, for or around local communities; it must emanate from their values and aspirations, and they must own its direction, challenges and achievements.

The Nature Conservancy has long embraced the concept of community-based conservation, especially as the scope and scale of our work has grown around the world. That embrace means listening to diverse—and sometimes divergent—voices, finding common ground, building community coalitions and helping empower those marginalized by a globalized world. It means being a catalyst for conservation that enables communities to determine their own destinies.

Top: Samburu women line up jugs to be filled at a new, gravity-fed reservoir with water from the river seven kilometers away. The water project fulfills a goal set by their community conservancy as part of a larger plan to manage range resources for both livestock and wildlife.

Bottom: Fishing boats and children on the beach at Tomia Island, Wakatobi National Park, Indonesia.



"Our biggest hope for the river restoration project is a healthier river."

MAINE · INDONESIA · KENYA

John Banks is the director of natural resources for the Penobscot Indian Nation, a role he's held for 30 years. The tribe is a key partner in a Penobscot River restoration project and provided foundation science to the strategy, including advocating for taking a holistic ecosystem approach to fish restoration.

Above left: John Banks in front of the Penobscot River, Maine. For the Penobscot Indian Nation, one of the biggest benefits of the restoration project is the continuation of a tribal culture that has existed for 10,000 years.

Above right: An aerial view of the Penobscot River, Maine.

"The Penobscot Indian Nation views the Penobscot River as a living, breathing entity that has provided for us for thousands of years. We are the river, and the river is us.

It's only been since the Industrial Revolution that the ecology of the river has been damaged. So now we are trying to repair its ecological integrity.

In the mid-1980s, we found that the resident fish were contaminated with toxins coming from the paper mills, and the migratory fish were gone completely. Our tribal sustenance fishing rights became merely words on paper. With the river restoration project, we hope we can take advantage of our tribal fishing rights once again.

Our biggest hope for the river restoration project is a healthier river. Not just for the fish that may be restored, but for all of the critters that call this watershed home.

My tribal colleagues across the country have asked how we were able to cooperate with different groups. I told them that it's important to recognize other folks' interests and work together to accomplish a shared vision. The ecological benefits of this project are so large, but I don't think we'd be able to actually talk about removing dams without a large coalition's interests."

ARMIN SAHARI

ARMIN SAHARI is a fisherman from Tomia village in Wakatobi, Indonesia, whose marine resources faced serious threats from overfishing and bomb and cyanide fishing. Through the TNC-WWF Joint Program, Sahari received training in sustainable resource use and monitoring, and he played a vital role in increasing community support for a marine protected area.

"In the beginning, to tell you the truth, I was not 100 percent sure that if we protected certain areas in the sea that we would get a better amount of fish.

But we decided to work with the park authority and joint program on the marine protected area. Fishermen in Tomia agreed not to fish in a designated area and also ran a patrolling system. And after three years, we saw fish which for so long we hadn't seen.

Fishermen and their wives are now much happier, since they don't have to worry about having food on their plates. A sustainable fish stock and new fishing techniques have resulted in better income for our families.

The training helped me to understand that if we want to achieve a big goal, we cannot do it alone; we will need to have a group. I believe that the awareness programs helped people in my village understand the importance of safeguarding our marine environment and setting it aside as a marine protected area."

Below: Armin Sahari returns to his village after a night of fishing, Wakatobi National Park, Indonesia.

NOLMEKIJI LENKILILI and her daughter Pilipesi live within the West Gate Community Conservancy in northern Kenya. The Northern Rangelands Trust (NRT), a Nature Conservancy partner, supports 17 such communities to manage their vast communal lands for both livestock and wildlife and to fulfill community goals—here to have reliable freshwater supplies.

"We believe water is life. It is the mamas' responsibility to get water from the river. Before this project, it took four hours to walk to the river. With the drought the river is dry, and it took another hour to dig a well in the riverbed, and then another five hours to carry the full water jugs back to the village. Then the whole day is gone and all you have done is haul water. Every day.

Now, I can walk 10 minutes to this new [reservoir], and when the project is complete there also will be watering areas for our livestock and another for elephants and other animals at a safe distance. And there is water at the school now so children do not need to carry [five liters of] water to school every day.

Now, the mamas can do other things. While I wait my turn here, I make things with wire and beads. [NRT] sells them for us to earn income for our families. Today, I am making a Christmas angel."

Below left: Elephants and baboons at the Ewaso Nyiro River, northern Kenya, before it ran dry during the recent drought.

Below right: Nolmekiji Lenkilili and her daughter Pilipesi wait for a turn at the new, gravity-fed reservoir.

"Before this project, it took four hours to walk to the river."

PENOBSCOT RIVER, MAINE

The Penobscot River restoration project is an innovative effort to reopen almost 1,000 miles of habitat along the river and its tributaries to sea-run fish by removing two dams and building a state-of-the-art fish bypass around a third. This effort required an unprecedented partnership between a power company, a Native American tribe, six environmental groups and numerous state and federal agencies and riverside communities. The project resolves long-standing disagreements over how best to restore native sea-run fish and their habitat while balancing the need for hydropower production. An important member of the partnership, the Conservancy helped secure federal funds for the project and is part of the scientific team assessing its restoration benefits.

More Online: **nature.org/penobscot09**

◁ NORTHERN KENYA

Communal lands form the vast frontier of northern Kenya, grasslands and savannas that are crucial to the movement of East Africa's iconic wildlife, including elephants, giraffes and endangered Grevy's zebras and black rhinos. Tribes native to this region are seminomadic with a long pastoralist tradition. The Northern Rangelands Trust (NRT) helps the people of the region form community conservancies to best manage their land for the benefit of livestock and wildlife. NRT then helps bring resources to fulfill goals determined by the community conservancies, including water projects and community-owned safari lodges, to diversify income, deter poaching and prevent human–wildlife conflicts. The Nature Conservancy has partnered with NRT to provide scientific and real estate expertise and to train tribal leaders in conservation action planning.

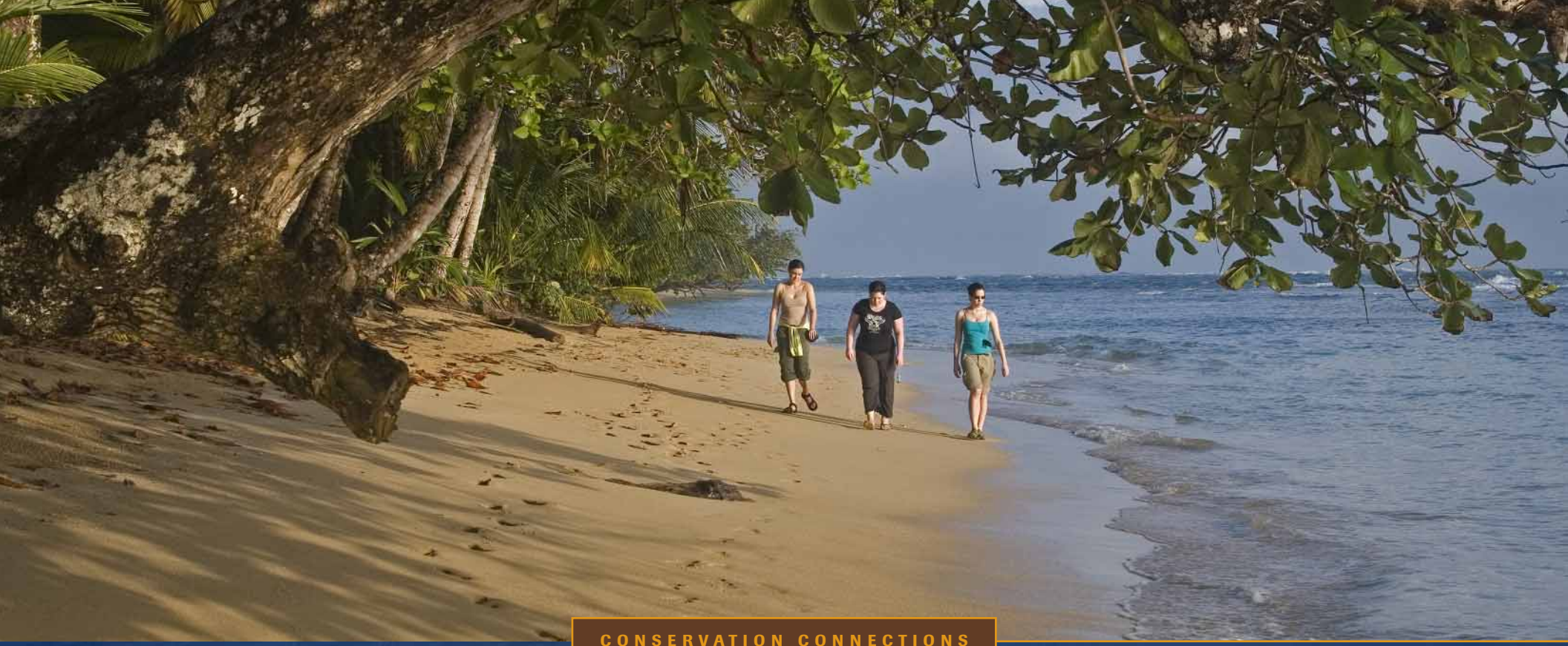
More Online: **nature.org/kenya09**

△ WAKATOBI, INDONESIA

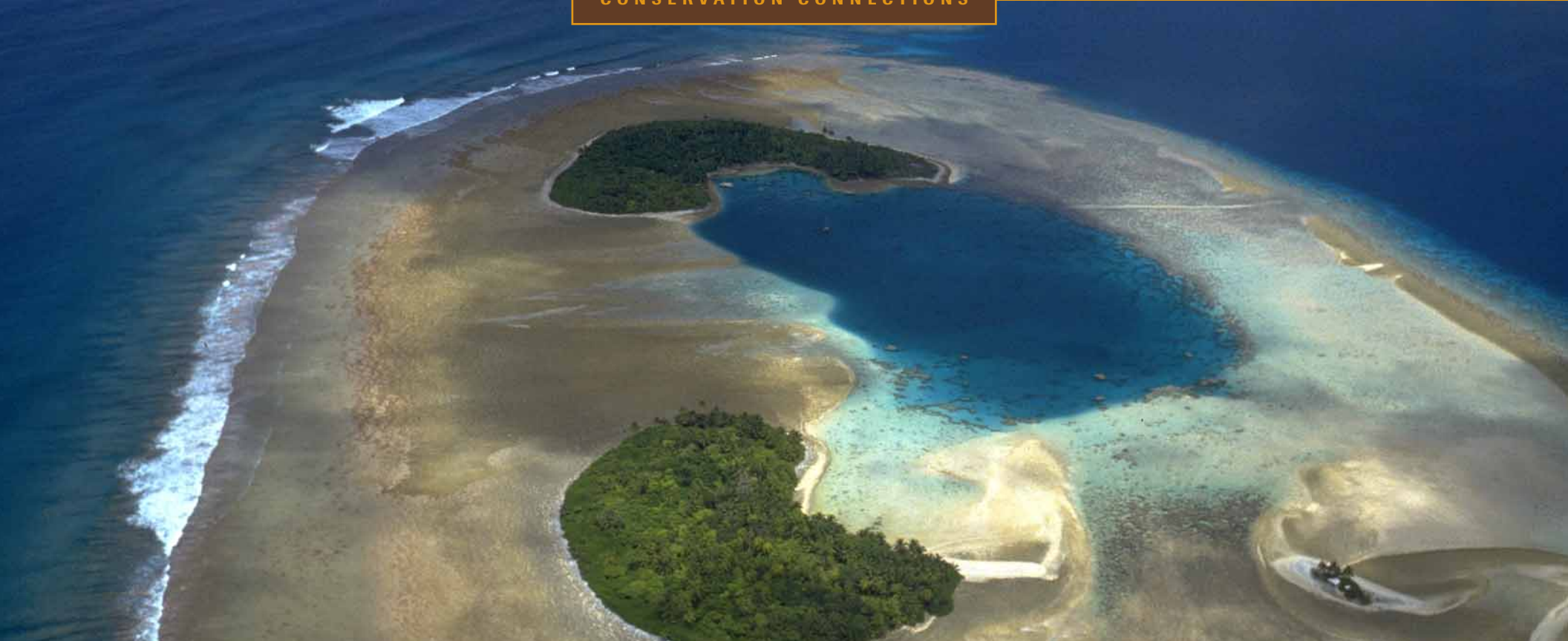
Wakatobi is the third-largest marine national park in Indonesia, covering 3.4 million acres. The Conservancy is working with WWF-Indonesia to support the Wakatobi National Park Authority in the development and implementation of its long-term management plan. The marine environment in the park has faced serious threats from overfishing and destructive fishing practices. Engaging the local community in park planning has been a key element in gaining support for sustainable marine conservation. Wakatobi's conservation program includes raising awareness of the importance of protected areas, training park rangers, conducting monitoring and surveillance, promoting sustainable resource use and protecting fish spawning aggregation sites.

More Online: **nature.org/wakatobi09**

Above: A woman harvests seaweed on the island of Wangi Wangi, Wakatobi National Park, Indonesia.



CONSERVATION CONNECTIONS



ISLANDERS UNITED

Tapping Local Resolve and Global Resources

People living on islands scattered across the Pacific Ocean and Caribbean Sea face challenges to their marine resources that can seem overwhelming—from overfishing and inappropriate tourism development to rising waters and coral bleaching brought on by climate change. Isolation and limited financial resources exacerbate the challenges.

Four years ago, the president of Palau called on his peers to join him in the Micronesia Challenge to effectively conserve 30 percent of near-shore marine resources and 20 percent of terrestrial resources by 2020. The Nature Conservancy committed scientific expertise to help island nations design and manage their new conservation area networks and tapped the power of these national commitments to attract international support.

The early success of the Micronesia Challenge begot the similar Caribbean Challenge and then helped inspire the Coral Triangle Initiative, bringing together islanders around the world to speak with a concerted and powerful voice.

Top: Visitors walk on the beach of Bastimentos Island, Bocas del Toro region, Panama.
Bottom: Blue Island, Mili Atoll, in the Marshall Islands.

MICRONESIA • FLORIDA • THE BAHAMAS •

Albon Ishoda is the executive director of the Marshall Islands Conservation Society, one of several local nongovernmental organizations working throughout five Micronesian jurisdictions to fulfill conservation commitments set forth in the Micronesia Challenge.

"The Micronesia Challenge commitment by our political leaders and our fellow Micronesian leaders across the region led to an increased, collective national effort for conservation. The *Reimaanlok*, or 'way forward,' is our national conservation plan that will guide us in achieving the goals of the challenge.

The *Reimaanlok* is becoming recognized across the region as a successful tool to address biodiversity conservation and resource management at the grassroots level, linking to national policies and regional and international obligations. Further, it's a testament to what can be achieved through knowledge sharing between national and nongovernment organizations with our local communities and our regional and international donor communities.

The Marshall Islands is a country made up entirely of low-lying atolls, so sea level rise is an issue of serious concern. Recently, the *Reimaanlok* has taken a cutting-edge approach to address our need to become resilient to the increasing threats of climate change. The Nature Conservancy has been instrumental to this effort and has helped connect us to other partners and resources that will help make *Reimaanlok* a reality."

Above left: Albon Ishoda in the Marshall Islands.

Above right: The island of Pohnpei, the largest in the Federated States of Micronesia.

Tucker Rolle began working at Compass Cay Marina, about a mile south of the Exuma Cays Land and Sea Park in the Bahamas, in 1964. He moved from caretaker to proprietor in 1992, and today, Compass Cay Marina is still the only Bahamian-owned marina in the Exumas.

"I was born and grew up in the Exumas. I love it here. This island is my life. We're a mile south of [Exuma Cays Land and Sea Park], and I'm all for the park. I like it because I believe in nature. Without the park, the waters here would have been fished out long ago, but I still see the little fish struggle for life.

Yes, the park is very good, but there are still challenges. It needs more even enforcement, and the rules must be the same for everyone. I believe you can't just worry about the here and now. You've got to look to the future. I think of my kids and grandkids. If this land and this water aren't here for them, how will they survive? If I sell this, I can never get it back."

"Without the park, the waters here would have been fished out long ago."

Below left: Tucker Rolle.

Below right: Conservancy scientist Leno Davis observes a large grouper, Exuma Cays Land and Sea Park, Bahamas. The Conservancy works in partnership with the Bahamas National Trust to support the management of the Bahamas' national parks, including this one near Compass Cay. Under the auspices of the Caribbean Challenge, the Bahamas' government is expanding its parks and creating new ones.

Beth Stevens is senior vice president of environmental affairs at The Walt Disney Company. Disney recently made a commitment to support the creation and management of marine protected areas in the Bahamas.

"We look for opportunities to support critical conservation projects from around the world and in our own backyards—in the communities we are a part of. Disney Cruise Line has a presence in the Bahamas, and it's important for us to make sure we are doing all we can to preserve the marine and terrestrial habitats in the region. Additionally, through our new nature film label, Disneynature, we look forward to working with The Nature Conservancy on marine-focused projects over the next year. We want to support action that we know will be significant to species who depend upon the area, and to the people who share that environment.

What impressed us was this national commitment to expanded protected areas by the Bahamian government, coupled with the presence of local and international NGOs and leadership from the Conservancy, with whom we've had a long-running and successful relationship.

When companies, foundations or individuals make contributions, they want to know that the funds will make a difference. The teamwork that has come from the Caribbean Challenge inspires confidence in a better future."

Below left: Dr. Beth Stevens, senior vice president of environmental affairs at The Walt Disney Company.

Below right: A conch shell just below the surface at Warderick Wells Cay, Exuma Cays Land and Sea Park, Bahamas.

THE MICRONESIA CHALLENGE

In 2006, the Conservancy helped launch the Micronesia Challenge, a historic commitment by five governments—Palau, the Federated States of Micronesia, the Marshall Islands, Guam, and the Northern Mariana Islands—to effectively conserve at least 30 percent of marine resources and 20 percent of terrestrial resources by 2020. This innovative, locally led initiative spans 2.6 million square miles and supports the livelihoods of nearly 500,000 people. The Conservancy is helping local partners to establish networks of protected areas, increase funding for conservation and address three pressing threats to the region's biodiversity—climate change, invasive species and destructive fishing practices—by developing and testing strategies for use in other island nations around the world.

More Online: **nature.org/micronesia09**

FLORIDA · THE BAHAMAS · MICRONESIA ·

◁ DISNEY AND THE NATURE CONSERVANCY

The Walt Disney Company and the Conservancy have enjoyed a strong relationship since the early 1990s. The Conservancy's Disney Wilderness Preserve, which began as a donation of 8,500 acres at the headwaters of Florida's Everglades by Disney in 1992, serves as a model for wetlands restoration on an ecosystem scale. The relationship has grown to include the planting of nearly 3 million trees for the launch of Disneynature's debut documentary film, *EARTH*, providing significant support to the Conservancy's Plant a Billion Trees campaign in Brazil's Atlantic Forest. Additionally, annual grants through the Disney Worldwide Conservation Fund have contributed to the Conservancy's projects globally. In the spring of 2010, Disney and the Conservancy will once again join forces to help protect the planet's oceans.

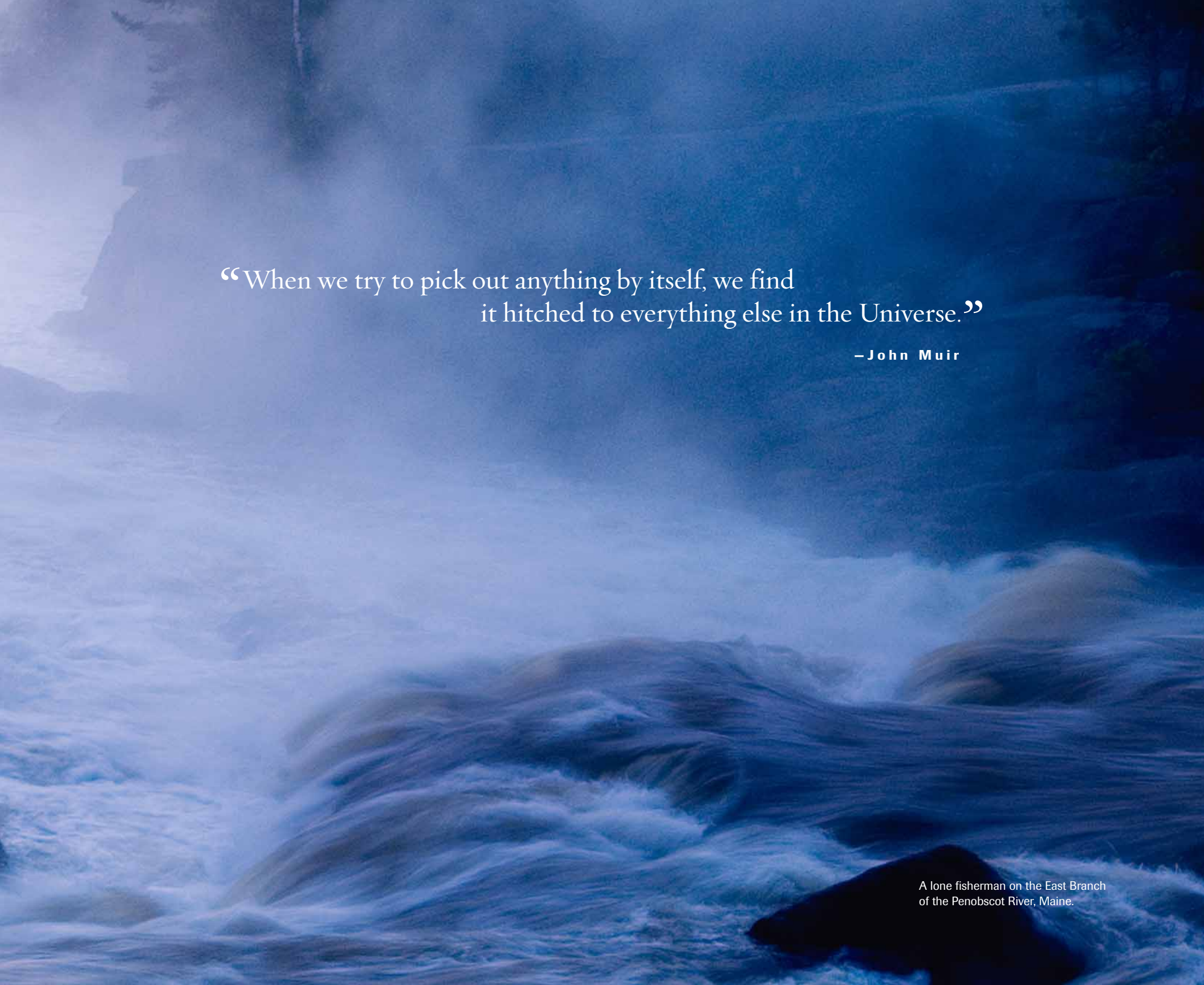
More Online: **nature.org/dwp09**

△ THE CARIBBEAN CHALLENGE

In May 2008, the Bahamas' government, alongside leaders from Jamaica, the Dominican Republic and St. Vincent and the Grenadines, launched the Caribbean Challenge, a region-wide campaign to protect the health of the Caribbean's lands and waters. Today, eight Caribbean nations have committed to protecting nearly 20 percent of their marine and coastal habitat by 2020. The three core components of the Challenge comprise creating networks of marine protected areas expanding across 21 million acres; establishing protected area trust funds to generate permanent, sustainable funding sources for the effective management, expansion and scientific monitoring of all parks and protected areas; and developing national-level demonstration projects for climate change adaptation.

More Online: **nature.org/bahamas09**

Above: A school of silversides among soft corals, Exuma Cays Land and Sea Park, Bahamas.



"When we try to pick out anything by itself, we find it hitched to everything else in the Universe."

—John Muir

A lone fisherman on the East Branch of the Penobscot River, Maine.


CONSERVATION CONNECTIONS

DEVELOPMENT BY DESIGN

Finding Conservation Opportunity in a Changing World

The world is changing more rapidly each day. Fast-paced development threatens some of our most cherished lands, waterways and species. Over the next two decades, energy and mining companies will invest more than $20 trillion in projects around the world, with the potential for enormous environmental impacts.

The Nature Conservancy has a unique opportunity to face this development challenge head on. By working with regulatory agencies and energy and mining companies, the Conservancy can better protect natural areas by creating plans to mitigate for environmental damage before it happens.

This proactive—rather than the typically reactive—approach will allow the Conservancy to steer development projects away from conservation priorities and identify additional conservation actions companies can take to offset their impacts on the environment. Taking this step will result in better outcomes for conservation and ensure the preservation of many threatened landscapes for future generations.

Top: Mongolia's Eastern Steppe.
Bottom: Jonah Field, a large natural gas field south of Pinedale, Wyoming.

Dan Stroud is the Jonah Interagency Mitigation and Reclamation Office's (JIO) habitat mitigation biologist from the Wyoming Game and Fish Department, where he has worked for 26 years. The Conservancy assisted the JIO with its mitigation plan, in particular identifying where to conduct offsite mitigation, based on impacts expected on the Jonah Field, a large natural gas field being developed in western Wyoming.

"Anytime you are managing for wildlife, it is important to identify the best places to apply specific actions: where impacts should be avoided and habitat maintained, the best places to restore and the places that can serve to offset these impacts. We need to know where we are going, how we will get there and if we made it or not. The Development by Design planning helps us with that.

Because of the Conservancy's work, we are no longer shooting in the dark on how we approach the offset work we are conducting. A significant component of our work involves preserving places that are in good shape and working to keep them in good shape. Thus, it is imperative to know where we should focus our efforts.

Through this process, I have seen how important it is to see how others view and value the landscape. It's important to remain flexible and general about values and be open to paradigm shifts."

"We are no longer shooting in the dark on how we approach the offset work we are conducting."

Left: A pipeline at Jonah Field, Wyoming.
Below: Dan Stroud.

COLOMBIA · MONGOLIA · WYOMING

Claudia Mora

Claudia Mora is Colombia’s vice minister of environment. The Conservancy has been collaborating with Colombia’s Ministry of Environment on developing strategies, methods and tools that will anticipate conflicts that exist between development and biodiversity.

“How do we permit the growth of infrastructure without the deterioration of our environment and without investors seeing the environment as an obstacle to growth?

As the Ministry of the Environment, our goal is to create clear but agile procedures that keep conservation in mind, guarantee that there isn’t a large environmental loss and provide mitigation and compensation measures that ensure we’re maintaining existing levels of environmental protection.

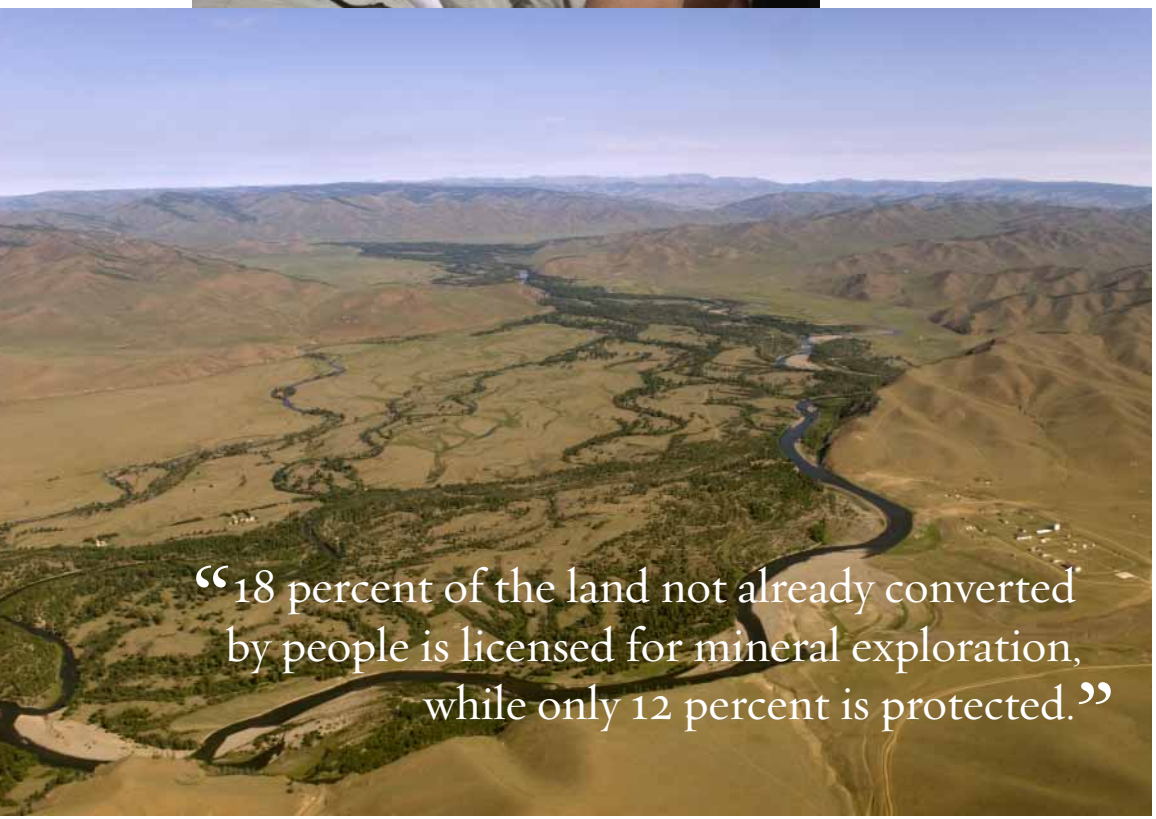
In Colombia, the second-most biodiverse country on the planet, there are areas that are too fragile for development of any kind. But there are also areas that can handle certain types of development if the impacts are mitigated.

The Nature Conservancy has planted its feet firmly on the side of reality. The reality is that development will happen. But together we’ve developed the tools that will anticipate conflicts between biodiversity and the development of our natural resources.

We have had the most critical form of help from the Conservancy in the area of mining and forest conservation. They’ve given us peace of mind knowing that development activities are adequately offset or that there is sufficient information for us to determine whether development should even take place.”

Above left: Sunset on a small farm in the Andes region of Colombia.

Above right: Claudia Mora.



Top: D. Enkhbat studies a greater short-horned lizard in Colorado. In May, four delegates from the government of Mongolia participated in a study exchange in Colorado and Wyoming to learn more about Development by Design concepts.

Bottom: An aerial view of the Mongolian steppe.

MONGOLIA • WYOMING • COLOMBIA

Enkhbat Donchinbuu

is the director of the Department of Natural Resources and Environment, Ministry of Environment and Tourism in Mongolia. In May 2009, D. Enkhbat, along with several other Mongolian government delegates, participated in a Development by Design study exchange in Colorado and Wyoming.

"Many people say that Mongolia is at a crossroads. Mongolia possesses a tremendous amount of mineral wealth and has created very favorable conditions for foreign investment. One analysis found that in just two grassland ecoregions, 18 percent of the land not already converted by people is licensed for mineral exploration, while only 12 percent is protected. It is a challenge to balance the needs of development with the conservation of Mongolia's natural heritage.

On my trip to the United States, I learned that Wyoming faces similar challenges. It possesses very rich oil and gas resources but also needs to protect habitat for species such as sage grouse and pronghorn. But the best part of the trip was seeing firsthand how Development by Design has been successfully tested in close partnership with project developers.

The current conditions in Mongolia are enabling fast growth of infrastructure along with mining developments. Thus, the implementation of Development by Design tools and approaches to reduce the impact on biodiversity should be a top priority.

There are many steps involved in executing this approach in Mongolia, but we are hopeful that with the Conservancy's assistance, we will have all the resources we need for successful implementation."

Above: Pronghorn antelope grazing at Jonah Field, Wyoming.

DEVELOPMENT BY DESIGN

For more than a decade, The Nature Conservancy's work has been guided by Conservation by Design—a systematic approach that determines where to work, what to conserve and what strategies to use. Now, the Conservancy is harnessing years of that conservation planning experience to offset energy development.

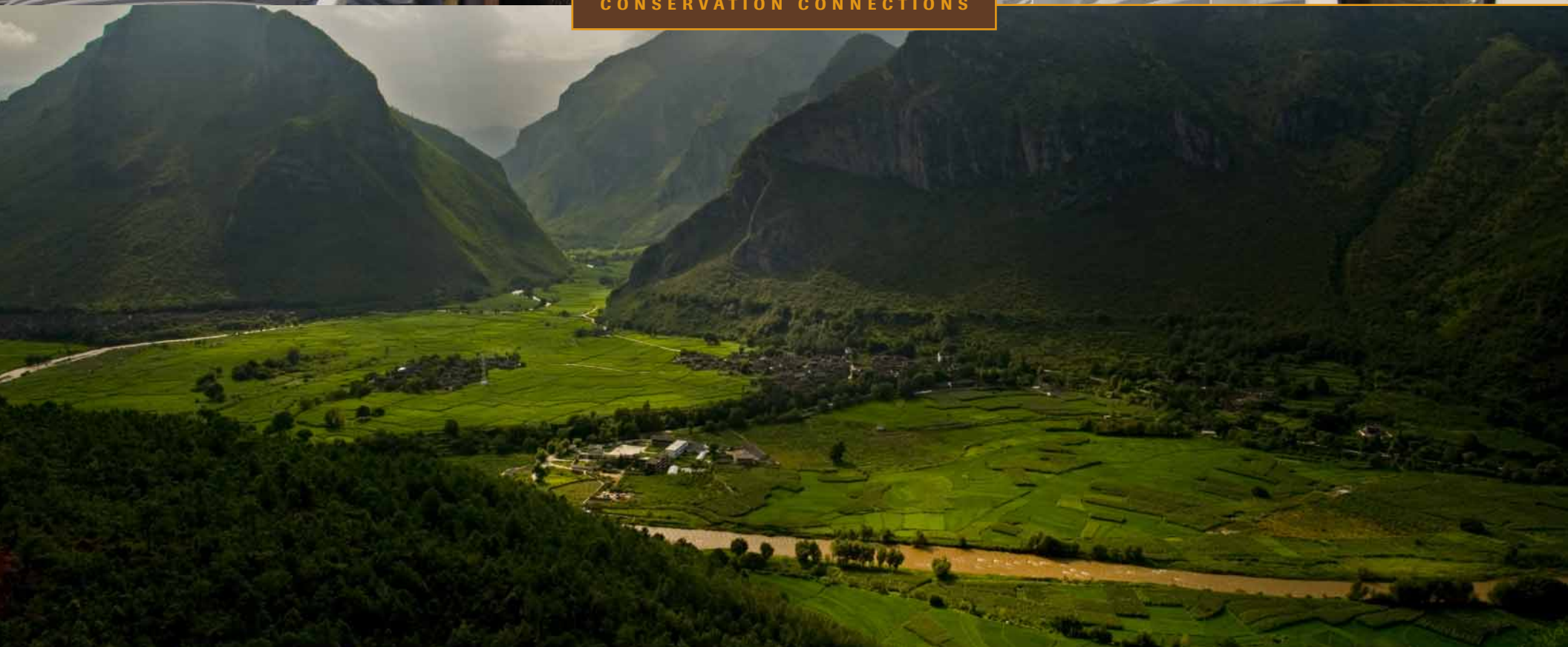
The goal of Development by Design is for development projects—mining, energy and infrastructure—to have a net beneficial impact on nature. Fulfilling this goal requires thinking about how to avoid siting conflicts, maintain biodiversity and determine mitigation responses before projects even begin. And a much greater investment is needed to compensate conservation actions that address residual project impacts and deliver net gains for nature.

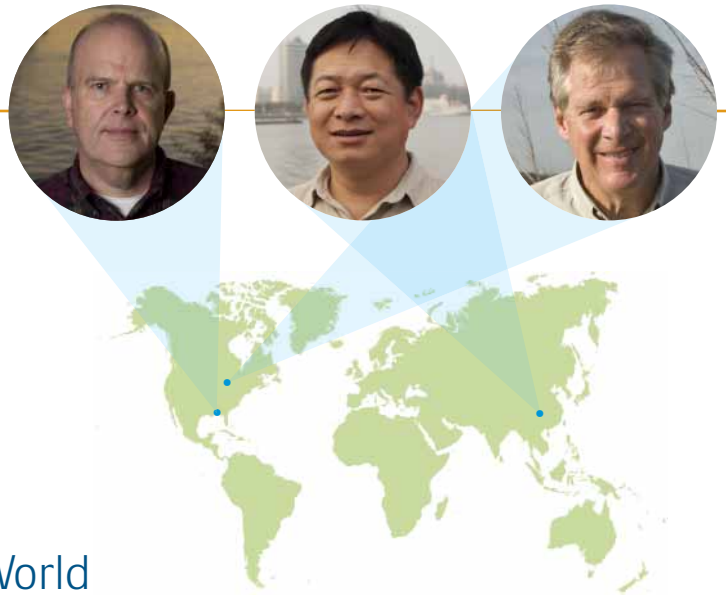
At Wyoming's Jonah Natural Gas Field, Conservancy staff and agency partners were asked to make recommendations on how to mitigate damage caused by gas companies to the area's wildlife. Now, the Conservancy is testing the framework in a more proactive fashion in a series of on-the-ground projects.

In Colombia, the Conservancy has provided the national government with a tool to help it take into account an infrastructure project's impacts on the environment at the earliest stages of planning. And government officials from Mongolia are setting up a joint working group in order to launch and implement a Development by Design approach in a specifically designated ecoregion.

More Online: **nature.org/design09**

CONSERVATION CONNECTIONS





GREAT RIVERS PARTNERSHIP

Linking Great Rivers Knowledge Around the World

Five years ago, The Nature Conservancy and Caterpillar Inc. came together with a shared vision of people working together to maintain and restore healthy, sustainable rivers for the benefit of natural and human communities around the world.

This vision became the Great Rivers Partnership, which brings together scientists and resource managers on the Mississippi River, China's Yangtze River, South America's Paraguay-Paraná rivers and other great rivers to advance conservation by sharing strategies, scientific research and lessons learned.

These rivers are the heart of their nations' history, culture and economy. They provide food, water and livelihoods for hundreds of millions of people and create critical habitat for thousands of species of plants and animals. By strategically bringing the right people together, the Great Rivers Partnership is facilitating the sharing of knowledge and expertise to accelerate the conservation of the mighty waterways that sustain us all.

Top: A tugboat pushes barges up the Mississippi River near Alton, Illinois.
Bottom: Yangtze River watershed in Yunnan Province, China.

Jim Hannon is the deputy director of regional business for the Mississippi Valley Division of the U.S. Army Corps of Engineers.

"The Mississippi River provides great value to the people of our nation, from clean water and navigation to wildlife habitat and flood control. One of our biggest challenges in the Mississippi Valley is finding the right balance among these sometimes competing uses of the river.

During a trip to China's Yangtze River this year with the Conservancy's Great Rivers Partnership, I saw firsthand that Chinese agencies are also struggling to balance the economic, cultural, environmental and sociological uses of their river.

With assistance from the Conservancy, we are leading a process now to create a long-term vision for a more sustainable Mississippi River. Because no single entity, agency or organization has all the answers, we are being as inclusive as possible in developing this visioning process. If we do it right, I believe we will engage people and instill a renewed recognition in the value that America's Great River brings to our nation."

> "Because no single entity, agency or organization has all the answers, we are being as inclusive as possible."

Below left: Three barges in Pool 8 of the Mississippi River at LaCrosse, Wisconsin.

Below right: Jim Hannon in Vicksburg, Mississippi.

"The visit by four of our scientists to the United States this summer was extremely valuable."

Zhao Yimin is the deputy director of the Commission Office of the Yangtze River Fisheries Resources Management Commission, located at the estuary of the Yangtze River in Shanghai City, China.

"The Yangtze is China's most important river basin, but it faces several problems. Dams on the river's upper reaches are destroying fish spawning grounds and blocking fish migration. Pollution is affecting fish growth and breeding, and despite seasonal fishing bans and stocking, populations are declining due to intense fishing pressure.

We are collaborating with the Conservancy's Great Rivers Partnership and the U.S. Geological Survey to protect fish and other aquatic life in the Yangtze. The partnership is helping us improve and enhance our monitoring system for fish so we can better understand their status and develop conservation strategies to deal with some of the problems we are facing.

The visit by four of our scientists to the United States this summer was extremely valuable. We invited [U.S. Geological Survey] scientists to visit China last fall and help expand our efforts on the Yangtze to other river basins in China, such as the Yellow River. We also hope that, through this partnership, we can share some of our ideas and techniques with other international river basins."

Above left: The upper Yangtze River overlooking the town of Shigu, Yunnan Province, southwestern China.

Above rightt: Zhao Yimin.

Above: Doug Oberhelman.

Doug Oberhelman is vice chairman and chief executive officer-elect at Caterpillar Inc., which, through its foundation, made a $12 million gift to The Nature Conservancy in 2005 to establish the Great Rivers Partnership.

"The inspiration for the Great Rivers Partnership (GRP) developed from over 30 years of restoration projects conducted by Caterpillar and The Nature Conservancy along the Illinois River. Through this work, it became apparent that environmental improvements needed to be connected to a system-wide strategy to ensure long-term viability. Caterpillar's multiyear investment to establish the GRP enabled multiple freshwater projects on three major river systems to collaborate across boundaries. The GRP is leveraging best practices, enhancing outcomes and making long-term sustainability possible.

But the GRP is about more than just conserving the environment. It is a partnership committed to promoting conservation, economic sustainability and human well-being by protecting the world's largest and most periled river systems. Our efforts benefit economies, ecologies and the millions of people around the world who depend on them. I'm proud that the GRP's accomplishments continue to encourage others to join our efforts to protect freshwater resources for current and future generations."

"The GRP is leveraging best practices, enhancing outcomes and making long-term sustainability possible."

YANGTZE RIVER

China's Yangtze River Basin is home to 400 million people, a diverse array of wildlife and a number of important conservation projects. The Conservancy is working with hydropower corporations and public agencies to guide the construction of major dams, minimizing their ecological impact while maximizing electricity production. Protection efforts extend from the Yangtze's mouth, where the Conservancy helps protect rare Dunlin birds and Chinese sturgeon, to the river's upper reaches, where conservationists fight to save one of the river's last fish reserves. The Yangtze is a working river, and through the Great Rivers Partnership, the Conservancy strives to ensure that its fertile watershed will continue to nourish humans and wildlife for generations to come.

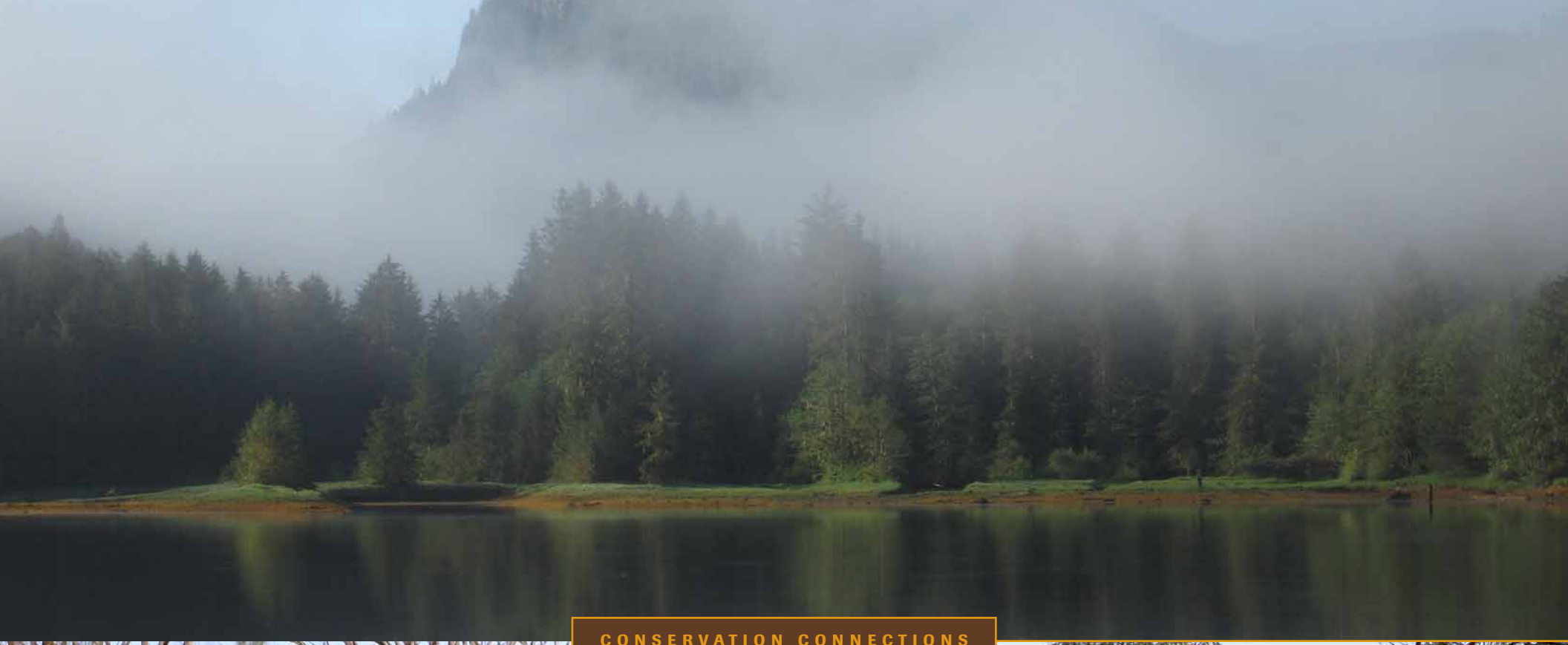
More Online: **nature.org/yangtze09**

▽ MISSISSIPPI RIVER

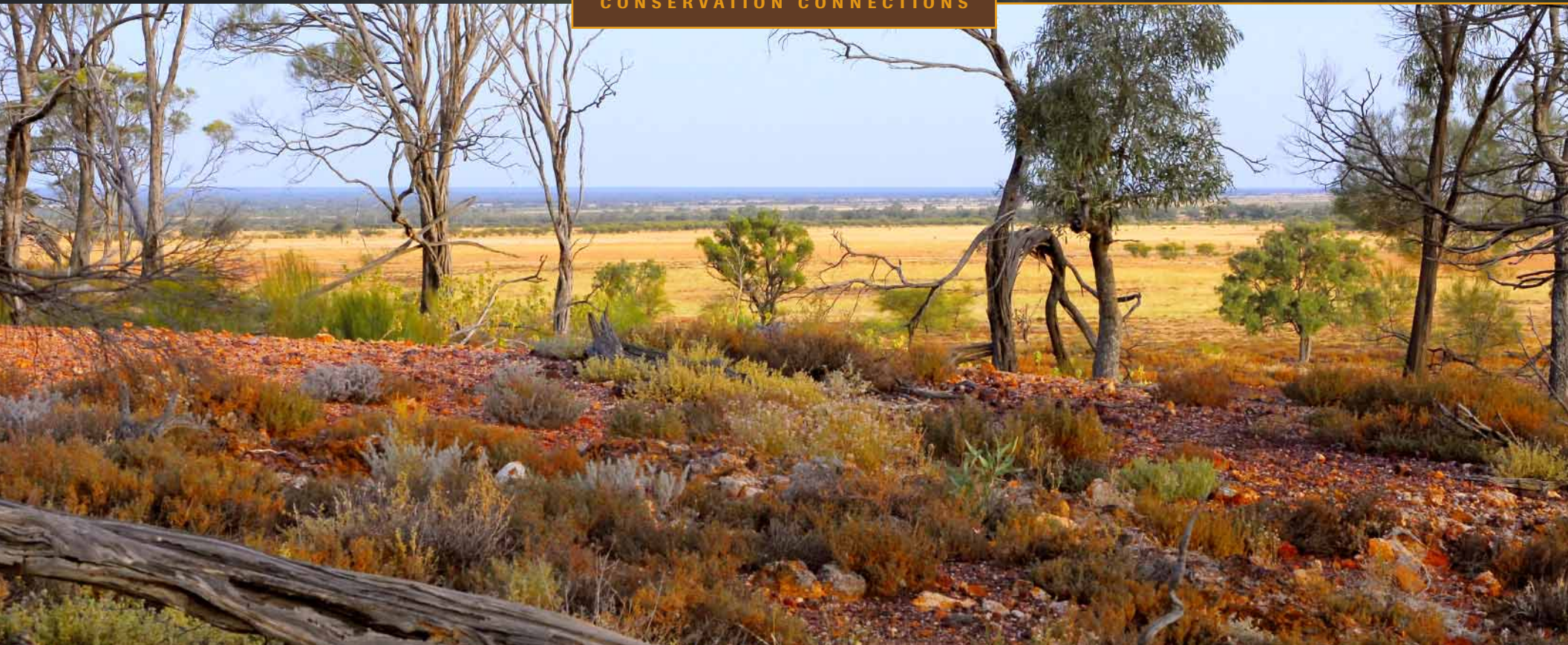
One of the world's largest rivers, the Mississippi provides critical habitat for migratory birds, fish, mussels and rare creatures like the Louisiana black bear. It also plays a vital role in the well-being of human communities that depend on it for water, food, jobs and recreation. But heavy use has taken its toll on the river's health. Dams and levees alter water flow and isolate the river from its floodplain, and excessive amounts of nutrients and sediment alter water quality. Through the Great Rivers Partnership, the Conservancy and its partners are working to restore the health of the river by reversing habitat loss, restoring functional floodplains, reducing nutrient and sediment loss and restoring coastal wetlands.

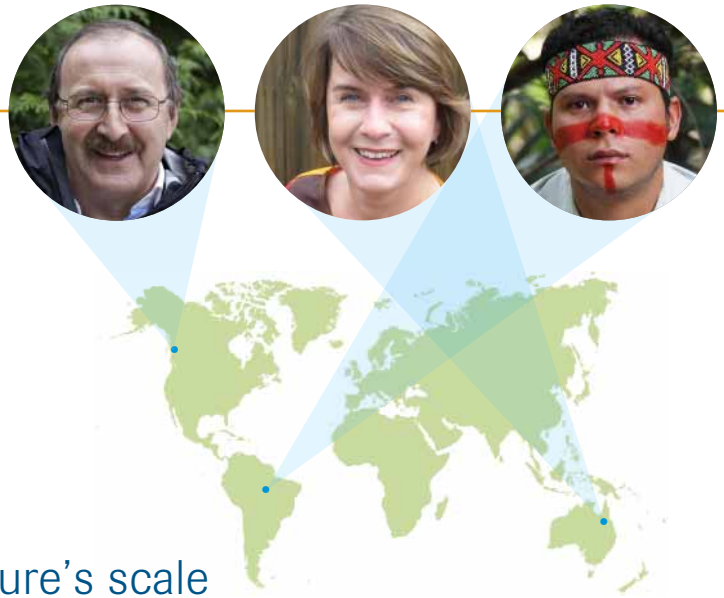
More Online: **nature.org/mississippi09**

Below: Tourists gather at Lake Itasca, the headwaters of the Mississippi River.



CONSERVATION CONNECTIONS





LARGER LANDSCAPES

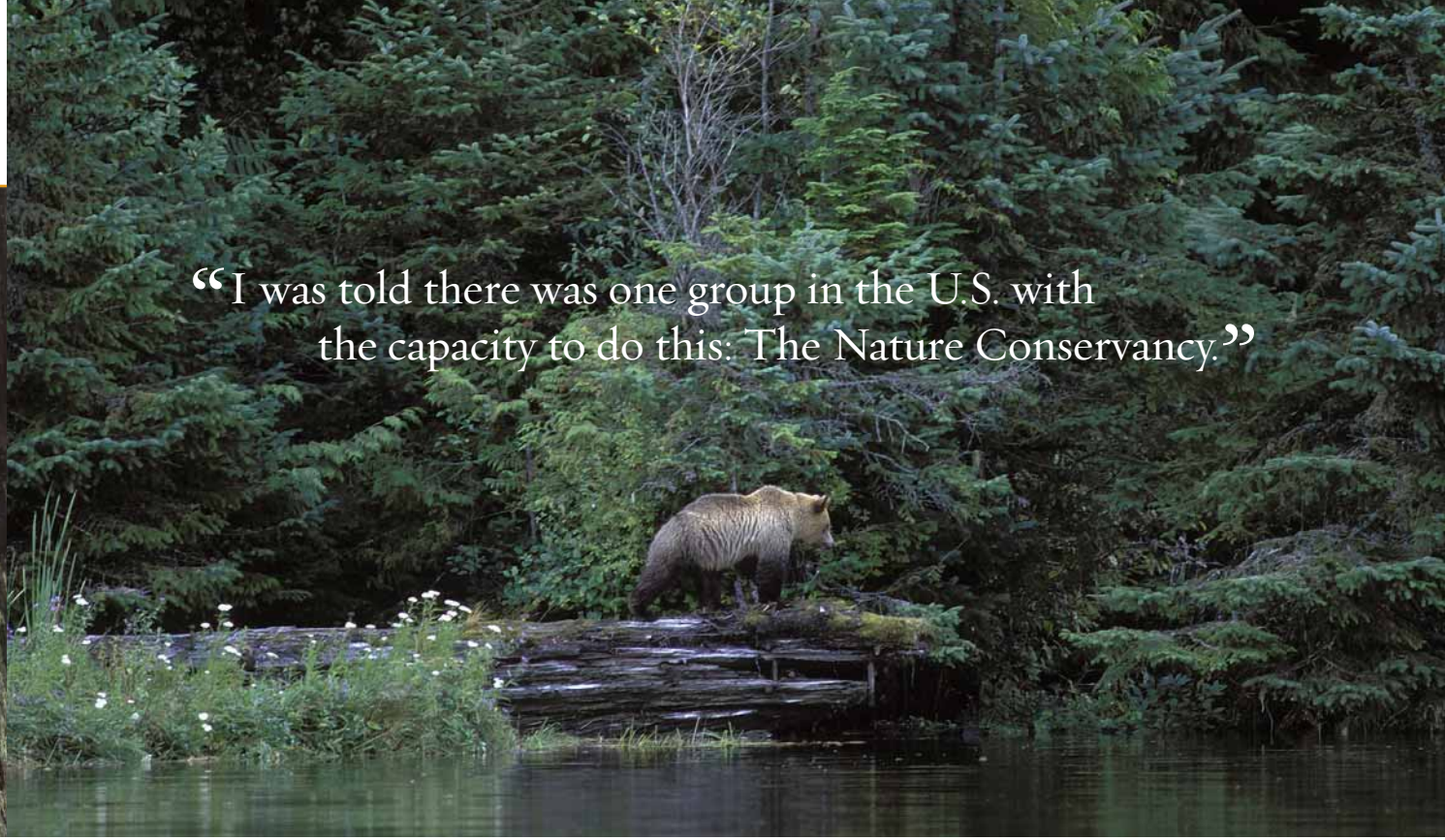
Finding resources and partners to work at nature's scale

For lasting conservation of the landscapes and natural systems that sustain wildlife and people, size matters. Both animals and plants need room to move, especially as climate change shifts their habitats. So-called "postage stamp preserves" may keep beloved places undeveloped, but they can rarely alone protect the natural processes on which wildlife, communities and economies depend.

But by connecting private preserves with government-protected areas, with farms and ranches containing easements and with traditionally managed indigenous reserves, we can consolidate protection over often-vast ecosystems. Working at such an expanded scale requires partnerships among all sectors of society—and the patience and tenacity to keep the process on track. It also requires innovative finance models to tap greater funding from multiple sources.

The Nature Conservancy is unsurpassed at building partnerships to work at nature's scale, finding creative ways to pay for that bigger vision and building long-term relationships with indigenous and other local communities committed to conserving their own natural resources.

Top: Great Bear Rainforest, British Columbia, Canada.
Bottom: Bush Heritage Australia's Edgbaston Reserve.



> "I was told there was one group in the U.S. with the capacity to do this: The Nature Conservancy."

CANADA · BRAZIL · AUSTRALIA

Art Sterritt

is a member of Gitga'at First Nation and executive director of Coastal First Nations. In the Great Bear Rainforest of British Columbia, The Nature Conservancy joined with Coastal First Nations, government agencies, corporations and other nonprofits to protect a 21-million-acre global resource.

"The Great Bear Rainforest is the Gitga'at's home; it's where we've gotten our sustenance for millennia. But First Nations land rights are not transportable—we have to exist within this geographic area. In some places, logging companies took all our assets and left nothing for First Nations to build a modern economy on.

We found that we'd need $120 million to begin to rebuild the economy, and if the environmental community raised $60 million, the government would match it. I was told there was one group in the U.S. with the capacity to do this: The Nature Conservancy.

Over the next few decades, our communities will be developing sustainable economies so that all our people can remain in the Great Bear Rainforest. We are going to see something that is totally different—indigenous people with the capacity to govern themselves on lands that are sustainable forever.

Our people have been so badly damaged economically that for outside groups like the Conservancy to have confidence in us, it gives us a lot of hope. One thing that we didn't have a decade ago was hope. The Conservancy's confidence has given us the confidence to manage our resources in a reasonable and sustainable way."

Above left: Art Sterritt.

Above right: A grizzly bear on Knight Inlet in the Great Bear Rainforest, Canada.

AUSTRALIA · CANADA · BRAZIL

Nicki Markus is chief conservation officer for Bush Heritage Australia, a partner organization the Conservancy assisted in its acquisition of 20,000-acre Edgbaston Station in central Queensland. She is also the author of *On Our Watch: The Race to Save Australia's Environment.*

> "You have to keep looking at the bigger vision, what we can achieve together that we may not be able to achieve by ourselves."

"Edgbaston was a rare find. Edgbaston is in many ways a last global refuge for a myriad of animals and birdlife found nowhere else on Earth. Its purchase and protection increases the value of two nearby protected areas. It is also one piece of a much larger priority regional program for Bush Heritage.

The David Thomas Challenge Fund [through The Nature Conservancy] matches gifts from new donors and has significantly broadened the reach of philanthropy in Australia. It allows organizations like the Conservancy and Bush Heritage to collaborate and work together, which is so important when it comes to conservation in Australia. It helps the pie to grow.

Partnerships aren't always easy, but they are worth it. You have to keep looking at the bigger vision, what we can achieve together that we may not be able to achieve by ourselves. Indigenous partnerships are particularly important as indigenous people own 20 percent of land in Australia. I think what is really exciting about NGOs and government working together with indigenous landholders is the blending of Western science with traditional knowledge about the land. It makes for a winning combination."

Top: Nicki Markus.

Bottom: Black tea-tree on Bush Heritage Australia's Edgbaston Reserve.

Kleber Karipuna is a member of the Karipuna, one of the four indigenous groups from Oiapoque in the northern Brazilian Amazon, and is currently treasury coordinator of the Coordination of Indigenous Organizations of the Brazilian Amazon (COIAB).

> "For indigenous peoples, preserving their land represents the protection of their own history."

Kleber Karipuna outside Manaus, Brazil.

"I say that if there were no indigenous lands in the Brazilian Amazon, there would probably be no Amazon in Brazil. Indigenous territories have historically acted as a barrier to destruction and deforestation in our region. Conservation is not only about biodiversity, but also the traditional cultures that live in these areas. For indigenous peoples, preserving their land represents the protection of their own history. It is a sacred relationship.

My story with the Conservancy began in 2002, when it was developing an ethnomapping process in the Oiapoque region and carrying out other capacity-building activities with local environmental managers.

When I joined COIAB, the Conservancy and COIAB already had several projects under way—such as the Amazon Indigenous Training Center (CAFI). It is interesting to note how the Conservancy acts in coordination with local indigenous organizations but lets them take the lead on these processes. These partnerships are very positive.

The support granted by the Conservancy is also contributing to the discussion and implementation of a national system for managing indigenous lands in Brazil. This is an urgent matter for conservation here. Moreover, the Conservancy is facilitating the communication between indigenous organizations and other important partners, such as the Brazilian Development Bank."

▷ GREAT BEAR RAINFOREST, CANADA

British Columbia's Great Bear Rainforest is the largest intact coastal temperate rainforest in the world. The historic Great Bear Rainforest Agreement in 2006 ended years of conflict over the use of the land. As a result of this agreement, 5 million acres of the rainforest are now off limits to logging, and more than 19 million acres are or will soon be under strict land management guidelines. The Conservancy also raised the core of a $120 million fund to develop a conservation-based coastal economy with First Nations communities.

More Online: **nature.org/greatbear09**

Right: A grizzly bear on Knight Inlet in the Great Bear Rainforest, Canada.

AUSTRALIA · CANADA · BRAZIL ·

◁ BRAZILIAN AMAZON

Covering an area larger than the continental United States, the Amazon harbors nearly one-third of the world's plant and animal species and one-fourth of the Earth's fresh water. Indigenous reserves cover more than 20 percent of the Amazon Basin, and many of the more than 300 different indigenous groups recently gained legal title to their ancestral lands. The Conservancy is providing resources for responsible land management, including training, public policy outreach and ethnomapping, an innovative tool that incorporates satellite imaging to aid indigenous communities in managing their land. The Conservancy is also working with industry, farmers and ranchers to conserve forests on private lands.

More Online: **nature.org/amazon09**

NORTHERN AUSTRALIA

Larger than California, Colorado and New Mexico combined, northern Australia is one of our planet's last great wildernesses. Today, this area is threatened by development, unsustainable ranching, wildfires, mining and invasive species. The Nature Conservancy is playing a catalytic role in building partnerships throughout Australia's public and private sectors to accelerate conservation on a landscape scale. The Conservancy is supporting like-minded partner organizations to acquire private lands that connect existing protected areas and recently joined with The Pew Charitable Trusts, the Australian federal government and indigenous landholders to establish two new Indigenous Protected Areas that together span 5 million acres.

More Online: **nature.org/australia09**

“If you go off into a far, far forest and get very quiet, you’ll come to understand that you’re connected with everything.”

—Alan Watts

A trail runs through a coastal olivillo forest in the Conservancy’s Valdivian Coastal Reserve, Chile.

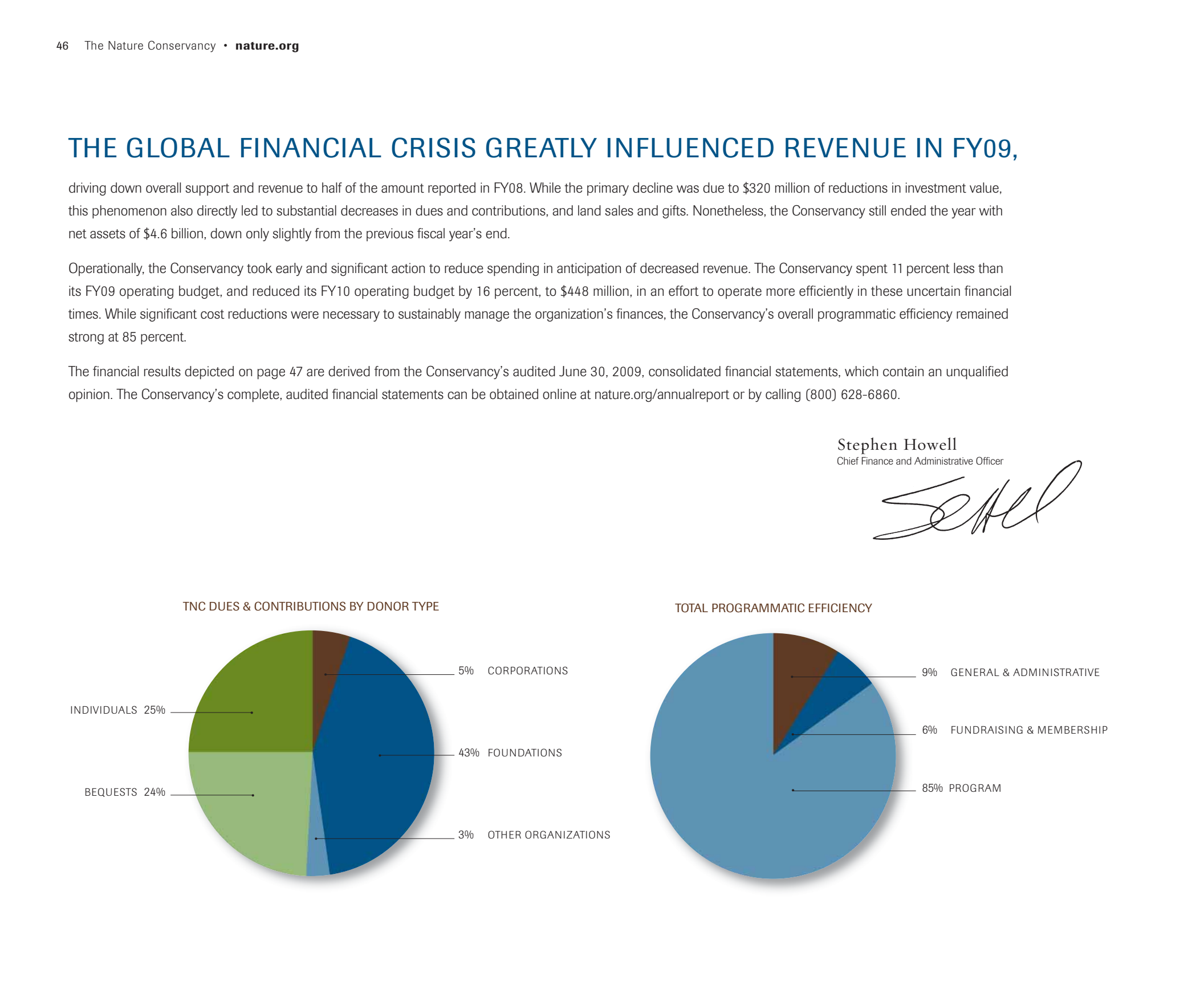
THE GLOBAL FINANCIAL CRISIS GREATLY INFLUENCED REVENUE IN FY09,

driving down overall support and revenue to half of the amount reported in FY08. While the primary decline was due to $320 million of reductions in investment value, this phenomenon also directly led to substantial decreases in dues and contributions, and land sales and gifts. Nonetheless, the Conservancy still ended the year with net assets of $4.6 billion, down only slightly from the previous fiscal year's end.

Operationally, the Conservancy took early and significant action to reduce spending in anticipation of decreased revenue. The Conservancy spent 11 percent less than its FY09 operating budget, and reduced its FY10 operating budget by 16 percent, to $448 million, in an effort to operate more efficiently in these uncertain financial times. While significant cost reductions were necessary to sustainably manage the organization's finances, the Conservancy's overall programmatic efficiency remained strong at 85 percent.

The financial results depicted on page 47 are derived from the Conservancy's audited June 30, 2009, 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 Finance and Administrative Officer



TNC DUES & CONTRIBUTIONS BY DONOR TYPE

TOTAL PROGRAMMATIC EFFICIENCY

FINANCIAL SUMMARY

	For the fiscal years ending on June 30, 2009 and 2008 (in thousands)	**2009**	**2008**
SUPPORT & REVENUE	Dues and contributions	416,798	484,764
	Private contracts	36,733	27,226
	Government grants	126,915	128,558
	Investment income (loss)	(320,659)	(137,390)
	Other income (loss)	(22,158)	(8,668)
	Land sales and gifts	309,594	612,863
	Total Support & Revenue	547,223	1,107,353
EXPENSES & PURCHASES OF CONSERVATION LAND & EASEMENTS	Conservation activities and actions	386,690	417,908
	Purchases of conservation land and easements	628,012	313,525
	Total Conservation Program Expenses & Purchases of Conservation Land & Easements	1,014,702	731,433
	General and administrative	103,869	107,112
	Fundraising	58,293	57,418
	Membership	17,784	19,794
	Total Administration & Fundraising	179,946	184,324
	Total Expenses & Purchases of Conservation Land & Easements	1,194,648	915,757
	Net Result: Support & Revenue Over Expenses & Purchases of Conservation Land & Easements (note 1)	(647,425)	191,596
FUNDRAISING SUMMARY	Fundraising expenses as a percentage of total expenses and purchases of conservation land and easements	4.9%	6.3%
ASSET, LIABILITY & NET ASSET SUMMARY	Conservation land	2,150,214	1,768,984
	Conservation easements	1,546,236	1,442,032
	Investments held for conservation projects	466,277	621,735
	Endowment investments	837,302	1,077,036
	Planned giving investments	230,824	286,460
	Property and equipment (net of depreciation)	95,970	99,714
	Current assets	185,238	235,657
	Other assets (note 2)	125,144	117,526
	Total Assets	5,637,205	5,649,144
	Current liabilities	368,291	221,016
	Notes payable: long–term	216,828	352,566
	Other liabilities (note 3)	428,435	174,713
	Total Net Assets	4,623,651	4,900,849
	Total Liabilities & Net Assets	5,637,205	5,649,144

(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; 2009 also includes a liability for $250 million in land owed to USFS.

Note: The figures that appear in the financial summary shown are derived from the 2009 & 2008 consolidated financial statements that have been audited and have received an unqualified opinion. The complete, audited 2009 & 2008 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.

Board of Directors of The Nature Conservancy

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Cover images. Left: Harvesting seaweed in Wakatobi National Park, Indonesia. Right: Testing water quality on the Penobscot River, Maine.

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