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(The) Water cascades through a rocky gorge in Laohegou Nature Reserve in China’s Sichuan Province. The nation’s first land trust reserve, launched with The Nature Conservancy, Laohegou protects vital habitat for giant pandas.

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The Year in Review

Our favorite part of The Nature Conservancy is our tradition and practice of bringing together diverse people and finding common ground to make important things happen for nature. In this regard, 2015 was another strong year. My colleagues and I are proud of the progress we’ve made, thanks to you—our supporters, partners, volunteer leaders and fellow environmentalists.

Our financial house is in good order, our team is stronger than ever and we’re pursuing an ambitious plan to address the world’s most significant environmental challenges. All around the world we’re gaining momentum in our efforts to protect important ecosystems, transform how people value nature and inspire greater support for conservation.

The following are a few examples of the successes you have made possible over the past year.

PROTECT

Staying true to our roots, we are still in the business of protecting lands, rivers and oceans, especially in situations where there is extraordinary ecological significance at stake and where the scale of the opportunity is likely beyond the reach of other organizations.

In January, for example, we completed one of the biggest land deals in TNC’s history: a 165,000-acre, $134 million acquisition of forests, rivers and other wildlife habitat in Washington and Montana (see page 16). The project links privately owned parcels dispersed among protected lands, mostly within U.S. national forests. The “checkeredboard” parcels purchased in this transaction almost certainly would have been developed otherwise.

We can achieve success like this only with great partners. Thanks to supporters open to financial innovation, we were able to secure 95 percent of the capital from impact investors through NatureVest, TNC’s new impact investment unit. And now additional funding from mission-driven investors is leveraging our donors’ contributions and allowing us to accomplish much more.

TRANSFORM

Transforming how society values and uses nature means working with businesses, governments and communities to help leaders develop policies and practices that support healthy natural systems. Because this approach relies on intellectual—not financial—capital, there’s no limit to what we can accomplish.

Take, for instance, our work in Nairobi, Kenya, where we are establishing Africa’s first water fund (see page 26). With the help of great partners, TNC is using this water fund mechanism—a model we pioneered 15 years ago in Quito, Ecuador—to help Kenyans transform how they manage land in the watershed of the Tana River, the region’s main source for drinking water, agriculture and hydropower.

Through the water fund, downstream water users pay fees to support conservation projects that protect upstream lands, improving filtration and regulation of the river’s flow. It’s a win-win for nature and people: The upstream conservation practices protect wildlife habitat, improve water quality and supply; increase agricultural yields, and save downstream users money by avoiding the need for costly water treatments.

First across Latin America, and now all around the world, water funds are allowing TNC to bring together community groups, farmers and ranchers, local and federal governments, businesses of all sizes, and fellow environmentalists to scale up on-the-ground conservation with multiple benefits—water security, biodiversity protection and economic development.

INSPIRE

To scale up strategies like these, we also need more people on our side. That’s why we are ramping up our efforts to inspire greater support for nature—to grow that group of people who love nature and serve as its champions.

Transformativ science will be critical to those efforts. Last year, we continued to build close partnerships with leading universities and their scientists. Our Science for Nature and People (SNAP) collaborative convenes scientists, policymakers and practitioners to develop practical, nature-based solutions to challenges at the intersection of nature and human well-being. And our NatureNet Science Fellows Program—a collaboration with Columbia, Cornell, Princeton, Stanford, the University of Pennsylvania and Yale—is now in its third year of building the next generation of conservation science leaders.

This year’s fellows are focusing on clean energy technology, water security and sustainable agriculture.

On the policy front, we generated great momentum on Election Day this past year in the United States, achieving the biggest conservation funding victory in U.S. history. TNC worked in 19 states—both blue and red—to get bipartisan voter approval of 27 measures that dedicate more than $29 billion to the environment.

Timed of the work my colleagues and our volunteers put into making that happen. But we can’t stop there. Those victories make me hopeful that we can break the logjam on the most pressing challenge we face: climate change.

We have begun a 50-state climate strategy that taps into our local resources to achieve reductions in greenhouse gas emissions in whatever way works best for each state. It includes an alliance between TNC and Environmental Defense Fund to accelerate the transition to clean energy, rebuild the local center on climate and make natural infrastructure part of the climate solution.

And, of course, we’re also pursuing our climate agenda all around the world. For instance, we’re working with farmers, loggers and others in tropical forest regions to implement sustainable development practices and reduce deforestation, a major driver of greenhouse gas emissions. And we will do everything we can—together with our partners—to help build the most robust international climate framework possible.

LOOKING FORWARD

As a science-based, nonpartisan, inclusive organization that brings people together to find common ground and commonsense solutions, we are well-positioned to protect vital habitats, transform the way society values and invests in nature, and inspire and broaden the constituency for conservation.

None of this will be easy, but I believe there is reason to be optimistic. TNC can be an effective force for change in the conservation movement by bringing together people and organizations with diverse views and encouraging them to set aside their differences, learn from one another and work collaboratively toward shared goals. Together, we can accelerate progress on the world’s most pressing environmental challenges.

Thank you again for all that you do to help us conserve the lands and waters on which all life depends.

We can achieve success like this only with great partners.

Mark R. Tercek
President and Chief Executive Officer
Our World

A warming climate, a burgeoning population, and our needs for food, water and energy are threatening nature as never before. Embracing these challenges, The Nature Conservancy is mustering the ingenuity, the resources and the collective will to protect our wildlife and conserve our forests, rivers and reefs. Together we can ensure our dreams of a secure future for all and a vision of hope for our world.

Tea harvesting in Kenya’s Tana River watershed, where The Nature Conservancy is helping to establish Africa’s first water fund. The fund supports conservation actions upstream to help ensure clean water for the people and businesses of Nairobi.
At The Nature Conservancy we celebrate the past, but we always have our eye on the future. It’s vital to our success that we learn from past experience and advance innovations from past achievements.

That practice began in 1954, when our emerging mission led our founders to help rescue an old-growth hemlock forest along the Mianus River in New York. Their innovative solution—to creatively finance the purchase of the forest for preservation, thereby saving it from imminent subdivision—helped inspire a land trust movement that spread across the United States and continues to inspire today in Asia, Australia, Latin America and Africa.

The world seemed a simpler place back in 1954. It’s astounding how the world has changed since then. Over the decades, our mission repeatedly called, and the Conservancy has consistently answered. For more than 60 years, we have stepped up to the challenges—documenting biodiversity across the United States, swapping debt in the developing world for conservation action, strengthening national parks systems throughout Latin America, enabling island nations to create marine protected areas, supporting indigenous communities to control the destiny of their traditional lands and water, and inspiring Chinese partners to pursue international models of environmental protection as their nation emerged from decades of isolation. And we continue to inspire today in Asia, Australia, Latin America and Africa.

But now our world is at a critical juncture. We know that the past scope, scale and pace of our conservation action, strengthening national parks systems throughout Latin America, enabling island nations to create marine protected areas, supporting indigenous communities to control the destiny of their traditional lands and water, and inspiring Chinese partners to pursue international models of environmental protection as their nation emerged from decades of isolation. And we continue to inspire today in Asia, Australia, Latin America and Africa.

For decades, Conservation by Design guided conserva-
tion practitioners with “a common set of analytical methods to identify the biodiversity that needs to be conserved, to decide where and how to conserve it, and to measure our effectiveness.” The revised framework now embraces the well-being of people and the replicability of our work as primary planning elements, so that conservation in one place will fuel action around the world. But working faster and at an expanded scope and scale also requires smarter, integrated systems and policies that transfer knowledge efficiently. And recognizing that our greatest asset is the people who work here and make conservation a reality, we also implemented a complementary Organization by Design initiative that is investing in a dramatic upgrade of our ability to communicate and transfer information quickly worldwide and to ensure that we have the diverse workforce and inclusive leadership reflective of the places and cultures we serve.

Safeguarding the future of our natural world is a daunting task. Our mission is calling us again, and this time the stakes are much higher than the survival of a hemlock forest in New York. But as in the past, we face this challenge with the pragmatic optimism that defines us as an organization and resides within us as individuals.

What follows is a look at our past, present and future. The values that emerged at Mianus River still inspire and continue to inform our work today. The five global strategies and suite of projects highlighted in the following pages, encompassing lands, water, oceans, climate and cities, all evolved from what we have learned over the past 60 years. What’s different now is that these strategies are bigger, are more complex, and—most important—are informing and being informed by similar efforts around the world. With your continuing support, that’s how we will win the future of Our World.
PROTECTING LAND is where The Nature Conservancy’s story began. It is our legacy and our future. Today, we are guided by our mission to conserve land at an unprecedented scale—for the benefit of people, wildlife and our climate. "Transforming how land is developed, used and conserved has never been more urgent. As the global population increases to more than 9 billion by 2050, a doubling of demand for food, fiber and fuel will place unprecedented pressure on our forests, our grasslands, our wetlands—on all our natural resources."
At the Conservancy, we are doing more than ever before to protect critically important habitats and address the needs of those who depend on them, to transform how we use working lands such as farms, ranches and forests, and to inspire sustainable land-use practices in the geographies that face the greatest development pressure.

Our scientists and conservation experts work at the intersection of development and environmental challenges, forging solutions in partnership with governments, the private sector, civil society and local communities. To achieve a future where people and nature flourish together requires that we augment our land protection efforts to find innovative protection and production solutions.

This global lands agenda is served by multiple interdependent strategies, which when deployed in unison create resilient landscapes at a large scale. We are improving siting and mitigation practices in development hot spots around the world through a science-based approach that we call Development by Design. We are driving sustainable commodity production and green growth in agriculture, forestry and other sectors. We are advocating a much stronger and broader recognition of the role that natural carbon storage can play as a lever to tackle climate change. And finally, we are partnering with local communities and indigenous peoples, who are the best stewards of their own resources.

Where these strategies are deployed in unison, there are multiple benefits: improved livelihoods and rural jobs, food and water security, protected habitats that support biodiversity, and reduced risks from climate change. A vision of truly sustainable, climate-friendly growth takes shape.

One place that epitomizes the potential of a new green growth story is the Brazilian Amazon. It embodies the competing pressures of economic, societal and environmental forces. But it is also a place where the possibilities for generating economic and environmental returns are countless.

Justin Adams, Nature Conservancy Global Managing Director, Lands, has spent more than 20 years championing innovation and sustainability in the private sector and more recently at the World Bank and in the nonprofit sector. He is a fellow at the Smith School of Enterprise and the Environment at the University of Oxford.

"We are partnering with local communities and indigenous peoples, who are the best stewards of their own resources."
Brazil’s Amazon Basin

Engaging agricultural producers and indigenous communities to stem the loss of forests

The conservation of such a vast and globally important resource as the Amazon Basin requires coordinated strategies that recognize the natural values of forests, the cultural importance of land tenure and the economic realities of agricultural commodities.

Brazil’s progressive Forest Code requires Amazon landowners to maintain native forest cover on between 50 and 80 percent of their land, but until fairly recently, the requirements were widely ignored. By demonstrating win-win solutions for production and protection in areas where the deforestation threat is greatest, Nature Conservancy innovation is enabling compliance with the Forest Code, while increasing economic opportunity.

We are also working with indigenous peoples to integrate traditional knowledge with modern approaches to landscape planning in order to enable greater leadership in deciding how their traditional territories will be managed and to have a stronger voice in policy decisions. At the same time, the Conservancy is developing a blueprint for the basin of the Tapajós River, a major tributary of the Amazon, using tailor-made geospatial tools and models to help guide Brazilian environmental and natural resource agencies in decisions regarding dams and other development.

GOING GLOBAL

Employing multiple strategies in unison around the world to bring about land conservation at an unprecedented scale

“...The Conservancy helps us coordinate sustainable farming and ranching in a brilliant way.”

Wanderley Silva Coelho, chair of the agriculture secretary of São Félix do Xingu

Turn the page to hear from some of those helping to keep the Amazon Basin intact and productive.

BY THE NUMBERS

38% Percentage of the world’s terrestrial area that is farmland

2x Increase in agricultural production required to feed the population of 2050

12M Amount of land in hectares lost each year to desertification globally because of unsustainable agricultural practices

1/5 Fraction of the Amazon Basin that encompasses indigenous lands—an area the size of Arizona, California, Florida, New York and Texas combined
Inspiring global and local passion to ensure the nature we depend on

It's estimated that Brazilian farmers and ranchers have saved more than 33,000 square miles of forest from being cut down.

Amy X. Wang, from her article “Norway Rewards Brazil With $1 Billion for Keeping the Amazon Full of Trees” in Quartz (qz.com)

When I arrived here, everyone would deforest his property. At that time, I would have deforested, too, if the trees on my land weren't already cut down when I bought it. But nowadays, I wouldn’t do it, because now I know it’s not good for us.

Luiz Martins Reis Neto, on his ranch, Xodo

I rent part of my land to other ranchers to grow their cattle, and all used to be a single pasture. Since I broke it into smaller pieces of pasture, I can have more cattle in the same space and earn twice as much with the same area, without deforesting.

I want to protect the forest on my land because it’s good for all of us. When I’m in the woods, I feel that even the heat is milder.

When I joined the project, some people warned me: ‘Be careful, nobody gives anything to anyone.’ Then they started to see the results, and now they ask me to introduce them to the conservation folks.

Luiz Martins Reis Neto, on his ranch, Xodo

The reason that I feel passionately about investment in the agriculture sector is that it is something that is required and mismanaged in and for our society. Food is one of the few things that we produce that is vital to survival, and informing the population and building a better agriculture culture is perhaps the most critical thing that we can do today to allow our species to survive.

Akshay Arora, a Conservancy supporter and trustee based in New York City with a special interest in innovation within the agriculture sector. Arora is also a member and former co-chair of the Conservancy’s Young Professionals Group in New York.

Food is one of the few things that we produce that is vital to survival.

Nature for us is our life: water, land, forest, wind. Indigenous peoples living in the forest, we have a completely different concept of wealth. We are rich in culture. We are rich in biodiversity. We are rich in spirituality.

Tewu Hni Kairi, an Indigenous leader of the Ashaninka Kaxinawa people, whose community is benefiting from Brazil’s National Policy for Indigenous Lands Management (PNGATI), which the Conservancy helped establish. PNGATI governs the management of the country’s entire 250-million-acre indigenous lands system.

Impact Investing

To achieve a future where people and nature flourish together requires that we augment our traditional conservation strategies.

Through NatureVest, the Nature Conservancy’s new impact investment unit, we are exploring ways to use impact capital to increase the scale at which we can protect large landscapes, address a changing climate and promote sustainable agricultural practices.

NatureVest is based on the conviction that capital markets, businesses and governments must invest in nature as the long-term capital stock of a sustainable, equitable and more efficient economy.

The mission of NatureVest is to create a global network of innovative capital pools that deliver both conservation results and financial returns for investors.

To achieve that mission, NatureVest sources and structures investment products that support the Conservancy’s global strategies; raises capital for these investments; and shares knowledge and experience with the investment and conservation communities to amplify efforts in this emerging area.

For example, NatureVest is helping to fund Livestock to Markets, an initiative that is improving livelihoods for Samburu cattle herders in northern Kenya while ensuring healthy habitat for wildlife such as elephants, rhinos and zebras. Historically, Conservancy partner Northern Rangelands Trust (NRT) has used grant capital to buy cattle from herding communities that adhere to improved grazing practices. NRT then felts the cattle for more than a year, processes the meat, and sells it to markets in Nairobi at higher grades and prices than herders could otherwise obtain.

A $3.5 million impact investment in a newly formed for-profit subsidiary, NRT-Trading, will allow the company to increase by a factor of 10 the number of cattle it buys, leading to better land management and rejuvenation of wildlife habitat on 1.25 million acres.
Western Checkerboard Deal, United States
To encourage the railroads to expand west in the 1860s, the U.S. Congress gave away every other square mile of land, creating a checkerboard pattern of private and public ownership. With the launch of the Great Western Checkerboard Project, The Nature Conservancy will help conserve the ecological integrity of 257 square miles of forests, rivers and wildlife habitat in the eastern Cascade Mountains of Washington and in the Blackfoot River valley in Montana. Through NatureVest (see “Impact Investing,” page 153), the Conservancy and other investors used interim financing to acquire the lands, stitching together these important migratory corridors that link up through Canada.

Loisaba Conservancy, Kenya
Nature Conservancy donors provided $9 million to transfer a 56,000-acre private property in northern Kenya into the holding of a newly formed conservation trust. This transaction maintains an important wildlife corridor for elephants, protects habitat for 260 bird and 57 mammal species, and supports jobs, schools, health clinics and sustainable grazing options. Combined with adjoining lands of Conservancy partners Lewa Wildlife Conservancy and Northern Rangelands Trust, the Loisaba addition brings conservation management in the area to more than 10 million acres, about the size of Denmark.

Martu Living Deserts, Australia
The Nature Conservancy is supporting an unprecedented effort to conserve part of the world’s most intact desert in Western Australia. Spanning an area larger than the state of Mississippi, the Martu Living Deserts Project is an innovative collaboration between the Conservancy, global resource company BHP Billiton and local indigenous organization Kanyirninpa Jukurrpa. The project aims to sustainably manage and protect the lands and heritage of the Martu people, whose culture is one of the world’s oldest. Combining modern science with traditional knowledge, indigenous rangers undertake fire and feral-predator management, threatened species protection, and waterhole maintenance.

Protected Areas, Mongolia
The Nature Conservancy has completed assessments of biodiversity, habitats and threats across the entirety of Mongolia. Already, more than 7 million acres of national and local protected areas have been established in critical places, bringing Mongolia’s protected-area network to 66 million acres—about the size of Colorado. At the invitation of the Mongolian government, the Conservancy is also now applying its Development by Design principles to guide land-use decisions, including for mining and infrastructure development, in the Gobi Desert.

2015 Lands Achievements
Traditional protection combined with science and management points the way to future large-scale endeavors

(Above) The Nature Conservancy’s Molly Bogeberg atop Cabin Mountain in the Central Cascades of Washington state, part of the Great Western Checkerboard Project acquisition of Washington and Montana forestlands from Plum Creek Timber Company.

(Below) In western Australia, the Martu people’s patterns of burning help maintain the health of a desert landscape the size of the state of Mississippi. (Right) Mongolia’s herding communities benefit directly from the 66 million acres of protected areas established using Nature Conservancy ecoregional assessments.

(Left) Income generated from ecotourism at Loisaba Conservancy in northern Kenya is reinvested into neighboring communities for schools, including Ewaso Primary School in Laikipia.
(Above) The Huangpu River, the last major tributary of the Yangtze before it empties into the East China Sea, cuts through Shanghai, one of the world’s megacities, with a population of 25 million people. (Right) Chishui waterfall in Guizhou Province, near the Upper Yangtze Native Fish Reserve, which The Nature Conservancy has helped protect from inappropriate dam development.

GLOBAL DEMANDS for food, energy and shelter are putting unprecedented pressure on our planet, and fresh water is at the heart of this crisis. As the human population has increased dramatically over the past 40 years, we have lost more than three-quarters of the populations of fish, amphibians, birds and mammals that depend on freshwater ecosystems around the world. Continued →
The world may need to invest more than a trillion dollars a year just to build our way out of our water scarcity problem; additional infrastructure for hydropower and flood control, if not done well, could irreversibly compromise the very rivers, lakes and natural habitats The Nature Conservancy has spent decades protecting. We must find a more balanced approach that combines both natural and traditional built solutions.

To do so, the Conservancy is working with land managers, water utilities, hydropower operators, cities and corporations. Our goal is to fundamentally change the way the world uses and manages our most precious resource—water—to the benefit of both people and nature.

We are continuing to protect the planet’s great rivers by working with governments and communities to keep wild stretches free flowing and healthy and to restore rivers that have been damaged in the past.

We are transforming how society values and uses water resources to be more sustainable—engaging the hydropower industry, for example, to site future dams where they will minimize negative impacts on aquatic life and on people’s livelihoods and cultural values.

And we are inspiring individuals and institutions to integrate a water conservation ethic into our way of life, employing innovative strategies such as water funds to enable cities to support the conservation and restoration of forests and grasslands in watersheds that hold and filter the water on which people depend.

China’s Yangtze River offers just one example of our integrated efforts. Here we are employing strategies we have pioneered in the Americas along with innovations we are developing with Chinese partners. In a nation undergoing unprecedented development and growth, we seek to demonstrate a better future for China’s most important river and the life that depends on it. The application of these strategies around the world is how we are expanding the scope and scale of conservation to generate benefits both now and for future generations.

Giulio Boccaletti, Nature Conservancy Global Managing Director, Water, earlier founded the Global Water Resource initiative at the consulting firm McKinsey & Company, where he led projects on the ground in Ethiopia, India, Jordan and South Africa and across Europe and the United States. He holds advanced degrees from the University of Bologna and Princeton, and was an oceanographer at the Massachusetts Institute of Technology.
The Yangtze River
Balancing hydropower with the needs of fish and wildlife

From its headwaters in the Tibetan Plateau, the Yangtze River flows across China and empties into the East China Sea near the historic city of Shanghai. The river has great cultural significance and has provided food and livelihoods for millions of people who have lived along its shores for centuries. But with China’s rapid development, its rivers, including the Yangtze, are seen as a primary source of carbon-neutral electricity. Must development come at the expense of fish and wildlife habitat and people’s well-being?

The Nature Conservancy is working with Chinese partners on several fronts along the length of the Yangtze to safeguard crucial fish habitat, establish water funds that enable urban centers to invest in watershed conservation, and engage the hydropower industry on how dams are planned, designed and operated, in order to protect and restore fish habitat and other environmental values. Innovations and relationships built in China will be applied to great rivers around the world.

BY THE NUMBERS

2.5%
Percentage of Earth’s fresh water is fresh water, just 1% of that is surface water that serves most of humanity’s needs

2/3
Fractions of the global population that will face water shortages by 2050

400/200/50
Dams planned or under construction in Central America, Brazil and China’s Yangtze River, respectively

GOING GLOBAL
Water strategies, some being employed on the Yangtze River, that the Conservancy is pursuing worldwide

“Nature is the true treasure: clean water and good environment can bring us not only health but wealth.”

Kangyuan Wang, former chair of Dongtang village, which will benefit from the Longwa water fund that The Nature Conservancy is helping to develop

Turn the page to learn more about those making conservation credible on the Yangtze River.
"VOICES
Uniting across borders and disciplines to bring positive change to China’s most important river"

We want people in Shanghai to realize that they are neighboring a paradise for birds, and how precious it is.

Dong DaZheng, Dongtan wetlands project senior assistant

"Working with TNC provides us new ideas and ways of thinking. TNC pays attention to the application of scientific research, and we can learn about the conservation work in similar places in other countries and adapt it. Fishing has been closed on much of the Yangtze River for 10 years, and I sympathize with the fishermen. I think the purpose of conservation of nature is for a better life of people, so coopera cooperation with TNC is very significant. We surveyed the fishermen’s situation and provided options for their switch to other areas of production and professions."

Yao Weishi, a professor at Southwest University in Chongqing focused on rare fish and fishing management, and a member of the Conservancy’s Mississippi-Yangtze Rivers Eco-Partnership, focused on the upper Yangtze

"TNC has a long-standing relationship with the Chongming Dongtan National Nature Reserve. Chongming is one of the world’s largest alluvial islands, situated at the mouth of the Yangtze River. It’s a safe haven for the diversity of birds and fish along spawning or migration routes. In 2006, with a grant from General Motors China, we were invited to launch a two-year project to modify the functional layout of the Dongtan reserve. We also collaborated on developing the infrastructure and environmental education products for the reserve, and then launched a study of migratory birds and the effect of climate change with support from 3M. We are establishing a sustainable wetland management model that includes nature education, volunteer work, and a platform to engage corporations, social enterprises and individuals from Shanghai, which is just 30 miles away."

Yang Bo, director of the Dongtan Conservation Center, who has been with the Conservancy’s China program for 10 years

"Ten years ago, I went to China with an expert investigative group to see if there might be a role for the Conservancy in protecting rivers in the face of massive dam development. It seemed daunting for sure. We met with China Three Gorges Corporation, and found them very open to conservation ideas. It was the beginning of a long partnership. As I look back, we have built a strong base in China—plotting one of the first river basin conservation blueprints, helping protect the native fish reserve from inappropriate dam development, working with Three Gorges Corporation to plan new dams in the best environmental way possible; and starting an environmental flow release program from the giant Three Gorges Dam to benefit fish reproduction. This is complicated work, and a really long march, but I am also truly gratified to see how far we have come."

David Harrison, Colorado water attorney working with the Conservancy’s global water program and former chair of the board of directors

"This is complicated work, and a really long march, but I am also truly gratified to see how far we have come."

"China Three Gorges has been collaborating with TNC in China for more than 10 years, and we hope there will be more people getting to know the smooth co-operation between the two parties. We have worked together closely on issues such as establishing environmental flows, fish release, monitoring and evaluation, and developing innovations like the Yangtze Hydropower Sustainability Fund to pay for flood risk management and ecosystem conservation. And now we are beginning to expand our partnership to look beyond China’s borders at opportunities to make hydropower more sustainable overseas. Three Gorges increasingly recognizes and understands the important value of sustainability—not only as a core business interest—but as a way to improve the social and environmental commitments of the entire hydropower industry."

Lin Chunmei, executive vice president, China Three Gorges Corporation

"This is the Power of Rivers. By far the world’s leading source of low-carbon electricity, hydropower will be a key part of solutions to meet future energy demands. At the same time, hydropower can jeopardize the natural functions of rivers and has contributed to dramatic declines in freshwater species. Its projected expansion threatens more such losses. Addressing this challenge requires innovative science, new approaches and a willingness by people with diverse interests to partner on solutions. The Nature Conservancy is working to catalyze this collaboration by quantifying the costs of hydropower expansion, as well as the benefits of a more balanced approach to energy development and rivers. At the 2015 World Hydropower Congress in Beijing in May, we released The Power of Rivers, a report showing that the global hydropower development levels projected for 2050 would fragment or negatively impact 300,000 kilometers (more than 186,000 miles) of rivers. While much such development would disproportionately affect rivers with the greatest diversity of freshwater species and occur in regions where people depend most directly on rivers for their food and livelihoods. In The Power of Rivers, we propose an alternative: the opportunity to configure dams to reach energy objectives while minimizing negative environmental and social impacts. Doing so could reduce river fragmentation by a third. By arming decision-makers with sound tools and data, we hope to generate better outcomes for people and nature. The potential for better outcomes from hydropower development is great, and the future of our rivers depends on finding innovative solutions to achieve that potential."

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The Power of Rivers

By far the world’s leading source of low-carbon electricity, hydropower will be a key part of solutions to meet future energy demands. At the same time, hydropower can jeopardize the natural functions of rivers and has contributed to dramatic declines in freshwater species. Its projected expansion threatens more such losses. Addressing this challenge requires innovative science, new approaches and a willingness by people with diverse interests to partner on solutions. The Nature Conservancy is working to catalyze this collaboration by quantifying the costs of hydropower expansion, as well as the benefits of a more balanced approach to energy development and rivers. At the 2015 World Hydropower Congress in Beijing in May, we released The Power of Rivers, a report showing that the global hydropower development levels projected for 2050 would fragment or negatively impact 300,000 kilometers (more than 186,000 miles) of rivers. While much such development would disproportionately affect rivers with the greatest diversity of freshwater species and occur in regions where people depend most directly on rivers for their food and livelihoods. In The Power of Rivers, we propose an alternative: the opportunity to configure dams to reach energy objectives while minimizing negative environmental and social impacts. Doing so could reduce river fragmentation by a third. By arming decision-makers with sound tools and data, we hope to generate better outcomes for people and nature. The potential for better outcomes from hydropower development is great, and the future of our rivers depends on finding innovative solutions to achieve that potential.
Saving Great Rivers
The Nature Conservancy launched the Center for Sustainable Hydropower in Beijing to ensure that conservation has a seat at the table with hydropower decision-makers. (China accounts for about half of the world’s dams.) The center will serve as a resource for governments, hydropower companies, and other stakeholders seeking to better understand and incorporate conservation practices into hydropower development plans. By working with these key decision-makers, the Conservancy is pursuing new ways to protect the world’s most important rivers.

Nairobi and the Tana River Water Fund
The Nature Conservancy’s Urban Water Blueprint identified Nairobi, Kenya, as a city that could secure water quality through upstream conservation actions. Now the Conservancy and an alliance of other NGOs and businesses are launching the first water fund in Africa to protect the Tana River for the benefit of farmers, businesses, communities and wildlife throughout the watershed. By investing $80 million in planting trees and installing innovative water conservation technology and other actions, downstream users will save an estimated $21.5 million in water treatment costs over 30 years.

Chilean Green Infrastructure
In Chile, The Nature Conservancy launched an innovative green infrastructure project aimed at demonstrating that using nature to contain and filter drinking water can be more cost-effective than constructing concrete infrastructure and water treatment facilities. Scientists and wetlands experts from the Conservancy and other institutions are working to protect wetlands in the Maipo watershed that provide fresh water to more than 6 million people in the metropolitan area of Santiago, Chile’s capital city. The wetlands are 2,700 meters above sea level and less than 70 miles from Santiago.

Great Lakes Certification
Lake Erie provides drinking water to millions and is home to more than half of all Great Lakes fish. Recent algal blooms fed by fertilizer runoff from farms have threatened fish and drinking water alike. In response, The Nature Conservancy, researchers and members of the agriculture industry pioneered a certification program that encourages fertilizer service providers to adopt proven best practices to keep nutrients in the field and out of rivers and streams. Sixteen providers completed the voluntary audits and became certified in the first year, influencing more than 1.1 million acres of farmland. The certification program is now expanding into the Mississippi River watershed.

2015 Water Achievements
Employing nature itself to secure fresh water for wildlife and people
COVERING ALMOST THREE-QUARTERS of the Earth and harboring more than half of all life, oceans truly define our world. For decades, The Nature Conservancy has protected marine habitats to the benefit of both biodiversity and coastal communities. We have helped coral reefs bounce back from bleaching events, sustained livelihoods in fishing communities, and preserved some of the world’s most treasured places and species. Continued →
Today, more than ever, people look to the oceans for economic growth. Ocean industries such as shipping, energy, seafood and coastal tourism are booming. Much of this development is happening without regard to potential long-term environmental impacts. Yet we know that when we develop wisely, people can be the ocean’s greatest hope.

Building on our many years of experience, the Conservancy is working to ensure that nature has a central voice in the world’s growing ocean economy. We are ramping up our efforts to protect important marine habitats and direct more investment to natural infrastructure—mangroves, wetlands, and coral and oyster reefs—that strengthen the resilience of coastal communities as storms increase and sea levels rise.

Our aim is to transform the way humans treat and manage ocean resources, finding sustainable solutions for fisheries and aquaculture as demand grows. Working directly with fishers, the seafood industry and key fishing countries, we are increasing the global supply of sustainably harvested seafood, improving economic stability in fishing communities, and conserving more ocean life and habitats.

Ultimately, we know that inspiring others to act for the oceans will be our most lasting legacy. We are sharing science and solutions from our living laboratories and forging new cross-sector partnerships to empower leaders of governments, companies and communities worldwide to act as stewards of our oceans—from coastal waters to areas beyond national jurisdictions. These strategies are playing out in Indonesia’s Savu Sea, where we are working with all parts of society to create a shared vision for how this marine environment is managed.

The challenges confronting our oceans are serious, but the community of people driven to take decisive, meaningful action is growing. Together we can chart a sustainable course for our oceans and ensure a future where people and nature thrive.

Maria Damanaki, Nature Conservancy Global Managing Director, Oceans, was recently the European Union’s commissioner for maritime affairs and fisheries. Under her leadership, the commission significantly advanced the EU’s Common Fisheries Policy, bringing many fish populations back to healthier levels. She previously served as a member of the Greek parliament for more than 25 years.
Ocean waters surrounding the Indonesian archipelago are a rich source of natural diversity, food and livelihoods for local people and of commercial opportunities for fishing, shipping and tourism. Whales, manta rays and sea turtles traverse the same routes where commercial ships ply the waters and subsistence fishers eke out a living. Such increasingly busy waterways—here and around the world—demand a holistic approach to managing and maintaining their health and viability.

The Lesser Sunda region offers an example of how The Nature Conservancy pursues the conservation of marine resources at a system-wide scale with multiple partners. By combining traditional parks and marine protected areas with sustainable fisheries management and the strengthening of alternative livelihoods, such as seaweed farming, pressure on overexploited local fisheries can be relieved while stocks rebound. And marine spatial planning, a decision-making process that creates a blueprint for ocean use and conservation, allows other commercial activities to be more effectively managed and regulated.

“The Savu Sea has become a focus of great attention for marine scientists for unexplored species.”

Dr. Syafyudin Yusuf, part of a coral research team from Indonesia’s Hasanuddin University conducting a rapid ecological assessment of the Savu Sea Marine National Park

“Managing waters for commerce and ways of life

Ocean planning and integrated management

Marine parks and protected areas

Sustainable fisheries

Sustainable livelihoods

Current focus regions

Areas of expansion

BY THE NUMBERS

$2.3B
Value reefs of the Coral Triangle provide annually in ecosystem services to people—including coastal protection

154M
Tons of fish supplied annually through fisheries and aquaculture worldwide

96%
Percentage decline in Pacific bluefin tuna from unfished levels

14
Number of the world’s 27 whale species that migrate through the Savu Sea Marine National Park’s deep ocean trenches

Strategies like those being employed in Indonesia are also being applied by the Conservancy in key ocean regions in all parts of the world.

Turn the page to hear from some of those making ocean conservation a reality.
“The data that we are collecting helps us understand the status of fish populations. We want to have real accurate information about the fish stocks, whether it’s good or bad, which I think is missing in other conservation and fisheries management programs. Our program, whether it leads to size limits, or closures or conservation areas—whatever it is—the eventual goal is that we are protecting the stock for future generations, and that helps us to stay alive as a business.

We now have a much better understanding of the scope of the species variety that we catch. That’s been invaluable to us as a company and to TNC and to all fisheries of Indonesia. The eventual goal is to inform the consumer with accurate information about sustainability.”

Lucas Papierniak, director of P.T. Primo Indu Ikan, an Indonesian seafood processing and export company working with the Conservancy on technology that tracks fish species using bar codes

“I come from a family of fishers. As a kid, I remember that my father was able to catch big fish in abundance, as if they were waiting for us to catch them. But with so much bombing and use of poison to catch fish, there’s much less fish in the sea. We now have to go much farther, spend more time, and we get so few fish that we hardly can sell anything in the market.

Listening to TNC’s discussions on marine protection made me realize how important it is to take care of our coral reefs to provide a safe home for fish to breed. I now discuss with other fishers the negative impacts those destructive ways have on our lives. We support creating safe homes for fish so that they come back and breed. We know there will be some sacrifices, but we hope conservation will make catching fish easier in the future.”

Jahid, fisherman from the island of Rote near Teluk Papela Bay

“In the Lesser Sunda Ecoregion, we are helping the local government and communities to better manage their marine resources, by implementing a suite of strategies that complement one another in an integrated approach: promoting effective Marine Protected Area (MPA) networks and sustainable fisheries management, strengthening governance, looking at sustainable financing mechanisms, and building capacity of others for long-term success.

We are also facilitating scientific research that serves the protection of biodiversity as well as the fishing and tourism industries and are working with local NGOs to promote sustainable livelihoods through seaweed aquaculture while engaging them more actively to support effective MPA management. It takes such a broad-based approach to be successful, and that’s the best role the Conservancy can play.”

Gondan Benowoer, former Indonesian marine program director and current trustee program director at the Conservancy’s worldwide office

“I first became aware of TNC about eight years ago because of the wonderful work they were doing with island communities around Komodo National Park. Indonesia is the biggest archipelago country in the world and has lots of beautiful islands that are being exploited and need to be conserved at the same time. Our business is shipbuilding and repairs, and as the islands prosper, they will need more ships and logistics to transport goods. Therefore, sustainability in the marine sectors definitely is important for us. Indonesia’s younger generation is concerned about issues of the ocean. They want to see solutions and results like those TNC is making possible.”

Agus Gumaran, managing director in Jakarta of PT Daya Radar Utama, a shipbuilding company. He is also a supporter of the Conservancy in Indonesia

“Fisheries Benefit From Technology

Small-scale fisheries account for about 50 percent of the world’s seafood supply and play a critical role in the livelihoods of millions of people, particularly in the developing world. But most of these fisheries are poorly managed and overfished and have little access to the growing market for sustainable seafood. And for many, the basic data essential for sustainable management are lacking.

Innovative solutions for collecting data, tracing fish from bait to plate, and accessing markets are transforming how the fishing, processing and marketing of seafood occurs.

In Chile, for example, two fishing communities began using a new traceability system on their boats. To ensure catch is within boundaries and within open sea seasons, the system collects data on what gear is used and on where and when fishing takes place. Participating fishermen are already seeing a premium price for their more sustainable product.

Fishermen in California are using fish tags to trace seafood by catching and reducing the number of species caught by catch. Communities in Indonesia are testing new systems for collecting data that allow The Nature Conservancy to assess fish stocks and propose harvest measures for sustainability. In Micronesia, electronic monitoring technology is being tested to improve the management of tuna fisheries and reduce bycatch of sharks, rays and sea turtles, so that the fishery can become a sustainable industry.

These initiatives are bringing fishermen, seafood buyers, distributors and nongovernmental organizations together, helping to forge new alliances, open markets and empower fishing communities.

Now it is time to scale up. Working together, we can improve the health of the world’s fisheries as well as the livelihoods of the fishermen and communities that depend on them.

“VOICES
Those who depend on the sea and their allies discover new means to build sustainable ways of life

“The income from our seaweed harvests makes me worry less about how I can pay for my children’s schooling.”

Diane Seweli, Savu Sea seaweed farmer

“Build sustainable ways of life

Those who depend on the sea and their allies discover new means to build sustainable ways of life.”

*35*
Micronesian Shark Sanctuary
The Federated States of Micronesia has joined Palau, Guam, the Northern Mariana Islands and the Marshall Islands to establish the world’s largest regional shark sanctuary, covering nearly 3 million square miles, an area almost the size of the continental United States. The waters will now be off-limits to shark finning and fishing. The Nature Conservancy was invited by the Micronesian government to join its shark legislation working committee because of the organization’s history of neutrality and productive partnerships.

Gulf of Maine Fisheries
The Nature Conservancy is working across Maine, New Hampshire and Massachusetts to restore fisheries, revitalize the fishing economy and enhance the lives of people who rely on the Gulf of Maine’s health. Among the innovations are acquiring fishing permits, testing methods and gear that limit by-catch, and introducing video monitoring to make reporting catch more efficient. Fishermen off Cape Cod are helping the Conservancy study Atlantic cod, with the aim of restoring the iconic fish. And near shore, the Conservancy is restoring oyster beds and eelgrass to improve water quality and habitat for juvenile fish.

New Bahamas Marine Parks
Thanks to The Nature Conservancy’s support, five new national marine parks have been declared in the Bahamas. This is a significant step toward fulfillment of the Bahamian government’s commitment to the Caribbean Challenge Initiative, which aims to conserve at least 20 percent of the region’s nearshore marine and coastal environments by 2020. The parks encompass nurseries for Nassau grouper, queen conch and spiny lobster, as well as crucial grounds for seabird species that breed in the Bahamas. The parks will benefit local fishers and, consequently, food security, and will help create jobs by stimulating ecotourism.

Southern Seascapes Restoration
In Australia The Nature Conservancy has worked with the Victoria government and Albert Park Yachting & Angling Club to restore Port Phillip Bay’s lost shellfish reefs. Drawing on experience from shellfish restoration projects around the world, the project is testing innovative methods to re-establish the reefs, which filter water and provide habitat for fish. The project is the first restoration effort in The Nature Conservancy’s ambitious Great Southern Seascapes program, which includes the bays and estuaries of Australia’s southern coastline.

2015 Oceans Achievements
From traditional protection to restoration and market innovations, The Nature Conservancy is transforming ocean conservation.
Maintaining and restoring forests, like these coastal redwoods, are key to California’s landmark carbon market and efforts to reduce carbon emissions. Right) California’s energy goals mandate that 50 percent of the state’s electric power derive from renewable sources by 2020. The Nature Conservancy’s Development by Design methodology is informing the siting of solar installations to avoid sensitive wildlife areas.

Climate

CLIMATE CHANGE REPRESENTS a defining threat to human well-being and to the lands and water on which all life depends. Heat waves, droughts and floods are already endangering species and exacerbating poverty. To continue down this path will mean devastating pressure on ecosystems and increased vulnerability for billions of people. Continued...
We must help communities become more resilient.

To see the latest ideas, opinions and analysis from Nature Conservancy leaders, go to and bookmark the new nature.org/global

Yet it is not too late to turn toward a safer climate. To avoid catastrophic climate change, we must transition to cleaner energy and promote land uses that contribute to climate solutions—reducing emissions from land conversion and capitalizing on the ability of ecosystems to absorb carbon dioxide. Moreover, we must help communities become more resilient as sea levels rise, fire seasons lengthen and droughts persist.

For more than a decade, The Nature Conservancy has been the most prominent global voice promoting nature’s solutions to climate change. In Brazil, China, Indonesia, Mexico and the United States, we are reducing land-based emissions by improving management of forests, farms and ranches and avoiding land conversion. We are protecting and restoring oyster reefs, salt marshes, floodplains and other natural systems around the world to reduce risks associated with sea-level rise and other consequences of climate change.

We are also helping to transform how energy is secured and used. The United States, in particular, has an opportunity to advance clean energy and innovative market mechanisms. As the world’s second-largest greenhouse gas emitter, the nation must adopt such solutions if the world is to reach its overall emissions-reduction goals.

The Conservancy is advocating climate and clean-energy policies and practices in all 50 states and nationally to inspire key government and industry players to advance climate solutions. This unprecedented Conservancy commitment builds on our science, our talent for collaboration and our unrelenting focus on results—skills that have helped us conduct nearly 200 ballot measure campaigns in 32 states to deliver $72 billion in conservation benefits over the past 25 years. Now, we are putting these skills to work to transcend political barriers and build climate solutions.

Our work in California is one example of our 50-state strategy. It offers a glimpse into how we are building on our decades-long work of protecting forests to help address climate change. At the same time, we are helping coastal communities restore floodplains to reduce risks linked to sea-level rise and intense storms. These efforts paint a picture of the possible—and point to ways we can protect people and nature globally.

Lynn Scarlett, Nature Conservancy Managing Director of Public Policy, served as deputy secretary at the U.S. Department of the Interior for more than 15 years at the Reason Foundation, a leading public policy research institute. She was also co-director of the Center for the Management of Ecological Wealth at Resources for the Future and a visiting lecturer at the Bren School of Environmental Science and Management at the University of California, Santa Barbara, her alma mater.
A 50-State Strategy

Climate policy and action as exemplified by California

As part of The Nature Conservancy’s global efforts to affect policy and demonstrate nature-based solutions to reduce greenhouse gas emissions, each U.S. state program is harnessing local knowledge and relationships to increase support for emissions reductions nationwide. To accelerate this work, we are partnering with Environmental Defense Fund to advance clean energy and generate bipartisan support for climate action. Building on the momentum of our initial efforts together in New Hampshire, Ohio, Pennsylvania and West Virginia, we are now expanding our partnership to additional states and at the national level.

California has one of the most advanced state programs on climate, with a multifaceted strategy. Working with numerous state agencies, landowners and other nonprofits, the Conservancy in California is advancing innovative conservation solutions with successful public policy advocacy to achieve three critical goals: reduce greenhouse gas emissions, remove carbon from the atmosphere, and prepare for and adapt to climate change. California’s establishment of a local forest carbon market, for instance, is inspiring other states and informing similar efforts around the world.

“We can create innovative bipartisan solutions at the state level that reduce climate pollution today and that show a path forward for national progress and leadership.”

Tim Sullivan, Conservancy climate director for North America

Turn the page to hear from people tackling climate challenges in California.

“We can create innovative bipartisan solutions at the state level that reduce climate pollution today and that show a path forward for national progress and leadership.”

Tim Sullivan, Conservancy climate director for North America

Turn the page to hear from people tackling climate challenges in California.

BY THE NUMBERS

15% Percentage of global greenhouse gas emissions from deforestation.

1/4 Fraction of Earth’s species headed for extinction by 2050 if the warming trend continues at its current rate.

$4.3M Amount injected into the local economy around Mobile, Alabama, by rebuilding oyster reefs to counter climate change-related storm damage and sea-level rise.

4-36” Estimated sea-level rise over the next 100 years attributable to climate change, which will displace tens of millions of people living in low-lying areas.
“My husband and I got involved with the Conservancy many, many years ago when we were fishing in Alaska and TNC purchased fishing rights from First Nations people to better enable fish spawning. We liked that collaborative approach, rather than going to court and suing everybody. We're both Stanford graduates, so the collaboration with Stanford on the Natural Capital Project also caught our interest.

I'm now a California trustee, and it's become my favorite board to serve on because of the quality of the science team and their visionary approach. Science is important to implement successful solutions. Fisheries will be affected by climate change, and science will guide us in finding ways to maintain in-stream flows for salmon and many other purposes. I sincerely believe that we have a path forward, and we need more people to join us on that path.”

Angela Nomellini, California trustee and donor to the California science program

“The planet is already experiencing major climatic shifts that are affecting our weather and precipitation patterns, as well as the health of communities all over the world. We need to immediately and significantly change the way we generate and use energy, and the ways we manage our built and natural environments.

For more than a decade, the Conservancy has been a reliable and effective partner for the state of California in developing meaningful climate policy. Together, we've been able to increase understanding of the critical role that forests and other natural lands play in the climate solution.”

Mary D. Nichols, chair, California Air Resources Board

The Nature Conservancy is an active participant in the United Nations 2015 climate “conference of parties” or COP21, in Paris. The Conservancy has played a unique role in these annual negotiations as a leading advocate for protecting and restoring tropical forests to reduce global carbon emissions. Forest destruction produces about 15 percent of the world’s greenhouse gas emissions—more than from all the planes, trains and automobiles on Earth.

The Conservancy believes that addressing deforestation must be a part of a comprehensive global climate-change solution, one that addresses all major sources of carbon emissions. By consistently offering scientific data and experiences from our on-the-ground projects, we have built credibility and earned respect for our ability to work with diverse stakeholders in the public, private and multilateral sectors.

Though the COP process is laborious, the Conservancy’s persistence has resulted in steady progress for the cause of large-scale forest conservation in the context of climate change. Leading up to this year’s conference, Conservancy experts met with negotiators, hosted workshops showcasing technical advances, published influential position papers and coordinated with mental organizations, indigenous groups and business leaders to speak with a unified voice that advances common interests.

To have lasting outcomes, the 2015 agreement in Paris needs to be both ambitious and durable. Throughout the process, we’ve evaluated the decisions—providing technical, scientific and field-based “reality checks”—and have presented specific suggestions to push for an agreement that will benefit both nature and people for generations to come.

“California's carbon market is the largest in the world with a role for forests. It will be a significant source of conservation funding while creating incentives for improved forest management across the U.S. and providing benefits to the atmosphere. By working closely with the California Air Resources Board, we have been able to establish California's carbon credit program, which is now supporting other forest conservation efforts where the Conservancy is involved in places like the Clinch Valley of Virginia and Monroe County, Pennsylvania. Our success at the state level is having an impact locally and globally.”

Louis Blumberg, director of the Conservancy's California climate-change program

As we face the challenge of climate change here on the Oxnard floodplain, where the rich soil meets the Pacific Ocean at Ormond Beach and the Santa Clara River, TNC strategies provide natural buffers between the wetlands and floodplain. Preserving the health and beauty of the natural world, our only home that sustains us, is our urgent calling. We are the ancestors who will be held accountable to future generations. I am grateful for TNC’s wise and practical efforts to protect our heritage.”

Carmen Ramirez, mayor pro tem, City of Oxnard, whose office is working with the Conservancy and others to undertake the largest coastal wetland-restoration project in Southern California. These wetlands have been drained, filled and even contaminated by industry. What remains intact, however, has the potential to protect many endangered species from water-level rise and other dangers of climate change. The goal is to link together and restore 1,500 acres of these historic wetlands.

“VOICES

 Scientists, policymakers and philanthropists partnering to help California confront climate change

Inaction on climate change is projected to be costly; Citigroup found we would be losing $44 trillion in global GDP by 2060.

Lynn Scarlett, the Conservancy’s managing director of public policy

The Nature Conservancy’s Louis Blumberg, director of the climate-change program in California, analyses data at a project site in Sonoma County.

(Credit: Donald Pro Tom Carmen Ramirez and The Nature Conservancy’s Lily Verdone examine efforts in Ventura County to bolster natural solutions to ease effects of sea-level rise. (Left) The Nature Conservancy’s Louis Blumberg, director of the climate-change program in California, analyzes data at a project site in Sonoma County. (Below) Oxnard Mayor Pro Tem Carmen Ramirez and The Nature Conservancy’s Lily Verdone examine efforts in Ventura County to bolster natural solutions to ease effects of sea-level rise. (Right) Nature Conservancy trustee and donor Angela Nomellini joins Conservancy scientist Nancy Smith in monitoring salmon streams for potential climate impacts.
50-State Climate Strategy
The Nature Conservancy has launched a new 50-state strategy to achieve meaningful emissions reductions across the United States. Each state program has developed work plans for climate and clean energy policies, on-the-ground emissions-reduction activities, and outreach and coalition building with major constituencies. The initiative aims to harness local knowledge and relationships to advance emissions reductions at the state level and to achieve attitudinal shifts on clean energy and climate among policy leaders at all levels of government.

Seychelles Debt Swap
Through a partnership between NatureVest (see “Impact Investing,” page 15) and the Africa region, The Nature Conservancy has agreed to a debt swap in the Republic of Seychelles that will convert a portion of the island nation’s foreign debt to investment in conservation and adaptation to climate change. Seychelles is more than 99 percent ocean, and its economy is based almost entirely on tuna and tourism, so protection of marine resources is critical. In addition to funding on-the-ground conservation and climate-adaptation projects, the $31 million investment—a blend of impact capital and philanthropy—will create an endowment to support conservation and adaptation priorities into the future.

Borneo Forest for Carbon, Orangutans
The Nature Conservancy’s Indonesia program has signed an agreement with a coalition of palm oil, forest plantation and logging companies on the island of Borneo—plus the national, provincial and local governments and the Wehea traditional community—to manage 650,000 acres of forests critically important to some 1,000 orangutans. The area is adjacent to the Conservancy’s landmark forest-carbon project at Berau. The first-of-its-kind collaboration intends to demonstrate that the forest can continue to provide resources for people while protecting habitat for orangutans and other wildlife.

Global Carbon Credit Growth
Nature Conservancy-supported projects around the world are now generating income for communities and investment in conservation through the trading of carbon credits. Through Carbon Tanzania, members of one of the last hunter-gatherer tribes, the Hadza, are now receiving payments for ecosystem services through the sale of certified carbon offset credits. On the Chilean coast, an ecotourism company acquired the first 10,000 certified carbon credits generated at the Conservancy’s Valdivian Coastal Reserve. And in northern Australia, a successful fire-carbon project at Fish River Station, generating income and jobs for aboriginal communities, has expanded to cover 10 million hectares, about the size of the state of Kentucky.

2015 Climate Achievements
Local, national and global actions to simultaneously decelerate and adapt to a changing climate
(Above) Michele Kaufman and Melissa Kuzoian harvesting greens at the Brooklyn Grange Rooftop Farm, which grows more than 50,000 pounds of organically cultivated produce per year. (Right) The Manhattan skyline from Brooklyn Bridge Park, part of more than 28,000 acres of municipal parkland in New York City.

Cities

IMAGINE COASTAL CITIES protected from storms by natural breakwaters of oyster reefs and salt marshes. Imagine urban forests providing shade on hot summer days. Imagine urban planners and developers bringing nature into the projects they design and build, including green roofs and vertical gardens that manage water and improve air quality. Imagine a city that engages its citizens—especially young people—to experience and understand nature, inspiring them to act as its custodians and ambassadors. Imagine, in other words, a city that is not apart from nature but a part of nature.

Continued...
The power—and value—of nature can help cities manage the challenges they face.

Around the globe, people are moving into cities at a faster rate than ever before. And cities are in a precarious position. Rapid growth has the potential to make them deeply unlivable places, at the mercy of floods, droughts and storms. The Nature Conservancy knows that demonstrating the power—and value—of nature can help cities manage the challenges they face.

Our vision is to fundamentally change the relationship between cities and nature so both can thrive. To that end, we are working with residents, mayors, planners and developers to innovate and incorporate natural solutions that can help cities become resilient, livable and truly flourishing places.

We are protecting watersheds to ensure cities have the water they need. We are restoring reefs and wetlands to reduce flood risks in coastal cities. And we’ve begun revitalizing the green infrastructure that helps cool urban streets, filter storm water, improve air quality and support biodiversity.

We are applying our world-class science to conduct research and transform policies and practices to make cities more livable, and we are engaging decision-makers around the world in sharing and applying solutions and best practices.

We are working with local communities and leading global thinkers to inspire a restored connection to nature through education and outreach, and by promoting innovative ideas to improve human well-being in cities.

In these pages we examine our initial urban efforts in New York City as we build a global program that brings the power of nature into cities to solve a truly global challenge.

Pascal Mittermaier, Nature Conservancy Managing Director, Cities, capped a 25-year business career in 2010 by joining Lend Lease, a global property and construction company, as head of sustainability in London. In this role, he oversaw the green regeneration of London’s Elephant and Castle social housing complex, placing strong emphasis on inner-city nature and green infrastructure. The project was recognized as one of the most sustainable redevelopments in the world by the Climate C40 network of cities.
Metropolitan New York
Bringing conservation to cities in an increasingly urbanized world

Urban conservation is the newest addition to The Nature Conservancy's global agenda, but many component strategies are being adapted from Conservancy experience elsewhere, and some elements have been under way for decades. New York City offers a glimpse of the role the Conservancy will play in helping cities tap nature to become more livable places, resolve challenges of pollution and climate change, and enable citizens to maintain a connection to nature even in the densest urban centers.

“Nature in New York is not something far away. It plays a vital role in making us safer in a climate-changing world and creating a more livable city—for all New Yorkers.”
—Lisa Selz, Conservancy supporter based in New York City

GOING GLOBAL
Urban conservation strategies used in New York are also being employed or planned for cities around the world

BY THE NUMBERS

- Coastal resilience: Combining dunes, vegetation and oyster-reef restoration with other efforts to help coastal communities weather storms and sea-level rise.
- Storm water management: Using urban reserves, rain gardens and green roofs to reduce pollution runoff into rivers and bays.
- Heat island effect: Developing citywide strategies to adapt to increasing impacts of urban heat with the Mayor’s Office of Recovery and Resiliency.

North America cities network,
Youth engagement: LEAF
Nature Works Everywhere (shown outside the U.S. only)
Scoping future engagement

All projects cited are collaborations among many organizations, including the following lead agencies: National Park Service (NPS), Natural Areas Conservancy (NAC), New York City Department of Parks and Recreation (NYCPR), New York City Mayor’s Office of Recovery and Resiliency (NYCORR).

| Number of megacities with 10 million inhabitants or more today (in 1950 there were only two) | 860 |
| Number of people who will live in cities by 2050, double the number today | >600M |
| Number of gallons of rainfall a single front-yard tree can intercept in its crown, reducing runoff and flooding | 21 |
| Urban trees lost to development over the past 30 years | 6B |

By the Numbers

Number of people who will live in cities by 2050, double the number today
Number of megacities with 10 million inhabitants or more today (in 1950 there were only two)
VOICES

New Yorkers of all walks of life joining forces to realize a better urban world

“I grew up in nature, and moving to the city was jarring. Spending time in one of the city’s many parks helps me to unwind and relax.”

Matt Powers, Conservancy volunteer from Brooklyn

“I had a great LEAF mentor who taught us about invasive species and pest control. That led to another opportunity with APS to learn from an environmental project in Germany. I don’t know what I want to do for a career yet, so I’m taking a gap year before college to figure that out. But I hope to do some payback there to the Conservancy for the opportunities they gave me. I’ll be pursuing studies in science or engineering. I’m excited about things like vertical farming in cities and growing food closer to the people who consume it, as well as rebuilding oyster reefs to help clean the city’s rivers and even become a food source here again.”

Juvenile (Ari) Ramos, 16-year-old LEAF alum

“It’s amazing to me that nature finds a way, even in the middle of the biggest urban area in the country. The fact that animals and plants are thriving here in spite of what humans have done to their habitats is truly remarkable. We see incredible signs of life everywhere—from hundreds of horseshoe crabs coming to spawn on the beaches in the summer to butterfly colonies to monarch butterflies moving through the city on their way back to Mexico for the winter. People recognize TNC for quality science and policy work. Moving into the urban space with new players and partners requires that we bring our ‘A’ game. It’s also important because cities ask so much of nature—for coastal protection, flood control, clean air and clean water. After Hurricane Sandy, we realized that our ecosystem is fragile and requires continual maintenance and care because we expect it to provide so many services.”

Lauren Alleman, Conservancy urban ecologist

“People recognize TNC for quality science and policy work.”

“‘The Nature Conservancy’s new focus on urban areas is a natural fit with New York City and its newly released OneNYC plan, which prioritizes the use of natural infrastructure as part of the climate adaptation and resiliency program. By strengthening our connection to nature, we can ensure that New York City is ready to withstand and emerge stronger from the impacts of climate change and other 21st-century threats.’

Daniel Zarrella, director of the Mayor’s Office of Recovery and Resiliency for the city of New York

“‘It’s amazing to me that nature finds a way, even in the middle of the biggest urban area in the country. The fact that animals and plants are thriving here in spite of what humans have done to their habitats is truly remarkable. We see incredible signs of life everywhere—from hundreds of horseshoe crabs coming to spawn on the beaches in the summer to butterfly colonies to monarch butterflies moving through the city on their way back to Mexico for the winter. People recognize TNC for quality science and policy work. Moving into the urban space with new players and partners requires that we bring our ‘A’ game. It’s also important because cities ask so much of nature—for coastal protection, flood control, clean air and clean water. After Hurricane Sandy, we realized that our ecosystem is fragile and requires continual maintenance and care because we expect it to provide so many services.’

Lauren Alleman, Conservancy urban ecologist

“People recognize TNC for quality science and policy work.”

Engaging Urban Youth

Of the 60 percent of the world’s population projected to live in cities in the next 15 years, 60 percent of those city dwellers will be under the age of 18.

Today, the millennial generation, born in the two decades after 1980, represents the largest generation of all time. These young people are growing up more urban, more ethnically and culturally diverse, and more disconnected from nature than any previous generation. In 1995 The Nature Conservancy started Leaders in Environmental Action (LEAF) in New York City to build future generations of conservation leaders by better engaging the youth in our cities in understanding and appreciating nature. LEAF provides inner-city high school students with paid summer internships at Conservancy preserves and in other natural areas, involving more than 1,000 students and 28 states. These youth programs in the United States are made possible with support from home-improvement company Lowe’s.

During internships, LEAF students live and work with mentors who guide them in the ways of nature, team-work, and independent living. One-third of surveyed LEAF participants have gone on to pursue environmental careers, and more than 50 percent volunteer for environmental causes in their communities.

Going forward, we will provide support beyond high school through college scholarships and internships, post-graduation fellowships, and help for gaining entry into the conservation workforce. A related Conservancy youth program, Nature Works Hong Kong, launched this year (see page 16).

As the Conservancy’s urban conservation program expands around the world, a shared component will be the cultivation of leaders from those urban centers to ensure that nature has a strong and vibrant voice.
North American Cities
The Nature Conservancy established an initial network of 13 U.S. cities to advance the role that nature plays in ensuring urban communities have access to the clean water, healthy trees and resilient coasts needed to thrive. The cities are working together to identify common urban partners, as well strategies that best tap Conservancy skills and can be replicated elsewhere. In Miami, for example, Conservancy staff helped launch Coastal Defense, a geographically tailored decision-making tool that examines how coral reefs and mangroves help protect Florida’s urban coastal communities.

D.C. Storm Water Solutions
The Potomac and Anacostia rivers, which flow through Washington, D.C., are routinely polluted with sewage and storm water runoff containing oils, pesticides, nutrients and sediments. Under Washington’s current storm water regulations, all new major development projects must meet storm water retention standards that can be fulfilled, in part, by using off-site storm water retention credits. The Nature Conservancy’s Maryland/D.C. chapter and the impact investment unit NatureVest (see “Impact Investing,” page 15) are working to cultivate and solidify investment resources and to support Washington’s reduction of urban pollution through green infrastructure solutions that restore the city’s natural hydrology, allowing rainwater to be absorbed by the soil instead of becoming a pollutant.

Hong Kong Youth Engagement
With a goal of inspiring the next generation of conservation leaders, The Nature Conservancy in Hong Kong launched an urban youth engagement program, created with education collaborator Seeds Training. More than 100 students from more than three dozen secondary schools across the city participated in the inaugural Nature Works Hong Kong program. Students work with volunteer advisors from the corporate and nonprofit worlds to create realistic plans to resolve environmental challenges in their communities.

Urban Forests and Air Quality
Recognizing the need to understand the science of urban conservation, The Nature Conservancy’s new cities program is leading research on the role of nature in urban centers. First up is an analysis of the value of urban trees in improving air quality and mitigating heat islands. The initial phase of the study will be conducted in the United States, where urban air pollution is a serious health threat. Research results could help guide urban planning around the world.
THE CHAIRMAN, BOARD OF DIRECTORS

Craig O. McCaw
Chairman, Board of Directors

To achieve the necessary scale of impact, we need to materially “up our game” in several areas:

1. We intend to enhance our scientific and technical capabilities. Several members of the board have agreed to personally fund the hiring and support of more leading scientists in our field.

2. The Conservancy will work to appeal to a broader community of supporters. We crave the energy that a more diverse audience can bring to this movement.

3. We plan to better communicate our message to political constituencies around the world. Our amazing state chapters and volunteer leaders speak from a grass-roots perspective that is unique in the environmental community.

4. The Conservancy has undertaken high-leverage global priorities. They will need greater support to flourish. As this annual report highlights, we are aligning our work with five unifying goals that represent the Conservancy’s best opportunities to advance our mission:

   - **Lands**: Catalyze land and soil conservation at an unprecedented scale.
   - **Water**: Save the last great rivers and lakes.
   - **Oceans**: Spark a revolution in ocean conservation.
   - **Climate**: Inspire ideas for global climate action.
   - **Cities**: Build sustainable cities where people and nature can flourish.

1 am excited by the prospect that the Conservancy can bring these big ideas to life. We are deeply grateful to you for partnering with us to make that happen.

Craig O. McCaw
Chairman, Board of Directors

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Senior Managing Director
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Whitehouse Station, New Jersey

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Chairman
China Capital Group
Beijing, China

*Currently on leave of absence
Although overall support and revenue did not keep pace with the strong results posted in the prior year, financial results for fiscal year 2015 were solid. Net assets grew by $146 million, and The Nature Conservancy experienced an operating surplus for the sixth consecutive year. Long-term investment returns (+4.6 percent), though much better than benchmark (+1.4 percent), accounted for much of the decrease in overall revenue and support as financial markets generally underperformed compared with the previous year. The remainder of the decrease was primarily attributable to reduced funding available from public sources, particularly the U.S. government. Private philanthropy, though slightly lower than the record levels of fiscal year 2014, did provide increased support of operations (versus capital project needs). Programmatic efficiency (71.2 percent) remained relatively consistent with the prior fiscal year (70 percent).

The financial results depicted here are derived from the Conservancy’s audited June 30, 2015, consolidated financial statements, which contain an unqualified audit opinion. The Conservancy’s complete, audited financial statements can be obtained online at nature.org/annualreport or by calling (800) 628-6860.

Stephen C. Howell
Chief Financial and Administrative Officer

Financial Overview

For the fiscal years ending on June 30, 2015 & 2014 (in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Support &amp; Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dues &amp; contributions</td>
<td>545,069</td>
<td>560,417</td>
</tr>
<tr>
<td>Government grants</td>
<td>99,209</td>
<td>120,687</td>
</tr>
<tr>
<td>Investment income</td>
<td>44,199</td>
<td>235,213</td>
</tr>
<tr>
<td>Other income</td>
<td>58,296</td>
<td>59,433</td>
</tr>
<tr>
<td>Land sales &amp; gifts</td>
<td>200,782</td>
<td>138,529</td>
</tr>
<tr>
<td><strong>Total Support &amp; Revenue</strong></td>
<td>947,555</td>
<td>1,114,279</td>
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<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td><strong>Expenses &amp; Purchases of Conservation Land &amp; Easements</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conservation activities &amp; actions</td>
<td>436,011</td>
<td>401,429</td>
</tr>
<tr>
<td>Purchases of conservation land &amp; easements</td>
<td>127,618</td>
<td>103,646</td>
</tr>
<tr>
<td><strong>Total Conservation Program Expenses &amp; Purchases of Conservation Land &amp; Easements</strong></td>
<td>563,629</td>
<td>505,075</td>
</tr>
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<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General &amp; administrative</td>
<td>186,586</td>
<td>121,776</td>
</tr>
<tr>
<td>Fundraising</td>
<td>64,793</td>
<td>67,099</td>
</tr>
<tr>
<td>Membership</td>
<td>26,462</td>
<td>27,817</td>
</tr>
<tr>
<td><strong>Total Administration &amp; Fundraising</strong></td>
<td>278,941</td>
<td>216,692</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Expenses &amp; Purchases of Conservation Land &amp; Easements</strong></td>
<td>727,460</td>
<td>721,767</td>
</tr>
</tbody>
</table>

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Result: Support &amp; Revenue Over Expenses &amp; Purchases of Conservation Land &amp; Easements</strong></td>
<td>156,275</td>
<td>392,512</td>
</tr>
</tbody>
</table>

**Fundraising Summary**

Fundraising expenses as a percentage of total expenses & purchases of conservation land & easements

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fundraising</strong></td>
<td>25%</td>
<td>21%</td>
</tr>
<tr>
<td><strong>Program</strong></td>
<td>71.2%</td>
<td>70%</td>
</tr>
<tr>
<td><strong>General &amp; Administration</strong></td>
<td>11.5%</td>
<td>11%</td>
</tr>
<tr>
<td><strong>Membership &amp; Marketing</strong></td>
<td>12%</td>
<td>7%</td>
</tr>
<tr>
<td><strong>Other Organizations</strong></td>
<td>4%</td>
<td>12%</td>
</tr>
</tbody>
</table>

**Asset, Liability & Net Asset Summary**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conservation land</td>
<td>1,809,805</td>
<td>1,815,004</td>
</tr>
<tr>
<td>Conservation easements</td>
<td>2,030,932</td>
<td>1,937,343</td>
</tr>
<tr>
<td>Investments held for conservation projects</td>
<td>820,909</td>
<td>684,932</td>
</tr>
<tr>
<td>Endowment investments</td>
<td>1,160,816</td>
<td>1,127,610</td>
</tr>
<tr>
<td>Planned-giving investments</td>
<td>301,444</td>
<td>307,963</td>
</tr>
<tr>
<td>Property &amp; equipment (net of depreciation)</td>
<td>323,365</td>
<td>322,791</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>6,712,500</td>
<td>6,518,912</td>
</tr>
</tbody>
</table>

Accounts payable & accrued liabilities

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes payable</td>
<td>103,482</td>
<td>100,161</td>
</tr>
<tr>
<td>Other liabilities (1)</td>
<td>308,309</td>
<td>277,730</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>412,791</td>
<td>377,891</td>
</tr>
</tbody>
</table>

**Net Assets**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Assets</strong></td>
<td>6,712,500</td>
<td>6,518,912</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>6,712,500</td>
<td>6,518,912</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td>5,923,968</td>
<td>5,777,459</td>
</tr>
</tbody>
</table>
The mouth of the Klamath River, Yurok tribal territory in Northern California. By managing forests to sequester carbon and keep streams healthy for fish, the Yurok tribe both contributes to and benefits from participation in the state’s forest-carbon market.

A final offer of gratitude goes to those who so cherished nature and valued The Nature Conservancy’s work during their lives that they remembered us in their estate plans and ensured continuing support after their passing. In the past year alone, planned gifts to the Conservancy totaled $111 million—a lasting legacy that will continue to protect, transform and inspire for generations to come.
Conserving the lands and waters on which all life depends.

To learn more about the Conservancy’s work in more than 35 countries and all 50 U.S. states, visit nature.org

On the cover Cacao pods being cultivated within forested areas of the Amazon basin. The primary ingredient in chocolate, cacao is a sustainable crop that helps farmers adhere to Brazil’s strict Forest Code, which requires landowners to maintain up to 80 percent forest cover on their properties.