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## PROJECT FINANCING

*Once the idea for land use mapping had crystalized and a general sense of goals had begun to emerge, we started casting about for financial support and assembling the human resources to undertake the work. This chapter will look closely at each of these aspects as they unfolded, first in Honduras and then in Panama.*

In Honduras, when discussions began on how to best focus attention on the issue of land, we estimated that our initial idea of holding a congress or meeting would cost no more than \$10,000. This relatively small amount of money was available from a fund for small grants that Native Lands was managing. But as discussions turned in the direction of land use mapping, the project rapidly became more complex and expensive. The first draft of the project budget, as estimated by Leake and Herlihy, totaled \$28,000. By the time we were finished, the costs had mushroomed to over \$63,000 (\$13,000 of which was in-kind contribution from MOPAWI), and in fact this was nowhere near the real cost of the project.<sup>13</sup> All of this occurred within the space of a couple of months. To compound our difficulties, MOPAWI then proceeded to launch project activities before the budget was completed, which we learned only after the fact.

Native Lands had firmly committed itself to be the financial underwriter for the mapping; but the amount required quickly grew beyond what we could provide from our small grants fund, which put a cap of \$20,000 on individual grants. So an urgent search for additional funds ensued, with no lead time. As the project sailed forward, we approached several foundations and conservation groups with the proposal, but without luck. Part of the problem was in persuading people to finance something that was already under way, always a difficult sale.

But a deeper problem also surfaced. Several foundations and a handful of conservation NGOs let us know, either directly or more delicately (and, in several cases, more awkwardly), that while they thought what we were attempting was fine from the human rights angle — helping Indians to organize themselves —

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<sup>13</sup> The final project budget (including the mapping and the congress that followed) totaled \$63,127.65, of which Native Lands contributed nearly \$50,000 in cash. However this figure does not include Native Lands' time, nor more than a fraction of MOPAWI's considerable input (MOPAWI contributed staff time and workshop and dormitory facilities). Moreover, the cartographers from the IGN and the lead cartographer (Herlihy) received only travel and per diems, but no honorariums. With these in-kind costs added in, we estimate that the real cost of the project was upward of \$80,000 (see Appendix A).

the production of “ethno-maps” should not be confused with “science.” They also had trouble seeing how mapping indigenous subsistence patterns was in some fashion related to the conservation of biodiversity (most of the foundations we were dealing with at the time stressed conservation rather than human rights, and few saw the connection between the two). Providing persuasive answers to this skepticism was rendered even more difficult because the project was experimental and we were unable, in good conscience, to say with any precision what the outcome was going to be. Beyond this, it was clear that a number of funders were interested in accurate maps of the Mosquitia largely for their own purposes, which were centered on narrow schemes of biodiversity conservation. The notion that the maps were to be the property of the indigenous peoples, to be used for their purposes, was less attractive.

In the end, we salvaged the Honduras project by dipping deeply into our small grants fund to dredge out the full \$50,000, breaking our own internal cap by a vigorous \$30,000. We took care to seek approval from the foundation supporting this corner of our finances, but our small grants fund was left nearly dry, and we were forced to reconstitute this part of our program with several creative budgetary adjustments. The importance of the

mapping, and the level of enthusiasm being reported from the field following the unexpected jump-start, helped justify our decision — which was fortunate, for we could hardly have done otherwise at such a late stage.

When discussions about the mapping in Panama were well on their way, we were determined to get a more realistic picture of the expenses involved than had been the case in Honduras. In a sense, we had no choice since this time the costs could not be absorbed internally — Native Lands’ small grants fund was practically empty, and there was no Panamanian equivalent of MOPAWI to provide in-kind infrastructure support. Taking advantage of the greater lead time available to put the project in motion, and using the Honduras project as a budget guide, we prepared a more accurate cost structure.

The official estimate ran close to \$165,000, including over \$30,000 that Native Lands planned to donate in-kind.<sup>14</sup> From the outset, it was evident that the budget in Panama would surpass the expenses incurred in Honduras. First, Panama is a more expensive country in which to operate. Second, all of the staff to administer and coordinate the project had to be hired, and a project office and a building for the workshops had to be rented. Third, this time around

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<sup>14</sup> Native Lands has since learned to avoid this practice altogether, without exception. NGOs must cover their costs to run projects. We spent a large part of our time in this project fund-raising, keeping in touch with various members of the project team by telephone, and traveling to Panama several times. Nicanor González, who during this time was our Regional Coordinator based in Panama, was a core member of the technical team for the workshops and helped coordinate activities during the course of the entire project. Except for a small portion of González’s time, none of this was covered by the project budget (see Appendix A).

Herlihy would be paid for his work. And finally, we decided to produce not only a single regional 1:500,000 map, as we had done in Honduras, but also a set of detailed 1:50,000 maps of each “zone” (including several communities). This decision proved to be not only more expensive but more demanding, and eventually led to some serious difficulties, as we shall see in the latter phase of the project.

Although not altogether smooth, our fund-raising for Panama was more productive than in Honduras, to a great extent because we were able to hold up the earlier project as proof of the soundness of the methodology. We had maps showing that the process could produce information that was scientifically sophisticated and of practical value to conservationists, as well as to the indigenous peoples. Consequently funders showed much greater willingness to support a similar effort in the Darién, which conservation groups had already singled out as a priority area. We also had the fortune of good timing. In 1993, a window of support for conservation efforts in tropical Latin America briefly opened — rainforests were receiving a flurry of attention in the media at the time — and several pots of money flowing out of the U.S. Agency for International Development (USAID) were available for conservation work. (By 1994 the window was rapidly closing. The cash supplies for conservation from some of the large international conservation organizations became restricted; USAID was being

threatened by hostile forces in Congress and became immersed in other battles; and in general the public’s enthusiasm for tropical rainforests was flagging.)

The project had come together only after a long period of discussion and negotiation, and the proposal was written about the time activities started. This did not give us much lead time to deal with the generally long, formal approval processes of foundations. Instead we sought contributions from a collection of conservation NGOs and other assistance agencies and groups in Panama, the United States, and Europe. In the end, we were able to secure over \$130,000 in cash from nine different organizations: the Biodiversity Support Program, the European Economic Community’s Agricultural Frontier Project, Conservation International, Cultural Survival, the Proyecto Manejo de Bosques Nativos del Este de Panamá of the International Union for the Conservation of Nature (IUCN), The Nature Conservancy (TNC), Wildlife Conservation Society (WCS), World Resources Institute (WRI), and World Wildlife Fund (WWF). The project also received, in addition to Native Lands’ in-kind contribution, a total of \$15,000–20,000 (roughly estimated) of in-kind support from eight different Panamanian organizations, the National Geographic Society, and other interested parties (see Appendix A).

While in the end we managed to raise all of the money we needed to finish the project, this strategy of

piecing together the budget on the run was stressful to the extreme. In retrospect it seems foolhardy to the point of insanity since we were frantically casting about for money as the project was unfolding. We crawled far out on several dangerously fragile limbs, all of which were required to support the weight of the project. At any point in the process, one of our potential funders could have bailed out and sent us into free-fall. The worst never occurred, but nearly did, and much sleep was lost skirting disaster.

In our rush to get the project going we ignored early clues regarding the thicket we were entering. From the beginning, dealing with such a wide array of funders was very time consuming. We started our fund-raising push by sending out proposals and accompanying materials to a large number of organizations. These packets were followed up with phone calls to describe the mapping in more detail and answer questions. As we progressed, we returned to inform the potential funders of our progress with other funders since one's approval became contingent on another's participation. Our days were consumed with cajoling and negotiating over the phone, and then, when we managed to secure a donation, making arrangements to have the money routed to CEASPA. Although some funders gave us verbal assurances of support — or at least strong indications — before

we began the project proper, that did not alleviate the pressure. Only a percentage of the funds was actually in the bank, and the stream of deposits was uncertain. Money dribbled in bit by bit, leaving us constantly afraid that some pieces of the budget would not, for one reason or another, come through when needed and that we would be left with gaps the project would not be able to cross.

This fear materialized toward the end of the project, with near-disastrous consequences. We had finished the mapping, and our focus had shifted to preparing for the Forum to present our findings. Suddenly, the organization that had pledged to support this activity backed off. That left us with three alternatives: push forward and patch together what we could to hold a cut-rate Forum; postpone it until more money could be raised; or cancel it altogether. Because of the momentum carrying the project at the time, everyone decided on the first alternative. CEASPA began fishing for financial support in Panama, locating funds in several places; and Native Lands was able to milk some additional financial support from outside sources.<sup>15</sup>

While we were able to hold the project together, internal tensions (explored in greater detail in Chapters 7 and 8) were exacerbated; and our anxiety continued to grow since there was still no money to cover post-

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<sup>15</sup> Although Native Lands raised the bulk of project money and had it sent directly to CEASPA, as cash ran short toward the end of the project, CEASPA took the initiative and secured support from two European projects (the Agricultural Frontier Project and the IUCN).

Forum expenses.<sup>16</sup> When funds were finally received, more than a year had passed. The project team had lost the last shreds of cohesion, and the col-

laborative relationship between CEASPA and the Emberá-Wounaan Congress had ended in bitterness.

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<sup>16</sup> These included production of the maps and proceedings from the Forum, and some community workshops, for a total of about \$28,000. The Inter-American Foundation (IAF) approved a grant to the Emberá-Wounaan Congress to cover this work, with the funds administered by the Centro de Asistencia Legal Popular (CEALP).



## DISCUSSION

As the examples in Honduras and Panama make clear, numerous problems can be avoided if project financing is in hand before activities begin. It is one thing to have enough money committed to carry out project activities; it is quite another have it flowing into the project in timely fashion. The Honduran project was carried out on an austere budget, and it went generally well. Had there been more money, we could have done a more complete set of maps, among other things. Our attempts to locate additional cash were frustrated, however, and we had to make do with the meager amount we had in hand. In retrospect, it is difficult to see how things could have been different. The project was slapped together rapidly just as the mapping began, and the total cost of what we were doing was not determined until we were knee-deep in field activities. We were also undertaking new and untested activities — which made it difficult to explain to potential funders with any precision what the outcome might be. Given these circumstances, raising additional funds was extremely difficult, and in the end futile. Not the best way to go about things.

In Panama we had a clearer idea of how much money was needed, and we also had a product to sell. We were able to put together a more realistic

budget — which was well over two times the size of the project budget in Honduras — and we managed to round up most of the needed funds. At the same time, we were forced to do this piece by piece while the mapping activities were in full swing, from nine different funders and as many in-kind contributors; this process was time consuming, ulcer producing, and risky to the extreme. We spent far too much time searching for funds and not enough attending to organizational matters, a situation that brought us within a whisker of catastrophe. We emerged shaken, with the firm conviction that we would not place ourselves in a similar fix in the future.

All this being said, it is often difficult to set up projects so that the initiation of field activities coincides with the arrival of funding. The ideal situation, of course, would be to have at hand a large cache of money one might tap into at any time for mapping or anything else that surfaces; but this is a luxury that few small organizations have. In neither Honduras nor Panama did we have such a reserve. In Honduras we made do with the small sum we had, but in Panama we had to raise everything by floating proposals before funders, and there was pressure from the organizations involved in the implementation of the project to begin activities immediately.

If a proposal is developed in participatory fashion, there is of necessity a time gap between project design — when the idea is hot and everyone involved wants to crank up and get going — and the appearance of funds.

In Panama, we spent over a year in discussions with indigenous leaders and representatives of CEASPA; the Indians, in turn, discussed the proposed project with their people; then several meetings were set up between the indigenous Congress and CEASPA, during which the forms of collaboration were structured; and finally the flag was dropped and we began setting things up. Expectations

on all sides demanded that we get moving despite the fact that the full budget for the project had not been raised, and it is difficult to put the project team in place and begin preliminary work on the project before all or most of the finances are in place. Several components of the project must somehow converge at the same time, and funding is in essence the bedrock upon which all of the other components rest. If it doesn't come in on time, there is always the chance that early planning will disintegrate and potential team members will drift off into other jobs. For this reason, adequate and timely funding for the project is crucial.