

- ❖ Standard 14. Produce a long-term financial plan to support strategies and measures, implementation, further data development, and analyses.
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Case Study: The WWF Financial Model Template—Overview and Sample Applications

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Purpose

A key component of a full operational plan is a comprehensive financial plan (or financial model). A financial model provides a comprehensive estimate of costs of a program and potential sources of revenue. The total costs, revenue estimates, and gap analysis derived from the model provide strong basis from which to develop sustainable funding vehicles and other fundraising proposals.

Box 1: Benefits of Financial Modeling

- Validate program activities by testing cost assumptions
- Identify baseline for sustainable financing needs
- Establish clear short and long-term income targets
- Support requests to governments and other potential funders
- Guide program budgeting
- Assist resource allocation decisions
- Demonstrate (via scenarios) how changes affect financial and operational needs

The Conservation Planning and Design team at WWF-US has worked on a variety of financial models over the past three years (see Box 2). Over the course of this work, some key lessons emerged for improving future modeling efforts. Most importantly, teams should avoid trying to create overly complicated models. A complicated model is one which tries to split cost and revenue data in many ways for future analysis. Although it is technically feasible to build such complicated models in Excel (or other platforms), the burden of data collection placed upon the team to populate such a model rarely justifies the effort. Instead the team must outline their goals for the model and prioritize what types of data analysis will be most valuable before the building phase begins.

Box 2: WWF Field Programs with Financial Planning Experience

1. Amazon Region Protected Areas (PA network, trust fund)
2. Bhutan (full landscape, PAs, buffers, and corridors)
3. Chile (single MPA)
4. Congo Basin (2 landscapes with PAs & buffers, trust fund)
5. Gulf of California (PA network)
6. Madagascar (full ecoregion, trust fund)
7. Mesoamerican Reef (PA network, trust fund)*
8. Mozambique (PA Network)
9. Nepal Terai Arc Landscape (PAs, buffers and corridors)*

*Detailed case studies of these models are available on ConserveOnline at http://conserveonline.org/workspaces/cbdgateway/era/standards/std_14

Criteria/Methods

The Financial Model Template

Initial financial models were completely custom built, which required a great deal of technical support for programming and implementation. However, the Conservation Planning and Design team at WWF-US has since created an Excel-based Financial Model Template which provides a strong foundation for creating a model specific to any conservation program. Although originally developed for a single protected area (PA), the template can be modified to accommodate much larger programs.

Using the template, there is a basic step-wise approach to completing the financial model. The first step is to project the costs of the program. This is based on a detailed activity list derived from the program's Action or Management Plan. The template model allows for two methods to estimate the costs of each activity. Option one is to provide an estimated annual cost for an activity and indicate the start year of that activity. This estimate may be based upon past budgets from the program. The model then uses the estimate to project the annual cost across time. Alternatively, a unit cost can be assigned to an activity. For example, if the activity is reforestation, the unit could be hectares. The number of units of the activity must be entered for each year. The model then multiplies the unit cost by the number of units to project the cost per activity. The unit cost method allows for more specificity about the extent of an activity that is planned in any year.

The second stage of modeling requires an estimate of the revenue that will be available to support the program. Specific revenue sources may be arranged into different categories. The model can project revenue based on a single year estimate, a start year and a growth rate. The model can accommodate projections of known or secured revenue, potential revenue from new sources, and sustainable finance flows (if appropriate to the particular program). Revenue can be direct cash flows and, in some cases, in-kind support.

Because the model projects costs and revenues over several years, it is designed to adjust those projections appropriately. The most common cost driver used in financial modeling is inflation. The model can apply a single inflation rate to all costs or users may alter the rate for any single line item as needed (e.g., if fuel prices increase prices faster than inflation). The model template also includes the option of applying a growth rate to revenue projections.

The template then compares the projected costs against projected revenues to provide a gap analysis. The model automatically presents this data in chart form for easier interpretation. By understanding financial gaps, program staff can use the model to plan fundraising efforts to meet the program's needs for implementation. With the model, up to three scenarios can be run to adjust the overall sensitivity of cost and revenue figures by entering a percentage figure by which to increase, or decrease, the final results.

Before adapting the Financial Model Template to a specific situation, a team must first consider how best to represent the conservation program with a model. This requires deciding on the key dimensions or parameters which dictate: how data is organized within the model, the complexity of data collection to populate the model and how the data can be analyzed by the model. To determine what dimensions to use in the model, teams should consider what types of gap analyses, scenarios and reports will be most helpful for future financial planning and fundraising efforts.

Some of the typical parameters to consider include:

- *Time horizon*—The template is built to project across ten years. However, some programs may choose to build only a five-year model.
- *Organization of Costs*—There are two methods for organizing costs. The activity list may be organized into specific categories, for which subtotals of the full program costs can be calculated. In addition, a model may contain multiple cost worksheets to provide another mechanism for dividing the costs.
- *Geography*—The geographic organization of the program is often the means by which different cost worksheets are assigned within the model template. For example, specific countries, landscapes, protected areas, districts or other key management units could serve as the dimension for dividing costs. However, if a program team wishes to avoid an overly large model with many cost worksheets, then other methods for consolidating costs across geographic areas may be considered.
- *Organization of Revenue*—At the very least, revenue sources in the model can be organized by the various types of revenue available. However, to conduct detailed gap analyses, the template needs to be modified to split each revenue source along some other dimension in the model.

For a full list of questions to consider prior to building a financial model, refer to Appendices A and B.

Examples

The following examples demonstrate how the parameters of specific conservation programs influenced how the model template was adapted to suit each program's needs.

Example 1: Corcovado Blue Whale Reserve—Single Protected Area

Drafted for a single proposed Marine Protected Area (MPA) off the coast of Chile, this model demonstrates the most straightforward application of the template. The basic parameters of the model are outlined below and shown in Figures 1-3.

- *Time horizon*—This model only focuses on the first five years needed to establish the MPA (Phase 1).
- *Organization of Costs*—The Phase 1 (start up) costs are detailed on a single cost worksheet. Both the Annual and Unit Cost methods were used to project costs for activities (see Figure 1).
- *Geography*—Because this model pertains to a single MPA, there is no need for it to provide more cost or revenue detail along a geographic parameter.
- *Organization of Revenue*—Revenue was organized into basic categories based on the type of source (see Figure 2).

Figure 1: Snapshots of Cost Sheet from Corcovado MPA Financial Model

1 2		B	EFG	H	I	J
				Projection Based on Total Annual Estimated Cost of each Activity		
		Cost Category (orange) & Activity/Budget Line Item (green)		Estimated Annual Activity Cost	Start Year	Activity Cost Growth Rate
		PA Scoping & Establishment				
		Biodiversity assessment (including data collection)		500,000		4%
		Social, economic & legal assessments		70,000	1	
		Stakeholder consultation (development of mgmt board, completion & approval of mgmt plan)		60,000	1	
		Land acquisition		TBD		
		Compensation for lack of access where necessary		TBD		
		Initial boundary demarcation (buoys)		TBD		
		Infrastructure				
		1 Central building & 4 field stations (construction)				
		5 Semi-rigid Boats				4%
		1 Large Boat (18-20 meter)				4%
		4 Trucks				4%
		Phase 1 - Start Up Costs / Cost Detail / Gaps / Chart				

Costs can be projected based on an annual estimate, to which an inflation rate is applied over time.

1 2		B	KLN	N	O	P	QRS	T
				Projection Based on Units of Activity per Year			Projection Based on Units	
		Cost Category (orange) & Activity/Budget Line Item (green)		Unit Cost Growth Rate	Unit Name	Unit cost	Year One Units	
		PA Scoping & Establishment						
		Biodiversity assessment (including data collection)		4%				
		Social, economic & legal assessments		4%				
		Stakeholder consultation (development of mgmt board, completion & approval of mgmt plan)		4%				
		Land acquisition		4%				
		Compensation for lack of access where necessary		4%				
		Initial boundary demarcation (buoys)		4%				
		Infrastructure						
		1 Central building & 4 field stations (construction)		4%	lump sum	600,000		
		5 Semi-rigid Boats		4%	boat	70,000		
		1 Large Boat (18-20 meter)		4%	boat	300,000		
		4 Trucks		4%	truck	30,000		
		Phase 1 - Start Up Costs / Cost Detail / Gaps / Chart						

Alternatively, users can assign a specific unit cost and input how many units of a given activity will be performed each year.

Currency: US Dollars

The real power in financial modeling comes in the final gap analysis comparing the projections of costs versus revenues. A rigorous financial modeling exercise to identify this funding gap can become a powerful tool in fundraising. In addition, the data can help guide the development of sustainable financing mechanisms to generate new revenue.

The model template helps deliver the power of gap analysis with automatically generated charts (see Figure 3). For ease of use, the summary data tables and charts can be converted into any needed currency by simply entering the appropriate exchange rate. More importantly, the model allows users to easily run up to three scenarios to adjust the gap analysis. These scenarios do not require any alterations to the original data inputs, which would be cumbersome to execute and reverse. Instead, only a percentage amount is required to adjust all projected costs and/or revenues up or down (see Figure 4). This methodology can be applied to account for a wide variety of situations or assumptions that would impact the data.

Figure 4: Scenario Modeling Options from Financial Model Template

Currency Exchange Rate	1	The template can quickly convert the model's projections results into other currencies.
Cost Inflation	Inflation Rates	
Scenario One	5%	Users can also run quick scenarios without altering the many data inputs. The model simply applies the entered percentage rate to the total amounts for each year. The results are displayed in a table and a chart like that shown in Figure 3.
Scenario Two	10%	
Scenario Three	-5%	
Revenue Sensitivity	Sensitivity Rates	
Scenario One	10%	
Scenario Two	25%	
Scenario Three	-15%	

The financial model template is configured to calculate only the gap between total costs and total revenues for each year. However, in some situations more detailed gap analysis may be required. The template can be reconfigured to perform these additional analyses. To make these calculations, the same level of detail for both costs and revenues must be entered into the model. These extra requirements are often very difficult to meet due to the lack of good financial data in most countries where we work. Therefore, the benefits of more detailed gap analysis must be weighed against the extra effort to obtain the data. The following examples illustrate how the template can be altered to accommodate a variety of more complicated situations. In some cases, these alterations include the ability to conduct more detailed gap analysis.

Example 2: Mozambique—Multiple Protected Areas

This model was built to forecast the costs of running six protected areas in Mozambique that rely primarily on foundation funding. The gap analysis from the completed model will be used as a basis for discussion of concession fees to support the PAs. It is also likely that a trust fund will be established to help fill the funding gap.

- *Time horizon*—This model uses the full 10-year projection provided by the template.
- *Organization of Costs*—The team in Mozambique wished to create a special dimension in the model to indicate which costs were directed to “community” versus “conservation” work. Because the program places a high importance on distinguishing these two streams of work, the model was adapted to meet their needs (see Figure 5). As a result, the data entry for each cost sheet requires more detail than the basic model template. It is important to note that such an approach can complicate the collection of data which may thus require more time for completion of data entry.
- *Geography*—A cost worksheet was created for each of the PAs. There is also a National cost sheet to capture country-wide management or monitoring activities conducted beyond the scale of individual PAs.
- *Organization of Revenue*—For more detailed gap analysis, the revenue sheet in the Mozambique model requires revenue data to be split across two dimensions. First, revenue data must be allocated across the PAs. Then within any of the PAs, there must be an indication of how much revenue is dedicated to community versus conservation work.

Figure 5: Snapshot of Gap Analysis from Mozambique Financial Model

Base Scenario	10-Year Total	Percent of Total 10-Year	Year One	Year Two
Total Gap	55,843,531		541,481	12,351,370
Bazaruto	1,932,365	3%	393,104	280,180
Designated to Conservation	1,896,365	3%	393,104	276,180
Designated to Community	36,000	0%	0	4,000
Gile	0	0%	0	0
Designated to Conservation	0	0%	0	0
Designated to Community	0	0%	0	0
Gorongosa	0	0%	0	0
Designated to Conservation	0	0%	0	0
Designated to Community	0	0%	0	0
Limpopo	51,137,345	92%	30,080	12,102,222
Designated to Conservation	53,353,099	95%		
Designated to Community				
Niassa	0	0%		
Designated to Conservation	0	0%	0	0
Designated to Community	0	0%	0	0
Quirimbas	2,773,822	5%	118,298	-32,094
Designated to Conservation	454,854	1%	-255,941	-47,282
Designated to Community	2,318,968	4%	374,239	15,188
National	0	0%	0	0
Designated to Conservation	0	0%	0	0
Designated to Community	0	0%	0	0

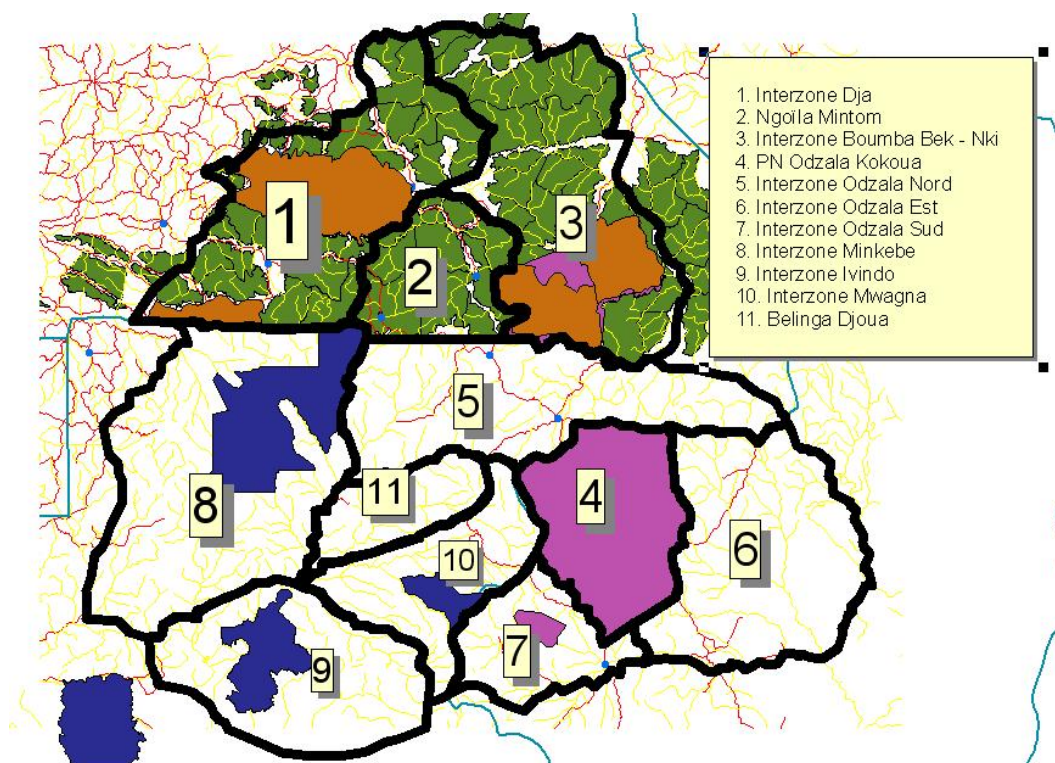
Currency: US Dollars

The model may be modified to provide more detail along any dimension. However, the benefits of such reporting must be weighed against the considerable amount of extra effort required to collect cost and revenue data.

Example 3: Congo TRIDOM—Large, Multi-Country Landscape

The financial model template may be used even when the conservation program is quite large and complex. In such a situation, it is even more important to clarify the parameters for the model in advance. The key questions to consider are: what are the desired outputs of the model (i.e., what kind of reports is it expected to produce) and in what form is financial data available?

Figure 6: Map of Zones in TRIDOM Landscape



The geography of the Dja-Minkebe-Odzala Tri-National (TRIDOM) landscape in the Congo Basin was a key consideration in designing the structure for the financial model. The overall parameters of this model are:

- *Time horizon*—The template was modified to provide only a 5-year forecast.
- *Organization of Costs/Geography*—TRIDOM landscape covers three countries (Gabon, Cameroon and Congo Brazzaville) and has been organized into 11 conservation management zones (see Figure 6). Some zones contain a PA and a PA-specific periphery; others are pure periphery and not linked to a PA. There is a cost worksheet for each zone and users can designate how much of any line item cost applies to the PAs versus the periphery areas within that zone. There is also more than one workbook for the model, so that each country may manage the data

- for its zones. By consolidating the PAs and related periphery areas into zones, the model has fewer cost worksheets which helps to keep it relatively simple.
- *Organization of Revenue*—Unlike the cost data, revenues may only be broken down to the zone level. In many financial models, the revenue data is not entered in as much detail as the cost information. This is usually because that level of detail is not readily accessible.

Another key feature of the TRIDOM model is a single Cost Master Worksheet for all three countries (see Figure 7). The information in this one sheet automatically feeds into the zone-specific cost sheets in each country's workbook. Such a master worksheet helps maintain a consistent model despite the multiple cost worksheets. If any changes or additions are needed, they need only be entered in the master worksheet to automatically update the entire model, making regular updates and adjustments to the model much more efficient.

Figure 7: Cost Master Worksheet, TRIDOM Financial Model

6	Date this spreadsheet updated:		22-Jun-07			
7	Cost Category (orange) & Budget Line Item (green)		Unit Name	Cameroon Unit Cost	Congo Unit Cost	Gabon Unit Cost
8	Personnel (salaires et bénéfices)					
9	Niveau 1					
10	Conservateur, Directeur National		année	6,000,000	6,000,000	10,200,000
11	Conservateur Adjoint		année	4,000,000	5,100,000	4,400,000
12	Chef Cellule Aménagement & Planification		année	3,000,000	4,500,000	4,000,000
13	Chef Service Administratif & Financier		année	3,000,000	4,500,000	4,000,000
14	Niveau 2					
15	Assistante de direction		année	2,500,000	3,000,000	3,100,000
16	Responsable Surveillance et Protection & Chef d'		année	1,800,000	3,000,000	
17	Responsable Aménagement - Suivi écologique		année	1,800,000	3,000,000	
18	Responsable Ecotourisme		année	1,800,000	3,000,000	
19	Responsable IEC		année	1,800,000	3,000,000	
20	Responsable RH - Adm° - Finances		année	1,800,000	3,000,000	
21	Niveau 3					
22	Maintenance télécom, informatique, ...		année	8,000,000	2,700,000	
23	Secrétaire - comptable		année	8,000,000	2,700,000	
24	Chef d'Unité		année	3,600,000	4,500,000	
25	Chef de Garage		année	3,000,000	2,400,000	
26	Chef d'antenne		année	3,600,000	2,400,000	
27	Chef des Travaux		année	3,600,000	2,400,000	
28	Logisticien / Magasinier		année	3,000,000	1,800,000	
29	Chef de Patrouille / Chef de Poste / assistant d'		année	2,500,000	1,800,000	2,400,000
30	Chef D'equipe Ecogarde		année	1,800,000	1,500,000	2,400,000
31	Ouvriers Qualifiés (Mécanicien/Pilote Bateau)		année	1,500,000	1,500,000	2,100,000
32	Ouvriers Non Qualifiés		année	1,500,000	1,500,000	2,100,000
33	Cost Master - All Countries					

It's much more efficient to link all cost sheets in a model to a single master list of budget items (or activities) and the associated costs, so that any updates need only be entered once.

The TRIDOM model has cost data for each of the three countries. Each country-specific workbook is linked to the appropriate cost column.

Currency: CFA Franc

Example 4: Bhutan's Biological Conservation Complex—Large Landscape and Program

Bhutan's Biological Conservation Complex (B2C2) encompasses 7 PAs and 8 corridors that constitute the full scope of WWF's conservation work in the country. This geography was a major consideration in the method used for organizing costs within the model. However, geography was not the only factor that influenced the model. The team in Bhutan also wanted the capacity to examine gaps related to isolated aspects of the

program's overall strategy. For that reason, the model includes a more detailed breakdown of revenue than typical financial models.

- *Time horizon*—The model projects costs and revenues across 6 years.
- *Organization of Costs/Geography*—A separate cost worksheet exists for each PA and each corridor. In addition, there is a worksheet for landscape-wide costs and two spare worksheets in anticipation of new PAs being created. It is advisable to build such flexibility in advance. Within each worksheet, costs are divided into 8 categories based on broad thematic areas with specific strategies nested below. For example, all forest habitat activities are included in Cost Category 1 and that work is further divided into strategies 1a and 1b including work on PAs and corridors respectively. The program staff also required a special breakdown of costs related to the species category of strategies. Where possible, activities were assigned directly to key focal species. However, the costs of more general activities were divided based on percentage split of the total costs (see Figure 8).
- *Organization of Revenue*—The model includes 7 categories for different revenue sources. For each revenue source, such as a foundation, the model template requires an estimated annual amount and a start year. However, the Bhutan model goes one step further and requires an indication of how that amount is directed across the 8 themes. This is done by entering a percentage amount for each theme which the model then uses to split the actual amount projected for each year (see Figure 9).

Figure 8: Cost Categories for B2C2 Financial Model

Cost Category (orange) & Activity/Budget Line Item (green)	Total 6-Year Cost	Percent of Total 6- Year Cost
Cost Category 1: Habitat-Forests	0	#DIV/0!
Cost Category 2: Habitat-Freshwater	0	
Cost Category 3: Species	0	
Strategy 3a: Long-term monitoring of the five species in the B2C2 to assess population trends		
3a: Tiger		
3a: Snow Leopard	0	
3a: Other Focal Species	0	
Strategy 3b: Provide support to anti-poaching units and intelligence networks	0	
3b: Tiger (% of 3b subtotal)	0	
3b: Snow Leopard (% of 3b subtotal)	0	
3b: Other Focal Species (% of 3b subtotal)	0	
Strategy 3c: Address international trade and trafficking of wildlife and timber/plants on a regional	0	
3c: Tiger (% of 3c subtotal)	0	#DIV/0!
3c: Snow Leopard (% of 3c subtotal)	0	#DIV/0!
3c: Other Focal Species (% of 3c subtotal)	0	
3c: Timber/Plants (% of 3c subtotal)		
Strategy 3d: Habitat or Population Enhancement & Other Activities	0	
3d: Tiger	0	
3d: Snow Leopard	0	
3d: Other Focal Species	0	
Cost Category 4: Climate Change	0	
Cost Category 5: Sustainable Livelihoods	0	
Cost Category 6: Full B2C2 Landscape	0	
Cost Category 7: Regional Mechanism	0	
Cost Category 8: Influencing Development	0	#DIV/0!
Cost Category 9:	0	#DIV/0!

The major themes from the B2C2 work each constitute their own Cost Category. Strategies are then nested underneath each of these categories. The detailed breakdown is shown here only for Cost Category 3: Species.

Cost Category 3 was customized to track costs related to specific focal species. In some cases, percentages split the costs of general activities across species.

Instructions Revenue Cost Master Costs-JDNP Costs-JSWNP Costs

Revenue Category 1: WWF Network			604,543,200	52%				
WF US			288,651,600	25%	48,108,600	1		
WF UK			259,851,600	22%	43,308,600			
WF Finland			0	0%				
WF Netherlands			0	0%				
WF International			56,040,000	5%	9,340,000	1		
			0	0%				
			0	0%				
			0	0%				
			0	0%				
			0	0%				
Revenue Category 2: Foundations (via WWF Network)			221,520,000	19%				
Revenue Category 3: Corporations & Other Organizations								

First, an annual estimate of revenue from each source is entered.

% Split Across Thematic Categories								
Must equal 100%	Habitat-Forests	Habitat-Freshwater	Species TOTAL	Species-Tiger	Species-Snow Leopard	Species-Other Focal Species	Climate Change	Sustainable Livelihood
100%	30%		20%	5%	5%	11%	6%	
100%	22%		23%	4%	4%	14%	7%	
0%								
0%								
100%	100%							
0%								
0%								
0%								
0%								

Second, percentages are used to show how that annual amount is distributed across the thematic categories.

Year One	Year One	Year One	Year One	Year One	Year One	Year One	Year One	Year One	Year One
TOTAL	Habitat-Forests	Habitat-Freshwater	Species TOTAL	Species-Tiger	Species-Snow Leopard	Species-Other Focal Species	Climate Change	Sustainable Livelihoods	Full B2C2 Landscape
100,757,200	33,300,472	0	19,582,698	879,525	879,525	2,452,926	5,918,118		
48,108,600	14,432,580	0	9,621,720	481,086	481,086	1,058,389	2,886,516		
43,308,600	9,527,892	0	9,960,978	396,000	396,000	1,394,537	3,031,602		
0	0	0	0	0	0	0	0		
0	0	0	0	0	0	0	0		
9,340,000	9,340,000	0	0	0	0	0	0		
0	0	0	0	0	0	0	0		
0	0	0	0	0	0	0	0		
0	0	0	0	0	0	0	0		
0	0	0	0	0	0	0	0		
0	0	0	0	0	0	0	0		

As with the cost data, the revenue available for species work is divided across the specific focal species. This will be key for targeted fundraising efforts for those species.

Finally, based on the annual revenue from the source and the percentage amount, the model shows the actual revenue available for each thematic area.

Currency: Bhutanese Ngultrum (BTN)

A copy of WWF’s Financial Model Template is available online at www.panda.org/standards under Step 2.3 in the “Guidance and Tools” column. As demonstrated above, this template may be modified in numerous ways to adapt the model to projects of various size, geographic scope and complexity. However, before adapting and reprogramming the model, it is advisable to thoroughly consider the goals for the model and the nature of the available data. With a better understanding of the types of gap analyses most needed, the model can be constructed more efficiently. WWF’s Conservation Planning and Design team usually conducts a working session with key stakeholders to understand this context upfront. Appendices A and B provide the key questions that should be addressed in such a session.

Sidebar: Incorporating Partners into a Financial Model

A large program, such as an ecoregion or network initiative, often requires the efforts of multiple NGOs, governments and other organizations to execute its strategic plan. By incorporating partners into a financial model, the program team has a more complete view of the resources available to the program. This can make the outputs of the model more useful for fundraising or other communication purposes.

However, incorporating several partners in a financial model can create onerous complexity unless the method for doing so is carefully planned. This was the case for the financial model WWF completed for Nepal's Terai Arc Landscape, which accommodates the activities and donations of 14 partners. Not only does the model become large and unwieldy, but it is also much more difficult to collect data at the right levels to populate the model and keep it up to date over time.

To avoid this difficulty, the Financial Model Template allows for partners to be incorporated as sources of revenue. On the Revenue Worksheet, all partners are listed as a revenue source and the value of their contributions are entered with the appropriate start year. In-kind donations may be accounted for by entering an amount equivalent to the cost of the particular activity (or budget line item) that was entered on the cost worksheet. Figure 10 below shows how this was done in the B2C2 financial model.

The incorporation of partners is another key point to discuss prior to developing a new financial model. In some cases, partners should be included in the stakeholder discussions to decide on the parameters for the model. If many in-kind costs are to be included, then all partners should agree on the master list of activities to allow for easier reporting of their data.

Figure 10: Excerpt of Revenue Worksheet from B2C2 Financial Model

Revenue Category (orange) & Source/Line item (green)	6-Year Total	Percent of Total 6-Year Revenue
Revenue Category 1: WWF Network	604,543,200	52%
Revenue Category 2: Foundations (via WWF Network)	221,520,000	19%
Ford	10,800,000	1%
MacArthur	180,000,000	16%
Mars	12,000,000	1%
Summit	0	0%
Pew	0	0%
NFWF	7,200,000	1%
Johnson & Johnson	9,600,000	1%
Gates	0	0%
ISLT	1,920,000	0%
Revenue Category 3: Corporations & Other Organizations	0	0%
Revenue Category 4: Major Individual Donors (via WWF Network)	66,240,000	6%
Revenue Category 5: GAA (via WWF Network)	50,880,000	4%
DFID	0	0%
CEPF (Critical Ecosystem Partnership Fund)	48,000,000	4%
SNV	0	0%
DGIS (via WWF-I)	0	0%
UNDP	0	0%
GEF	0	0%
FAO	0	0%
WFP	2,880,000	0%
Revenue Category 6: Bhutan Government (in-kind)		19%
Park Budget (NCD)-Capital		1%
Park Budget (NCD)-Recurring Expenses		18%
Forest Service-Corridor Coordinator		0%
Revenue Category 7: Sustainable Finance		0%

Partners are listed as revenue sources within the model. Cash donations to the program can be quickly entered.

The government's contribution of National Park staff and services is counted as an in-kind donation. Equivalent entries on the cost side of the model balance the entries made as revenue.

The single year estimate here should equal the sum of the single year estimate for recurring expenses paid by the govt in each PA.

Currency: Bhutanese Ngultrum (BTN)

Strengths and Limitations

Strengths

- Ready-to-use template with ample instructions provides a solid foundation for model development. This initial framework saves time even when modifications to the basic template are desired.
- The template is versatile in the types and scales of conservation programs to which it can be applied.
- Template provides consistency in basic modeling methodology. If financial forecasts are going to be combined for multiple programs or landscapes in a region, then this will greatly simplify the process.
- Model allows for two methods to enter cost information (using unit costs or annual budget estimates). This allows programs to work with the best available data without having to assign costs to every activity in the same way.
- Model design allows for easy changes to assumptions about inflation and growth rates.

Limitations of the tool and/or of its use

- Although data entry into the model is fairly straightforward, making modifications to the model requires a good working knowledge of Excel.
- If many parameters are desired, then the model can quickly get overly complex. Thus, the model is best suited to situations that can be kept fairly simple in terms of the number and types of gap analyses desired.
- Excel has its own limitations as a platform; however, it is used for the template because it is widely available and familiar to many. Financial models may be migrated to more complicated software platforms, such as Access or SQL, to perform more complicated analyses. However, the benefits of a more complicated model should be weighed against the additional time and cost of the specialized technical expertise needed to build, use and update the model.

Suggestions for Others

- Carefully determine for what purposes the model should be built, and how projections and gap analyses will be used before starting to build any financial model.
- Remember that any additional desired gap analyses require more discrete data. Refining or grouping data to meet these needs can be very labor intensive, so programs should ensure that such outputs are really necessary.
- Avoid overly complicated models; do not attempt to build an Excel file to do everything.

APPENDIX A: COMPREHENSIVE FINANCIAL PLAN CHECK LIST

Preconditions

1. Review conservation strategies and priorities that the plan or model needs to incorporate
2. Identify the owner(s) and user(s) of the model. (Who will maintain it? Who will use the data? What are their objectives?)
3. Identify and clarify the roles of any partners that affect the model. (Who provides information? Who needs to give buy-in or acceptance for the model and its findings?)

Overarching Considerations

4. Identify key dimensions or parameters of the model that will be used to organize activity and cost information or used for reporting outputs of the model (*e.g.*, countries, landscape types, protected areas, partners, strategies)
5. Identify the major assumptions and variables that affect costs (or revenue) and make decisions on how to handle them in the model (*e.g.*, major cost drivers, rate of spending, inflation, currency exchange, cost of money, interest rates, etc.)
6. Determine priorities for each type of activity and cost (or other dimensions as needed)
7. Determine total time horizon for model (5-year? 10-year? Longer?).

Cost Analysis

8. Determine whether costs will be based on activity cost data (unit costs) or sample budgets
9. Address how cost data will be projected (phased) across the time horizon of the model
10. For PAs, determine whether using two or three program phases (*e.g.*, start-up, consolidation, full management) is the appropriate way to project costs
11. Identify which costs are one-time (and/or capital expenses) and which are recurring
12. Project and incorporate program-wide costs such as management, monitoring, research

Revenue Projections and Gap Analysis

13. Determine revenue categories in the model; identify if revenues are one-time or recurring
14. Address the means by which the model projects endowment revenue and growth (if at all)
15. Develop a gap analysis or scenario projection tool within the model to evaluate gaps in revenue over projected expenses

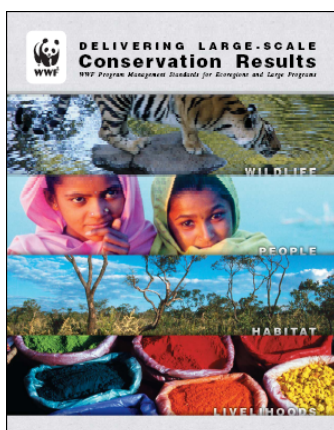
APPENDIX B: Financial Planning Pre-Workshop Questionnaire

Before we arrive for the financial planning workshop, we would like your input on the following questions. By answering these in advance, our team will be better able to prepare a financial modeling tool suited to your specific needs.

1. Who will use this model most often? Who will be responsible for keeping the model up-to-date?
2. How do you wish to use the model? What information would you like to get from the model?
3. What time horizon do you need for the model? (5-year, 10-year, longer?)
4. Please explain the structure of the conservation program.
 - 4.a. What is the overall geographic scope of the conservation program that needs to be incorporated into the model?
 - 4.b. What are the conservation management units (such as protected areas, buffers, corridors, concessions, community management or mixed use areas, etc.) in this program that should be incorporated into the model?
5. Identify the key parameters that you might like to use to organize activity and cost information within the model, or for reporting outputs from the model (such as by country, by management unit or zone, or for your overall strategies).
6. Does this program have a strategic/action plan or logframe? If not, has the list of activities for each strategy or project been identified?
7. How many partners are actively engaged in this conservation program? Is it important to reflect their contribution or responsibility with regards to the model?
8. Please decide which information you would like to have as the cost basis for the financial model.
 - 8.a. If you wish to build the model around the costs of the activities, then you will need to understand the *unit costs* of all activities from large and small.
 - 8.b. If you would like the model to more closely resemble the project's annual budget, then you will need to provide estimates for *traditional accounting cost categories*.

APPENDIX C:
***DELIVERING LARGE-SCALE CONSERVATION RESULTS: WWF PROGRAM MANAGEMENT
 STANDARDS FOR ECOREGIONS AND LARGE PROGRAMS***

In the summer of 2007, WWF-US Global Support published a new Field Guide entitled *Delivering Large-Scale Conservation Results: WWF Program Management Standards for Ecoregions and Large Programs* for planning, managing and monitoring the organization's largest conservation programs. This Guide is based on the WWF Standards of Program Management; a set of guidelines, tools and best practices sanctioned by WWF-International as the principal means by which all of Network will carry out conservation worldwide.



To access the online PDF of the field guide, go to:
http://www.panda.org/standards/field_guide

Financial models are a part of creating a full Operational Plan in Step 2.3 of the Standards. The full Field Guide and numerous online tools and examples are available online at www.panda.org/standards