



CEPF and Conservation Trust Funds

*Capitalization of Experience: The Critical Ecosystem
Partnership Fund's Support to Conservation Trust Funds (2000-
2012)*

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CRITICAL | **ECOSYSTEM**
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Preface

Founded in 2000, the Critical Ecosystem Partnership Fund (CEPF) is one of the main global initiatives enabling civil society to influence and participate in conserving some of the world's most critical ecosystems. CEPF is a joint initiative of the French Development Agency (*Agence française de développement* or AFD), Conservation International, the Global Environmental Facility, the Government of Japan, the John D. and Catherine T. MacArthur Foundation, and the World Bank. CEPF, a unique funding mechanism, focuses on Biodiversity Hotspots across political borders and assesses threats at a landscape level. Adopting a regional rather than a national approach, CEPF supports biodiversity protection and involves a broad range of public and private institutions.

This evaluation focused on all CEPF-supported projects related to the development or implementation of conservation trust funds. All efforts have been made to identify these projects as exhaustively as possible, as some grants date back more than 10 years.

The information provided here results from interviews with all the CEPF grant managers and with available grantees, as well as from the activity reports prepared by grantees and submitted to CEPF. Several partners and colleagues at Conservation International were also approached.

This report could not have been produced without the contribution of the following individuals. We wish to thank Barry Spergel, Chris Stone, David Morrison, Luis Espinel, Manuel Ramirez, Mickael Mc Greevey, Norving Tores, and Oscar Nuñez for their help in gathering the information.

Special thanks to the authors of the case studies, Daniel Rothberg and Jack Tordoff, grant managers at CEPF, and to Margarita Mora of the Conservation Stewardship Program at Conservation International.

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Acronyms

AFD – Agence française de développement

ACBT Peru– Acuerdo para la Conservación de Bosque Tropical Peru

BBOP – Business and Biodiversity Offsets Program

CEPF – Critical Ecosystem Partnership Fund

CFA – Conservation Finance Alliance

CI – Conservation International

CI-GCF – CI-Global Conservation Fund

CNF – Caucasus Nature Fund

CTF – Conservation Trust Fund

EAMCF – Eastern Arc Mountain Conservation Endowment Fund

FCBT Guatemala – Fondo para la Conservación de Bosque Tropical Guatemala

FCG - Fondo para la Conservación Guatemala

FFEM – Fonds français pour l'environnement mondial

FONAFIFO - Fondo Nacional de Financiamiento Florestal

FONDAM – Fundación Amigos del Rio San Juan

FONDESNAPE - Fundación Para El Desarrollo Del Sistema Nacional de Áreas Protegidas

GEF – Global Environmental Facility

GEM – Grant Enterprise Management

KBA –Key Biodiversity Area

KfW – German Development Bank

LHSK – Leslie Hill Succulent Karoo Fund

NGO – Non-governmental Organization

PA – Protected Area

PES – Payment for Ecosystem Services

PIPA Trust Fund – Phoenix Island Protected Area Trust Fund

PSB – Programa Socio Bosque

REDD+ - Reducing Emission from Deforestation and Forest Degradation

RedLac - Red de Fondos Ambientales de Latinoamérica y el Caribe

SKEP – Succulent Karoo Ecosystem Program

TFCA – Tropical Forest Conservation Act

TMF – Table Mountain Fund

WWF - World Wildlife Fund

Introduction

As international conventions are setting more ambitious objectives, the funding sources for biodiversity protection and conservation are expanding. The first sustainable financing mechanisms associated with the implementation of the 1992 Rio Convention objectives are now at their maturity stage. The many lessons learned from the application of these first mechanisms represent an opportunity to develop best practices guidelines and to provide advice for replication.

Conservation trust funds (CTFs) are defined as "*private, legally independent grant-making institutions that provide sustainable financing for biodiversity conservation*" (CFA, 2008). There are an estimated number of 60 established and "mature" CTFs worldwide today. With more under development, their number should reach over a hundred by 2015 (Victurine, 2011). This increase is explained by the success of existing CTFs in achieving and even going beyond their set biodiversity objectives. CTFs are viewed as not simply financial mechanisms and play other roles for biodiversity protection in addition to channeling funds (GEF, 1998).

Due to the very nature of their governing institutions, conservation trust funds are contributing forces to the strengthening of the conservation community and the civil society. Most members of a fund governing board are nationals of the country where the fund is established and operated. In addition, the fund creation and institutional establishment process is based on an agreement between donors, future board members, local governments, and representatives of future grantees. This process builds valuable relationships among local and international NGOs, large institutions, local governments, members of the private sector, and civil society groups. By gaining awareness of biodiversity conservation issues and getting involved in decision-making on the CTF, each actor gains valuable experience and becomes a key stakeholder in the development of national biodiversity protection policies (CFA, 2008).

As a funding mechanism for biodiversity conservation and civil society reinforcement, CEPF has since its inception supported several projects focusing on the creation and strengthening of conservation trust funds. Support to sustainable financing mechanisms for conservation is one of CEPF's priority objectives set in its 2008-2012 strategic plan. The strategic plan defined an intermediate operational objective of 10 sustainable funding mechanisms (including CTFs) for the timeframe (CEPF, 2007). The current study shows that since its creation and despite its limited geographical scope, CEPF has supported 15 CTF creation projects, 12 of which have been successful to date, or about 20% of all CTFs worldwide. CEPF is therefore a major global player in this area. In addition, CTFs have helped CEPF implement biodiversity conservation projects involving the civil society in several regions. While CEPF procedures prohibit direct investment in the capital of a CTF, many opportunities exist to cover the costs associated with the creation or operation of a CTF.

The objective of this capitalization of experience is to highlight CEPF's support to conservation trust funds. This document gives an overview of the various funds financed by CEPF and their characteristics. The added value of CEPF's contribution to the creation or operation of CTFs is discussed in detail. The document concludes with three case studies representing a major funding and investment effort from CEPF and highlights their results. Lessons are drawn from these examples.

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What Are Conservation Trust Funds?

Conservation trust funds are grant-making mechanisms within private and independent institutions that provide sustainable financing for biodiversity conservation. CTFs raise funds from major international donors, national governments or the private sector to make grants to NGOs, community organizations or governmental agencies implementing field activities. CTFs can be characterized as public-private partnerships. In most cases, at least half of the members of their governing boards are from the civil society. As neutral structures with a transparent administrative and financial operation, CTFs are a reference on the specific environmental issues of the region where they operate. Ideally, a CTF will participate in the definition and implementation of national biodiversity conservation strategies. (CFA, 2008)

The operational processes during the creation or implementation phases of a CTF are illustrated in the figure below:

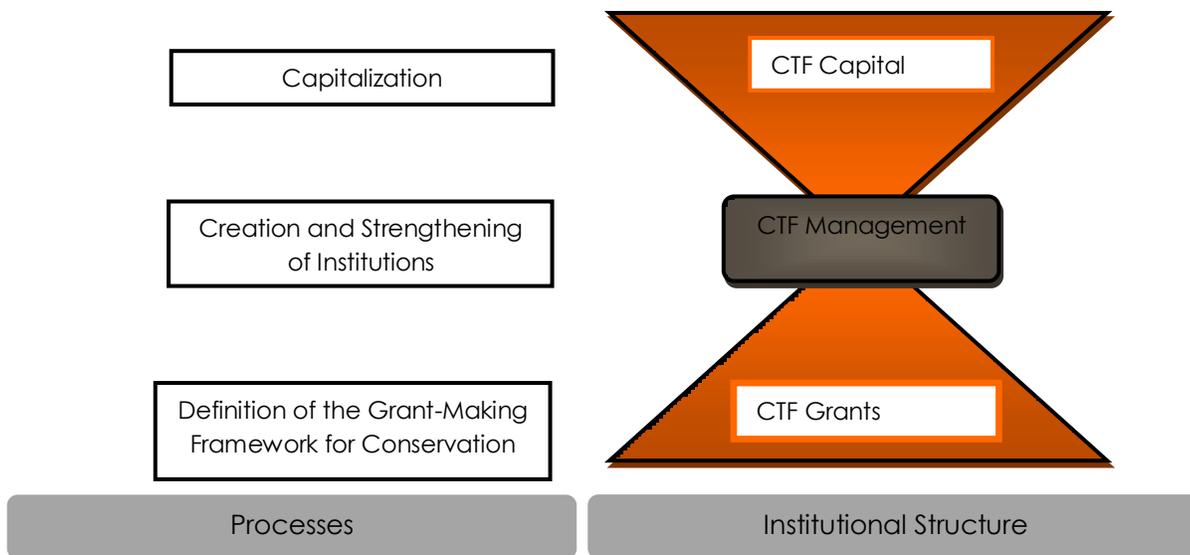


Figure 1 Graphic Representation of CTF Operations

CTFs are one of the many funding tools for conservation. They provide an adequate solution for financing biodiversity conservation when the following conditions are met:

- The issue to be addressed requires a commitment of at least 10 to 15 years;
- There is active governmental support for the creation of a mechanism associating the private sector, public sector, and civil society outside governmental control;
- A critical mass of actors from various sectors can work together to achieve biodiversity conservation and sustainable development; and
- The main components of a legal, financial, and institutional framework (including banking, auditing, and contracting services) are in place in which people have confidence. (GEF, 1998)

Methodology

Interviews were carried out with all the CEPF grant managers to identify existing and planned CTF projects supported by CEPF. Their inputs were confirmed and completed using the GEM (Grants Enterprise Management) database of CEPF-funded projects. The table in Annex I summarizes the results.

Based on the list of CTF structures and projects, detailed information on their current status was gathered from the relevant websites and from the CEPF grant monitoring grids. Collected data were validated and completed through interviews with grantees when possible. Other partners involved in these projects were also approached. The sources of information for each fund are indicated in Annex I. The table in Annex II presents the characteristics of each fund. The selected typology helps illustrate the options and achievements of CTF project developers and managers in terms of capitalization and funding of conservation projects.

CTFs that were long established and only received occasional support from CEPF are not described in detail. Their typology is only completed by bibliographical references. While this analysis does not focus on those funds for which CEPF's support was not decisive in terms of orientation and outputs, the specific processes funded by CEPF are described.

When possible, grant managers and beneficiaries were interviewed in order to determine the nature and added value of CEPF's support. The monitoring and evaluation grids of funded projects were systematically reviewed. CEPF's added value was assessed based on the three operational processes during the creation and implementation phases of CTFs (see figure, p.5).

Complete information on the operations and composition of CTF institutions and supervisory entities could not be collected. In addition, the available information was so diverse that comparison and analysis opportunities were limited. The main objective of this study is to illustrate the contribution of CEPF to the global range of CTFs. It does not intend to assess in depth their internal operations. However, collecting related data would be interesting as a follow-up to this study.

I. Conservation Trust Funds Supported by CEPF

Since 2001, CEPF has funded 20 CTF projects or structures, located in 14 different countries on all continents. Seven CEPF grants related to CTFs are still active as of 2012.

Of these 20 CTF projects, 15 received support from CEPF before and/or during their creation phase. They are listed in Table 1: CTF Establishment Projects Supported by CEPF.

Fund name	Year Established	Biodiversity Hotspot	Period of CEPF-funded project	Country
Caucasus Nature Fund	2007	Caucasus	closed (2008-2009)	Armenia, Azerbaijan, Georgia
<i>Project in Liberia</i>	NA	Guinean Forests of West Africa	closed (2001-2004)	Liberia
Madagascar Foundation for Protected Areas and Biodiversity	2005	Madagascar	closed (2001-2004)	Madagascar
Canje de Deuda por Naturaleza EE.UU – CR	2006	Mesoamerica	closed (2002-2007)	Costa Rica
Fondo para la biodiversidad sostenible OSA Conservation Fund	2011	Mesoamerica	closed (2004-2007)	Costa Rica
Fondo del Agua del Sistema Motagua Polochic	2003	Mesoamerica	closed (2006-2008)	Guatemala
Fondo para la Conservación de Bosque Tropicales FCA	2008	Mesoamerica	closed (2005-2008)	Guatemala
Mecanismo de captación de fondos - Fundación Amigos del Rio San Juan	2012	Mesoamerica	active (2008-2012)	Nicaragua, Costa Rica, Panama
<i>Project in Philippines</i>	NA	Philippines	closed (2003-2005)	Philippines
PIPA trust Fund	2011	Polynesia-Micronesia	active (2009-2013)	Republic of Kiribati
Leslie Hill Succulent Karoo Trust	1997	Succulent Karoo	active (2007-2012)	South Africa
SKEP Fund	NA	Succulent Karoo	active (2006-2012)	South Africa, Namibia
Acuerdo para la Conservación de Bosques Tropicales PROFONANPE	1997	Tropical Andes	closed (2003-2004)	Peru
Fondo Minga Por el Agua (Corredor de Conservación Munchique pinche)	2010	Tumbes-Chocó-Magdalena	active (2010-2012)	Colombia
Awacachi Ecological Corridor Trust Fund	2010	Tumbes-Chocó-Magdalena	active (2003-2007/2010-2013)	Ecuador

Table 1: CTF Establishment Projects Supported by CEPF

CEPF also provided support to five CTFs that had been in place for over five years. They are listed in Table 2: Established CTFs That Received an Ad Hoc Support from CEPF. These funds will be reviewed in a separate section (see Part 1.d)

Name of CTF	Year established	Biodiversity Hotspot	CEPF investments	Country
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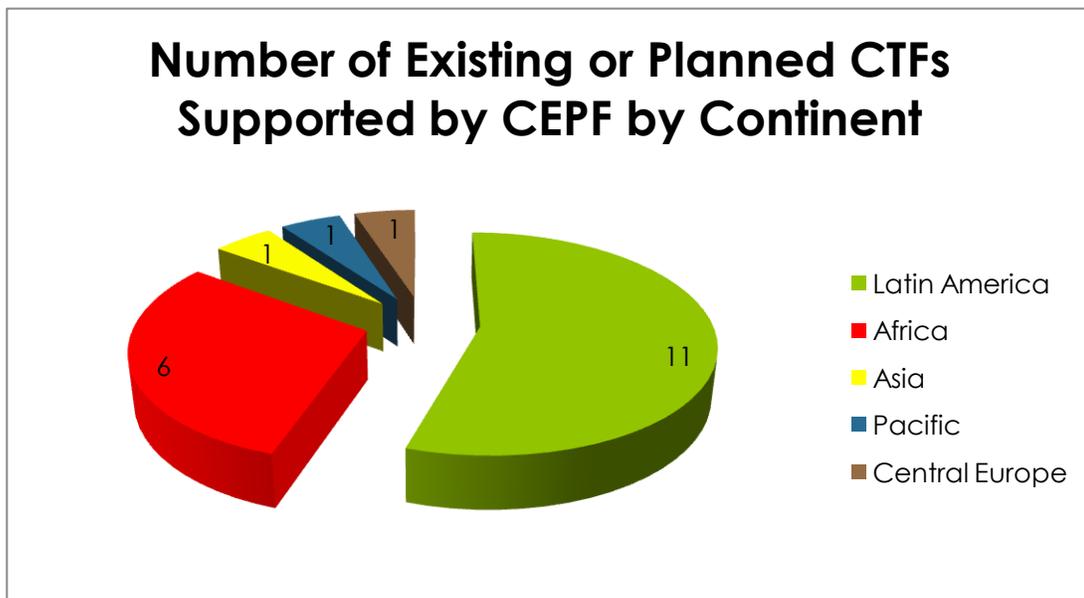


Figure 3: Location of CTF Projects and CTFs Supported by CEPF (Green Flags: Projects Supported by CEPF, Red Flags: Established CTFs Receiving CEPF Assistance)

Among the key regions, CEPF did not provide any support to CTFs in Central Asia and Mexico (containing eligible hotspots but without any CEPF activity to date), in Eastern Europe (not eligible), and in Central Africa (which is not a Biodiversity Hotspot). **CEPF has supported CTFs in 9 Hotspots or half of the regions where it has been active over the past years.** Main geographical gaps include Indonesia and Brazil, where the context is favorable (see Figure 2), and China and India, where the context is conversely very restrictive.

Focus on Latin America

Over half of the CTFs supported by CEPF are located in South America, a ratio roughly equivalent to the ratio for all CTFs established since 2008: more than 70% of all funding for CTFs worldwide were allocated to Latin American and the Caribbean (CFA 2008). The remaining projects supported by CEPF are distributed worldwide.



Under-representation of Regional Funds

CEPF-supported funds only include two regional funds that can direct investments to several countries: the *Caucasus Nature Fund*, a bi-national fund about to become tri-national, and the *Mecanismo de captación de fondos de la Fundacion del Rio San Juan*, which is in a creation phase. This low representation rate reflects the limited global number of regional funds (only six worldwide). Regional funds are relatively new (only one is more than 10 years). Their creation process is complex: the national authorities of all countries have to reach a consensus and representatives of the relevant countries must be integrated on the fund governing board (Spergel, 2012).

CEPF's support to regional CTFs remains similar in percentage to its funding for national CTFs (about 25% of all national CTFs received funding from CEPF worldwide compared to 30% of regional CTFs – keeping in mind that we only have a statistical sample of 6 regional funds). In absolute terms, regional funds are still underrepresented given CEPF's focus on regional strategies beyond national borders.

The geographical and political context, defining biodiversity issues and CTF arrangements, is instrumental to characteristics other than geographical scope (see page 5). Targeted issues, identified in conjunction with local authorities, will determine the CTF's institutional roles and objectives.

b. Roles and Objectives of CEPF-Supported CTF Projects

CTFs are developed as a means for ensuring sustainable financing for environmental protection. Therefore, they are long-term projects. The selected funding mechanism is determined by the desired outputs. *Note for this part: roles and objectives have not been defined for the CTF Project in the Philippines (the fund has not yet been formally established). The Philippines CTF project is not included in the following figures.*

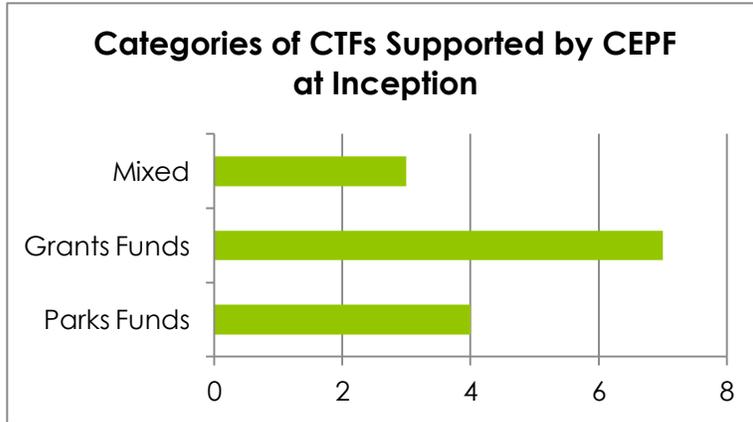
i. Funding Targets

The following funding targets have been identified through literature review:

- “Grants” Funds “channel resources to target groups (typically NGOs and community-based organizations) for a broad range of conservation and sustainable development projects, not limited to protected areas”,
- “Parks” Funds support the management and/or establishment costs of specific protected areas or a national system of protected areas and can also include the funding of alternative sources of revenues for communities living in the PA buffer zone” (GEF, 1998)

CEPF has provided support to establish seven “grants” funds, four “parks” funds and four mixed funds.

The latter category includes the *Fondation pour les aires protégées et la biodiversité de Madagascar*, the *Mecanismo de captación de fondos de FUNDAR*, and the *Acuerdo para la Conservación de Bosque Tropicales Peru* (see Annex II).



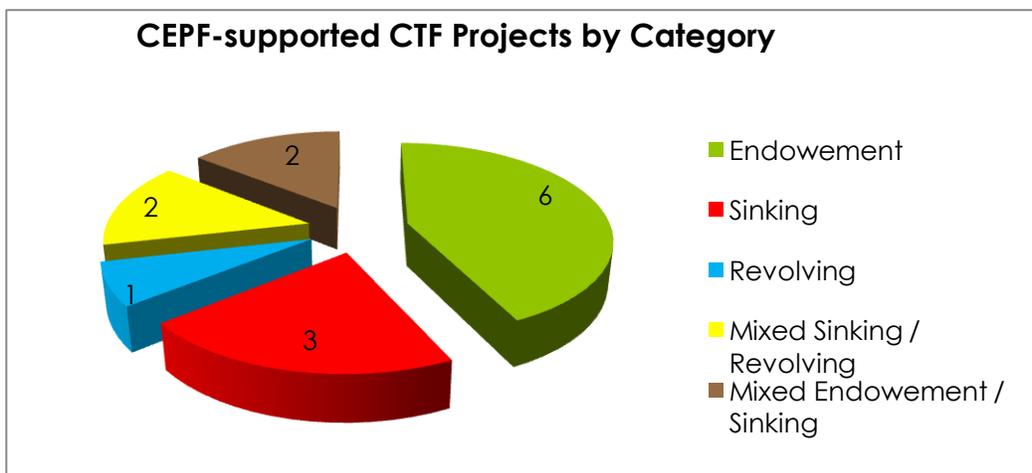
The priority of CEPF is to support biodiversity conservation while providing the civil society the opportunity to be heard and empowered. The two categories of CTFs address this objective. However, as “grants” funds are directly funding civil society – such as farmers living in the buffer zones between two protected areas in the case of the *Osa Conservation Fund* – they are more likely to involve a broader range of local community members, not limited to conservation groups.

ii. Funding Mechanisms of CEPF-supported CTF Projects

CTFs use three types of funding mechanisms:

- Endowment Funds: Their capital is invested over their lifetime on international financial markets. Only the investment income is spent on grants and funding of activities.
- Sinking Funds: The capital plus income is disbursed over a relatively long period (typically between 10 and 20 years) until its full disbursement and amortization.
- Revolving Funds: These funds are regularly replenished through fees, taxes, levies, or payments for ecosystem services earmarked for the defined objectives.

The breakdown of CEPF-supported CTF projects is illustrated below:



Over half of all CTF Projects are endowment funds and mixed endowment/sinking funds.

The *PIPA Trust Fund*, the *Caucasus Nature Fund*, the *Awacachi Corridor Trust Fund*, the *Fondo para la biodiversidad sostenible (OSA)*, the *Liberia CTF* and the *SKEPPies Fund* are pure endowment funds.

CEPF has financed three sinking funds not associated with endowment or revolving funds. Two of these funds were based on a debt-for-nature swap to support conservation efforts over more than 15 years. The third one, the *Leslie Hill Succulent Karoo Trust (LHSC)* was the result of bequest without a specified duration at inception.

Three revolving funds are among those supported by CEPF: the *Mecanismo de captación de fondos de FUNDAR*, the *Fondo Minga Por el Agua* project, and the *Fondo del Agua del Sistema Motagua Polochic*. The latter two are based on payments for ecosystem services (PES), a mechanism recently associated with CTFs and for which the Latin American countries are the most advanced (RedLac, 2010) (Parker, 2012).

With regards to CEPF's sustainability objectives, endowment funds are preferable to sinking funds as they help project developers obtain longer term funding. PES mechanisms are also in line with the sustainability objective.

A third of all CEPF-supported funds are mixed structures. Managing different types of funds can be a challenge for a sole institution given the various objectives of each fund (CFA, 2008). The *Madagascar Foundation for Protected Areas and Biodiversity* and the *Fondo para la Conservación de Bosque Tropicales FCA – Guatemala* are mixed endowment/sinking funds.

Among the projects supported by CEPF, endowment funds mainly finance protected areas management (5/8), while most sinking funds are used for grants (6/7). Endowment funds appear to be the most appropriate category to fund protected areas while sinking funds are common grants funds. It should be noted that the mixed grants/parks funds (*Fondo para la Conservación de Bosque Tropicales Guatemala* and *Madagascar Foundation for Protected Areas*) are also mixed endowment/sinking funds. In both cases, the endowment portion is used to support protected areas management while the sinking part is allocated to grant making.

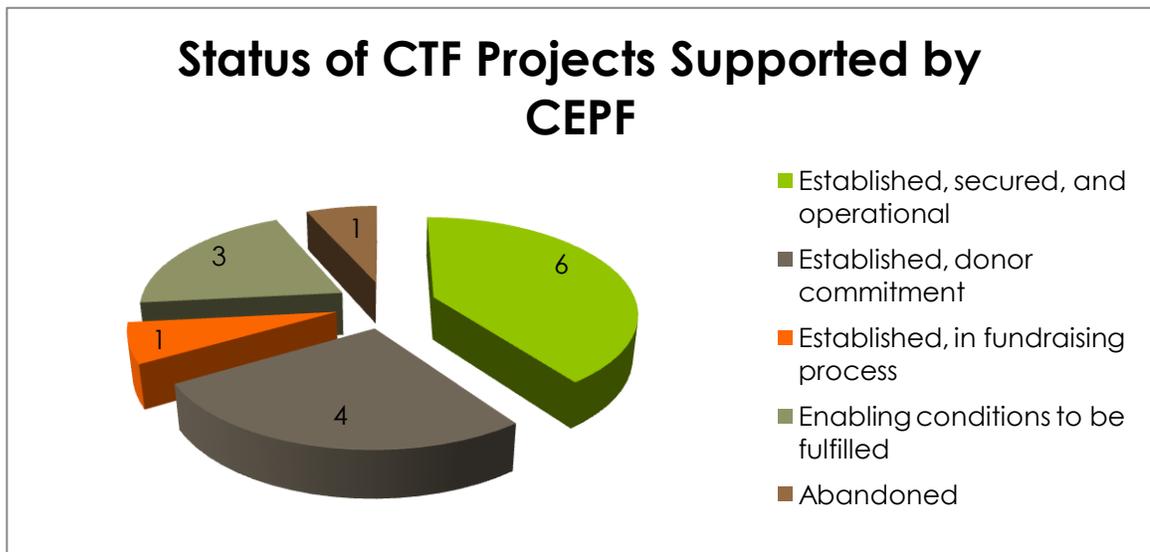
The objectives and financial structure of CTFs can evolve based on any contextual changes. For instance, the *Awacachi Ecological Corridor Trust* project was initially targeted to be based on an endowment fund, but has later opted for a PES mechanism based on carbon credits to capitalize a revolving fund.

c. Progress Status of CEPF-supported CTF Projects

CEPF started to fund a CTF Project in 2002 and has funded 15 projects to date.

Twelve of these projects have led to the establishment of a legal CTF structure. Four projects have obtained commitment by donors and are looking to secure their financial contributions. Six projects are operational with secured assets, and are able to make grants to projects or cover protected areas management costs. Among the latter six funds, there is one endowment fund, the *Caucasus Nature Fund*, three sinking funds, the *Acuerdo para la Conservación de Bosques Tropicales Peru*, the *Canje de Deuda por Naturaleza EE.UU – CR* and

the *Leslie Hill Succulent Karoo Trust*, and two mixed funds, the *Fondo para la Conservación de Bosque Tropicales FCA Guatemala*, and the *Madagascar Foundation for Protected Areas and Biodiversity*.



Only one project was abandoned as neither CEPF nor other field partners have pursued their efforts to develop a CTF structure in the Philippines. However, this project helped support the *Philippines Business and the Millennium Development Goals*, by raising awareness in the private sector (CEPF, 2007).

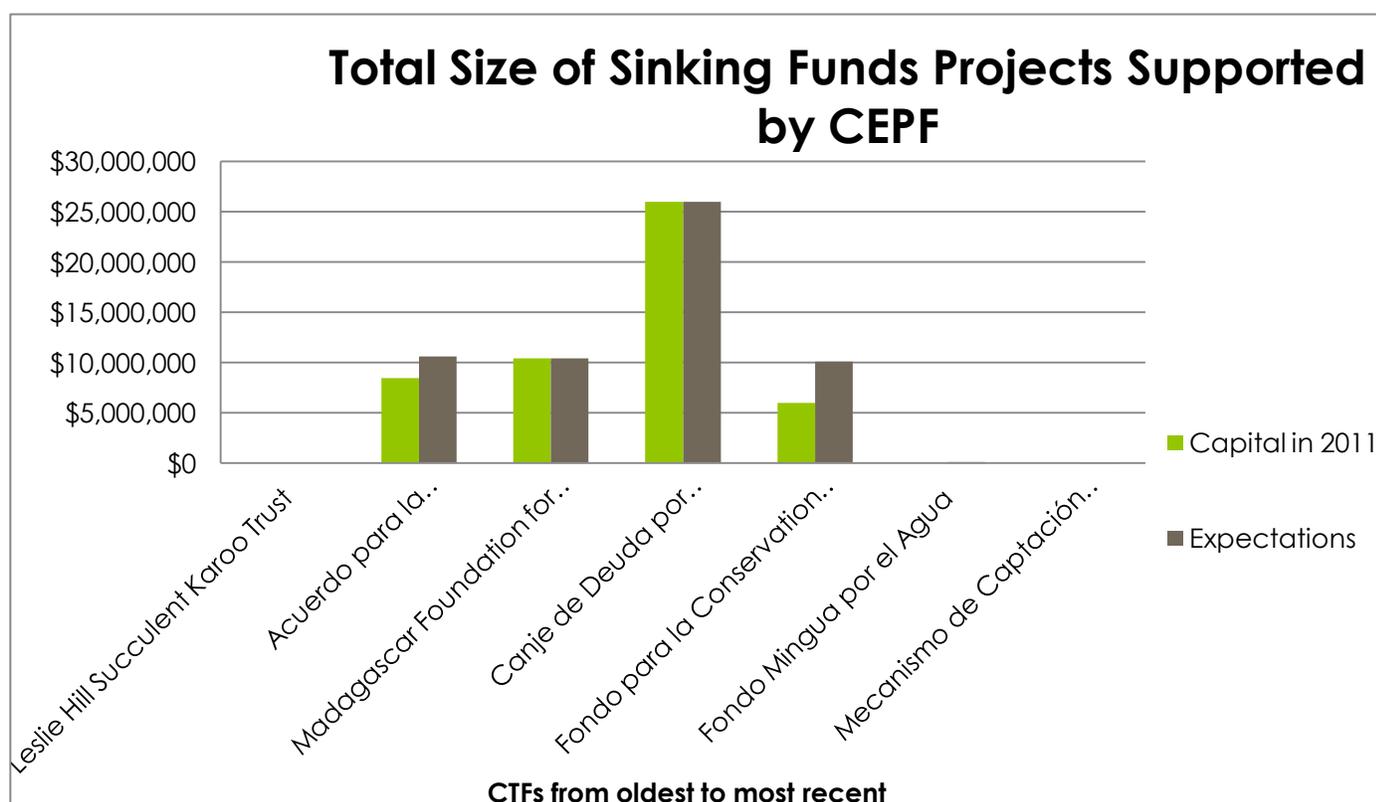
The three projects that still need to satisfy the enabling conditions are the *Awacachi Ecological Corridor Trust Fund*, the *SKEPPies Fund*, and the CTF project in Liberia. The first fund has fulfilled all conditions (see p.5) but has not yet been finalized for lack of donors. This is comparable to the situation of the *SKEPPies Fund*: the CEPF-supported initiative is equivalent to a CTF institution, is able to manage grants, and the conservation community has the needed capacity to implement projects. However, the *SKEPPies Fund* has not met its capitalization goals (see case study in Part III.c). As for Liberia, the regional instability has substantially delayed the CTF project initiated in 2001. Since CEPF's initial effort, other partners such as GCF have remained active (CEPF has provided occasional support, for instance in 2011-2012 under the consolidation project allocated to CI Liberia), and are working to achieve the critical mass of stakeholders able to manage a CTF and implement projects.

The *Mecanismo de captación de fondos de la Fundación del Río San Juan* is in its capitalization phase and is seeking international donors commitment and funding for this very recent CTF (2012). The project developers are willing to develop this CTF as a regional tool covering three countries.

The timeframe for a CTF to reach its operational stage varies, mainly based on the local context. The Liberia project has been ongoing for 10 years and no legal structure has yet been established. Once the legal structure established, the number of years to secure funding also varies - less than two years in the case of the Caucasus Nature Fund and ongoing for over five years for the SKEPPies Fund (see Part II, a and c). An estimated timeframe of three to five years is required before an endowment fund could be assessed or its interest income be used (Preston & Victurine, 2010). In the case of sinking funds, once they are capitalized and the grant-making framework defined, the governing institution can start investing and issuing grants.

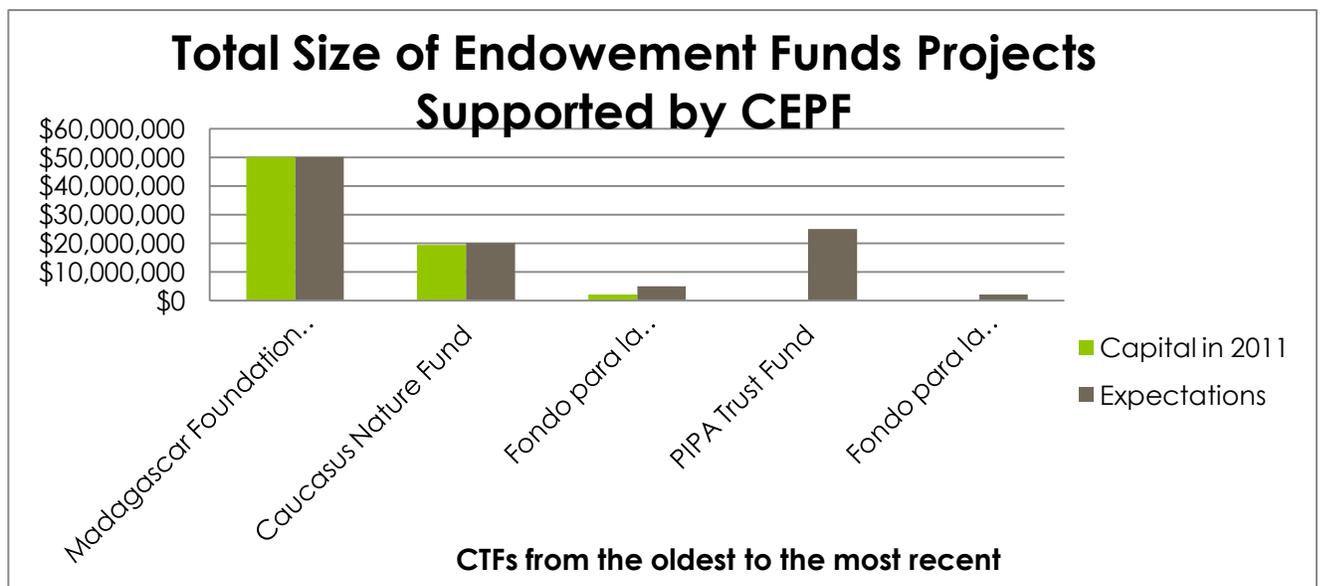
i. Fundraising Achievements: Amounts and Donors

The following figures present the assets of the six mature funds and the amounts committed by donors for the other funds (Sinking funds first, then endowment funds). The financing mechanisms for mixed CTFs (endowment/sinking) were singled out to allow comparison among similar funds.



The assets of CEPF-supported sinking funds amount to 50 million dollars, out of which 80% resulted from debt-for-nature swaps by the USA (40 million) and the remaining amount from international donors and national governments (8 million from the Government of Madagascar for the Malagasy CTF) (see Part III.b). The amount of yearly grants varies among funds and is not known. The indicated amount represents the total capital to be used during a fixed number of years (ranging from 10 to 23 years). The following table indicates the maturities of established and operational CTFs.

Sinking funds	Duration of investment	Available amount/year
Acuerdo para la Conservación de Bosque Tropicales Peru	12 years	Around 883 000 \$
Madagascar Foundation for Protected Area and Biodiversity	23 years	530 000 \$
Canje de Deuda por Naturaleza EE.UU – Costa Rica	10 years	1 533 579 \$
Fondo para la Conservación de Bosque tropical Guatemala	About 10 years	Around 100 000 \$



Endowment funds supported by CEPF at inception have capitalized over 70 million dollars. Donor commitments would increase their capital to about 100 million dollars in the next few years. Two-thirds of their assets resulted from debt-for-nature swaps (France and Germany). International donors (KfW, FFEM, FEM, World Bank, CI...) contributed the remaining capital. These endowment funds generate an annual income of about 5% of their capital. Only the *Madagascar Conservation Trust* and the *CNF* are able to use the interest income today (undetermined amount for Madagascar, about 400,000 dollars per year for the *CNF*, see Part III.a). The *Fondo para la Conservación de Bosque Tropicales Guatemala* has not yet reached a critical volume to be able to use its interest income. This income is reinvested so that the endowment fund can be replenished annually using the sinking fund. Once the capital has reached a sufficient amount, the project developers hope to generate at least 220,000 dollars per year (see Part III.b).

The four CTFs based on CEPF-supported debt-for-nature swaps (*Canje de Deuda por Naturaleza EE.UU – CR*, *Acuerdo para la Conservación de Bosques Tropicales Peru*, *Fondo para*

la Conservación de Bosque Tropicales FCA – Guatemala and the *Madagascar Foundation for Protected Areas and Biodiversity*) also received funding from donors such as TNC, WWF, and *CI-Global Conservation Fund*. The donors contributed to the capital as well as to the administrative processes for the swaps. **The debt-for-nature swaps can be viewed as the “first generation” of CEPF-supported CTFs as no other project of the same type has been supported since.** Recent negotiations on new debt-for-nature swaps are carried out in some cases (in Costa Rica for instance) by the very administrations that required the initial support (even if CEPF is still active in the region).

The *Leslie Hill Succulent Karoo Fund* was capitalized before the intervention of CEPF from an individual bequest to buy and protect lands of importance for biodiversity protection. The exact amount is not known.

The main donors for two CEPF-supported revolving funds in South America are from the private sector. These more recent funds, the *Fondo del Agua* and the *Mecanismo de captación de fondo de la Fundación amigos del Río San Juan* received funding from private donors to contribute to the planned PES mechanisms. In Colombia, the *Fondo Minga por el Agua* received the contribution of local indigenous and private organizations for PES support of up to 75,000 dollars per year. Generally, private support to CTFs is a relatively new phenomenon, which explains why only three CEPF-supported projects have benefited from this type of funding (Parker, 2012).

Among the projects that have not secured capital or donor commitment, the *Awacachi Ecological Corridor Trust Fund* is considering a different capitalization strategy. Instead of targeting international donors as planned in the initial fundraising strategy, the fund is considering using carbon credits to establish a mechanism to support corridor protection.

The total assets of the six mature funds amount to about 120 million dollars. The first source of funding (70% of the total capital) comes from debt-for-nature swaps. Institutional donors are also major contributors. The first agreements with the private sector were concluded for more recent projects focusing on PES systems.

ii. Conservation Actions: Beneficiaries, Projects, and Natural Habitats

All CEPF-supported CTF projects were designed to make grants to groups and individuals from the civil society, NGOs, or local communities. Four projects out of fifteen also focus on funding governmental agencies in charge of protected areas management (*CNF, PIPA Trust Fund, ACBT, Mecanismo de Captación de Fondo*). **None of the CEPF-supported funds contributes directly to national agencies or the national budget allocation for environmental protection and/or protected areas.** This is to ensure that a CTF governing board retains its independence without any political bias (GEF, 1998) (CFA, 2008). Therefore, CEPF has supported funds in accordance with governance best practices and independence from local governments while ensuring that these funds retain a national scope by participating in decision-making.

Number of CTFs by Type of Grantee

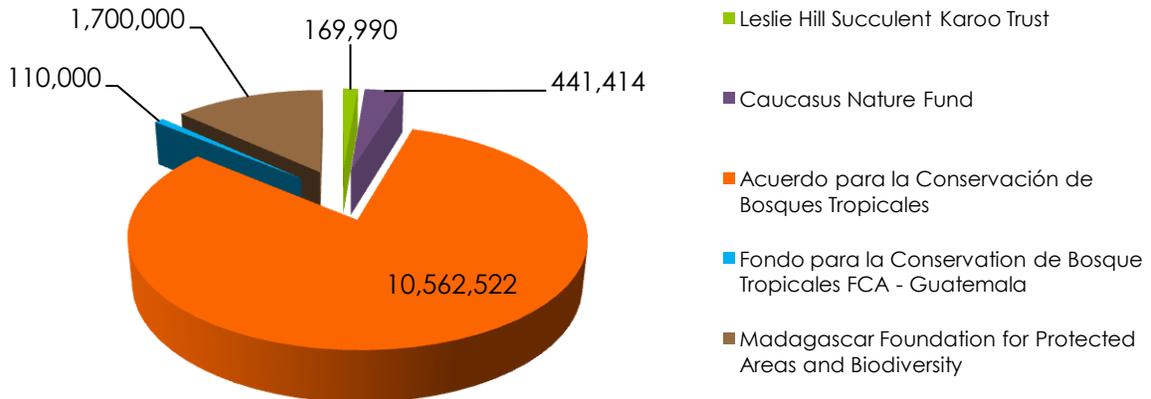


- NGOs
- Local communities
- Government agencies

The three operational endowment CTFs (*ACBT Peru*, *FCBT Guatemala*, *Fondo del primer Canje de Deuda EE.UU –CR*) have supported 54 biodiversity preservation projects led by partners from local NGOs and civil society groups. However, it is difficult to provide a more precise and detailed number of beneficiaries (number of households or farmers for instance) for lack of a monitoring system, non-dissemination of information, or the heterogeneous nature of available data that prevents any comparison among structures.

Natural habitats targeted by most CTFs are encompassed in networks of sites, which could include protected areas. Surfaces greatly vary, from 200,000 ha for the LHSK and the *Fondo del Agua del Sistema Polichic* to over 10 million hectares for the ACBT. The *PIPA Trust Fund* is a singular case as it aims at protecting and managing a huge marine protected area of over 40 million hectares. The *PIPA Trust Fund* exceptionally received support from CEPF as a pilot project on protected marine areas and given its impact on conservation and capacity-building in the Polynesia-Micronesia Hotspot.

Surface of PAs (in ha) Financed by Operational Parks Funds Supported by CEPF



Protection and management activities of 12.4 million hectares of terrestrial protected areas are funded today through CEPF-supported CTF projects, 90% by parks funds and less than 7 % by grants funds. Over the next few years, 40.8 million hectares of marine protected areas will be added once the *PIPA Trust Fund* becomes operational.

However, the impacts of these funds on biodiversity are difficult to assess, even by the funds themselves (RedLac, 2008). In some cases, there are no monitoring and evaluation in place. In other cases, information is not always (or not yet) available for a thorough analysis.

d. Established Funds Supported by CEPF

When investing in a region where CTFs are already well established, CEPF has the opportunity to provide support to projects not covered by the funds' operational costs. Five CTFs, established for over 10 years, have requested CEPF's support to some components not covered under their own funding allocation. In such cases, CTFs play the role of implementing agencies and projects are selected in accordance with the defined call for proposals procedures.

These five funds are still active and play a major role for biodiversity conservation. National and international actors view them as reference implementing bodies of conservation programs in their respective regions (LAURANS, LEMÉNAGER, & AOUBID, 2011) (CFA, 2008).

The table below summarizes the characteristics of these five funds:

Fund name	Nature of the Fund	Park Fund or Grant Fund	Grants stakeholder target	Number of projects financed	Size (2011)
Table Mountain Fund	Endowment	Grants Fund	Local NGO	130	\$9,000,000
FUNDESAP	Endowment/Sinking	Parks Fund	Government agency, NGO	?	\$14,000,000
FONANFIPO	Revolving/Sinking	Grants Fund	Local communities (landowners)	?	?
FONDAM	Endowment?	Grants Fund	Local NGO and communities	312	\$18,000,000
EAMCEF	Endowment	Grants Fund	Government agency, local communities		\$6,000,000

For more information: the Conservation Finance Alliance website with reference studies and bibliographies.

Intermediate Conclusion

The twenty CTF projects and established structures supported by the CEPF are highly diverse, in terms of backgrounds and characteristics. Implemented in over 15 countries, they aim at a wide range of objectives and investment targets and are based on several types of funding mechanisms.

Five CTFs had been operational for over five years before requesting support from CEPF. Local and international conservation actors consider these funds as reference institutions for conservation actions in the five countries and two continents where they are active.

The other 15 funds projects benefited from CEPF's since inception. Among these 15 projects, six are fully operational today with a total capitalization of about 70 million dollars. They finance the protection and management of over 12.4 million hectares of protected areas and more than 50 projects initiated by NGOs and local civil society groups. Four CTFs were based on debt-for-nature-swaps, representing 70% of the total mobilized assets. Three are sinking funds – *The Acuerdo para la Conservación de Bosques Tropicales Peru*, the *Canje de Deuda por Naturaleza EE.UU – CR*, and the *Leslie Hill Succulent Karoo Trust* – and without further capitalization, their grant-making efforts would not be sustainable. Two are mixed funds, the *Fondo para la Conservación de Bosque Tropicales FCA Guatemala* and the *Madagascar Foundation for Protected Areas and Biodiversity*. The *Caucasus Nature Fund* is an endowment fund. The latter three funds focus on biodiversity conservation, generating a total of over a million dollar per year (see Parts III a and b).

Four CTFs, the *PIPA Trust Fund*, the *Fondo Mingua por el Agua*, the *Fondo del Agua del Sistema Motagua Polichic*, and the *Fondo para la Biodiversidad Sostenible (OSA Conservation)* will probably become operational in a few years. They have already obtained commitment from donors, which, once secured, will bring the total capital of CEPF-supported CTFs to 100 million dollars. These funds will cover the management costs of several hundred thousands additional hectares of terrestrial protected areas and 40 million hectares of marine protected areas, as well as of projects initiated by NGOs and civil society groups.

Five other projects are still in their preliminary stage (or were abandoned) and striving to gather the needed assets or mobilize partners to establish an adequate grant-making structure. While the CTF project in the Philippines has not received any support for a few years and was abandoned, the future of the four other projects remains uncertain. Three projects have fulfilled the enabling conditions for establishment of a CTF. Capitalization strategies of the *SKEPPies Fund* and the *Awacachi Ecological Corridor Fund* are being revised and refocused while the recently established *Mécanismo de Captación de Fondos de la Fundación Amigos del Río San Juan* hopes to attract international donors. The CTF project in Liberia seems to mainly depend on assembling a critical mass of stakeholders to attract and secure funding.

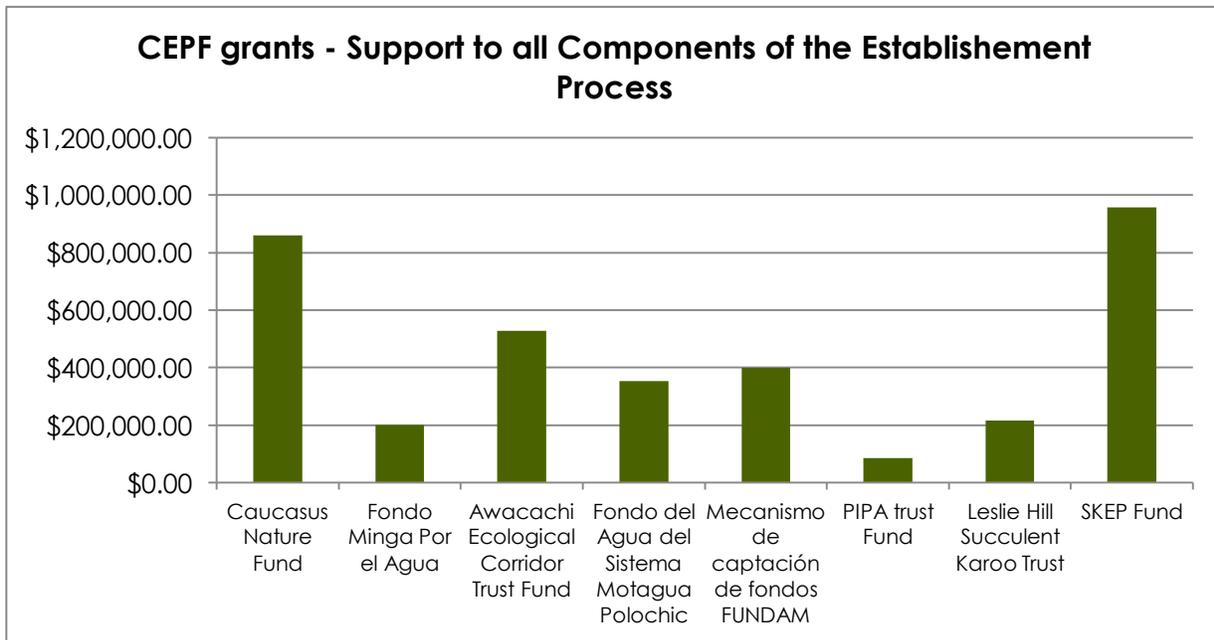
However, it should be noted that at the project scale, the surface of natural habitats preserved, the number of potential beneficiaries, and the amount of capital are highly variable. Record projects include the largest debt-for-nature swap ever (*Fondo del primer canje de Deuda por Naturaleza EE.UU-CR*), the *PIPA Trust Fund* and its planned preservation of 40 million hectares of marine protected areas or the very efficient *Caucasus Nature Fund*. Other less ambitious programs have led to major strides, as in the case of the *Fondo Minga por el Agua* engaging indigenous donors to protect an unstable portion of the Colombian jungle.

II. What is the Added Value of CEPF's Support to Conservation Trust Funds?

CEPF has supported the creation or operation of 20 CTFs as described in Part 1. CTF projects and structures are distributed in 15 Hotspots where CEPF has invested. These funding mechanisms are characterized by a wide variety of size, scope, and objectives.

CEPF's procedures prohibit any investment in the capital of a trust fund of any type. Therefore, CEPF's support to the 20 CTF projects or structures has focused on operational costs (this support is ongoing for 7 CTFs). The total amount allocated by CEPF to CTF projects or structures is estimated at 9.3 million dollars as of 2012.

CEPF has funded operational costs of 7 CTF projects, including the three elements of the creation process, for a total amount of 3.5 million dollars. For the other CTFs, CEPF only intervened on one or two components of the establishment process, along with other partners (2.6 million dollars). Finally, CEPF has attributed 5 million dollars to 5 established CTFs. CEPF can be considered as the main partner of a CTF project when it covers all aspects of its establishment process.



In order to evaluate the added value of CEPF's support, operational costs can be divided in the three main operational processes described in p.6: capitalization, establishment of a legitimate governing body with a competent team, and definition of the grant-making framework for conservation. Funding opportunities will be compared to the achievements of CEPF for each process.

a. CEPF's Support to Capitalization

Opportunities

There are several types of funding sources available to CTFs to build their capital:

- Governments are the primary donors for Conservation Trust Funds and can contribute directly to CTFs on their national territory. Developing countries can secure funding for national CTFs through debt-for-nature swaps, which are based on an agreement between the borrowing and the lending governments and a defined framework for the use of resources (GEF, 1998) (CI - CSP, 2007).
- Traditional donors focusing on environment and biodiversity protection such as large institutions (World Bank, GEF, AFD, KfW, etc.), foundations, major NGOs, and individual donors, with an interest for CTFs may provide joint or sole funding for their capitalization. (CFA, 2008). **It is interesting to note that CEPF's investments are complementary to the contribution of its own donors such as AFD, the World Bank, and GEF.**
- Payments for ecosystem services can cover several aspects based on the specific services and ecosystems as well as the social, political, and economic context. When successful, PES mechanisms are a major source of funding. Agreements based on carbon stocks, through the REDD+ program, are an example of an institutionalized PES system. Capitalization of CTFs is possible through a carbon credits market, with the PES system integrated within the CTF (LAURANS, LEMÉNAGER, & AOUBID, 2011), (RedLac, 2010).
- Agreements with partners from the private sector and corporate foundations are also a possibility. One example is the Business and Biodiversity Offsets Program Initiatives (BBOP) (LAURANS, LEMÉNAGER, & AOUBID, 2011).

Achievements of CEPF

Since its inception, CEPF has supported the capitalization strategy of eleven CTFs, either through a global support for their establishment or an occasional funding (4 projects) of a specific operational aspect.

The most remarkable contribution of CEPF to the fundraising strategies of CTFs is its support to the negotiation and finalization processes of three debt-for-nature swaps in Central and South America (Costa Rica, Peru, and Guatemala) - the agreement in Costa Rica was the largest ever (26 million dollars). As for the bilateral agreement between the United States and Guatemala, CEPF has funded the administrative components aiming at the validation of the mechanism requested by the US Administration (See Part III.b). In Peru and Costa Rica, CEPF has supported the alignment of the grant-making framework for conservation to the requirements of the three relevant donors. In all cases, CEPF has collaborated with CI-GCF and TNC (and WWF). Both organizations have committed to cover part of the debt cancellation amount, in order to be part of the board and participate in developing the strategy pertaining to the allocation of funds.

The operational costs of the fundraising strategy targeting large institutions and traditional donors were supported by CEPF for three CTF projects and one established CTF: the *EAMCEF*, the *CNF*, the *Awacachi Ecological Corridor Trust Fund* project, the *Mecanismo de captacion de fondo (fundacion Rio San Juan)* project, the *SKEPPIES Fund*, and the *PIPA Trust Fund*. **CEPF's knowledge of the procedures of major donors seems to have been reinforced by the many leverage effects sought by CEPF in its regions of intervention.** Potential co-financing

and funding sources are included in the initial grant allocation criteria, to ensure that activities continue after the closure of the regional program. **CEPF's support has helped its beneficiaries define a clear strategy in line with donor requirements.**

In terms of PES, CEPF is currently working with two CTF projects in South America (the *Fondo del Agua del sistema Motogua Polichic* and the *Fondo Mingua por el Agua*) to define their funding strategy and legal framework. The development phase requires raising awareness among the private sector and civil society stakeholders, which will be the payers or beneficiaries of future compensation. Their involvement is crucial to the success of a PES mechanism. The program carried out with FONDAM also led to the identification of several projects that could be supported by the REDD+ Program, through which the projects developers hope to secure part of the capital. (Note: CEPF supports other PES feasibility or implementation projects that are not linked to a potential trust fund. These projects are not taken into account in this document).

Finally, CEPF has always promoted the development of partnerships with private companies in the countries where it invests. This is the case of two revolving funds projects, the *Fondo del agua del sistema Polichic*, based on PES, and the *Mecanismo de Captacion de fondos* that have secured commitment from local companies. In Liberia, the preparation phase of the CTF focuses on raising the awareness of large mining companies that could potentially contribute to the fund. In many cases, CEPF has lent a voice to NGOs and local stakeholders to initiate a dialogue with small companies and large industrial groups.

While fundraising costs need to be covered to capitalize a CTF, major traditional donors rarely cover such costs. Resources to cover fundraising costs are true assets for project developers (see III.a and b). Thanks to its thorough knowledge of the criteria used by the main traditional donors, the CEPF Secretariat can guide project developers to focus on key elements during the project design phase. Finally, complementary approaches, for instance between GCF and CEPF, are also a benefit for the capitalization strategy as both secretariats have worked jointly on 8 projects.

CEPF's support seems to have a lower added value as far as the relationship with the private sector is concerned. The main results were achieved with national medium-sized companies in South America. Their operations and support policies to conservation projects are not well known and unpredictable. On the other hand, major private foundations focusing on international projects already fund organizations such as GCF or TNC, which redistribute such funding. Therefore, the lack of direct interest to create a specific CTF is hardly surprising.

CEPF has always encouraged its grantees to seek multiple partners and co-financing. This is even more applicable to CTF projects as several evaluations have identified the diversification of the capital portfolio as a stability and security factor for sinking and endowment funds (Preston & Victurine, 2010).

b. CEPF's Support to the Design and Strengthening of CTFs Governing Bodies

There are several steps for the implementation of an effective operational CTF body. This structure is the core of the project and should be initiated before the legal establishment of the fund, operate during its development phase, and continue beyond. This process is one of the

enabling conditions for a CTF. Its legal existence, transparency, effectiveness of investments, and reputation with the civil society are dependent on this process.

Opportunities

The design process has three pillars:

- Initiation of a dialogue between the biodiversity conservation community, governments, private sector, future grantees, and civil society groups. The objective of this dialogue is to raise awareness on and ownership of biodiversity protection and its significance over the long run. Another goal is to focus on a sustainable funding mechanism. This process leads to an increased awareness of the value of a natural resource that has not been valorized by local populations to date (Adams&Victurine, 2011).
- Governance: Establishment of the management team of the CTF, which should be an independent structure while including members of the local authorities and decision-makers. This team will be in charge of managing activities and selecting investment targets. The objective is to grant this institution a decision-making power with regards to biodiversity at the regional scale, while keeping a neutral role between the civil society, the private sector and the government(s) (CFA, 2008).
- Technical administration: Creation of the legal structure and building capacity for the monitoring and evaluation of the financial and administrative performance of the fund (Preston & Victurine, 2010).

Achievements of CEPF in terms of Support to Institutional Design and Strengthening

Sixteen projects received a support for CEPF in terms of feasibility and creating linkages between stakeholders:

- 8 projects received a support for their global establishment process, among which two are still ongoing (*Awacachi Ecological Corridor Fund* and the CTF project in Liberia), to promote the idea of a sustainable funding mechanism and to initiate a dialogue among stakeholders from the conservation community, local governments, and private sector.
- 8 projects received a support focusing on initiating the dialogue. In the case of TMF, CEPF has strengthened the relationships and information exchanges with the South-African governmental agencies, **even if this was not the main objective of the its support**. For the *Madagascar Trust Fund* project, actions supported by CEPF to establish relationships among the civil society, authorities and the conservation community (CI) have resulted in the creation of a CTF.

The “CEPF Methodology”, which consists of creating an influent conservation community in the Hotspots, able to interact with the key governmental and private sector stakeholders, is reinforced when CEPF supports the creation of a CTF. Therefore, efforts targeting CTFs strongly contribute to the implementation of CEPF’s global objectives. Out of the 15 projects, those that have not resulted in the establishment of a CTF (*SKEPPies Fund* and the CTF project in the Philippines) have nonetheless empowered and increased the influence of the local conservation community. In the case of the Philippines, CEPF has contributed to the objectives “*Philippines Business and the Millennium Development Goals*”, through awareness raising of the private sector.

Establishing the governance structure of a CTF does not involve specific costs. CEPF has provided assistance in this matter to 6 projects since their inception (CNF, LHSK, Fondo Mingua por el Agua, Fondo del Agua, ACBT-Peru, FCBT-Guatemala). These projects are now (or are close to be) operational. Members of the management team come usually from the stakeholders engaged in designing the fund. For some projects, CEPF issued some recommendations in its monitoring grid regarding potential stakeholders to be included in the board (e.g. Fondo del agua).

These 6 funds received support from CEPF for the creation and subsequent management of a financial and legal structure (legal status, banking account(s)), as well as the design and establishment of an administrative team. Further detailed procedures will vary according to the specific legislations of each country and CEPF can only make recommendations at this stage. Government collaboration is important as this stage establishes a structure according to national tax regulations, as a grant-making body with the possibility to invest its assets overseas for instance. On financial aspects, CEPF has covered in some cases the consulting fees of local experts or the Conservation Finance Alliance for the evaluation of investment strategies in the case of FONDAM. Outsourcing financial management to invest the capital or recruiting a specialized manager is recommended by all studies on CTFs and forms an integral part of the design of an administrative team able to manage, monitor, and evaluate the CTF's performance (CFA, 2008) (Victurine, 2011).

Gathering a critical mass of stakeholders to manage a CTF is one of the enabling conditions. In regions where such an approach has never been taken, this step requires a massive amount of efforts, resources, and time. While in theory, this effort seems to involve a simple promotion of a dialogue between conservation community, government, civil society, and private stakeholders and raising awareness, it requires significant time and organization efforts. Through its regional approach by hotspot, CEPF is in an ideal position to support the relationship between project developers and decision-makers from the beginning. The development of an Ecosystem Profile as a first step is an opportunity to establish relationships within the conservation community or even the government and the private sector. This process could be followed by the creation of an experts committee, potentially laying the groundwork for the establishment of future board. This approach is consistent with CEPF's strategy in the Hotspots and with the rationale of the investment and consolidation phases to allow project monitoring over 7 years, as in the case of the Caucasus Nature Fund (see Part III.a).

Once this condition is satisfied, the technical, investment management, and administrative aspects only require resources that CEPF can provide in the first inception phases. These costs are subsequently covered by the CTFs (see Parts III a and b).

c. CEPF's Support to the Development of a Grant-making Framework for Conservation

CTFs are not implementing structures but funding entities to help project developers carry out biodiversity protection programs. The funding and action framework of their grantees must be clearly defined.

Opportunities

- Definition of the scope of intervention: areas of intervention (protection of biodiversity, efforts in human settlement/ agricultural areas, integration of development aspects to the strategy). This also includes the geographical scope, priority areas of intervention, and types of grantees for parks or grants funds. This conservation strategy is ideally developed in partnership with the local government. These parameters are usually included in the specifications of the committed donors (IPG, 2000).
- Definition of the grant-making mechanism and planned allocated amount for each objective, to define the investment policy of the CTF for biodiversity. As for the scope of the fund, some parts of this aspect are specified in donors' requirements. A clear vision of the CTF's long-term priorities is required to develop a detailed strategy, define disbursement objectives, and determine allocated amounts (CFA, 2008).
- Monitoring and evaluation of the impacts of the CTF: as the CTF is not an implementing entity, an upstream monitoring and evaluation matrix should be designed before committing grants. A first impact measurement could focus on the success of funded and completed projects based on objectives unrelated to quantitative measures of biodiversity. Measuring the CTF's impacts on biodiversity would require an upstream definition of a series of indicators and measurement efforts, before the beginning of activities to establish a baseline, and at the closing of the project or even beyond. This is one of the most complex aspects of managing a CTF. However, this evaluation is crucial to improve the credibility of CTFs among donors, particularly the private sector. This aspect concerns well-advanced CTFs that have initiated grant-making (RedLac, 2008).
- Gathering the needed technical capacities: To ensure that all previous aspects are carried out, CTFs should ensure that their technical teams have the needed capacities. They also should support a critical mass of stakeholders able to develop conservation projects (GEF, 1998).

Achievements of CEPF's Support to the Definition of a Grant-making Framework

CEPF has supported studies on the identification and selection of priority areas for conservation for 13 CTF structures or projects. Support to FUNDESNAP specifically focused on this component. While global intervention areas might have already been determined, as in the case of parks funds, all projects will require a prioritization of protected areas, buffer zones or corridors. CEPF's work in a Hotspot is based on the definition of priority areas or Key Biodiversity Areas (KBA), taking into account specific biodiversity criteria, threats, and significance of corridors. This methodology seems appropriate for the smaller scale applied by CTFs. Experts who contributed to the development of the Ecosystem Profile for CEPF could be called upon. In several cases, such as the *Madagascar Trust Fund*, the *Fondo para la Biodiversidad sostenible*, or the CTF Project in Liberia (OSA Conservation), this step could also help initiating a dialogue among local stakeholders and contribute to institutional strengthening. **As for the development of Ecosystem Profiles, the definition of priority areas for conservation can create some synergies among local stakeholders.**

CEPF has consistently recommended establishing transparent and sustainable mechanisms. These recommendations were included in the monitoring grids of the 9 CTF projects and structures, which were advanced enough to develop a grant-making mechanism. For cases where a grant-making framework did not exist (*Fondo Mingua por el Agua, SKEPPies...*),

the process received support, in accordance with CEPF's safeguard policies at a minimum. In other cases, CEPF collaborated with entities that already had their own frameworks (e.g. *Programa Socio Bosque (Awacachi corredor)*). Interestingly, some of these processes were previously developed with the assistance of CEPF as in the case of *Estrategia de sostenibilidad de FUNDAR*. For the 2 funds to be based on PES mechanisms, the main step supported by CEPF includes the selection of grantees and the conditions of application of future compensations.

Nine projects have developed a monitoring and evaluation framework of the CTF's impacts (the other projects are not advanced enough to implement such frameworks). M&E frameworks are usually one of the components of CEPF's best practices. Biodiversity impacts assessments are only clearly included for three well-advanced projects: the *Mecanismo de Captación de Fondos* of FUNDAR, the PES of the *Fondo del Agua and Corredor de Conservación Munchique Pinche*, for which biodiversity impacts criteria are required for PES allocation. This small number of projects is due to the fact that sufficient biodiversity knowledge is needed before an impacts assessment system could be put in place. The project also needs to be at an advanced stage. However, a biodiversity impacts assessment will be easier if the system is designed when defining monitoring criteria. Therefore, it should be included at the project design stage (RedLac 2008). Some grant-making frameworks, as in the case of the *Socio Bosque Program*, have included this assessment and did not require CEPF's help. Finally, while a biodiversity impacts assessment is costly in terms of time and resources, it will increase the attractiveness of a CTF to potential donors.

All three aspects require building the technical capacities of CTF project developers. A training effort on the technical aspects of the selected biodiversity strategy is usually required. CEPF also supports training project developers or recruiting the needed experts (e.g. the *Leslie Hill Succulent Karoo Trust*) to be in charge of projects selection and monitoring as needed. One remarkable project in Colombia has greatly benefited from training civil society stakeholders participating in the fund management. Leaders and other members of Colombian *autoridades tradicionales indígenas* receive training and will ensure management of the PES mechanism and the CTF in the corridor (*Fondo Mingua por el Agua Project*). The CEPF-financed project with FONAFINO also trains landowners to gain potential access to grants by the CTF in order to sustainably manage their forestlands. In the case of the *SKEPPies Fund*, involvement of civil society members was required to develop conservation projects. Today, these civil society members form a true enterprise community.

In several cases where CEPF has supported the definition of a grant-making framework, part of the process was defined beforehand, some even under other CEPF projects. Support was provided for strengthening the process as needed. **CEPF's added value in this process is to ensure that the four elements of the grant-making framework are included. CEPF's support can focus on the definition of priority areas for conservation before the CTF is established (based on Ecosystem Profiles). Training and hiring can be funded and potentially target the CTF grantees. CEPF has typically a real added value when covering this series of operational costs incurred before a CTF is established. In some cases, these processes are taking place while no donor has yet expressed interest to capitalize the CTF. The group of stakeholders able to manage grants and initiate projects must in these cases reorient the project (See Part III.c).**

While the objective is an optimal integration of all 4 components, support to the implementation of a monitoring and evaluation strategy of the CTF impacts on biodiversity is included only in the most advanced projects (3 out of 11). This low number is partly explained by the fact that in some cases, evaluations were previously defined. However, even if this component is included at a later stage of the CTF project development, it should not be neglected at inception (RedLac 2008). Its cost, in terms of time and resources, is one of the reasons why biodiversity impacts assessment is sidelined at the beginning of a CTF creation process (Part III.c).

The grant-making framework remains largely guided by donor requirements (including CEPF). CEPF's support can focus on the compliance of the framework and on the gathering of needed capacities and information for implementation. As CEPF's safeguard policies already integrate the policies of institutions such as GEF or the World Bank, which are potential donors for CTFs, if CEPF's support leads to the actual implementation of a CTF project, a major portion of such donors' requirements will have already been fulfilled.

III. Case Studies – Lessons Learned:

Three case studies will illustrate the capitalization of experience 'CEPF support to Conservation Trust Funds'. In each, the main idea is to highlight what were the added value and the limits of CEPF support.

a. Building the Caucasus Nature Fund – (by Jack Tordoff, CEPF Grant Director)

Background: *The Caucasus Hotspot has the greatest biological diversity of any temperate forest region in the world. In 2003, CEPF came to this treasure trove of nature to launch an investment program focused on the conservation of five biological corridors spanning the different massifs of the Caucasus chain. CEPF grants had good impacts, in terms of establishing and strengthening the management of protected areas (PAs) and engaging local communities in their management. However, the sustainability of those results was a major concern. That is why plans of WWF Germany, the Global Conservation Fund and other partners to establish a trust fund for PAs in the southern Caucasus were met with interest.*

CEPF Support: CEPF agreed to finance operational costs for the creation of this fund (originally called the Caucasus Protected Areas Fund but later renamed the Caucasus Nature Fund or CNF), and provide flexible resources to cover fundraising costs. The idea was to make contributing to the fund more attractive to other donors, because they would be able to direct a larger proportion of their contributions to grants. CEPF supported the initial establishment of the CNF during 2008 and 2009. This was followed up by a 'consolidation' grant, covering 2011 to 2012. During the first phase, the CNF was able to raise 7 million Euros. Today, the fund is up to 16 million Euros.

This allows the CNF to make grants to a growing number of protected areas to cover their investment operational costs. During 2012, 810,000 Euros were invested in the management of 11

PAs: 4 in Georgia, 6 in Armenia and 1 in Azerbaijan. In total, these three countries contain 48 PAs, meaning that 20% are currently supported by the fund, representing 441,414 ha out of a total protected area coverage of 1,4 million ha. The three national governments contributed 975,000 Euros in match funding, which is a strong indication of support to PA management. With support from CEPF, the CNF's fundraising efforts have been dynamic to date, and will continue. If the fund keeps growing at its present rate, supporting the entire PA system in the three countries would be a realistic goal. The fund's success with leveraging funds from the private sector is a positive sign in this regard.

The most significant impact that the CNF has had on the management of PAs in the southern Caucasus is to transform the context PA management staff are working in. On the one hand, salary supplements and new equipment give staff incentives to work more effectively. On the other hand, demonstrating the interest and commitment of international donors to their work is encouraging them to set more ambitious targets and seek additional funding. Baselines for management effectiveness of participating PAs have been established using the World Bank's management effectiveness tracking tool. While a follow-up assessment to assess change over time has not yet been carried out, reports of reduced hunting and less frequent fires in the PAs are encouraging signs!

Lessons learned –Cover operational costs: CEPF investment phases are not open ended; every project has to consider how results will be sustained beyond the end of the investment period. An opportunity arose in the Caucasus to support the development of a sustainable financing mechanism, to the point that it became self sustaining. For a CTF project, it is always hard to cover the fundraising costs because donors usually want to support conservation results, and are less interested in or cannot fund operating costs. Thus, if the operating costs of the mechanism are already covered, it is more attractive to other donors, especially during the start-up phase when operational costs are high as a proportion of overall costs, because grant making is not yet in full swing.

b. FCA fund: the Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala (FCG) (by Margarita Mora, Conservation International)

Background

In 2006, the USA and Guatemala Governments, together with The Nature Conservancy (TNC) and Conservation International (CI), concluded three agreements which reduced Guatemala's official debt to the USA: a) the Debt Swap Agreement between the USA and Guatemala governments, b) the Tropical Forest Conservation Agreement (FCA) between the Government of Guatemala, TNC and CI, and c) the Swap Fee Contractual Agreement between the USA government, TNC and CI. The agreements were made possible through contributions of over \$22 million by the U.S. Government under the Tropical Forest Conservation Act (TFCA) of 1998 and \$2 million total from the TNC and CI, thanks to a grant from the Critical Ecosystem Partnership Fund (CEPF). The Government of Guatemala committed these funds over the subsequent 15 years to support grants to non-governmental organizations and other groups to protect and restore the country's tropical forests.

A trust fund for the management of the FCA funds was established in September 2008. The Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala (FCG) is the organization in charge of the administration of the fund. An oversight committee integrated

by delegates of USAID, CI, TNC, Government of Guatemala and a member of the civil society, makes the decisions regarding the management of the FCA trust fund. Currently the Executive Secretary of the National Council of Protected Areas is the representative of CONAP, and the Agriculture, Natural Resources and Environment Institute (IARNA) of the Rafael Landívar University is the representative of the civil society.

The priority investment regions defined in the FCA agreement are:

1. In the Maya Biosphere Reserve: the Lacandon National Park, the Multiple Use Zone, the Laguna del Tigre National Park, and community forestry concessions and the biological corridors.
2. In the Volcanic Chain of the Guatemalan Occidental Highlands: the volcanic region that extends from the Pacaya Volcano National Park and the Alux Forest Reserve to the Tacana Volcano. This includes all altitudinal ranges in the Multiple Use Watershed of the Lake Atitlan Reserve.
3. In the Motagua-Polochic System and the Caribbean Coast: the Bocas del Polochic Wildlife Refuge, the dry Motagua ecosystem and the Golf of Honduras watershed, including protected areas and all watersheds draining into the Caribbean.
4. In the Cuchumatanes Region: Todos Santos Cuchumatán, Cruz Maltín, Pepajau Magdalena and other habitats supporting the following threatened or endangered species.

CEPF support

The establishment of the Debt Swap Agreement between the USA and Guatemala governments required the payment of a debt swap fee of US \$2 million. At the moment of the negotiations between the US and Guatemala Governments, there was uncertainty about the access to funds to cover the debt fee. CEPF investment allowed CI to pay part of the fee and to leverage \$23,700,000 for the implementation of conservation projects in Guatemala. Thus, without CEPF's investment, the debt-for-nature swap in Guatemala would not have taken place.

The debt swap trust fund has been financing the conservation projects in Guatemala since 2008. 20 grants were given to organizations working in the priority investment regions during the first and second call for proposals. The result from the first cycle of projects show that funds from the debt swap helped protect and improve the management of 110,000 hectares inside protected areas. Funds from the debt swap also helped improve the management of important areas for conservation outside protected areas. Projects selected during the second call for proposals are still under implementation. A third call-for proposals took place in 2012 and 11 projects have already been selected and activities will be implemented between 2012 and 2015. Thus, the debt-swap has helped complement CEPF investments in Guatemala, particularly in the Maya Biosphere Reserve and the Sierra de los Cuchumatanes.

Long-term investment

There are two accounts linked to the debt-swap trust fund, the debt-swap account and the endowment account. The debt-swap account is a sinking fund capitalized by the deposits done by the Government of Guatemala. The Government of Guatemala will be transferring funds to the debt-swap account until 2021. These funds are being used for the implementation of projects in the priority investment regions and for the administration of the FCA.

The endowment account is also capitalized by funds transferred by the Government of Guatemala. The current earnings interest rate for the endowment is 4.25% per year. At the

current interest rate, the endowment will yield US \$200,000 per year. Once the endowment reaches US \$4.9 million in December 2016, the earnings will continue supporting conservation activities in Sierra de los Cuchumatanes and in Cadena Volcánica.

c. Challenges in the Creation of a Fund in the Succulent Karoo of South Africa (by Dan Rothberg, CEPF Grant director)

Background

CEPF has been active throughout South Africa since 2001, beginning with investment in the Cape Floristic biodiversity hotspot, which includes portions of the Eastern Cape and Western Cape provinces, continuing to the Succulent Karoo in 2003, which includes parts of the Northern Cape and Western Cape provinces, and in 2010 to Maputaland-Pondoland-Albany, which includes parts of the Eastern Cape and Kwa-Zulu Natal. During that time, CEPF both supported existing conservation trust funds and supported efforts to create a new fund, called SKEPPIES, exclusively for the Succulent Karoo. The comparative ease of supporting existing funds versus the challenges in creation of a new fund is instructive for future efforts, particularly in terms of the amount of time it may take to make a fund financially viable, managerially functional, and actually meaningful for conservation or social development.

CEPF supports

CEPF had a positive experience in supporting the Table Mountain Fund (TMF) through the Cape Floristic investment. TMF was created by WWF-South Africa in 1993 to support the conservation of indigenous flora known as *fynbos*, the “fine bush” of low-lying flowers and plants distinctive to the Cape. WWF spent several years raising capital for TMF and establishing its legal and organizational structures. At the same time, WWF and the many conservation partners in the country established the “Cape” and *fynbos* as meaningful places and things in people’s minds – things worth conserving – while creating the TMF “brand” as the way to make conservation happen. Several years later, when CEPF began providing support to TMF, it was to pay for the engagement of personnel and the disbursement of CEPF-provided funds for capacity building of individuals and organizations representing historically disadvantaged segments of the population. In many ways, much of the hard work was done before CEPF became engaged.

In contrast, when CEPF began investment in the Succulent Karoo in 2003, the challenges were vast, starting with the popularly limited recognition that this semi-arid region – dominated by vast empty landscapes – had any conservation value whatsoever. Further, with limited economic opportunities, the human and organizational capacity of the region drifted south to Cape Town or elsewhere in the country. In other words, not only were few groups providing money (i.e., creating a *supply* of conservation funds), few were asking for money to do conservation (i.e., there was little capable *demand*). Within this context, CEPF and the Ford Foundation provided money to Conservation International and the Development Bank of South Africa via a series of grants beginning in 2005 and running through 2012 to establish the SKEPPIES fund.

Over the seven years, the activities have been multiple. Some have been the mundane, like establishing SKEPPIES as a legal entity able to receive donations and creating organizational procedures to review proposals and make grants. However, to attract new donors for money beyond the initial capitalization, the conservation community had to convince donors that the

Succulent Karoo was worth conserving. Further, the SKEPPIES managers had to show potential donors that SKEPPIES was yielding biophysical and small-scale economic results; and, in order to do that, the team had to identify viable grant applicants, develop project concepts, and support their implementation. Seven years into this effort, SKEPPIES has awarded over 50 small grants – and depleted tranches of capital for the purpose. Given the size of the grants – averaging less than \$10,000 – and the limited capacity of the recipient groups, results have been impressive.

Still, with no shame in the statement, the goal is not yet achieved: SKEPPIES is not a financially self-sustaining conservation trust fund, not yet seen as the best place for a donor to invest, and not yet seen as the most reliable source of funding for small conservation groups. The future of SKEPPIES is yet to be determined, but the major partners, including the South African National Biodiversity Institute, remain committed to it.

Lessons learned

The lesson for CEPF is that the establishment of financially self-sustaining fund with a meaningful brand to donors and civil society is itself a multi-year effort, separate but parallel to the biophysical goals that CEPF may have. This is particularly true in environments like the Succulent Karoo that do not have the charismatic species or large forest reserves that donors favor.

Conclusion

Since its inception in 2001, CEPF has supported 20 Conservation Trust Funds projects and structures, representing about 25% of all existing or planned CTFs. More than mere grant-making mechanisms, CTFs are sustainable financing institutions for conservation, involving the civil society. Support to their establishment or capacity building is in full consistency with CEPF's strategy. CTF projects and institutions are found on all continents in 14 Biodiversity Hotspots and present extremely diverse characteristics. CEPF's support focuses on 20 projects with a great range of scales and objectives, from the huge project of protected areas of the *PIPA Trust Fund* to smaller projects such as the *Fondo Minga por el Agua* or the *Leslie Hill Succulent Karoo Fund* with equally remarkable achievements.

CEPF's support focused on all or part of the operational costs associated with the creation or the operation of the CTFs, along with other partners. Established CTFs also approached CEPF to fund components that were not covered by their own resources. CEPF has contributed to the assets of over 10 CTF structures and projects, the creation and capacity building of 16 CTF institutions, and the definition of a grant-making framework for 13 well-advanced CTF structures and projects. The contribution of CEPF to CTF projects and structures represents over 9 million dollars, allocated between 2001 and 2012.

While other donors prefer funding a mechanism that is already operational, CEPF's ability to cover operational costs at the creation phase of a CTF is viewed as a special feature and an advantage by project developers. CEPF has contributed to design and capacity building in all cases. Thanks to CEPF's investment timeframe of up to 7 years, follow-on is possible for this costly process. The extension of the investment timeframe recently approved by the CEPF Donor Council will be an additional asset. The *Caucasus Nature Fund* project is a particularly good example, as it has benefited from CEPF's support throughout its establishment process and has now become a truly operational institution. The *SKEPPies Fund* is another example where the institution and the critical mass of stakeholders able to manage grants and implement projects now exist, even if it has not yet met its capitalization objectives.

However, the added value of CEPF exceeds its ability to cover operational costs. In terms of capitalization, CEPF's support has been particularly effective as a leverage thanks to CEPF's complementarities with other donors and partners, as in the case of the three debt-for-nature swaps (*Acuerdo para la Conservacion de Bosque Tropical Peru*, *Fondo para la Conservacion de Bosque Tropical Guatemala*, *Fondo del Primer Canje de Deuda por Naturaleza EE.UU-CR*) .

Through its deep knowledge of donor requirements, CEPF also can help its grantees develop evaluation grids in consistency with such requirements. This is particularly true for the definition of grant-making frameworks, as in the case of the *Mecanismo de Captacion de Fondos de FUNDAR*.

Finally, the development of Ecosystem Profiles in each Hotspot provides a substantial added value for CTF projects. Gathering all stakeholders from the conservation community, civil society, governments, and private sector for the purpose of developing the Ecosystem Profile provides a strong starting point for CTF projects. As in the case of the *Madagascar Foundation for Protected Areas and Biodiversity*, support to the definition of objectives and conservation priorities was a first step to initiate exchanges among stakeholders, leading to the creation of a

CTF, when all conditions are met. The transboundary nature of strategies is an asset for the creation of regional CTFs even if the number of this type of CTFs is still limited.

The conclusions of Ecosystem Profiles also help determine if all enabling conditions to establish a CTF are met within a Hotspot. A Conservation Trust Fund is only one of the many funding tools for biodiversity conservation. CEPF's biggest asset is its capacity to implement the most appropriate sustainable funding strategies for conservation in the Hotspots where it operates.

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ANNEX I – CEPF's Support to CTF Structures and Projects

id	Grantee's name	Biodiversity Hotspot	CEPF investment	Country	English Language Project Title	CI Funds Agreed	Fund name	CEPF Role	CEPF Role	GEM summary	Sources
54560	Fundación Para El Desarrollo Del Sistema Nacional de Áreas Protegidas	Tropical Andes	Active (2009-2013)	Bolivia	Mitigating the Potential Environmental and Social Impacts Generated by the Northern Corridor Road Construction Project in Bolivia	\$655 000,00	FUNDESNAIP Fundación para el Desarrollo del Sistema Nacional de Áreas Protegidas	TECHNICAL ASSISTANCE	Pointing new KBAs target for the existing fund, and establishing sustainable financing systems for those sites <i>Support to conservation strategy</i>	Implement measures to mitigate the potential impacts arising from the construction of the Northern Corridor Road through the Vilcabamba-Amboró Conservation Corridor. Components include supporting civil society participation in the management and monitoring of highway impacts and of other large regional-scale infrastructure schemes, strengthening management capacity and community support of target protected areas, and establishing mechanisms for financial sustainability.	http://www.fundesnap.org/fundesnap/cepf/171 CFA, 2008
10335	Fundación Neotropica	Mesoamerica	closed (2003-2007)	Costa Rica	Promoting Biological Connectivity in the Osa Peninsula Through Sustainable Agriculture	\$207 759,12	FONAFIFO Fundo Nacional de Financiamiento Forestal	TECHNICAL ASSISTANCE	Helping 177 farmers to access funds from Costa Rica's National Forestry Financing Fund FONAFIFO <i>Support to potencial grantee and grant management</i>	Promote appropriate land-use regimes that contribute to maintaining connectivity in the Osa Biological Corridor. Working with local farmers in support of sustainable development projects in agriculture, ecotourism, reforestation, and biogas, this grant aims to increase forest under protection and restore degraded land, as well as to disseminate project techniques and lessons to new communities.	Interview Michele Zador GEM records and performance Tracking worksheet http://www.fonafifo.go.cr/index.html
12326, 54266, 56416	FONDAM	Tropical Andes	active (2005-2009)	Peru	Strengthening of the Management and Financial Sustainability of Key Protected Areas along the Southern Inter-Oceanic Highway in Madre de Dios, Peru	\$837 320,00	FONDAM	TECHNICAL ASSISTANCE	Support to projects and capacity building <i>Assistance for implementation, fundraising, capacity building (strengthening the capacity of the institution)</i>	El Fondo de las Americas y el Critical Ecosystem Partnership Fund (CEPF) financian conjuntamente proyectos de desarrollo orientados a la protección de áreas críticas de conservación, que son implementados a través de tres Programas de Cofinanciamiento: Programa FONDAM – CEPF I: "Aprovechamiento Sostenible de la Biodiversidad en el Corredor de Conservación Vilcabamba-Amboró". Provide capacity building support for micro-credit recipients, and linkages	GEM records and performance tracking worksheet Doc: CFA, 2008 http://www.fondoamericas.org.pe/alianzas-estrategicas/cepf/
10153, 54382, 54415	WWF	Cape Floristic Province	closed (2003-2011)	South Africa	The Table Mountain Fund Capacity Building Program for the Cape Floristic Region	\$1 230 085,57	Table Mountain Fund	TECHNICAL ASSISTANCE	Support to strengthen the institutional capacity of this established fund <i>Assistance for implementation and capacity building (strengthening the capacity of the institution)</i>	Establish an efficient and effective program to enable previously disadvantaged persons, such as women and particularly black South Africans, to become conservation project managers and leaders. This small grants program will include academic bursaries and two-year placements in the workplace. Address the lack of project development skills among community-based organizations and new entrants into conservation in the Cape Floristic Region by establishing three project development hubs in selected mega-reserves.	Interview Daniel Rotberg GEM records and performance tracking worksheet Docs: CFA, 2008 and budget 2010 (CFA fund toolkit) http://www.wwf.org.za/who_we_are/how_we_work/associated_trusts/tml/
54151	World Wide Fund for Nature-Eastern and Southern Africa Regional Programme Office	Eastern Afromontane	closed (2008-2009)	Tanzania	Long-term Fundraising Opportunities for the Conservation of the Eastern Arc Mountains and Coastal Forests of Tanzania and Kenya	\$112 500,00	Eastern Arc Mountains Conservation Endowment Fund	TECHNICAL ASSISTANCE	Consolidation of the established trust fund in fundraising and capacity building	Explore opportunities to secure funds to continue to enhance forest conservation and civil society development in this critical region through engaging additional donor support to the Eastern Arc Mountains Conservation Endowment Fund, securing funds to promote the work of the Coordination Unit and assessing other funding mechanisms.	GEM records and performance tracking worksheet Doc: CFA, 2008 http://www.easternarc.or.tz/
53276, 59387	Caucasus Nature Fund	Caucasus	Active (2008-2009/ 2011-2012)	Armenia, Georgia and Azerbaijan	Supporting the Institutional Development of the Caucasus Protected Areas Fund	\$860 000,00	Caucasus Nature Fund	CREATION	CEPF support covers operational and fundraising costs necessary to establish and capitalize the fund. <i>Conservation strategy definition and management building...help for all the aspects</i>	Support the institutional development and start-up costs of the Caucasus Protected Areas Fund to provide long-term financial sustainability for priority protected areas in Armenia, Azerbaijan and Georgia. Establishment of the fund has been made possible through a partnership of Conservation International, the German Ministry of Economic Development and Cooperation through the German International Development Bank, and World Wide Fund for Nature.	Interview Jack Tordoff GEM records and Performance Tracking worksheet CFA, 2008 http://www.caucasus-naturefund.org/
56422	Fundación Centro para la Investigación en Sistemas Sostenibles de Producción Agropecuaria	Tumbes-Chocó-Magdalena	Active (2010-2012)	Colombia	Consolidating a Model for the Payment of Environmental Services in Nasa - Paez Indigenous Communities of Morales in Colombia	\$200 000,00	Fondo Minga Por el Agua (Corredor de Conservación Munchique pinche)	CREATION	Creation of a local sustainable financing mechanism for water resources management <i>All the aspect :fundraising, capacity building, strategy definition</i>	Establish and consolidate a payment for environmental services (PES) scheme based on the generation and utilization of water resources in the buffer zone of Munchique National Park. Three components are supported: Position the initiative as a model for supporting PES in indigenous territories, build community capacity to promote local management of the scheme, and establish a PES investment fund for local conservation activities.	Interview Michele Zador GEM records and performance Tracking worksheet www.munchiquepinche.cipav.org.co
10199, 56452	Fauna & Flora International-Latin America,	Tumbes-Chocó-Magdalena	closed (2003-2006)/Active (2010-2013)	Ecuador	Awacachi Corridor Project - Sustainable Community Development and Capacity Building, then Consolidation of the Awacachi Biological Corridor and Protection of the Native Forests of the San Lorenzo Canton	\$526 798,00	Awacachi Ecological Corridor Trust Fund	CREATION	Launch the Awacachi trust fund, Fund raising support for trust fund <i>Support for all the aspects of CTF establishment</i>	Enable the development of an integrated landscape conservation approach for the Chocó-Manabí corridor area, while strengthening the capacity of local, Promote financial and social sustainability of the Awacachi conservation corridor, which maintains connectivity between the Cotacachi – Cayapas Ecological stakeholders to conserve and manage the biodiversity and ecological integrity in the Awacachi corridor in northwestern Ecuador.	Interview Michael McGreevey GEM records and performance tracking worksheets http://www.sirua.org/
11394	Fundación Defensores de la Naturaleza	Mesoamerica	closed (2005-2008)	Guatemala	Sustainable Financing of Biodiversity Conservation in Sierra de las Minas Biosphere Reserve through the Establishment of Motagua/Poloichic Water Fund	\$352 068,00	Fondo del Agua del Sistema Motagua Poloichic	CREATION	Legal, economic, and operational support to start Guatemala's first water fund <i>Support for all the aspects of CTF establishment</i>	Establish a fund to enable downstream water users in the Motagua Poloichic watershed to support conservation activities in the upper watershed where the Sierra de las Minas Biosphere Reserve is located. Key outputs include strengthening capacity of local conservation committees.	Interview Oscar Nunez Docs : memoria de labores 2005-2009, Fondo del Agua GEM records and performance tracksheet http://www.defensores.org.gt/fondo-del-agua , http://www.eco-index.org/search/results.cfm?projectId=999
55207, 58971	Fundación Amigos del Río San Juan	Mesoamerica	Active (2008-2012)	Nicaragua	Consolidating Key Management Actions in Indio Maíz Biological Reserve, Nicaragua, Phase II	\$400 000,00	Mecanismo de captación de fondos Fundación Amigos del Río San Juan	CREATION	Creation of a local trust fund biodiversity conservation and buffer zone development <i>Support for all the aspects of CTF establishment</i>	Consolidate the conservation results achieved by earlier CEPF grants in Southeast Nicaragua, with a focus on Indio Maíz Biological Reserve, by promoting mechanisms for social, institutional, and financial sustainability. This grant promotes several options for sustainable financing, expands sustainable cacao production, strengthens the institutional capacity of FUNDAR, and builds the capacity of an alliance of local NGOs and government agencies to promote	Interview Norving Torres GEM records and performance tracking worksheet
55120	New England Aquarium	Polynesia-Micronesia	active (2009-2012)	Republic of Kiribati	Phoenix Islands Protected Area Trust Initiative	\$84 976,00	PIPA trust Fund	CREATION	Support to the creation of the PIPA trust fund <i>Support for all the aspects</i>	Support the establishment of a long-term financing mechanism managed by the PIPA Trust Organization to support the terrestrial and marine resources of the Phoenix Islands Protected Area (PIPA) - the world's largest marine protected area. The project will contribute to sustaining habitat protection and global biodiversity benefit, not only by reducing fishing, but also through restoration, research and monitoring.	Interview Chris Stones, John Watkin GEM record and performance tracking worksheet Doc: PIPA fact sheet http://phoenixislands.org
52464, 57222	World Wide Fund for Nature-South Africa	Succulent Karoo	active (2007-2012)	South Africa	Supporting Innovative and Effective Protected Area Expansion through the Leslie Hill Succulent Karoo Trust	\$215 130,60	Leslie Hill Succulent Karoo Trust	CREATION	Support to build the structure to manage this fund who received donation from WWF <i>Conservation strategy definition and management building</i>	Investigate alternative mechanisms for land-management arrangements using land purchases that will enable the creation of conservation areas in priority areas of the Succulent Karoo Hotspot under high land-use pressure Developing a strategy for land acquisition for the Leslie Hill Succulent Karoo Trust, addressing tax and land ownership policies that encourage private owners to enter stewardship agreements, and providing sample contracts that allow the Trust or others to more simply enter into stewardship agreements.	Interview Daniel Rotberg GEM records and performance tracking worksheet http://www.wwf.org.za/who_we_are/how_we_work/associated_trusts/leslie_hill/
12368, 12734, 51322, 51935, 57219	Conservation International-Southern Africa Hotspots Program, Development Bank of Southern Africa Limited	Succulent Karoo	active (2006-2012)	South Africa, Namibia	SKEPPIES Fund (SKEP Partnering In your Environment)—A Fund for Conservation and Development in the Succulent Karoo Pilot Phase	\$956 431,78	SKEP Fund	CREATION	Support the creation of a sustainable financing mechanism source of small grants, SKEPP fund supported by several grants, from the first phase to consolidation - See relation SKEPPIES and TMF with BHP	Provide strategic and communications support to the Succulent Karoo Ecosystem Program (SKEP) Coordination Unit during its transition to the South African National Biodiversity Institute. Develop and fundraise for a small grants facility that will support projects linking poverty alleviation with conservation outcomes in the Northern and Western Cape provinces and develop an anchor project linking priority areas. Strengthen linkages between conservation and development through the	Interview Daniel Rotberg GEM records and performance tracking worksheet http://www.skep.org.za

10677, 12331	Instituto Nacional de Biodiversidad	Mesoamerica	closed (2004-2007)	Costa Rica	Establishing the Biological Boundaries of the Osa Biological Corridor through Data Compilation and Analysis	\$115 752,00	Fondo para la biodiversidad sostenible OSA Conservation Fund	ASSISTANCE IN CREATION PROCESS	Provide technical analysis and set KBA and baseline for conservation in the Osa Corridor <i>Support to conservation strategy and capacity building to prepare the CTF establishment</i>	Analyze biological information to establish a biological baseline for future ecological monitoring and identify priorities for future research - Conduct biological studies and analysis to define the boundaries of the Osa Biological Corridor, which links the national parks of Corcovado and Piedras Blancas on the Osa Peninsula. Activities include biological studies on plants, mammals, and pollen dispersion; compilation and systemization of existing data; and definition and formal adoption of biologically based boundaries of the corridor. Use of baseline Gruas II	Interviews Chris Stone, Manuel Ramirez GEM records and Performance Tracking worksheet http://www.osaconservation.org/
10137	Conservación Internacional-Southern Mesoamerica	Mesoamerica	closed (2002-2007)	Costa Rica	Building the Southern Mesoamerican Conservation Corridor	\$1 246 583,00	Fondo del primer Canje de Deuda por Naturaleza EE.UU - CR	ASSISTANCE IN CREATION PROCESS	Technical support to the Costa Rica debt SWAP mechanism : <i>Capacity building (networking) and conservation strategy definition (baseline) with indirect grant, part of fundraising process</i>	As the Coordinating Unit for CEPF, provide applicants with technical assistance to strengthen their project designs and develop logical frameworks to submit viable grant applications and assist grantees in their efforts to monitor project performance. The Coordination Unit will facilitate partnerships with other organizations, governmental agencies and other donors to develop the agenda for regional conservation. This includes the development of Gruas II, baseline for conservation programs of most areas in Costa Rica : with support from the Critical Ecosystem Partnership Fund and other partners, our scientific research helped identify all of these sites as gaps in Costa Rica's conservation planning	Interview Chris Stones GEM records and performance tracking worksheet http://www.canjeusacr.org/
51113	Conservation International	Mesoamerica	closed (2006-2008)	Guatemala	Support for the Guatemala Debt for Nature Swap	\$300 000,00	Fondo para la Conservación de Bosque Tropicales FCA	ASSISTANCE IN CREATION PROCESS	Financial, technical and administrative support to Guatemala debt-for-nature swap <i>Support to fundraising process</i>	As a pass through, direct the entire amount of this grant to support the largest debt swap of its kind. The swap will generate \$24 million for conservation over the next 15 years in Guatemala, and contribute to the sustainability of five key biodiversity areas. It will also strengthen projects funded by CEPF in Sierra de las Minas, Laguna del Tigre, and Sierra de los Cuchumatanes	Interview Margarita Mora docs : FCA: Origen, Avances, Retos and the Independent evaluation of the TFCA program in Guatemala GEM records and performance tracking worksheet
10001, 10077, 10098	Conservation International	Guinean Forests of West Africa	closed (2001-2004)	Liberia	Ensuring Sustainable Funding for Conservation: An Analysis of Existing and Potential Conservation Finance Mechanisms for West Africa	\$327 549,00	Project in Liberia	ENABLING CREATION CONDITIONS	FEASIBILITY STUDY FOR CREATION, <i>capacity building by developing the conservation strategy</i>	Assess and recommend finance mechanisms for conservation in Ghana, Côte d'Ivoire and Liberia, conduct workshop with stakeholders and facilitate implementation. Identify and train Rapid Assessment Program biologists, conduct two expeditions in the Haute Dodo region of southern Côte d'Ivoire and in a site in Liberia and publish the results of both assessments in French and English. Form an alliance for conservation in Liberia, develop a strategy and implementation plan for the Conservation International-Government of Liberia agreement on protected areas and establish a protected area coordinating office in Monrovia	Interview Chris Stones and Pierre Carret GEM records and performance tracking worksheet
10008	Conservation International	Madagascar and the Indian ocean Islands	closed (2001-2004)	Madagascar	Biodiversity Advocacy in Madagascar	\$278 430,00	Madagascar Foundation for Protected Areas and Biodiversity	ENABLING CREATION CONDITIONS	Support to the Madagascar Trust Fund <i>Capacity building, by developing the conservation strategy (strengthening the capacity of the institution)</i>	Develop and implement process for Madagascar protected areas network to be designated by UNESCO as World Heritage sites and design and implement a communications strategy agreed by strategic partners.	Interview John Watkin GEM records and performance tracking worksheet Docs : CFA, 2008 http://www.madagascarbiodiversityfund.org/
10312	World Wildlife Fund, Inc.	Tropical Andes	closed (2003-2004)	Peru	Creation and Effective Management of Forest Protected Areas in Peru	\$236 000,00	Acuerdo para la Conservación de Bosques Tropicales PROFONANPE	ASSISTANCE IN CREATION PROCESS	Financial support to the Peru debt swap <i>Support to conservation strategy and grant management design, to institutional capacity, part of fundraising process</i>	Through a debt-for-nature swap between the U.S. and Peruvian governments to guarantee long-term funding for protected areas, contribute funding for protection of three parks (Manu National Park, Amaraakeri Communal Reserve and Alto Purus Reserved Zone) in the Vilcabamba-Amboró Corridor. This grant is expected to leverage \$3.5 million in local currency over the next 12 years for grants to local Peruvian organizations to carry out activities related to the effective management of these protected areas	Interview Luis Espinel GEM records and performance tracking worksheet http://www.tfcaperu.org/ PROFONANPE : http://www.profonanpe.org.pe/vision_eng.html
10683	First Philippine Conservation, Inc.	Philippines	closed (2003-2005)	Philippines	Strengthening Corporate and Philanthropic Support for Biodiversity Conservation in the Philippines	\$162 500,00	Project in Philippines	ENABLING CREATION CONDITIONS	CEPF helped built FPCI presence in the markets and enabled it to gain sufficient scale to become an effective intermediary <i>Support for capacity building of conservation community and prepare the condition for the establishment of a CTF</i>	Engage Philippines corporate business sector as an active partner and philanthropic contributor to biodiversity conservation in the Philippines, especially in scaling up projects supported by CEPF.	CEPF Regional investment : Final evaluation GEM records and performance tracking worksheet
total grants						\$9 304 883,07					

Pink = Support to an established CTF

Dark green = Support to the whole CTF creation process

Light green = Support to part of the CTF creation process

ANNEX II – Characteristics of CTFs

Fund name	Legal Status	Year established	Nature of the Fund	National or regional	Country	Park Fund or Grant Fund	Site related or area related	Surface of PA (in ha)	Grants stakeholder target	Number or projects/grantee/beneficiaries	Status of fundraising	Main sources of funds	Size (2011)	Returns/ year if available (2011)	Expectations
Table Mountain Fund	Established	1998	Endowment	National	South Africa	Grant Fund	Area related	NA	Local NGO	130 projects	Secured	GEF, WWF South Africa, Private donors	\$9 000 000	\$460 000	?
FUNDESAP	Established	2000	Endowment/Sinking	National	Bolivia	Park Fund	Area related	?	Government agency, NGO	?	Secured	GEF, Switzerland, UK, US debt SWAP	\$14 000 000	?	?
FONANFIFO	Established	1996	Revolving/Sinking	National	Costa Rica	Grant Fund	Area related	NA	Local communities (landowners)	?	Secured	GEF, KfW, gasoline tax, PES	?	?	?
FONDAM	Established	1997	Endowment?	National	Peru	Grant Fund	Area related	NA	Local NGO and communities	312 projects	Secured	USA-Peru Debt SWAP (CI-GCF, TNC, WWF) and	\$18 000 000	?	?
Eastern Arc Mountains Conservation Endowment Fund	Established	2001	Endowment	National	Tanzania	Grant Fund	Area related	NA	Government agency, local communities		Secured	Tanzania, World Bank, GEF	\$6 000 000	\$600 000	\$15 000 000
Leslie Hill Succulent Karoo Trust	Established	1997	Sinking	National	South Africa	Park Fund	Area related	169 990	Local NGO	NA	Secured	Private legacy	?	NA	NA
SKEPPies Fund	In enabling conditions for creation process	NA	Endowment	Regional	South Africa, Namibia	Grant Fund	NA	NA	Local NGO & Communities	NA	In Fundraising process	NA	\$0	\$0	\$0
PIPA trust Fund	Established	2011	Endowment	National	Republic of Kiribati, Arménie, Azerbaïdjan, Géorgie	Park Fund	Site related	40 825 000	Government agency, NGO	NA	Donors Committed	CI-GCF, Australia, New-Zeland	\$0	\$0	\$25 000 000
Caucasus Nature Fund	Established	2007	Endowment	Regional		Park Fund	Site related	441 414	Government agency, NGO	NA	Secured	KfW, CI-GCF, WWF	15 500 000 €	810 000 €	16 000 000 €
Project in Liberia	In enabling conditions for creation process	NA	Endowment	National	Liberia	Grant Fund	Area related	NA	Local NGO	NA	NA	NA	\$0	\$0	\$0
Awacachi Ecological Corridor Trust Fund	In enabling conditions for creation process	NA	Endowment	National	Ecuador	Park Fund	Area related	10000 non PA, but PSB	Local communities	NA	In Fundraising process	GCF, Private sector, Carbon Credit	\$0	\$0	\$2 000 000
Fondo del Agua del Sistema Motagua Polochic	Established	2003	Revolving	National	Guatemala	Grant Fund	Site related	240 000	Local communities (landowners), NGO	350 familias (farms ?)	Secured and donor being committed	Private sector (PES)	NA	\$75 000	250000/y
Fondo del primer Canje de Deuda por Naturaleza EE.UU - CR	Established	2006	Sinking	National	Costa Rica	Grant Fund	Area related	NA	Local NGO	11 projects	Secured	Debt Swap (TFCA : TNC, CI-GCF, US)	\$26 075 942	\$1 533 579	\$26 075 942
Fondo para la biodiversidad sostenible - OSA Conservation Fund	Established	2012	Endowment	National	Costa Rica	Grant Fund	Area related	NA	Local communities (landowners)	15 farms	Secured, donor being committed	GCF, FONAFINO	\$2 000 000	\$0	\$15 000 000
Fondo Minga Por el Agua (Corredor de Conservacion Munchique pinche)	Established	2011	Sinking/Revolving	National	Columbia	Grant Fund	Area related	NA	Local communities	0	Secured and donor being committed and PES mechanism in creation	Atizo (Asociacion de Autoridades Indigenas Tradicionales), CIPAV (Centro para la investigación en sistemas sostenibles de	\$28 000	?	\$100 000
Acuerdo para la Conservación de Bosques Tropicales PROFONANPE	Established	2002	Sinking	National	Peru	Grant and Park Fund	Area related	10 562 522	Government agency, NGO, Local communities	22 projects	Secured	USA-Peru Debt SWAP (CI-GCF, TNC, WWF) and EU	\$8 480 000	NA	\$10 600 000
Fondo para la Conservación de Bosque Tropicales FCA - Guatemala	Established	2008	Sinking	National	Guatemala	Grant Fund	Area related	110 000	NGO, local communities	20 projects	Secured	Debt Swap (TFCA : TNC, CI-GCF, US)	\$6 027 123	NA	\$10 100 000
	Established		Endowment							NA			\$2 052 272	4,25%	\$4 900 000
Mecanismo de captación de fondos - Fundacion Amigos del Rio San Juan	Established	2012	Revolving	National	Nicaragua	Park Fund	Area related	630 000	Government agencies, local communities and local NGO	0	Donor committed, In fundraising process	Private Sector	\$0	NA	\$60 000
	Established		Sinking	Regional	Nicaragua, Costa Rica, Panama	Grant	Area related	NA	Local NGO & Communities, universities	0	In Fundraising process	Private Sector	\$0	NA	\$0
Madagascar Foundation for Protected Areas and Biodiversity	Established	2005	Endowment	National	Madagascar	Park Fund	Area related	1 700 000	Government agencies	NA	Secured	Madagascar-Germany (Debt SWAP), WWF, CI-GCF, World Bank, AFD, FFEM	\$50 000 000	5%	\$53 000 000
	Established		Sinking			Grant Fund	Area related		Local NGO & Communities	?		Madagascar -Germany (Debt Swap)	\$10 420 000	NA	\$10 420 000
Project in Philippines	Dead project	NA	NA	National	Philippines	NA	NA	NA	Local NGO & Communities		NA	Private Sector	\$0	\$0	\$0