



Fundraising Strategies for Environmental Funds

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RedLAC Capacity Building Project for Environmental Funds



Latin American and Caribbean
Network of Environmental Funds

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Scaling up Conservation Finance

The Latin America and Caribbean Network of Environmental Funds – RedLAC – was created in 1999 and congregates currently 25 funds from 15 countries. Its mission is to set up an effective system of learning, strengthening, training, and cooperation through a Network of Environmental Funds (EFs) aimed at contributing to the conservation and sustainable use of natural resources in the region.

RedLAC, with the support of the Gordon & Betty Moore Foundation and the French Fund for the Global Environment (FFEM, for its name in French), implements a capacity building project with the objective of strengthening the capacity of EFs to develop innovative financial mechanisms for biodiversity conservation, reducing their dependence on donations, and also to support the establishment of new EFs, by systematizing and sharing proven best practices in funds day to day operation.

This project, coordinated by the Brazilian Biodiversity Fund – Funbio - on behalf of the RedLAC membership, has the goal of promoting the implementation of new revenue streams in the Funds' portfolios, creating financially sustainable sources of funding for these institutions to invest in conservation. Having knowledge management as its core, the project will systematize the existing information on different topics of interest for EFs and build new content based on the collective experience of the Funds' community.

This textbook was prepared to support the fourth workshop of the capacity building initiative, focusing on fundraising strategies for Environmental Funds. More experienced funds have developed innovative and successful fundraising plans and have thus increased the EF's ability to implement conservation projects. This is the case of Fundesnap, Profonampe, Kenya Wildlife Service Fund, Eastern Arc Mountains Conservation Endowment Fund and Funbio, who shared their experiences and most recent efforts in this book. Funbio organized this workshop, in the city of Dar es Salaam, Tanzania, on September 27 and 28, 2011.

Organization:



Funded by:





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Annex

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Introduction



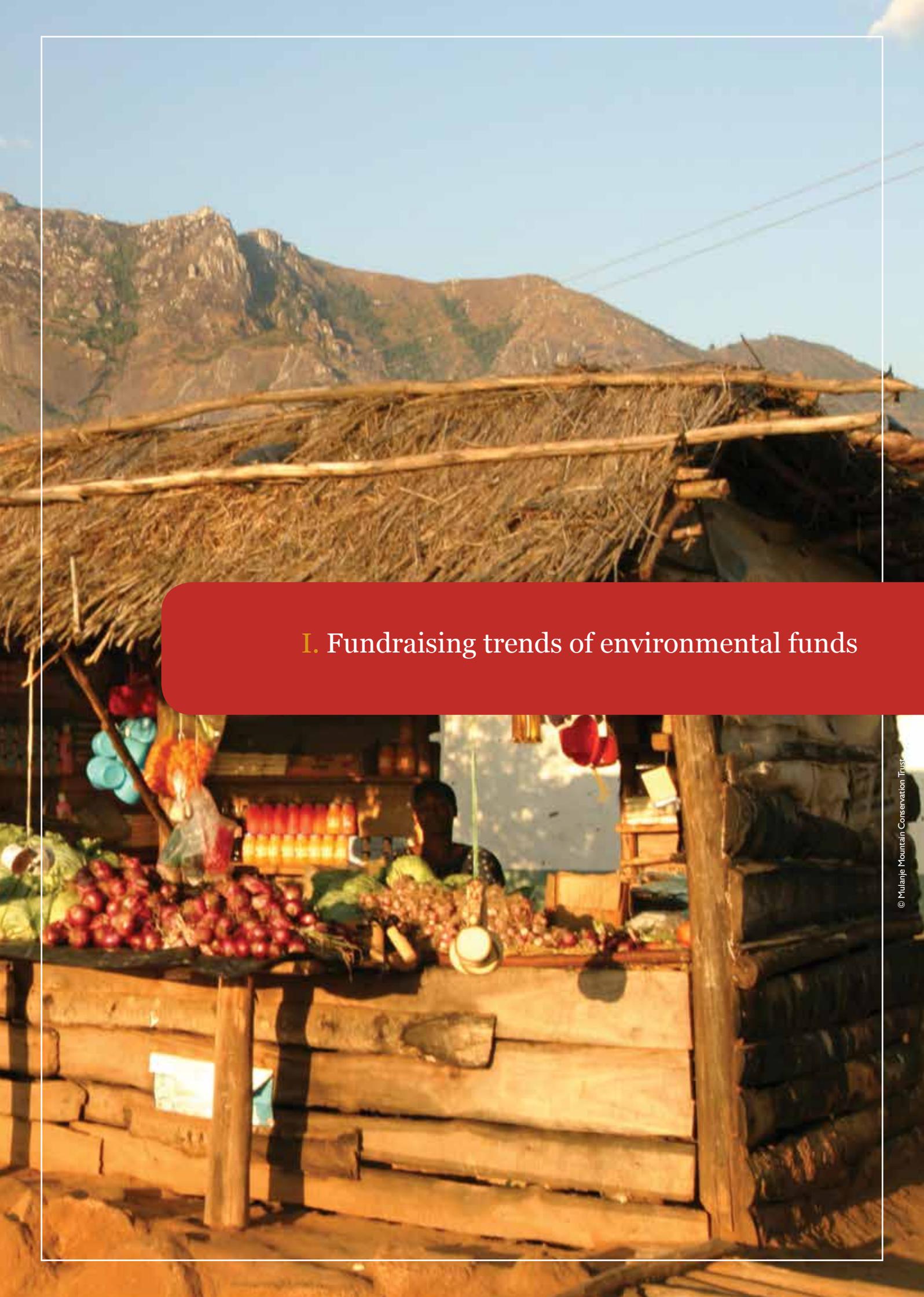
Environmental Funds can't talk about what they are going to do without talking about how to get the money for it. They also can't get money without showcasing their programs to date. This is a difficult conundrum for nonprofits, but it also is the basis for effective fundraising. Every new effective program is another promotional opportunity that demonstrates the Environmental Funds' capacity, effectiveness, and ability to take on ever more ambitious projects. There is a global hunger for effective ways to ensure transparent spending and effective conservation of both species and ecosystem services and much heightened interest in tying conservation programs directly to local livelihoods. International treaties, carbon conferences, new markets, are all fueled by increasing global awareness of the importance of Environmental Funds' missions!

At the same time, there is no question that the world is going through a major economic flux and that many traditional donors are cutting back while new donors from countries like China have not yet emerged for Environmental Funds. Section B of this guide goes into some detail on the major sources of funding currently available to Environmental Funds – recognizing that new sources will emerge as the global economy continues to evolve.

The capacity of Environmental Funds to secure funding is directly tied to their ability to implement good programs, manage partnerships with key organizations and government agencies, and frankly “sell themselves”. Section C of this manual will help make the case for the Environmental Fund and identify which donor prospects have the greatest potential.

All products need buyers, and getting to know potential “customers” is the first step. What do they want? How can the EF help them get it? Do they have similar goals? Are they happy with the quality of what the EF is offering? Building relationships with donors and market leaders is the key to effective fundraising. Traditionally, Environmental Funds have relied on the Executive Directors to do most of the leg work for fundraising. This guide also emphasizes the role of the full EF team, and provides a section on the critical importance of Board members in the fundraising relationship building process (Section D).

Managing Environmental Funds is an ongoing commitment to building institutional capacity, adapting to a constantly changing context, and setting the EF up for long term success with donors and partners in the field. An EF's mission is not easy, but it is urgent and makes a crucial contribution to mankind's global future. While there are no shortcuts, this Guide and the RedLAC Capacity Building Project for Environmental Funds contribute to the EF's ability to pursue its mission for generations to come!

A photograph of a rural market stall. The stall has a thatched roof made of dried grass and is supported by wooden poles. In the foreground, there is a wooden counter displaying various fresh produce, including red onions, green leafy vegetables, and small yellow and red items. A person is visible behind the counter. The background shows a range of rugged, brown mountains under a clear blue sky. A red banner with white text is overlaid on the middle of the image.

I. Fundraising trends of environmental funds

The opportunities and challenges facing Environmental Funds in the fundraising arena are evolving surprisingly quickly. In 2000, Ruth Norris suggested that the following points summarized the major fundraising lessons of many Environmental Funds:¹

Successful fundraising generally requires a well-thought-out strategy involving program planning and financial needs assessment as well as research of the various potential sources to determine which may actually be available to any given fund. In general, multilateral bank funding is available only to governments or to private-sector projects expressly approved by governments. Therefore, close collaboration with government is a prerequisite for eligibility to major sources such as the GEF. Bilateral donor support to an EF, whether hard or local currency, can be directed to the capitalization of the endowment itself, technical assistance, or parallel funding of programs selected by the EF. This type of funding is also typically negotiated government-to-government and usually requires active government support. Debt-for-nature swaps or conversions may generate endowment capital or recurrent flows of local currency to support EF projects. The key elements include existing national debt meeting certain conditions, a creditor willing to cancel the debt in exchange for a negotiated (reduced) payment and/or specified commitments to conservation, and a national government willing to authorize and abide by the agreement. International foundations have not been a major source of capital to EFs but have provided important collaboration and co-financing for EF projects. EFs have successfully used special taxes and fees as well as other national sources to generate both recurrent and endowment income.

So what has changed over the past decade? As a whole, these key points continue to be accurate, but the world as understood by donors and governments has changed dramatically over the past 10 years. New opportunities and challenges affect Environmental Funds daily. Some of these have to do with the current recession and donor governments feeling stretched, but other issues are deeper changes in perspective. What has remained constant is the need for Environmental Funds to continue mobilizing resources for endowments, sinking funds and operating funds to address the escalating environmental problems, exacerbated further in many regions by climate change.

New challenges facing EFs include:

- A rising sense of urgency as the timeline for conserving biodiversity and/or adapting for climate change seems every smaller. This sense of urgency has created questions as to whether limited donor funds should be designated for establishing new EFs or expanding endowments at this time² with many governments pushing for more project oriented sinking funds;
- A concern that nonprofits have been “substituting” for the role of the state and that, particularly government funding, should be directed to securing government capacity rather than that of in-country nonprofits. (Some counter arguments for how EFs support the Paris Declaration on Aid Effectiveness are summarized in the Rapid Review of Conservation Trust Funds, p v.)
- A dearth of new donors - the traditional donors to EFs such as the Global Environmental Facility and bilateral agencies from Germany, France and the U.S. have not been joined in force by other bilateral donor countries. Given the increase in the number of EFs coupled with a dramatic increase in numbers of declared parks in line with the Convention on Biological Diversity, this creates a very competitive situation;
- An increasing disquiet as to the “favored park” approach wherein some globally renown natural areas receive ongoing endowment funds, while the broader national “system of protected areas” struggles with basic operations;
- Active technical assistance and fundraising by international nonprofits (e.g. WWF network, The Nature Conservancy, Conservation International etc.) has provided critical match for EF endowments and helped advance debt swaps. In many country these organizations have reduced their personnel, commitments, and funding in response to the global recession.
- The volatility of global financial markets has made it challenging for EFs to secure new funds, invest established funds, and predict appropriate rates of return for endowments. At the same time, new opportunities are and will continue to arise from the new economic conditions.

New opportunities for EFs include:

- A proven track record of successful Environmental Funds helps make the case for their critical role in long term conservation efforts.³

¹The IPG Handbook on Environmental Funds: A Resource Book for the Design and Operation of Environmental Funds. Ruth Norris, Editor. Published for the InterAgency Planning Group (IPG) by Pact Publications, 2000. P 64.

² For a discussion in the benefits of endowments see, Adams, John S. and Ray Victorine, Permanent Conservation Trusts: A Study of the Long-Term Benefits of Conservation Endowments.

³ See Adams, Permanent Conservation Trust Funds and CFA Rapid Review of Conservation Trust Funds for making the case for EFs.

- Over the past decade, many countries have established national environmental strategies and action plans – the extent to which the EF can be aligned with these strategies greatly facilitates resource mobilization;
- Payment for Ecosystem Services coupled with increased mitigation style payments and the growing opportunities with offsets such as REDD+ are potential breakthrough solutions for environmental trusts to manage large funding over the long-term;
- Long-term funding sources in the form of taxes, visa payments, park fees, fines and penalties etc. – when specifically designated for Fund management (as opposed to the possibility of being “reprioritized” and spent elsewhere, as happens in many national treasuries) can provide substantial long-term sources of funding for conservation activities.

So what is needed for EFs to effectively mobilize resources going forward. The wisdom of Lorenzo Rosenzweig remains true:⁴

- Support and time commitments from all key groups involved such as the board of directors, the president of the board, the national government through the corresponding ministries, and the grantee or beneficiary community
- A clear vision and a sound strategic plan for growth and improvement of the grant making program.
- Objectives based on clear priorities and accurate plans, budgets, and needs.
- A compelling and authentic case for support (case statement) properly documented and supported.
- A market survey of potential national or international donors whose giving priorities are in line with the EF’s profile.

Added to this list is the need to be actively alert to the possibilities inherent in offset opportunities and payments for ecosystem services going forward. On a parallel track, many corporations are increasingly seeing the importance of investing in natural processes. Some do it to directly support their bottom line with either extraction or some payment for regulatory services provided by the ecosystem (e.g. spring water companies need to protect their watersheds). Others are expressing an increased social and environmental consciousness and are willing to invest in “reducing their carbon footprint”, paying higher value added for “certified” or “green seal” type products, and other activities – provided the EF can show it will have long-term sustainable results! These trends are an opportunity for EFs to build greater alliances work with the private sector.

B.1. Snapshot of funding sources

In 2001, the following were the most common sources of funding for Environmental Funds:⁵

The most common source of financing for EFs has been debt-for-nature swaps. In fact, many Environmental Funds were created as a way to take advantage of substantial sums that became available through debt swaps in the late 1980s and early 1990s. The Enterprise for the Americas Initiative of the United States continues to be a key source of funding for EFs in Latin America and the Caribbean. Grants from bilateral and multilateral donor agencies are also a major source of funding for some EFs. For example, GEF resources provided by the World Bank and increasingly by the United Nations Development Program (UNDP) have become one of the principal sources of endowment capital for conservation trust funds. National governments have made important financial contributions to EFs, either directly or through enactment of user fees and special taxes. Finally, international conservation NGOs and foundations are an important source of both financial and technical assistance to EFs.

In 2011, it is clear that early capitalization of many of the Latin American and Caribbean funds – from a combination of debt swap and GEF grants – is not happening at the same pace for African funds. GEF and Bilateral funds are the main source of support for African Funds, however debt swaps have been substantially less utilized. African Funds have, on average, mobilized substantially less funding (<US\$6 million) as compared to their Latin American counterparts (>US\$20 million) following their initial establishment.⁶ This implies the need to better build the capacity of African funds as well as identify alternative sources of funding. Nonetheless, there are clearly substantial opportunities and great donor interest in conservation projects throughout sub-Saharan Africa for GEF, bilateral funding, foundation funding and individual gifts. The major growing field for all EFs is the PES and offset funding sources such as REDD+.

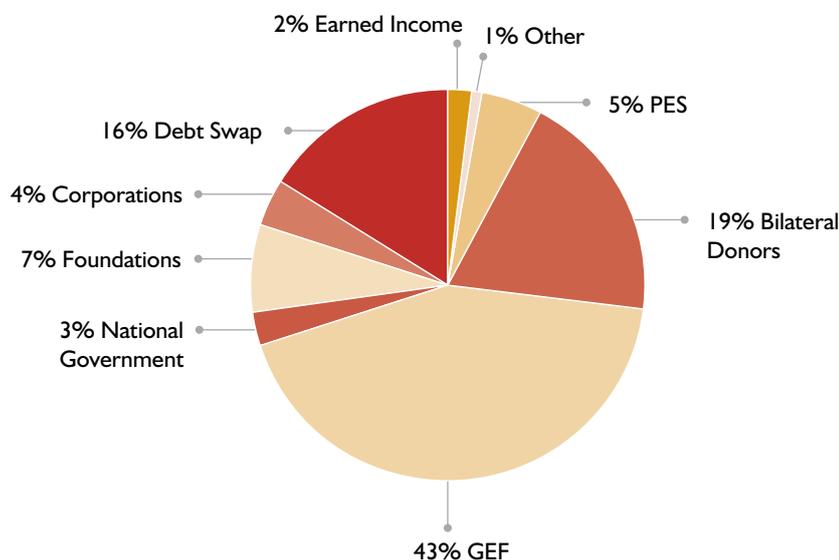
⁴ Rosenzweig, Lorenzo “Overview: Designing a Resource Mobilization Strategy” in Norris, R. The IPG Handbook on Environmental Funds. p. 66.

⁵ Bayon, Ricardo, C. Deere, R.Norris, S. Smith, Environmental Funds: Lessons Learned and Future Prospects. <http://economics.iucn.org> (issues-20-01). p. 4.

⁶ CFA, Rapid Review of Conservation Trust Funds, p. 91

As EFs begin thinking about a fundraising strategy, one of the first issues to address is funding mix. EFs should examine the current distribution of funds and then plan for higher levels of diversification and ideally limit dependence in any one sector. Visually depict the current distribution of funds like the following example and then envision diversification and new funding opportunities for the future.

Funding Mix Example for Environmental Funds



B. 2 Trends in environmental fund roles

Environmental Funds launched in the 1990s were often geared toward specific protected areas. A slow shift has been emerging wherein established consolidated funds and newer EFs tend to support the full national protected area system and are designed to align with national environmental priorities under the Convention of Biological Diversity. EFs today are also far more likely to incorporate the link between conservation and sustainable livelihoods/poverty alleviation in the mission statements than they did 20 years ago. Within Africa, Marie de Longcamp and Carl Bruessow, Co-Chairs of the Conservation Finance Alliance African Environmental Funds Committee in 2010, characterized the trend as:⁷

Wave #1: Creation before 2002: 11 EFs created focus on 1 or 2 Protected Areas/communities – mostly in English speaking countries

Wave #2: After 2002: 5 EFs focused on the Protected Area network – mostly in French speaking countries

The 3 major roles of EFs remain consistent across regions and founding time frames:

1. Mobilize stable and predictable revenues for ongoing support (at least a 15 year time horizon) for defined conservation activities in country;
2. Invest long-term funds (endowments, revolving or even sinking funds) to generate additional interest for conservation activities and EF operating costs;
3. Grant funds to government operations, non profit organizations and/or community-based organizations for effective program delivery.

As EFs have matured and have worked to become ever more impactful, some trends are clear but vary very much by EF. Many EFs now actively:

- Invest in capacity-building projects and training to build in-country expertise and ability to effectively implement conservation and sustainable livelihood projects;
- Collaborate directly with government ministries to strengthen the management practices of natural resources and advance progress on international conventions;

⁷ Longcamp, Marie and C. Bruessow, Where do African Trust Funds come from?

- In a few cases, actively implement projects on the ground vs. grant to other organizations;
- Assess impact indicators in biodiversity in the projects they fund in a way to deliver to donors more than financial results. Donors are increasingly demanding use of methodologies such as Conservation Action Planning Results Chains, Log frames etc. to more effectively ensure ongoing measurement and adaptation.
- Manage earned income opportunities such as working with the private sector to provide specific services, such as consultancies, or special ecotourism programs.

B.3 EFs comparative advantages for investors

Along with the roles that EFs play, there are many “cases” to be made for why EFs are so important.

Institutional continuity

One important case to be made is the need for long-term sustainable institutions in country to bolster the capacity for ongoing conservation. As a recent GEF report stated:

The main conclusion that emerged from the application of the impact evaluation framework for the three protected area case studies was that strong and sustainable local institutions are essential to achieving impact. These institutions provide the necessary continuity and fundraising capability to consolidate and scale up the project activities following project closure. This is especially important when dealing with integrated conservation and development initiatives, which require many years before achieving significant livelihood benefits let alone global environmental impacts. In addition, those institutions with a long history and commitment to the target area are most effective at winning the local trust and confidence needed to successfully initiate and scale up biodiversity conservation initiatives.⁸

EFs are designed for the long-term. Their stability and continuity through changes in government administrations is one of their biggest assets. The EF can maintain relationships through different administrations, time periods, and changing civil servants. Showing continuity beyond government changes is an important milestone in the evolution of EFs.

The ability to maintain Board members for various term limits is a critical part of this stability. While many Executive Directors do have strong tenure, it is the Board that has to provide key contacts and stability during a transition. In many EFs strong Executive Directors that are departing are invited to then serve on the Board in recognition of the need to manage these relationships and showcase continuity.

Integrity and transparency

A major rationale for funneling funding through an EF rather than a government institution is precisely the expectation that the funds will be managed transparently. Audits, clear investment contracts, MOUs with grantees, these are all expectations for EFs. An EF that fails to appropriately account for fund movements will immediately lose legitimacy with donors. Those that have managed funds well, have been open to external audits and evaluations, and have continued to strive to be ever more successful in their work and transparent in their processes, are meeting a strong donor need for successfully investing funds for conservation purposes. Similarly, the EFs reputation in relation to other nonprofits, should also be highlighted to explain why the funding would be better managed in EF hands. Finally, transparency won't save the EF if it has proven to be a poor performer. Good performance in asset management and effective grant making processes must be demonstrated and documented.

Expertise

Increasingly Environmental Funds must build a reputation for excellence, and with that comes the need to hire and KEEP excellent staff. Staff is needed with great science credentials and local ecosystem knowledge. Similarly more EFs are hiring staff with strong ties to the local communities and ability to work closely with ethnic groups and effective alternative income programs. At the same time staff with great expertise in managing investments, tracking funding, and administering the EF are required. The EF staff can ensure outreach and ties with all critical stakeholders in country from politicians to local researchers. This capacity to grow – and/or attract – high quality staff must be emphasized with donors as another big achievement in the building of the EF.

⁸ GEF Protected Area Projects in East Africa, Impact Evaluation Information Document No. 12 September 2008

Flexibility

The EF is in a unique situation in country. Depending on local legal systems, most EFs are capable of providing funding to government agencies, non profits, academic institutions, and community-based organizations. This spread of potential partners greatly enhances the EFs ability to identify highest potential opportunities and invest appropriately.

Alignment with donor objectives

Donors want to make a significant change in conservation results. To the extent that the EF can clearly link activities to conservation/sustainable livelihood outcomes – the higher the chances are of securing donor support. Many donors and organizations are using approaches such as Conservation Action Planning, Results Chains, Log frames and Adaptive Management. They are asking all grantees to show the logic of their projects and measurable long-term conservation impact with clear benchmarks along the way. The EFs ability to accomplish its goals and successful results to date need to be put front and center in its case statements.

Long-term market absorption management

Environmental Fund's, through the management of long-term endowments, can ensure that funding reaches parks and communities at a steady and predictable pace. This can lead to much greater financial stability, higher levels of staff retention, and less crisis decision-making or poor "end of year budget spending binges". Project oriented funds often arrive in larger financial installments but cannot be sustained over the long term. While there is obviously a wide range of experiences with short-term project funds, there is no question that sudden "rains" can lead to inflated local salaries, massive equipment or other purchases that don't have long-term maintenance budgets, and a short term outlook for both spending and results. This case needs to be made with a stronger economic analysis, an issue that FFEM (see B.4.2) is currently addressing with the CFA – so stay tuned!

B.4. Trends in funding prospects

The following is a narrative snapshot of the potential for new and ongoing funding for EFs, at this moment in time, accompanied by detailed website links and resources.

B.4.1 Multilateral funding

Global Environment Facility (GEF) funds remain critically important to EFs around the world. GEF has been the largest donor to African Trust Funds to date and since 2003 has focused on protecting full PA systems as opposed to the "favored park" approach⁹. Thirty-five donor countries have replenished the GEF-5 to a tune of \$3.54 billion¹⁰ globally. As of 2010, the GEF has invested \$290 million in 75 biodiversity projects in West and Central Africa and leveraged \$933 million in co-financing¹¹. It's most recent large-scale initiative in Africa grants \$108 million (with a stated potential of generating up to \$3 billion in investments) to protect key ecosystems in Lake Chad, Congo Basin and "Great Green Wall" bordering the Sahara¹². GEF booklets such as Biodiversity Conservation in West and Central Africa provide insights into their priorities and the programmatic approaches that they feel have been most successful. There are also specific funds to support the Climate Change Focal Area, included in the Objective 5, which seeks to promote conservation and enhancement of carbon stock through sustainable management of land use, land-use change, and forestry.¹³

The Africa Development Bank Group (AfDB) could become a bigger player in EF support. It has greatly increased its capitalization and since 2003 has been an executing agency of GEF funds as well. The World Wide Fund for Nature (WWF) recently signed an MOU with AfDB to support more green economy projects (<http://www.afdb.org/en/news-and-events/article/afdb-and-wwf-team-up-to-protect-african-environment-8303/>). Grants have been made for ecosystem projects such as the Congo Basin Ecosystems Conservation Support Programme for US\$ 50 million. In addition, "The African Development Bank is responding to climate change with a clear focus on the areas that are most critical for Africa and on expanding Africa's access to international climate change financing, both through global mechanisms like the Climate Investment Funds and dedicated internal mechanisms design to meet specific African challenges."¹⁴ While climate change funds are still not widely available increased attention is clearly moving into that sector.

⁹ Spergel and Taieb, p. 61

¹⁰ <http://www.climatefundupdate.org/listing/gef-trust-fund>

¹¹ GEF, Biodiversity Conservation in West and Central Africa, p. 6.

¹² http://www.thegef.org/gef/news/council_approves_project_sahel

¹³ GEF Trust Fund, Climate change Focal Area <http://www.climatefundupdate.org/listing/gef-trust-fund>

¹⁴ AfDB News 24/06/2011 from Climate Investment Fund Partnership Forum 2011 in Cape Town, South Africa.

Another critical resource for Environmental Funds is the Life Web initiative, which seeks to strengthen financing for protected areas to conserve biodiversity, secure livelihoods and address climate change, through implementation of the CBD Programme of Work on Protected Areas (<http://www.cbd.int/lifeweb/>).

RESOURCE LINKS: GEF

The Global Environment Facility (GEF) (<http://www.thegef.org/gef/home>) is the largest funder of projects to improve the global environment and the largest donor to date for African Environmental Funds. The GEF provides grants to developing countries and countries with economies in transition for projects related to biodiversity, climate change, international waters, land degradation, the ozone layer, and persistent organic pollutants

(<http://www.thegef.org/gef/whatisgef>).

Types of Funding Available:

Grants and co-financing: Small grants to nongovernmental and community organizations. The GEF small grant programs website with a \$50,000 grant ceiling can be found for African Funds at: <http://sgp.undp.org/index.cfm?module=SGP&page=ContactRegion&RegionID=RBA>

Checklist of Requirements:

Countries are eligible for GEF funding in a focal area if:

- They meet eligibility criteria established by the relevant COP of that convention
- They are members of the conventions and are countries eligible to borrow from the World Bank (IBRD and/or IDA)
- They are eligible recipients of UNDP technical assistance through country programming.

A GEF project proposal has to fulfill the following criteria (http://www.thegef.org/gef/who_can_apply):

- It is undertaken in an eligible country. It is consistent with national priorities and programs.
- It addresses one or more of the GEF Focal Areas, improving the global environment or advance the prospect of reducing risks to it.
- It is consistent with the GEF operational strategy.
- It seeks GEF financing only for the agreed-on incremental costs on measures to achieve global environmental benefits
- It involves the public in project design and implementation.
- It is endorsed by the government(s) of the country/ies in which it will be implemented.

Approach:

In the late 1990s the Global Environmental Facility recognized the need to expand its work with Civil Society Organizations. Many Environmental funds are now registered with the GEF-NGO network. This network posts additional fundraising sources: <http://www.gefngo.org/index.cfm?&menuid=51>.

This link below provides information on what GEF funds are currently being expended in Africa. This link also allows showcases GEF funded projects directly by country. The country link lists the current Council Members and specific Focal Point contacts for developing a funding strategy for the GEF. (http://www.thegef.org/gef/gef_projects_funding)

Case Studies:

GEF project details of particular project funding can be found in case studies such as: Tanzania – Conservation and Management of Eastern Arc Forests <http://gefonline.org/projectDetailsSQL.cfm?projID=1170>) and see the bibliography for additional publications by the GEF.

RESOURCE LINKS: AFRICAN DEVELOPMENT BANK

www.afdb.org

The overarching objective of the African Development Bank Group is to spur sustainable economic development and social progress in its regional member countries (RMCs), thus contributing to poverty reduction.

Environmental Sector: <http://www.afdb.org/en/topics-and-sectors/sectors/environment/>
Climate Investment Funds: <http://www.afdb.org/en/news-and-events/climate-investment-funds-cif/> An interesting article is available on the very small amount of Clean Development Mechanism (CDM) money going into Africa and means by which the AfDB may be helpful by building an Africa Carbon Facility for increasing seed capital to develop the carbon market opportunities: <http://www.afdb.org/en/news-and-events/article/designing-targeted-financing-to-build-africas-carbon-market-8041/> Africa Carbon Support Program: <http://www.afdb.org/en/topics-and-sectors/initiatives-partnerships/african-carbon-support-program/>

B.4.2. Bilateral funding

After the GEF, the U.S. has been the biggest contributor to EFs in both Latin America and Africa, albeit not formally highlighted as a conservation priority for USAID programs in Africa.¹⁵ Within the current priority set for AID there are definitely opportunities to access USAID through debt swaps or programs tied to sustainable development initiatives or the potential of showcasing transparent, flexible and effective ways of ensuring fund delivery (bolstering democratic states) for national priorities.

European bilaterals have also been generous in conservation grants to Africa, with a recent highlight from KfW of a 20 m contribution for the African Kavango-Zambesi Conservation Area. However, they do not have full institutional support from their respective governments for investing in Environmental funds. Part of the concern is capacity which is one of the reasons that FFEM/AFD is investing in the RedLAC Capacity Building Project and the Conservation Trust Fund Investment Surveys. An upcoming study that compares the effectiveness of direct investments in Protected Areas with the effectiveness of endowment based funding through an EF could be an important breakthrough project for African EFs if the results showcase higher returns on investment.

To date the German and French Governments have played the biggest role in Africa and supported the launch of new EFs in Côte d'Ivoire and Madagascar.¹⁶ A case study from EAMCEF of a new bilateral grant from Norway is included in Section E.



¹⁵ http://www.usaid.gov/locations/sub-saharan_africa/overview.html

¹⁶ Spergel and Taieb, p. 61

RESOURCE LINKS: KfW (KREDITANSTALT FÜR WIEDERAUFBAU) (RECONSTRUCTION CREDIT INSTITUTE)

http://www.kfw.de/kfw/en/KfW_Group/index.jsp

On behalf of the Federal Government, KfW Entwicklungsbank administers Germany's official Financial Cooperation in more than 100 developing and transition countries..." KfW is "one of the world's leading and most experienced promotional banks. [They] apply [their] expertise and strength to sustainably improve the economic, social and ecological conditions of people's lives." http://www.kfw.de/kfw/en/KfW_Group/About_KfW/Identity/Mission_Statement_and_Guiding_Principles/index.jsp and http://www.kfw.de/kfw/en/KfW_Group/About_KfW/Mission/Development_Finance/index.jsp

Types of Funding Available:

Grants: Development grants available through bilateral negotiations.

KfW Carbon Fund: Serves as procurement platform for project-based carbon credits issued under the flexible mechanisms of the Kyoto Protocol.

http://www.kfw.de/kfw/en/KfW_Group/Sustainability_and_Climate_Protection/KfW-Carbon_Fund/index.jsp

Microcredit/Microloans: KfW recognized "that it makes sense to enable even the poorest people to set up businesses with microloans." (http://www.kfw.de/kfw/en/KfW_Group/About_KfW/Mission/Development_Finance/index.jsp)

Loans http://www.kfw.de/kfw/en/KfW_Group/About_KfW/How_we_work/Verantwortungsvolle_Refinanzierung/index.jsp Apply for loans through local banks.

http://www.kfw.de/kfw/en/KfW_Group/About_KfW/How_we_work/Credits_via_house_banks/index.jsp

Case Studies:

In the largest KfW commitment in 2011:

"KfW Entwicklungsbank is committing EUR 20 million as the largest donor for the African Kavango-Zambesi Conservation Area (KAZA). ...The KAZA region is a nature preserve of 29 million hectares, ... KfW is supporting the creation of park infrastructures, ecological corridors and wildlife management areas."

http://www.kfw.de/kfw/en/KfW_Group/Press/Latest_News/News/KfW_finance_largest_conservation_area_in_the_world.jsp

RESOURCE LINKS: GTZ/GIZ (DEUTSCHE GESELLSCHAFT FÜR INTERNATIONALE ZUSAMMENARBEIT)

<http://www.gtz.de/en/index2.htm>

GTZ finances "organisations and partners in more than 130 transition, threshold and developing countries. With more than 30 years of experience in international cooperation, [they] are familiar with the economic, social and political framework conditions for sustainable development. ... [They] advise governments, international organisations and companies and carry out their projects as partners or on a contract basis." (<http://www.gtz.de/en/692.htm>)

Small Grants: The maximum amount of funding for a Small Grant Project is EUR 60,000 (including indirect costs) for a period of one, to a maximum of two years. A second phase is not available. (<http://www.gtz.de/de/dokumente/giz2011-01-en-small-grant-guidelines.pdf>) Proposals should clearly state that the research approach is particularly innovative, e.g. new technologies, management systems, partnerships, products, benefits, results, or new delivery methods and services.

Case Study: South Africa - <http://www.gtz.de/de/dokumente/en-nssd-southafrica-casestudy.pdf>

RESOURCE LINKS: FFEM (FONDS FRANÇAIS POUR L'ENVIRONNEMENT MONDIAL)/FGEF (FRENCH GLOBAL ENVIRONMENT FACILITY)

<http://www.ffem.fr/site/ffem/>

Definition: The FGEF encourages developing countries to implement strategies, programmes and projects for sustainable development in areas relevant to global environmental protection.” (<http://www.ffem.fr/lang/en/accueil/ffem/mission>) Located in France, the FGEF is a bilateral fund with a focus on action in Africa and forming partnerships with agencies in the French-speaking world.

Types of Funding Available: “To support practical action in beneficiary countries which involve a learning process and test innovating or exemplary approaches.” (<http://www.ffem.fr/lang/en/accueil/ffem/mission>)

Checklist of Requirements: http://www.ffem.fr/lang/en/accueil/projets/autour-des-projets/criteres_eligibilite_ffem

Approach: Project pre-identification document (This document summarizes the project idea. It is called a Project Opportunity Note (PON). Project identification document (This document describes the project. It is called a Project Identification Note (PIN). Project presentation report, to be examined before funds are committed. (This document provides a project description to support the feasibility study. It is called a Project Commitment Note - PCN).

http://www.ffem.fr/site/ffem/lang/en/accueil/projets/autour-des-projets/comment_presenter_projet_ffem

RESOURCE LINKS: AFD (AGENCE FRANÇAISE DE DEVELOPPEMENT)

<http://www.afd.fr/home>

AFD is a financial institution and the main implementing agency for France’s official development assistance to developing countries. Wholly owned by the French State, AFD “is a public entity dedicated to activities of an industrial and commercial nature, and operates under the aegis of the French Ministry of Foreign Affairs, the Ministry of Finance and the Ministry of Overseas Territories . . . AFD’s dual status as a development bank and specialised financial institution underpins its ability to finance development projects for both social and economic profit. AFD is central to the implementation of France’s foreign and overseas development assistance policies and goals.” (<http://www.afd.fr/lang/en/home/AFD/presentation-afd/Organisation>)

Types of Funding Available: AFD grants go to projects being carried out in the least developed countries. <http://www.afd.fr/lang/en/home/outils-de-financement-du-developpement/subventions>

C2Ds/Debt Reduction-Development Contracts: C2Ds refinance existing ODA debt through direct grants to the debtor country. <http://www.afd.fr/lang/en/home/outils-de-financement-du-developpement/C2D>

Case Studies: AFD’s priority is Sub-Saharan Africa - <http://www.afd.fr/lang/en/home/AFD/presentation-afd/AFD-en-chiffres-old/priorite-afrique-subsaharienne>

RESOURCE LINKS: USAID (U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT)

<http://www.usaid.gov/index.html>

USAID is “the principal U.S. agency to extend assistance to countries recovering from disaster, trying to escape poverty, and engaging in democratic reforms. USAID is an independent federal government agency that receives overall foreign policy guidance from the Secretary of State. Its work supports long-term and equitable economic growth and advances U.S. foreign policy objectives by supporting economic growth, agriculture and trade; global health; and, democracy, conflict prevention and humanitarian assistance.” (http://www.usaid.gov/about_usaid/) “Through DIV [Development Innovation Ventures], USAID seeks to identify and rigorously test promising projects with the potential to significantly (rather than incrementally) improve development outcomes, and help replicate and scale projects that are proven successful. USAID/DIV expects its most successful of investments will have an accelerated growth path to reach tens of millions of beneficiaries worldwide within 10 years.” (<http://www.grants.gov/search/search.do;jsessionid=Q2pbNxMCTGgBbwVv9KHRS5CBvlgH9YFLZoJP8MpzkjGJ4owdpKDQ!756542808?oppId=98633&mode=VIEW>)

Types of Funding Available/Checklist of Requirements/Approach: “The Annual Program Statement (APS) seeks applications from organizations outside of the United States Agency for International Development (USAID). (...) USAID/DIV welcomes applications from many types of organizations including foundations, U.S. and non-U.S. Non-Governmental Organizations (NGOs), faith-based organizations, U.S. and non-U.S. private businesses, business and trade associations, international organizations, U.S. and non-U.S. colleges and universities, civic groups, regional organizations, etc.” <http://www.usaid.gov/div/aps/DIVAnnualProgramStatement2.0.pdf>

Case Studies: Snapshot of how USAID “obligated its budgetary resources for fiscal year (FY) 2010. The amounts reflect dollars obligated to deliver foreign assistance objectives and to illustrate some key characteristics of how USAID’s funds are obligated.” <http://www.usaid.gov/policy/budget/money/>

“Sub-Saharan Africa received the largest share of economic assistance—29 percent” in 2009. <http://gbk.eads.usaidallnet.gov/data/fast-facts.html>

B.4.3. Debt swaps

Moving forward, debt swaps will remain an important source of funding, particularly in Latin America and the Caribbean. The creation of the Tropical Forest Conservation Act (TFCA) Program in the U.S., and mobilized over the past decade, has encouraged global applications albeit most of the funding has gone to Latin America and the Caribbean. Only one African country has qualified for this program to date – Botswana. Most African countries are eligible for the World Bank’s heavily Indebted Poor Country (HIPC) Initiative and therefore less interested in meeting political and economic requirements that they may find more onerous through the TFCA. Further complicating matters the US Treasury has not considered HIPC countries for TFCA to date. Therefore countries both eligible and interested in TFCA on the African continent are few and far between.¹⁷

There are examples of successful African debt swaps with other governments including the importance of a German debt swap with Madagascar to help launch the Fondation pour les Aires Protégées et la Biodiversité de Madagascar (FAPB) in 2005.¹⁸ See also Agence Française de Développement in the Bilateral Resource Links above.

¹⁷ Personal communication with Scott Lampman, Director of TFCA, USAID. Aug 2011.

¹⁸ Recommend the case study on FAPB p. 100 of Spergel and Taieb.

RESOURCE LINKS: TROPICAL FOREST CONSERVATION ACT (TFCA)

http://www.usaid.gov/our_work/environment/forestry/tfca.html

Debt swaps have been a major source of funding for Latin American and Caribbean funds through both the Enterprise for the Americas Initiative and more recently the TFCA. The Tropical Forest Conservation Act (TFCA) was enacted in 1998 to offer eligible developing countries options to relieve certain official debt owed the U.S. Government while at the same time generating funds in local currency to support tropical forest conservation activities. In addition to forest conservation and debt relief, TFCA is intended to strengthen civil society by creating local foundations to support small grants to NGOs and local communities.”

The TFCA is modeled after the successful Enterprise for the Americas Initiative (EAI) and is a subsidiary of USAID: http://www.usaid.gov/our_work/environment/forestry/tfca.html

Types of Funding Available: TFCA “offers a unique opportunity for public-private partnerships and the majority of TFCA agreements to date have included funds raised by U.S.-based NGOs. TFCA is implemented through bilateral agreements with eligible countries.” (http://www.usaid.gov/our_work/environment/forestry/tfca.html)

Debt Treatment Options (http://www.usaid.gov/our_work/environment/forestry/debt_mechs.html)

Eligibility Requirements:

http://www.usaid.gov/our_work/environment/forestry/tfca_requirements.html

Application Process

http://www.usaid.gov/our_work/environment/forestry/tfca_process.html

Eligible Activities under the Tropical Forest Conservation Act (TFCA)

http://www.usaid.gov/our_work/environment/forestry/tfca_acts.html

Case Studies

The only successful case to date for accessing TFCA funds in Africa has been in Botswana. This case is included here: http://www.usaid.gov/our_work/environment/forestry/tfca_descs.html#Botswana.

OTHER RESOURCE LINKS FOR DEBT SWAPS

Debt Relief International: Overview of Debt Conversion – written by Melissa Moye
http://www.conservationfinance.org/guide/guide/images/25_moye2.pdf

Madagascar’s Experience with Swapping Debt for the Environment <http://www.cbd.int/doc/external/wwf/wwf-madagascar-en.pdf>

B.4.4. Private foundations

Private foundations have been a major supporter of EFs with generous grants for operations, capacity building and endowments. Most of the active foundations have been from the U.S. and Europe. As discussed in much greater detail in Section C, EFs must build a relationship with key program staff, develop effective case statements, and showcase how the EF’s mission and programs are directly aligned with the Foundation’s key goals and values and what the EF can do to ensure the program will be successful!

Foundations are generally looking for increased leverage by investing in experimental ideas that have a high chance of success and looking for at-scale ways to enhance replication. They are at the forefront of many new movements and currently are often helpful donors in covering upfront transaction costs of promising Payment for

Ecological Services approaches that could prove to be very high leverage. They are also very cognizant of the need for capacity building and the value of strong Environmental Funds in countries that may lack other key institutions.

Major sources of information on foundations include:

www.fdncenter.org - The Foundation Center is the center of information on US Foundations. If the EF has development staff it may be worth the subscription fee to access the best databases.

www.efc.be - European Foundation Centre provides a broader view on philanthropy in Europe and news on developments amongst European funders. It also has links to the European Environmental Funders Group. www.fundersonline.org is managed by The European Foundations Centre and provides useful guidance on grant seeking.

The resource links below provide a bit more information on some of the major private foundation donors to EFs.

RESOURCE LINKS: THE DAVID AND LUCILE PACKARD FOUNDATION

<http://www.packard.org/>

A small, family foundation that abides by the business philosophy and values of its founders – David and Lucile Packard. The Packard Foundation aims at “improving the lives of children, enabling the creative pursuit of science, advancing reproductive health, and conserving and restoring the earth’s natural systems.” (<http://www.packard.org/about-the-foundation/>)

Types of Funding Available:

Training in Organizational Effectiveness: “Only current packard foundation grantees are eligible to apply to the organizational effectiveness program. Unsolicited proposals are not accepted to the philanthropy program.” (<http://www.packard.org/what-we-fund/organizational-effectiveness-and-philanthropy/>)

Program Related Investments (<http://www.packard.org/what-we-fund/program-related-investments/>)

Grants: Checklist of Requirements: (<http://www.packard.org/grants/>)

“What We Fund” (<http://www.packard.org/what-we-fund/>)

Local Grantmaking – Frequently Asked Questions (<http://www.packard.org/wp-content/uploads/2011/04/faq-local-grantmaking.pdf>)

Case Studies: Grants Database (<http://www.packard.org/grants/grants-database/>)

RESOURCE LINKS: FRIEDRICH EBERT STIFTUNG

<http://www.fesdc.org/index.htm>

A “non-profit German political foundation committed to the advancement of public policy issues in the spirit of the basic values of social democracy through education, research, and international cooperation.” <http://www.fesdc.org/content/aboutus.htm>

Informational Flyer: Committed to Social Democracy (<http://www.fesdc.org/pdf/fesenglish.pdf>)

As a policy influencer they have been leaders in creating new research and books on themes around the social dimensions of climate change and globalization.

Links: FES Offices Worldwide and the Departments within the FES (<http://www.fesdc.org/content/links.htm>)

RESOURCE LINKS: THE GORDON AND BETTY MOORE FOUNDATION

<http://www.moore.org/>

“The Gordon and Betty Moore Foundation seeks to advance environmental conservation and scientific research around the world and improve the quality of life in the San Francisco Bay Area. (...) A set of core values—impact, integrity, disciplined approach, and collaboration—directs our work.” (<http://www.moore.org/about.aspx>) This Foundation has also been the critical funder behind the Global Conservation Fund, managed by Conservation International (see below).

Types of Funding Available:

Initiatives: “Initiatives are built around well-developed strategies for concentrated investments, focused on the long-term and achieving significant impact. (...) Initiatives constitute about 80% of the Foundation’s grantmaking.” (<http://www.moore.org/about.aspx>)

Standalones: “The Foundation devotes about 20% of its grantmaking to experimentation, focused innovation, and agile response to time-sensitive, high-impact opportunities in its three areas of focus” (environmental conservation, science, and the San Francisco Bay Area). (<http://www.moore.org/about.aspx>)

Checklist of Requirements: “Please note that the Foundation does not accept unsolicited proposals. Instead, we fund Foundation-generated initiatives and standalone grants within our areas of focus. Foundation staff research organizations as potential contributors to fill specific niches and achieve the outcomes within the Foundation’s program areas. Once potential projects and grantees have been identified, the Foundation may request a formal proposal.” (<http://www.moore.org/faqs.aspx>) “The Foundation funds international organizations to the extent the work of those organizations falls within the goals and strategies of the Foundation’s initiatives and standalones.” (<http://www.moore.org/faqs.aspx>)

Conservation International (<http://www.moore.org/initiative.aspx?id=110>)

Financial Information (<http://www.moore.org/financials.aspx>)

Case Studies: Grants Awarded (<http://www.moore.org/grants-awarded.aspx>)

RESOURCE LINKS: JOHN D. & CATHERINE T. MACARTHUR FOUNDATION

http://www.macfound.org/site/c.lkLXJ8MQKrH/b.3599935/k.1648/John_D_Catherine_T_MacArthur_Foundation.htm

“The MacArthur Foundation supports creative people and effective institutions committed to building a more just, verdant, and peaceful world. In addition to selecting the MacArthur Fellows, we work to defend human rights, advance global conservation and security, make cities better places, and understand how technology is affecting children and society.” (http://www.macfound.org/site/c.lkLXJ8MQKrH/b.1013733/k.9901/International_Grantmaking_Conservation_and_Sustainable_Development.htm)

Types of Funding Available: The MacArthur Foundation makes grants and loans through four programs: ‘International Programs,’ ‘US Programs,’ ‘Media, Culture, and Special Initiatives,’ and ‘The MacArthur Fellows Program.’ “MacArthur’s conservation grant making protects the biodiversity of the planet, while balancing the needs of communities that depend upon natural resources for their survival. With the increasing threat of climate change, the Foundation also supports efforts to adapt conservation strategies to a rapidly changing environment, particularly in eight hot-spots around the world.” (http://www.macfound.org/site/c.lkLXJ8MQKrH/b.1013733/k.9901/International_Grantmaking_Conservation_and_Sustainable_Development.htm)

Financial Overview: http://www.macfound.org/site/c.lkLXJ8MQKrH/b.938093/k.9E4C/Financial_Grant_Information.htm

Contact Information: http://www.macfound.org/site/c.lkLXJ8MQKrH/b.1053705/k.29FF/Contact_Us.htm

The MacArthur Foundation's grantmaking guidelines "focus on eight areas in the tropics that have high levels of i) NUMBERS AND DIVERSITY of plant and animal species, ii) ENDEMISM (the percentage of those species found nowhere else), and iii) THREAT (the level of endangerment of those species). In addition, the diversity of habitat type, strength of local institutions dealing with conservation, and the Foundation's history and familiarity with the region guided the choice of the eight focal areas."

http://www.macfound.org/site/c.lkLXJ8MQKrH/b.1013753/k.5E4/International_Grantmaking_Conservation_Grantmaking_Guidelines.htm

Case Studies: Links: http://www.macfound.org/site/c.lkLXJ8MQKrH/b.1014009/k.33Co/International_Grantmaking_Conservation_Recent_Grants.htm#madagascar

RESOURCE LINKS: MAVA FOUNDATION

<http://www.mava-foundation.org>

"We engage in strong partnerships to conserve biodiversity for future generations."

The Foundation has adopted an eco-regional approach to conservation with the aim of preserving the representative species and ecosystems which typify each area, including migratory species. In this spirit, the Foundation supports action in the following three eco-regions: 1) The Mediterranean Basin; 2) Switzerland and the Alpine Arc; and 3) The West African coastal zone (Mauritania, Senegal, Gambia, Guinea Bissau, Guinea, Sierra Leone and Cape Verde. In this eco-region, the Foundation grants priority to projects related to the following ecosystems: 1) Wetlands; 2) Marine ecosystems; and 3) Coastal ecosystems. The Foundation may also give support to projects conducted outside these three priority eco-regions if there is an extraordinary threat or opportunity.

Contact Information: Complete and submit a short concept form to MAVA. The template can be downloaded at <http://www.mava-foundation.com/concept.html> The form should be sent in electronic form to the Programme Assistant, Carol Wuersch at carol.wuersch@fondationmava.org

RESOURCE LINKS: OTHER USEFUL WEBSITES INCLUDE

- Avina Foundation (<http://www.avina.net/>)
- Ford Foundation (www.fordfoundation.org)
- Skoll Foundation (<http://www.skollfoundation.org/>)

B.4.5. Government funds

Government controlled funding remains one of the biggest, yet still generally unrealized, funding sources for EFs and national conservation priorities. Some governments have shown their support for EFs by actively channeling income through EFs to benefit national protected area systems. For example, The Mexican Government provided a cash match to a GEF grant, a major statement about their commitment to the grant and their confidence in the Fondo Mexicano para la Conservación de la Naturaleza. Also see the case of the establishment of the Fondation pour les Aires Protégées et la Biodiversité de Madagascar (FAPB) in 2005 with engagement from the Malagasy Government.¹⁹

In most cases, GEF funds or other bilateral/multilateral agreements require substantial government commitments in investment in staffing and infrastructure – with the EF then able to provide grants to NGOs and community organizations or to channel funds directly to government agency operations in designated natural areas. In other situations, long-term income streams from sources such as park entrance fees, visa taxes, hotel taxes, lotteries etc. could be managed by the EFs with appropriate MOUs with the government. Many nations that have co-management agreements for protected areas between NGOs and Government agencies, carefully spell out what % of the fees can be held by the co-manager.

¹⁹ Recommend the case study on FAPB p. 100 of Spergel and Taieb.

Nonetheless, in the majority of cases these income streams are controlled by government agencies, sent to the Treasury, or placed in government controlled EFs, with the resulting ups and downs in allocation, transparency and political intrigue. In countries that lack the ability to successfully invest and manage these funding streams, EFs have a legitimate case to make for more professional engagement. Finally, mitigation and penalties are increasing in many countries.

Brazil has a legal framework that allows for compensation and damages to be directed to FUNBIO, which manages resources according to the public priorities established by Brazilian environmental agencies. In one case, the fines and penalties are put in a specially designated fund (the Fauna Portfolio) to finance fauna projects. In another case (the Rio de Janeiro Atlantic Forest Fund), compensation resources are directed to Funbio to be used according to the state's priorities and Brazilian Protected Areas law. In both cases, the resources come from private sources, serving public interest.

An historic difficulty for EFs has been the traditional concentration of staff time and energy in building relationships with environmental ministries and departments as the main government partner. In most countries these ministries have limited resources, staff and influence. At the same time, they are "must have" partners given their responsibility for writing national environmental priorities and managing the system of national protected areas. For EFs with more staff it is possible to cultivate other critical ministries such as agriculture, infrastructure and the treasury – all of which have more contact with multilateral and bilateral donors and many of which work on programs that are more aligned with payments for ecosystem services and legislation on extractive industries and mitigation fee negotiations. Just as the EF would carefully analyze donors for alignment and potential influence, a dispassionate analysis of the ministries and which will have the biggest effect on the conservation areas the EF is committed to conserving, is a useful exercise.

B.4.6. International non-governmental organizations

Large international conservation NGOs have been critical providers of technical assistance, donor funds, and in some cases legitimacy to help launch EFs in both Latin America and Africa. WWF, CI, and TNC all have a long history of helping to match debt swaps and leverage funding for EFs and the long-term sustainability of the parks and PA systems that they have prioritized. These organizations have been very effective in helping both individual and foundation donors invest in EFs. Over the last few years Conservation International's **Global Conservation Fund**, in turn supported by the Gordon

and Betty Moore Foundation, has been a critical source of long-term financing, including EF funds, for African and Latin American protected areas.²⁰ Along with direct funding, these international NGOs have also generously opened doors for EFs, hosted tours and meetings with donor government officials, and provided technical assistance to EFs with debt swaps and establishment of sinking and endowment funds.

Increasingly, international NGOs are playing a lead role in Payment for Ecosystem Services (PES) research, such as the creation of Natural Capital (a consortium of TNC, WWF and Stanford University). They are also present at most of the international negotiations such as the Conference of the Parties for the United Nations Framework Convention on Climate Change (UNFCCC) and REDD+ negotiations, helping to advance these funding sources while ensuring that the money will be well spent on legitimate conservation efforts. They are often the best source of information and books/publications in these emerging fields along with IUCN and WCS, EDF, and WRI. While the traditional BINGOs remain very influential, new groups such as the Conservation Strategy Fund (<http://conservation-strategy.org/>) and Forest Trends (<http://www.forest-trends.org/>) are providing new resources and perspectives for innovative financing strategies and technical assistance for business plans and new market access.

AFRICA WILDLIFE FOUNDATION (AWF)

<http://www.awf.org/>

"The African Wildlife Foundation (AWF) is the leading international conservation organization focused solely on Africa." (<http://www.awf.org/section/about>) Operating more like an NGO than a traditional foundation, to date no major grants appear to have been made to EFs but it is included here as a long-term potential partner.

Types of Funding Available:

Protected Area Support (<http://www.awf.org/section/land/protectedareas>)

Local Land-Use Planning (<http://www.awf.org/section/land/landuse>)

Land Trusts (<http://www.awf.org/section/land/landtrusts>)

African Heartlands Program (<http://www.awf.org/section/heartlands>)

²⁰ See http://www.conservation.org/sites/gcf/publications/Pages/ltf_toolkit.aspx for more information and application criteria.

RESOURCE LINKS: CONSERVATION INTERNATIONAL (CI)

<http://www.conservation.org>

Conservation International is a nonprofit organization “which seeks to ensure the health of humanity by protecting Earth's ecosystems and biodiversity. CI’s work focuses on six key initiatives that affect human well-being: climate, food security, freshwater security, health, cultural services and species contribution. The group is also known for its partnerships with local non-governmental organizations and indigenous peoples.” (http://en.wikipedia.org/wiki/Conservation_International)

Types of Funding Available: Conservation International “is a field-based organization that believes strongly in building alliances with partner institutions, but we are not a grant maker in the manner of a foundation or other traditional funding source.” (<http://www.conservation.org/Pages/FAQ.aspx>) CI instead manages several specific funding mechanisms. (http://www.conservation.org/about/centers_programs/funding/Pages/default.aspx) These include the Carbon Fund, which provides incentives to stop deforestation and improve land use (http://www.conservation.org/about/centers_programs/funding/Pages/default.aspx)

Critical Ecosystem Partnership Fund http://www.conservation.org/about/centers_programs/funding/Pages/CEPF.aspx

Global Conservation Fund http://www.conservation.org/about/centers_programs/funding/Pages/gcf.aspx

Verde Ventures http://www.conservation.org/about/centers_programs/funding/Pages/VV.aspx

RESOURCE LINKS: THE NATURE CONSERVANCY

<http://www.nature.org/>

“The Nature Conservancy is the leading conservation organization working around the world to protect ecologically important lands and waters for nature and people.” They protect millions of acres of land, work in more than 30 countries around the world, and “address threats to conservation involving climate change, fresh water, oceans, and conservation lands.” (<http://www.nature.org/aboutus/index.htm>)

Types of Funding Available: Some direct funding to groups, Support of partnerships

Checklist of Requirements: “The Nature Conservancy is working across all sectors of industry and society to help advance our mission of protecting the natural world. We apply strict guidelines and a rigorous due-diligence approach to identify which relationships best align with our mission. There must be clear conservation benefits with lasting, measurable outcomes and a direct connection to our mission.”

Approach: A key component of the Nature Conservancy’s work in Africa is partnership. “Most of [their] partnerships are with African-based conservation organizations, but [they] recognize the need for and value of partnering with development organizations to capture social and economic expertise that builds long-term sustainability into conservation projects.” <http://www.nature.org/ourinitiatives/regions/africa/partners/>

Case Studies: Africa's biggest conservation achievements of 2010 (http://www.nature.org/ourinitiatives/regions/africa/africayearinreview_final.pdf)

RESOURCE LINKS: WILDLIFE CONSERVATION SOCIETY (WCS)

<http://www.wcs.org/>

“The Wildlife Conservation Society (...) has the clear mission to save wildlife and wild places across the globe. (...) With a commitment to protect 25 percent of the world’s biodiversity, we address four of the biggest issues facing wildlife and wild places: climate change; natural resource exploitation; the connection between wildlife health and human health; and the sustainable development of human livelihoods.” They also operate five “living institutions” where they educate millions of visitors. (<http://www.wcs.org/about-us.aspx>)

Types of Funding Available: “The Wildlife Action Opportunities Fund provides competitive grants to conservation organizations that are focused on implementing priority actions and strategies identified in State Wildlife Action Plans.” (<http://www.wcs.org/about-us/grants-and-opportunities.aspx>)

“WCS operates the largest and most effective field conservation program in Africa. We have been committed for decades to researching and protecting the continent’s wild places—the most diverse and productive in the world.” (<http://www.wcs.org/saving-wild-places/africa.aspx>)

Country Offices (<http://www.wcs.org/about-us/country-offices.aspx>)

Case Studies: Links (<http://www.wcs.org/search-results.aspx?searchTerm=africa%20case%20studies>)

RESOURCE LINKS: WWF (WORLD WILDLIFE FUND/WORLD WIDE FUND FOR NATURE)

<http://www.worldwildlife.org>

The WWF is “an international non-governmental organization working on issues regarding the conservation, research and restoration of the environment ... It is the world's largest independent conservation organization with over 5 million supporters worldwide, working in more than 100 countries, supporting around 1,300 conservation and environmental projects.”

Types of Funding Available: Partnerships, Conservation Trust Funds (<http://www.worldwildlife.org/what/howwedoit/conservationfinance/conservationtrustfunds.html>)

Approach: Partnerships play a key role in WWF's efforts to influence the course of conservation. We realize that alone we cannot hope to achieve our mission. The WWF has Corporate Partnerships, Government Partnerships, Humanitarian Partnerships, Marketing Partnerships (<http://www.worldwildlife.org/what/partners/index.html>)

Case Studies: Conservation Trust Funds:

<http://www.worldwildlife.org/what/howwedoit/conservationfinance/WWFBinaryitem10913.pdf>

Madagascar’s Experience with Swapping Debt for the Environment <http://www.cbd.int/doc/external/wwf/wwf-madagascar-en.pdf>

B.4.7. Market instruments for environmental values

New sources of funding are anticipated to become ever greater in the carbon offset markets and in payments for ecosystem services. In some countries, greater attention has also been given to mitigation payments for infrastructure projects. Increasingly the world is recognizing that human activities are affecting ecosystems across the planet and some are now calling this the “anthropocene” age, in recognition of the profound changes humans have created on the planet over the last few centuries.

As human activities alter ecosystem function, values that we take for granted such as water purification, climate regulation, waste management, or beach replenishments, are being affected. To reproduce these functions requires large-scale engineering solutions, major investments and spiraling in prices often accompanied frankly by inefficient short-term solutions. Many industries that recognize this problem are increasingly willing to pay for regulatory services such as sediment reduction by protecting watersheds or beach replenishment by conserving reefs. Nonprofits working in this arena, generally use business planning approach to link financial needs for ecosystem management with potential revenue sources.²¹

The primary ways in which market value is currently being generated by this increased awareness are:

1. Certification programs for extractive industries - paying higher value added for sustainably harvested wood/fisheries etc. – often with some payments going back to help conserve the ecosystem.
2. Green seal or “ecolabeling” – the same idea as above but for services such as hotels, rainforest tours, dive trips etc. wherein consumers pay an extra surcharge for higher conservation efforts. While many of these have been abused over the years – note the over use of the term “ecotourism” – in many countries and areas increased regulation has put some real utility into the words – both in terms of higher sustainable behavior as well as in actual income returning to ecosystem management;
3. Offset programs – these programs have industries or developers compensate for the unavoidable impact of their development project on the ecosystem. These usually involve fines or payments into either replicating the ecosystem type elsewhere (these have usually proven to be very poor substitutes for what was originally destroyed) or funding protected areas in a similar habitat type.
4. Payment for Ecosystem Services (PES)– Direct payments made to managers of an area (government authorities, NGOs, local communities, fishing cooperatives etc) in exchange for specific management goals (e.g. carbon sequestration, planting and maintaining forest cover along streams and rivers in a defined watershed, etc.). The most developed of these programs to date on a global scale is climate action which can be for adaptation or for mitigation. A list of funding sources for climate action is available at: <http://www.climatefinanceoptions.org/cfo/>. Some case study information is starting to emerge from early initiatives such as the Amazon Fund between Norway and Brazil.²²

Much greater detail is provided in the Conservation Finance Guide produced by the Conservation Finance Alliance²³ and more recently in the Environmental Funds and Payments for Ecosystem Services from the RedLAC Capacity Building Project for Environmental Funds²⁴.

Environmental Funds have a major comparative advantage to offer in this field as negotiators, conveners, aggregators, capacity builders and potentially managers of funding linked to the ongoing payment for provisions of ecosystem services through mechanisms such as Integrated Conservation and Development Projects²⁵. “Local institutions that have the business skills to negotiate private deals and the capacity to handle complex organizational arrangements can facilitate market development and maximize participation by local groups, including the rural poor and indigenous groups.²⁶” A full discussion of roles of EFs in Payment for Ecosystem Services to date is outlined on p. 55 of the RedLAC, Environmental Funds and Ecosystem Services document. Finally, however all EFs need to be clear about the large upfront transaction costs: “The need to secure ‘start up’ funding for PES projects is a fundamental ‘bottleneck’ to increasing the number of projects. While occasionally a buyer will pay for a project up front, this approach is not the norm. This financing gap is currently bridged either by philanthropic sources, often funneled through NGOs, or by investors with some appetite for risk.²⁷” A possible future partner would be the Africa Carbon Fund of the AfDB (see section B.4.1).

B.4.8. Corporate donations

Often tied to new markets above, corporate contributions are increasing around the world in recognition of the importance of ecosystem services to production. In other instances corporations appreciate having their names appear in events or other publicity by the EF.

²¹ A good resource is Conservation Finance Alliance “Business Planning for Protected Areas” http://www.conservation.org/sites/gcf/Documents/cfa_business_plan.pdf

²² <http://toolkit.conservationfinance.org/sites/default/files/documents/redlac-capacity-building/amazon-fund.pdf>

²³ <http://www.conservationfinance.org/guide/guide/index.htm>

²⁴ http://redlac.org/0ws1_pes_finalcomplete.pdf

²⁵ RedLAC, Environmental Funds and Payments for Ecosystem Services http://redlac.org/0ws1_pes_finalcomplete.pdf p. 192

²⁶ Ibid. p. 43

²⁷ Ibid. p. 58

Examples from EFs include:

- Fondation Tri-National de la Sangha: Partnership with Krombacher Beer Company (corporation)
- KenGen Power Generation Company provides funding support for the income-generating race for Kenya Wildlife Service “Hell’s Gate Wheelbarrow Race” (http://www.enchanted-landscapes.com/el_travelogue/archives/682) and see the Case Study in Section E.

Corporations are often most generous with in-kind donations rather than cash gifts. Many corporations are happy to help provide food for an event, beer for a concert, or even a car or other valuable piece of equipment. They are also often willing to set up a “volunteer” day or some other time when corporate staff can dedicate time to a reserve or potentially provide high level technical support like computer installation for the EF.

In terms of criteria for trying to focus a corporate “prospect list”:

- Develop a list of corporations with close ties to the geographic areas where the EF is functioning.
- It is usually most cost-efficient to target those with a reputation for generosity and who have given to other nonprofits;
- Target corporations who are dependent upon extractive industries or ecosystem services;
- Identify corporations connected to Board members or other close EF friends;

Many corporations are interested in linking their name to with the EF for “branding” or to upgrade their image following environmental violations etc. Think carefully about the EF’s image and how it will be impacted prior to agreeing to corporate visibility. Think through exactly how the company can benefit from a relationship with the EF prior to making an “ask”.

As with all fundraising, relationships take time to build, so be willing to start small and grow the relationship and level of support over time.

B.4.9. Earned income

Many nonprofits also earn income through providing key program-related services or maximizing an asset they own such as an office. Examples include consulting services in core competencies, office subrentals, fund investments, ticket sales, t-shirt sales, music festivals, safari tours etc. The advantage of earned income is that it is unrestricted income and can be applied to areas of greatest need within the EF.

Earned income opportunities are best managed when they clearly fit the core business of the EF and build on competencies and skills already resident within the staff. At the same time, just as with any business, earned income could turn into financial loss unless care is taken with market research, business planning and the legality of nonprofit income-generating ventures. Many nonprofits have “earned income” ventures more for publicity and awareness generation (t-shirts/hats/events) than for any real effort to generate serious financial flows. That doesn’t mean that the EF shouldn’t explore the possibility:

- What services does the EF offer that people would be willing to pay for?
- What does the EF give away that has value to someone?
- What new product could be develop that is aligned with program goals?
- Could the EF partner with someone to lend the EF name and reputation in exchange for a % of the profit?

Examples of EFs that have earned income programs include Kenya Wildlife Service Fund that offers a wheelbarrow race through a national park and keeps the proceeds, including corporate donations as mentioned above (see Section E). Funbio is another example of earned income, while providing consultancy services such as designing funds for third parties.

B.4.10. Individual donations

Many nonprofits manage individual donor programs from memberships to annual appeals to web site giving opportunities. Some of these become highly sophisticated membership operations to more sporadic “leave your change in the airport box” approaches. Highly replicated successful approaches include:

- “Adopt an Acre” with The Nature Conservancy which is now used for many local “adopt an animal” style campaigns. An ongoing campaign right now is being managed by the Mexican Fund for the Conservation of Nature on behalf of the Golden Eagle – Mexico’s national bird (www.aguilarealmexico.org)
- Membership perks like calendars, bookmarkers, tote bags, discounts on park entrances etc.
- Premiums for higher level gifts like calendars, coffee table books, invitations to special events.

- www.Globalgiving.org – this website reflects a relatively recent innovation in fundraising – the internet. The MesoAmerican Leadership Program recently used it to create a matching fund appeal (<http://www.globalgiving.org/projects/save-the-mesoamerican-reef/>) This type of request for relatively small donations is helpful for operating funds, and quick cash, but is not where to spend EF time and energy for large scale endowments and program costs. It does help grow membership programs however!
- Legacy Planning – depending on country laws leaving gifts to NGOs in wills and through “estate planning” is now one of the major sources of NGO funding in the U.S. and expected to continue growing given US demographics and tax codes.

Advantages of individual donor and membership programs are that these funds are usually unrestricted (e.g. highly flexible) and many donors are happy to give year after year. Small donations can be achieved through web sites, advertisements, brochures, airport “change boxes”, booths at special events, and membership letters. Do a business analysis of the potential membership size before starting these activities – as it takes staff time and money to do effective follow up! Successfully retaining individual donors for repeated giving requires serious staff dedication and time to follow up with the individual, ensure they stay engaged, and provide the newsletters, emails, updates etc. that keep people giving. However, it is also always easier to renew existing members/individual donors than to recruit new ones! A still useful resource on designing membership programs is in Resources for Success by The Nature Conservancy.

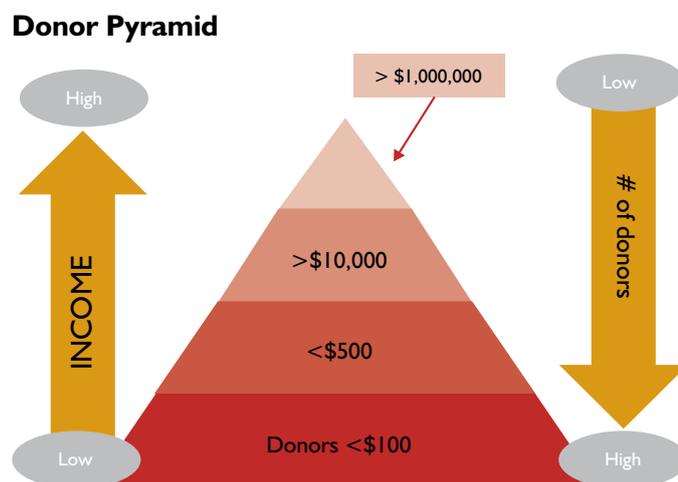
For managing an ongoing membership program with the expectation of annual renewals and responses to special appeals, the fundraising staff need to ensure that their materials and outreach:

- Identify a sense of shared values between the EF and donors;
- Build a sense of belonging to a community – feeling part of something larger;
- Make an emotional link that is valuable to donors (a great appreciation for a safari or for a relationship with a local community);
- Make them feel good about themselves and the good they can do by providing funding for EF programs;
- ASK for funds. People generally don’t give unless asked – YOU HAVE TO ASK!

With limited staff time the ideal is to focus energy on high-end philanthropists as “more bang for your buck” given that a small number of “small contributors” will usually not cover the cost of the ongoing communications with them (see Pyramid below). Nonetheless, having a large number of contributors is often very valuable for showcasing the support for the EF – as well as the value of unrestricted funds.

The larger the donation the more face-to-face time will be needed. As key philanthropists are identified, greater energy is required, with telephone conversations, one-on-one meetings, receptions, field trips, special invitations, and a face-to-face “ask”. Many Latin American NGOs developed beautiful “coffee table” books on the flora/fauna of their protected areas to help make a “heart connection” and the case for investments when visiting donors in their homes.

Interestingly for most US organizations individual donor programs end up looking like a pyramid with the vast majority of members providing relatively small gifts (less than US\$100) and a small minority of members providing very large gifts (over \$1,000,000). The majority of the time and effort goes to cultivating the higher level donors as their gifts account for over 50% of income.



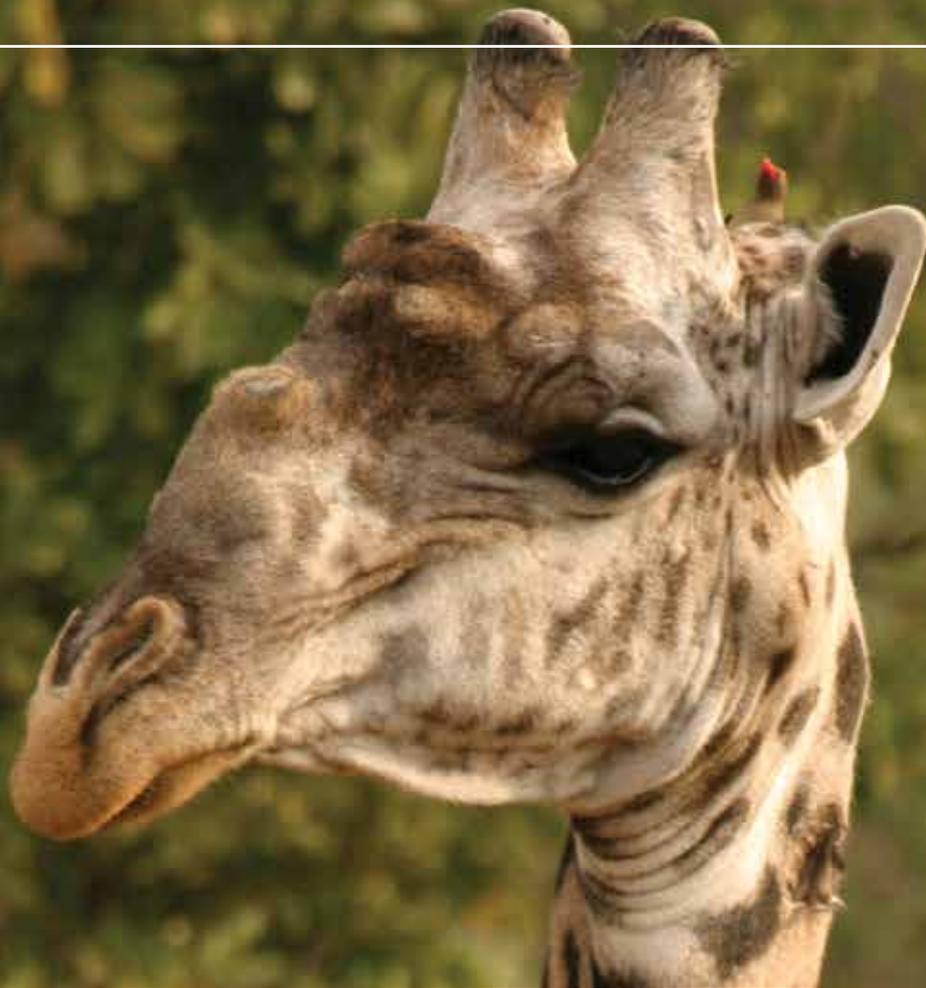


In some cases, as part of institution building, EFs may choose to launch an individual fundraising campaign to grow support for the EF and provide an opportunity for individuals to donate. As an example, the Madagascar Fund just launched a fundraising campaign with individuals with support from MacArthur Foundation as part of a capacity-building grant.

In countries where fiscal legislation gives incentive to cause oriented donations, individual donations are more feasible and present greater chances of success. For example, the section 501(c)(3) of the USA Internal Revenue Code²⁸ allows and favors individual donations.

Designing a fundraising strategy to target and approach prospective donors is discussed in much greater detail in Section C!

²⁸ For more information, check <http://www.irs.gov/charities/charitable/article/0,,id=96099,00.html>.



C. Fundraising Strategy: A Step By Step Approach

C.1 Why a fundraising strategy?

Just as with strategic plans, fundraising plans are roadmaps to success. All planning takes time and energy, but a fundraising strategy ties the strategic plan to the ability to actually implement it. Fundraising strategies provide the realistic bottom line of what has to be done to raise the funds prior to being able to achieve all of the ambitious program goals. Fundraising plans provide direction to the EF, build team energy and commitment, and help guide resource decisions. Fundamentally, all strategic plans – including fundraising strategies – address three critical questions:

1. Where are we now?
2. Where do we want to be? and
3. How do we get there?

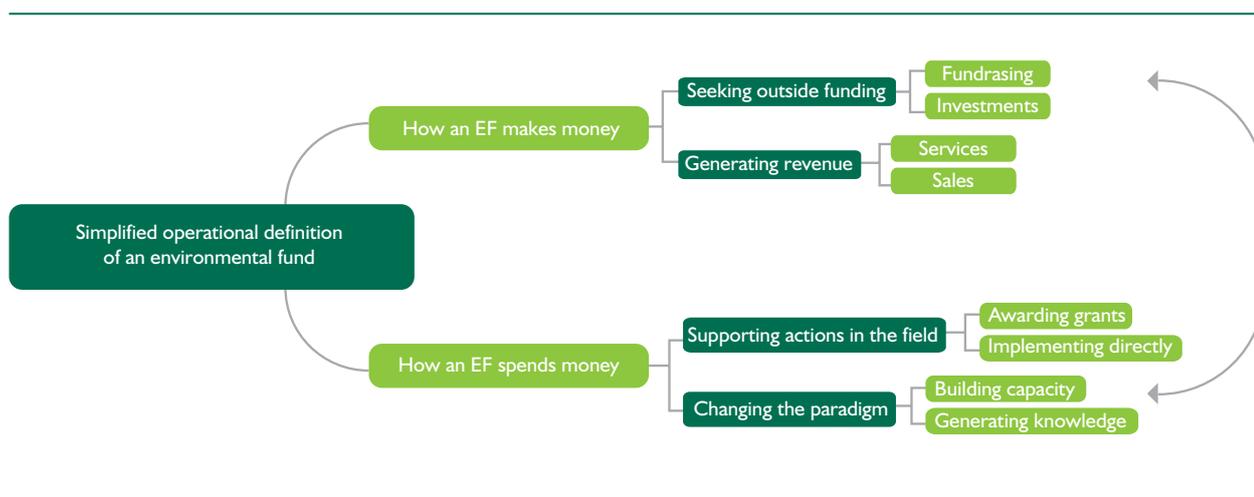
A clear fundraising strategy helps the EF internally:

- Gain clarity and agreement on realistic budgets and the time /resources needed to mobilize new funds;
- Prepare for the future by calendaring and having Plan A and B!;
- Improve the decision-making and priority setting processes;
- Prepare for better diversification of funding sources;
- Align the board and staff and increase role clarity;
- Reduce fundraising emergencies and crisis appeals;
- Prevent and control distractions;
- Educate all staff about fundraising efforts and inspire all staff to help;
- Develop effective language for proposal formats and great case statements to showcase both the need and capacity of the EF to make a difference!

Externally fundraising strategies help the EF:

- Educate donors and partners about the EF;
- Tout the existing strengths of the EF;
- Focus on critical relationships – spend the time needed to build trust and confidence with key donors and partners; and
- Raise the bar – engage supporters in expanding the scope and ambition of the EF to be ever more effective in advancing its goals and programs.

To build on the point made in Strategic Planning for Environmental Funds²⁹, there are two main activities for every EF:



However, the graphic also requires a feedback loop between the two – the EF can't manage good conservation programs without adequate resources. Similarly, the ability to showcase successful conservation programs will help the EF garner more resources. Understanding that connection and ensuring that great conservation programs beget ever greater fundraising success is a goal of every EF!

²⁹ Quintela, Carlos, Strategic Planning for Environmental Funds, RedLAC 2011 Capacity-Building Project. p. 12.

C.2 Who needs to be involved?

The answer to this question is everyone. Everyone engaged with the EF needs to be able to spell out the mission, the conservation/sustainable livelihood program needs, and why the EF is best positioned to respond to those needs. Part of an effective fundraising strategy is building the team – that includes ensuring everyone is familiar with the mission, case statement, and excited about communicating EF achievements and plans. Additionally, very clear roles and responsibilities need to be assigned to staff and board for specific donors, outreach, follow up and “asks”. See Annex 3: Fundraising Work Plan Assignments for examples of how Action Plans need to be broken down into key team assignments.

THE EXECUTIVE DIRECTOR

The E.D. is the public face of the EF and the main relationship builder with donors and partner organizations. The E.D. is also responsible for implementing the mission and programs of the organization – and therefore for working with the Board to ensure the appropriate resources are secured. Fundraising is often the largest part of the E.D.’s job.

BOARD MEMBERS

Board members’ role in fundraising is critical and discussed in detail in D.2.3.

FUNDRAISING STAFF

While many EFs do not yet have designated fundraising staff, it is obvious that fundraising roles are critical – whether in specifically designated staff or integrated into the job description of program staff. Having everyone understand the fundraising strategy and priorities is the first step in clarifying how staff and board members can help. A fundraising strategy clarifies why the relationships that the E.D. and fundraising/program staff are cultivating are so important – and why time and discretionary funding needs to be set aside to enable those relationships.

OTHER PROGRAM LEADERS/DIRECTORS

In EFs with no official fundraising staff – and even WITH fundraising staff – the engagement of program managers, scientists, and directors is critical. There are many cases where this is difficult. Staff that articulate that: “programs are my responsibility – raising funds is yours” are propelling the EF toward failure. Job descriptions should emphasize the importance of fundraising in every job! Mobilizing resources can’t be done without program staff!

Program staff:

- Indicate what is realistic/not realistic in terms of conservation and sustainable livelihood goals. They ensure that the EF “overexceeds” donor expectations rather than falling short;
- Provide effective monitoring of activities and results;
- Share program experiences with donors through chats, field trips, websites, blogs, and EF newsletters, as well as regular donor reports; and
- Maintain positive relationships with key partners and government counterparts that lead to effective conservation on the ground.

Finally, in this era of mobilizing resources through programs like REDD and Payments for Ecosystem Services, coupled with increased requests from traditional donors to showcase the conservation impact of their investments, program and scientific staff are critical for determining:

- Is the project viable and can effective monitoring and reporting take place?
- Does the project advance our goals for ecosystem conservation and local sustainable livelihoods;
- Can the program and monitoring required be done within the anticipated budget?
- What is the time frame for effective monitoring and how long would the EF be required to stay engaged?

- What repercussions would take place ecologically – and with local communities – were the EF to accept mitigation funds or fines from a locally active mine/forestry company etc.?
- How can we set appropriate benchmarks to keep the initiative on track and adapt as needed?

COMMUNICATIONS STAFF

Communication staff is key for fundraising efforts, communicating results through updated institutional material (annual reports, brochures, web sites) and coordinating the EFs participation in important events. Ensuring alignment in depicting the EF’s mission, programs and accomplishments, ensures that the EF presents itself in a consistent cohesive way. Communication staff is also critical for ensuring that donors are appropriately acknowledged and that their logos are used on key publications, in events etc.

GOVERNMENT COUNTERPARTS

Strong alignment with government national environmental strategies is critical for all major donors governments and bodies. Government officials need to help open doors with key bilateral and multilateral donors and welcome the engagement of an environmental fund in addressing national environmental concerns

NGO AND COMMUNITY PARTNERS

Key partners at the multinational level such as large NGOs (Section B.4.6), are critical as door openers, technical supporters, and in many cases, as providers of essential match funds. Finally, local partners are also essential for effective fundraising. Local grant recipients and community based organizations are needed to provide endorsements, assist with donor field visits, and showcase not just the EF capacity, but the capacity and commitment of local groups to advance conservation and ensure sustainable livelihoods. EFs have to showcase that they can effectively grant funds to good local organizations that can make a difference on the ground! Similarly, market based resources require strong relationships and agreements with local community partners – strong enough to withstand long delays, complicated technical arrangements, and strong oversight.

Everyone has to be on board with the fundraising strategy – and know how to help advance it!

C.3. Key elements of a fundraising strategy

A fundraising strategy describes in detail the means by which the Environmental Fund will mobilize resources from a wide range of sources. Critical variables to consider when constructing a fundraising strategy are a diversity of sources of funds as well as flexibility (are the funds specifically earmarked for certain purposes or can the organization allocate them to the highest priority activity) and predictability (how likely are the chances that the funds will be obtained from that particular source when needed, and in the amounts projected). See Annex 1 and 2 for specific exercises.

The actual process of developing a fundraising strategy relies on prior work in developing an overall strategic plan coupled with new research on the funding environment. An EF must have all of the following elements:

Fundraising Strategy



C.3.1. Mission statement

A clear and inspiring Mission Statement that spells out the overall goal of the EF. Aligning Visions strongly encourages vision statements and a clear values statement as well.

Examples of mission statements from the CFA Toolkit that were generously shared by EFs:

The “Fundação para a Conservação e Biodiversidade/Foundation for Conservation and Biodiversity (BIOFUND Mozambique)” aims to support the conservation of aquatic and terrestrial biodiversity and the sustainable use of natural resources, including the consolidation of the national system of conservation areas.³⁰

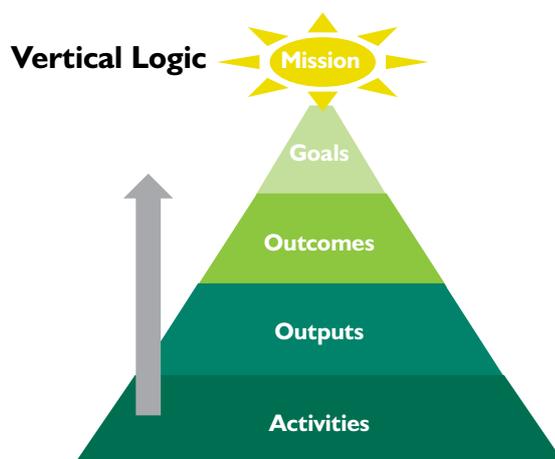
“The Fund’s main objective is to provide a sustainable source of funding for conservation of wildlife and its habitats, to benefit present and future generations.” – Kenya Wildlife Service Fund³¹

Dutch Caribbean Nature Alliance

The Objectives of the Foundation are to safeguard the biodiversity and promote the sustainable management of the natural resources of the islands of the Dutch Caribbean, both on land and in the water, for the benefit of present and future generations, by supporting and assisting the protected area management organizations and nature conservation activities in the Dutch Caribbean.³²

C.3.2. Clear program goals

Clarity about program goals will showcase the direct link between programs and mission achievement. The strategic planning process should show the “vertical logic” of how EF activities in the field ultimately support the mission. Clarity about EF goals and the ability to explain how any given activity will impact that goal is essential. This process is then spelled out in the donor’s preferred methodology from “log frames” to “results chains” to “Conservation Action Planning”, to explain precisely how the EF will have an enduring impact.



In almost all situations, goals should use techniques such as SMART language so they are readily understood across languages, cultures, and communities:



For example, the goals of the Eastern Arc Mountains Conservation Endowment Fund flow readily into the mission statement:

³⁰ <http://toolkit.conservationfinance.org/documents/road-map-establishment-and-operation-ctf> p.2

³¹ http://www.kws.org/info/events/2010/details/11aug10_fund.html

³² Dutch Caribbean Nature Alliance, Articles of Incorporation

Mission of the Eastern Arc Mountains Conservation Endowment Fund

Catalyze resources to foster conservation of forest biodiversity in the Eastern Arc Mountains of Tanzania through investment in sustainable community development, sustained financing for protected areas and climate change management and financial support to applied research.³³

Goals:

1. Priority areas of high biodiversity in the Eastern Arc Mountains managed effectively and adequately conserved.
2. Increase available financial resources through effective management of its endowment, diversification of funding sources, and development of innovative financing mechanisms.
3. Foster and promote sustainable development projects and programmes, creating strong linkages between conservation, sustainable resource management and improved livelihoods.
4. Increase knowledge and understanding of the global and national importance of the Eastern Arc Mountains.
5. EAMCEF builds and maintains the administrative and technical capacity to manage programmes, provide technical assistance and run an efficient organization.

C.3.3. Case statement

A case statement provides a clear explanation of the EF niche and explains why the donor dollars would be more effectively expended with the EF:

- What is the comparative advantage of the EF? (see B.3)
- How can the EF help donors achieve their goals?
- Why is the EF more worthy than the competition? Don't actually name the competition – but do make the point (e.g. we have the highest return on investment of any in-country fund; we distribute more funding in grants with longstanding relationships with the local communities etc.)

An example of a good case statement is available in the CFA Toolkit from the MAR Fund: <http://toolkit.conserva-tionfinance.org/sites/default/files/documents/communications/prospectus-2009-mar-fund.pdf>

C.3.4. Clear fundraising goals and program budgets

A serious financial analysis of what it will take to achieve the EF goals is the next step. An excellent example from the CFA Toolkit is Sustainable Funding for the Nature Parks of the Netherlands Antilles by Barry Spergel.

A budget paints the picture of what the EF will truly be able to achieve. Donors read budgets and can see how seriously staff calculated cost projections, how carefully contingencies were considered, and how well the EF can leverage opportunities and achieve greater scale. They also get a sense of how competitive the EF salary structure is. Finally it should be able to demonstrate the efficiencies of the project (e.g. How much money does the EF spend for every \$1 granted?).

For preparing effective proposals the EF will need:

- Clear budgets by program. How much has been raised (and can serve as match or other demonstration of commitment)? How much is still needed? Over what time frame?
- An established indirect cost rate – the overhead!!
- A projection of the overall need for mission achievement.
- Flexibility and willingness to reformulate budgets into other spread sheets, use different line item approaches etc. to align the EF budgeting process with that of the donor.
- A well established audit and transparent financial management system.

Many EFs are increasingly using business plans as well. As the CFA puts it: The business plan is intended to give a clear picture of: 1) the financial needs that must be met in order to conduct proposed management plan activities, and 2) potential revenue sources to help meet those needs.³⁴ This is particularly useful approach when working with market mechanisms such as park fees, payment for ecosystem services etc.

³³ Eastern Arc Mountains Conservation Endowment Fund, EAMCEF Profile

³⁴ Conservation Finance Alliance "Business Planning for Protected Areas" http://www.conserva-tion.org/sites/gcf/Documents/cfa_business_plan.pdf

All of the above are part of the strategic planning process!³⁵ Moving forward on a fundraising strategy requires spending much more time studying the funding environment.

C.3.5. Analysis of the fundraising environment and prospects

A realistic analysis of the fundraising environment takes time and energy to answer the following questions:

- Who are the EF's current donors? Are they still committed? Have they been informed about and inspired by the EF work lately? It is far easier to keep a donor than to attract a new one!!
- Who are the best potential new funding sources? New PES? New foundations? New business sectors? Do a realistic assessment of how well the EF's mission/program goals overlap with theirs.
- Who are the best prospects so that staff can focus their energy given the long lead times in securing funding?

Criteria for Best Prospects

1. Do they have a clear overlapping compatibility with EF mission and programs?;
2. Are they interested in investing in the geography/country / population group – and preferably have a history of prior investment.
3. Have they given to other EFs or other conservation NGOs in the region.
4. Do they know the EF (Board or Executive Director) by reputation, connections, field knowledge;
5. Do they have a relationship with key members or there are key contacts who will open the doors and build opportunities for introductions
 - Who is the key contact (staff, board, NGO partner, Government partner)?
 - Are they willing to introduce the staff representative?
 - Can assigned staff effectively follow up with the relationship?
6. Will they gain from an alliance with the EF:
 - Can the EF help them achieve their goals?
 - Can the EF give them visibility (especially corporate donors for public relations purposes)?
 - Can the EF give their staff / board a way to engage or feel connected to the field work?
7. Can they provide the level of financial support/technical assistance or in-kind contributions that the EF needs to be successful?

A useful set of exercises for prioritizing funding prospects is attached in Annex 1: Identifying Funding Prospects and Annex 2: Ranking Prospects!

Finally, don't waste time sending in "cold" proposals when there is no relationship with the donor! As the team prioritizes donors – think about how to build a relationship, which board members or friends can open doors, and where face to face meetings can take place.

³⁵ For more detail on strategic planning see Quintela, Carlos and Stephen Philips, Strategic Planning for Environmental Funds. RedLAC 2011.

SUCCESSFUL “OUT OF THE BOX” IDEAS

Finally, along with reviewing most likely prospects and appropriate strategies, spend some time thinking outside of the box. What OTHER types of funding strategies may bring in needed income.

\$650,000 from a fundraising activity that auctioned the right to name a new primate species discovered in Madidi National Park (FUNDESNAP – Bolivia)³⁶

IMAX movie and the Mexican Fund for the Conservation of Nature

Animal Adoption programs or “Adopt an Acre” style programs

Dutch National Postcode Lottery proceeds go to the Dutch Caribbean Nature Alliance.

C.3.6. Fundraising action plan

Once you are clear on your program needs and best prospects, it is time to develop a detailed fundraising action plan. Develop strategies and activities to build relationships with your best prospects and identify overlapping passions. Meet with them to find out which elements of the EF programs interest them the most. What do they see as the most viable investment? What ideas do they have for how to make the program idea more compelling? Do all this BEFORE formally applying for funding! This is a BIG institutional commitment so think about a template like that shown in Annex 3: Fundraising Work Plan Assignments to understand the resources that are needed from all of the EF team!

An Action Plan lays out a very specific strategy for each of the funding prospects targeted:

- Which of our programs would be of greatest interest to this donor?
- How will we build a relationship with them?
- Who will open doors? (Look at our full range of committed staff, board, partners, and volunteers!)
- Who will be responsible for these activities on staff? Is this time built into their job description? (See Annex 3!)
- What level of budget do we need to set aside for visits/cultivation etc?
- What partners need to be engaged?
- What timeline is needed (e.g. if they have an open call for proposals in January – when do we need to send a letter of inquiry, request a meeting, or invite them on a field trip prior to proposal submission?) When is the earliest date by which funds may be available (to help us stay realistic)? See the Fundraising Calendar box below!
- Do we need to show matching funds? Can we use current funding? Can we showcase any in-country match? What strategies are most successful for raising funds in country (to serve as match and as part of our “case statement” for how we are building support for conservation)?
- Prior to writing a formal proposal or making an ASK – Is it clear exactly what programs will have the biggest chance of success? Are the donor’s interests well reflected in the choice of proposed projects? Try to make the “ask in person whenever possible – as it is much easier to say no in a letter or email. Have a clear ASK:

THE ASK

The ... EF needs \$250,000 to in for 2012 and 2013. We believe your foundation shares our goals for this area and would very much appreciate your willingness to invest in this program at the \$250,000 level.

If they are interested, they will ask for either a concept paper or full scale proposal below. If they are not interested, try engage them in finding out what other projects/programs may be a better fit!

³⁶ Mentioned in CFA, Rapid Review of Conservation Trust Funds, p. 112

THE PROPOSAL

Once a clear project/program has been identified that is of great value to the EF and the donor, then there is a realistic chance of funding. At this point it is time to get all the details right! Most funders have a rigorous, careful process for selecting projects. They usually have a set of priorities or considerations against which projects are assessed. Investigate the requirements, templates and timelines – and organize the EF team to be sure that all required reports are readily available (including past audits, legal documents etc) – prior to writing the proposal. Don't forget that the friendly program officer does NOT make the final decision. The proposal will have to make the case to and be endorsed by the decision makers within the foundations!

Most donors appreciate having a concept paper (2 pages) or letter of inquiry prior to a full proposal so they have time to ensure that the proposal matches their interests before requesting a fully detailed proposal. Concept papers are designed to “whet the appetite” of a prospective donor and ensure that they are on the same wavelength.

A full scale proposal should address the following key questions.

Standard Questions to Address in Proposals for Foundations/Individuals

While there are many different proposal formats, well thought-out responses to the questions below will enable staff to quickly adjust proposals to the formats required by prospective donors.

- 1. Problem:** What problem is the Environmental Fund addressing and in what specific geography?
 - a) What's the current status of this problem?
 - b) What has been the trend line – if available include scientific projections going forward (particularly on climate adaptation proposals).
- 2. Theory of Change (some of this language is from the Conservation Action Planning approach: <http://conserveonline.org/workspaces/cbdgateway/cap/resources/index.html>)**
 - a) What is the goal of the proposed program? Are there clear conservation targets?
 - b) What are their stresses and sources of stress?
 - c) What are the key opportunities for making a change?
 - d) Have similar interventions been effective elsewhere?
 - e) What is new and innovative that has potential for replication/scale about the proposed approach or methodology?
- 3. Game Plan:**
 - a) What is the role of the EF and niche relative to other actors?
 - b) Who are the key actors and how is the EF engaging with them to achieve this change?
 - c) What outputs can be measured with annual benchmarks that indicate progress toward the desired conservation outcome?
 - d) Demonstrate a Gantt chart or other project phasing tool (activities and timeline) with annual output indicators.
- 4. Sustaining the Project**
 - a) What are the difficulties and risks (internal and external) that threaten the project? How will the EF team manage these?
 - b) What organization/team will have responsibility for the ongoing sustainability of the proposed project?
 - c) How will funding be secured?
 - d) What capacity is in place to implement these strategies and to lead, manage and adapt the project over time?
- 5. Budget:**
 - a) What is the estimated 3 year cost (with annual break outs) of launching this project?
 - b) What are current sources of funding?
 - c) What's the estimated gap?

Additional questions need to be examined for non-traditional financing mechanisms such as Payment for Ecosystem Services that, as mentioned earlier, are often best tied to Business Plan approaches:

- What is the project scope, spatial scale and time frame?
- What is the legal, administrative, social and political context for securing these funds?³⁷
- How will monitoring and fund disbursement take place to ensure that the ecosystem services are being protected?

If the proposal successfully makes the case for the EF project and it is well aligned with the donor's values and priorities, then there is a good chance of securing funding! CONGRATULATIONS. Build in the time to appropriately acknowledge the donor and thank them for their commitment. Ensure a personal letter and phone call from the Executive Director.

CALENDARING THE ACTION PLAN

Developing effective concept papers, proposals, outreach strategies takes time. In addition, preparing to receive the funds, manage them appropriately and ensure that the funding is spent in accordance with the grant agreement or MOU all need to be built into an institutional calendar.

FUNDRAISING CALENDAR

Just as an EF has a program calendar, there are key deadlines and dates that must be included in a fundraising calendar:

- Dates of all events that incorporate donors or fundraising next steps, including board meetings, field trips, fundraising trips, international visits etc.
- Dates of all proposal deadlines (backed up to be sure staff can meet them without a last minute crisis!)
- Dates of GEF official delegation visits and meetings (or bilateral / foundation visits etc).
- Dates of all mailings (appeals, newsletters, etc.)
- Dates for project reports and evaluations

As part of calendaring, link the specific activities and deliverables in the fundraising action plan with benchmarks for accountability and progress. Use the benchmarks as a way to check in regularly with staff and board on the progress being made and for discussions on where adaptation is needed. If a fundraising goal is to Raise \$300,000 by April 30, 2013 from one private US foundation source, then work backwards:

- | | |
|-------------|---|
| Activity 1: | By April 2012, show alignment with donor criteria and letter of introduction sent to the following 3 US Foundations: 1) 2) 3) ..; |
| Activity 2: | By June 2012, invite foundation staff to do a field visit when in country – organize trip prior to October 2011; |
| Activity 3: | By December 2012 have discussion with program staff on most effective alignment for upcoming call for proposal process; |
| Activity 4: | By February 2013 submit full proposal for \$300,000 to Foundation. |

Many nonprofits use a “traffic light approach” to ensure discussion of strategic items at Board or staff meetings. It could look like this:

³⁷ See WWF, Guide to Conservation Finance for more details.

2012 Q1

Letter of introduction sent to the following 3 US Foundations

2012 Q2

Program staff from 3 foundations invited on field trips

2 declined - 1 member of Foundation X accepted

(at this point –highlight the problem – do we need to send out more introduction letters? Is Foundation X is capable of providing a \$300,000 grant? We haven't reached out to Foundation Y – our new project **** may be of interest to them, Etc).

2012 Q3

Program staff from Foundation X got sick and cancelled trip

Staff from Foundation Y asked if one of their board members could attend a field trip in October.

The color coding forces issues to jump out visually in staff and board meetings to help keep strategies on track and to ensure that discussion focuses on the highest priority decisions!

Finally, here is a list from Resources for Success of WHAT NOT TO DO once funds are successfully secured!!!³⁸

SIMPLE WAYS TO LOSE YOUR FUNDING

- Deposit the check in your general account as soon as it arrives. Don't bother to acknowledge it, after all: the foundation will know you got it when they get their cancelled check;
- Charge whatever you like to your general account – after all, you know your priorities, and they maybe a bit different now than they were when you wrote the proposal. When you make charges against this account don't bother to keep track of which specific donation you are drawing from.
- If you really want to lose your funding, don't bother to send reports at all.
- Never mind the deadlines for the reports you do send. U.S. tax regulations are your donor's problem, not yours.
- Send the report, but just write a glowing account of everything your organization has been doing since the check arrived. As for the financial report, use round numbers or guesstimates and send along a fat auditor's report in the local language.
- If they remind you that you have a report overdue, send a long letter explaining why you couldn't possibly prepare a report by the date indicated. You might even hint that all this paperwork is unreasonable and distracting you from the more important job of conservation.
- Instead of sending a report, send a request for additional funding.

C.4. Next steps

As part of setting next steps, be conscious of the amount of institutional support that will be needed to support the Fundraising Action Plan. The Action Plan will have many tasks that require additional institutional effort. Specific activities could include items such as:

- Hire a new development officer;

³⁸ The Nature Conservancy, Resources for Success p. V-7.



- Provide fundraising training for all board members;
- Set up a database for tracking donor contact; and/or
- Create new EF brochure and program leaflets³⁹

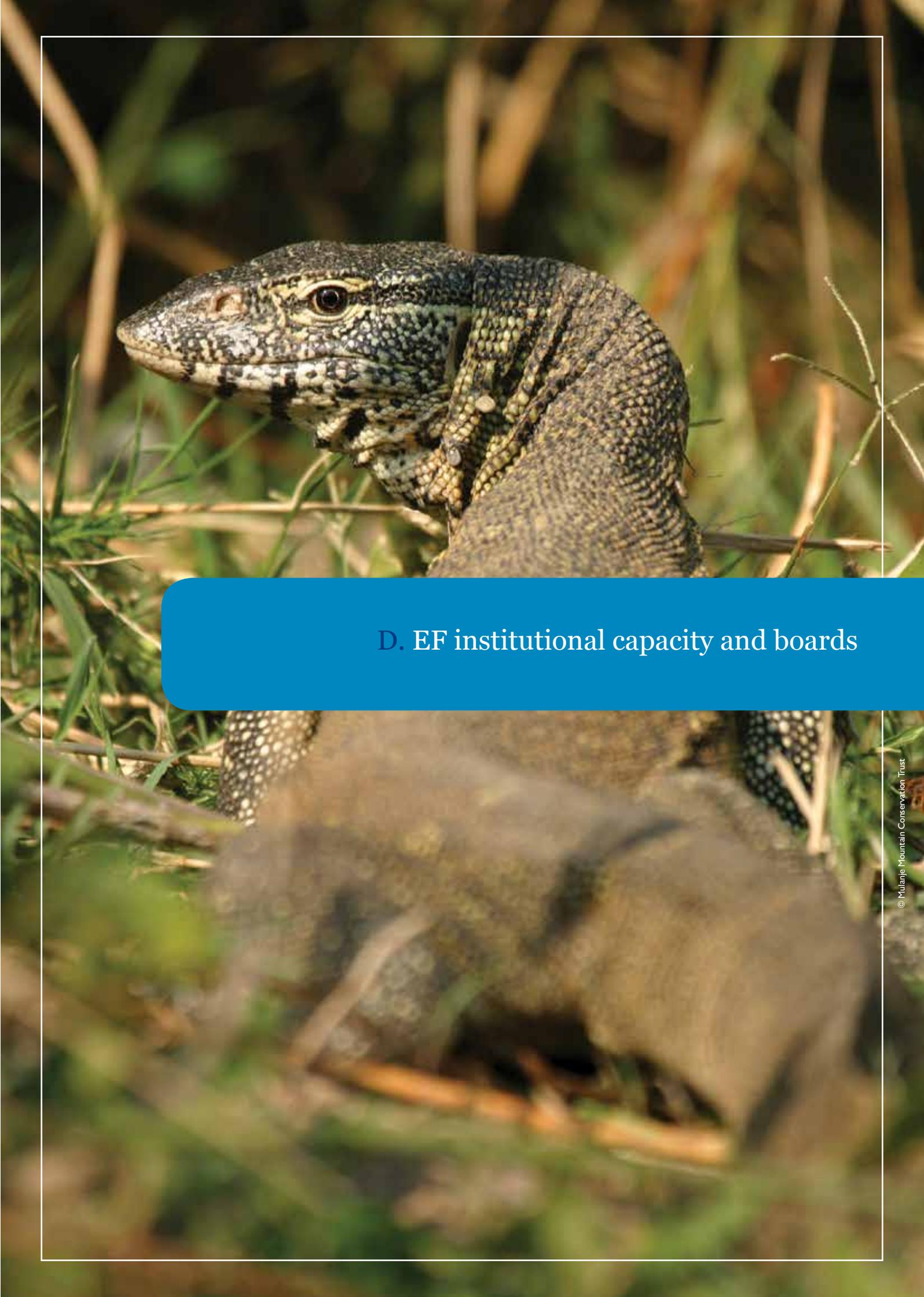
It is often difficult to prioritize these items with so much else going on and a tendency to send the fundraising staff off on their own. However, the fundraising strategy is an integral part of the EF overall Strategic Plan – and the grease that will get the program wheels in motion – so be sure to look at the institutional investment required. See Annex 3: Fundraising Workplan Assignments to help make the plan a reality institution wide.

So how can the fundraising team use the strategy when it is completed?

1. Review it with all staff and engage them!
2. Use it to set individual job objectives for staff.
3. Review the strategy with the board, volunteers and key partners.
4. Bring benchmarks to all board and staff meetings to stay on track.
5. Review with staff at least quarterly to monitor progress, challenges and opportunities.
 - Did we make a mistake and how can we fix it?
 - Is this taking more time than it is worth for the return?
 - What would enhance our ability to be successful?
 - Should we do it the same way again?
6. If necessary, amend the plan to reflect organizational or context changes.
 - Does the new a UNFCCC agreement open up new opportunities for us?
 - We have been unable to fully register our EF in Europe. Is it worth trying in the U.S.A?
 - What can we learn from our actions this past year for the future?
7. Use the strategy as a starting point for future planning processes.

As they say in the U.S., the most important thing is to Git After It!

³⁹ Be sure to see some of the great examples in the communications section of the CFA toolkit!!! <http://toolkit.conservationfinance.org/categories/communications>



D. EF institutional capacity and boards

Setting up and managing Environmental Funds is an ongoing commitment to building institutional capacity, adapting to a constantly changing context, and setting the EF up for long term institutional success. If the goal is to provide innovative financing mechanisms that cover the recurrent costs of parks and protected areas, support the conservation of biodiversity, promote the sustainable use of natural resources – then the EF needs to plan for the long- long term! There are no shortcuts to ensuring that the EF is established as an institution that can be respected and seen as a go-to place by donors, governments, endowments, and communities to pursue its mission for generations to come!

Ongoing capacity building requires a sustained commitment from staff, board, and donors that recognize that institutional evolution is necessary to support long-term international conventions such as the Convention on Biological Diversity and the ongoing threats and opportunities that will arise over the decades. Environmental Funds must be ambitious to succeed and ambitious plans require capacity (people, knowledge, funds, tools, systems etc.).

D.1. Basic structure

There is no such thing as a “typical” Environmental Fund, given that some are nonprofit, others are parastatals etc. Nonetheless, from a fundraising perspective, the Environmental Fund must have all of its founding documents and organizational registration in order, including articles of incorporation, deeds of trust, charters, bylaws and appropriate legal accountability (often in the form of a nonprofit board). The Conservation Finance Alliance Environmental Fund Toolkit (<http://toolkit.conservationfinance.org/>) has a great many examples of articles of incorporation, board set up, and bylaws. It also has an electronic copy of The IPG Handbook on Environmental Funds: A Resource Book for the Design and Operation of Environmental Funds⁴⁰ which has a section on legal structures for Environmental Funds, along with many other pertinent institutional capacity sections.

When thinking about setting up a new Environmental Fund or restructuring an existing one, a number of major learnings have taken place over the years as summarized by Spergel and Taieb⁴¹:

The GEF Evaluation (1999 EF Evaluation of Experience with Conservation Trust Funds) concluded that CTFs require four “essential conditions”:

1. *The issue to be addressed requires a commitment of at least ten to 15 years;*
2. *There is active government support for a public-private sector mechanism outside direct government control;*
3. *A critical mass of people from diverse sectors of society that can work together to achieve biodiversity conservation and sustainable development; and*
4. *There is a basic fabric of legal and financial practices and supporting institutions (including banking, auditing and contracting) in which people have confidence.*

In addition to these conditions:

The legal set up for environmental funds obviously varies by country and particularly by civil or common law. Effective funds have been set up under both types of arrangement, with examples available in the Conservation Finance Alliance Toolkit and explained in greater detail by Barry Spergel in the IPG Handbook, p 21 for common law countries and by Marianne Guerin-McManus, p 25 for civil law situations. In most cases, prior to being legally incorporated, start-up Environmental Funds create a Steering Committee to advance that process and in a number of situations, the fund is “incubated” within another organization for some time to help it get established⁴². In most countries, prior to approving the founding documents, the state requires that a group of volunteers (the Board) step up and be legally responsible for nonprofit management to ensure it pursues its mission.

The Fundação para a Conservação da Biodiversidade (BIOFUND) in Mozambique provides a good example of the steps needed to ensure an effective start up phase and many of the documents and processes required by donors⁴³.

⁴⁰ The IPG Handbook on Environmental Funds: A Resource Book for the Design and Operation of Environmental Funds. Ruth Norris, Editor. Published for the InterAgency Planning Group (IPG) by Pact Publications, 2000

⁴¹ Conservation Finance Alliance, Rapid Review of Conservation Trust Funds, 2008, p. iv

⁴² A good example of a successful incubation is FUNBIO in Brazil was established as a program of the Getulio Vargas Foundation for 5 years prior to becoming an independent institution.

⁴³ Fundação para a Conservação da Biodiversidade, Road Map for Establishment and Operation of a Mozambique Conservation Trust Fund May 15, 2010. <http://toolkit.conservationfinance.org/documents/road-map-establishment-and-operation-ctf>

Capacity building needs to be incorporated into all programs and funding requests to ensure that Environmental Funds learn from their programs (successes and mistakes), adapt to changing conditions, and continually expand their ability to pursue its mission.

D.2. Board roles

Given the high visibility and need to ensure high levels of transparency and effectiveness, it is critical that Environmental Funds have strong boards (also called trustees, Governing Councils etc. depending on legal code). As funds evolve, building partnerships, managing grants, investing endowments, and managing livelihood issues with local communities, boards must not only keep up with these evolving roles, but provide active leadership. Board members are indispensable volunteers who are committed to pursuing the mission. To meaningfully advance that mission, an ambitious team is needed and there are lots of roles to fill!

The roles of nonprofit boards have evolved over the years to be increasingly active and hands on in support of the mission and organization. Some of the many things board members do:

- Demonstrate that there is passion and commitment for the nonprofit mission by showcasing volunteer leadership.
- Provide status and visibility for the Environmental Fund with key stakeholders including governments and donors;
- Support the Executive Director, providing wisdom, advice and feedback;
- Build partnerships among corporate and civil society and government entities;
- Set policy for the organization, defining the direction of programs;
- Influence key constituencies to help fundraise; and
- Communicate the work of the Fund with their friends and associates, thereby raising the profile and standing of the Fund.

The composition of Environmental Fund Boards is an ongoing balancing act. The observations of Bruce Moffat still hold true today⁴⁴:

EFs opt to obtain nonprofit status, but their boards of directors are comprised of representatives drawn from both the private and public sectors. This allows the fund to maintain critical linkages to government, while keeping its distance from the potentially negative aspects of excessive government participation. For example, one Latin American EF – chaired by a government representative and with a minority of NGO representatives – has had difficulty establishing a role for itself beyond merely serving as a “checkbook” for the national protected areas system. To strike a better public-private balance, some funds – such as the Mexican Nature Conservation Fund – have opted to include key government officials as ex officio board members, so as to benefit from their input without exposing the fund to undue political influence.

While there are numerous ways in which Board members can be helpful, there are four roles that truly make the difference for Environmental Funds (and other nonprofits). If the board successfully focuses on these four critical leverage points, the Environmental Fund will make great strides advancing the mission that members care deeply about!

D.2.1. Ensure Legal Accountability

D.2.2. Set Policy and Direction

D.2.3. Ensure Financial Sustainability

D.2.4. Hire and Support the Executive Director

⁴⁴ Bruce Moffat, “Governance” in IPG Handbook on Environmental Funds, p. 29.



D.2.1. Ensure legal accountability

Most articles on nonprofit boards' legal responsibilities spend 90% of their time talking about what not to do! In other words, the board is responsible for making sure the Fund doesn't:

- ⊘ USE FUNDS FOR PURPOSES NOT DESIGNATED BY THE DONOR AND OUTSIDE THE MISSION OF THE FUND.
- ⊘ UNDERTAKE PROGRAMS OUTSIDE OF THE SCOPE OF THE MISSION

When a problem arises with a nonprofit – such as recently happened with Greg Mortenson and the Central Asia Institute – it quickly becomes a major scandal often with global funding repercussions. The reality is that almost all Environmental Funds are made up of dedicated people, committed to a mission, and doing their best to advance their cause. That said, from the government's – and donors' perspective – and for the reputation of all environmental funds – the first responsibility of a board member is to ensure no malfeasance! Given the painful reality that corruption, bribes and government malfeasance are problematic in many countries, the need for the Environmental Fund to handle endowments and other funding with total transparency is a *sin qua non* for major donors.

However, board responsibilities go beyond simply behaving ethically. There are a lot of things Board and staff **MUST** do. Like all registered institutional entities, Environmental Funds must publicly account for their finances, governance, disclosure practices and programs and stay within governing laws with regard to contracts, employment laws etc. This means having solid policies and procedures in place to ensure financial transparency, appropriate legal checks and balances. It also means fully understanding the EF's bylaws and articles of incorporation so that the decisions made are consistent with the legal basis of the Environmental Fund, or a formal amendment is made.

Within the U.S., a legal threshold for nonprofit boards is to ensure “due diligence”, a term that can be useful for funds globally. Due Diligence can be summarized as ensuring that:

1. Boards take **REASONABLE CARE** when making decisions;
2. Boards act in the **BEST INTEREST** of the Environmental Fund;

3. Boards act in accordance with the Environmental Fund’s MISSION; and
4. Board members stand aside when there is a CONFLICT OF INTEREST

Board members are ultimately responsible for ensuring that this basic level of diligence be met! On the latter point, if board members sense a conflict – or a vote could be potentially perceived as self-serving and thereby reflect badly on the Fund, formally ensure that board members recuse themselves! This applies to any issue where a vote could benefit a board or staff member, their company, a family member, a close friend, or even another nonprofit that they are closely tied to. When the issue comes to a vote, board members must formally recuse themselves. Make sure the Secretary captures the abstention from voting on that issue. In some situations, the Board or staff person should leave the room for the discussion if there is an obvious conflict.

To ensure the board is meeting its legal obligations, think about the types of questions the board should have clear answers to:

ENSURE LEGAL ACCOUNTABILITY

1. Boards take REASONABLE CARE when making decisions for the Environmental Fund:
 - Do we have appropriate financial controls to ensure funds are applied to our mission?
 - Do we have clear policies and procedures that are in compliance with the law?
 - Do Committee recommendations get reviewed by the full board so that there are no surprises?
 - Do we need to update our bylaws?
2. Boards act in the BEST INTEREST of the Environmental Fund:
 - Can we be totally transparent about our funding and expenses?
 - Have we thought through this issue enough or do we need more time/inputs?
 - Ask “what if” questions;
 - What is a “worst case scenario” – what do we do to avoid this?
3. Boards act in accordance with the Environmental Fund’s MISSION:
 - Are there any unreasonable expenditures that look unrelated to the mission?
 - Are we learning from the best case studies and ideas in our field?
 - Are we measuring the effectiveness of our programs?
4. Board members stand aside when there is a CONFLICT OF INTEREST:
 - Do we have a clear conflict of interest policy that all board and staff members sign?
 - Have all new board members been oriented as to what constitutes conflict of interest and “appearance” of conflict of interest?

D.2.2. Set policy and direction

The board has authority over, and accountability for, the Environmental Fund, and as such, sets the policy framework. The Board plans and ratifies the essence of what the Fund is and will be through:

- Mission Statements;
- Vision Statements;
- Strategic Plans;
- Fundraising Strategies
- Goals and Programs; and
- Annual Objectives.

The mechanics are covered in Strategic Planning for Environmental Funds as part of the RedLAC Capacity Building series⁴⁵. The role of the board in setting the direction of the organization is paramount. Think of it as the board determines “WHAT” the organization does – staff and volunteers figure out “HOW” to implement the vision.

⁴⁵ Carlos Quintela and Stephen Philips, Strategic Planning for Environmental Funds. RedLAC 2011.

The greatest proactive role the board can play is to provide the hard strategic thinking that ensures clear policy direction and insists on benchmarks and reviews, to measurably advance your mission.

In addition to planning, there are board policies and procedures that provide the framework for decision making in the organization. Policies and procedures are set for such things as cash management, check signing, lobbying limits, staff human resource benefits etc. All of these policies and procedures are put in place to protect the organization by ensuring legal compliance and providing clarity on the parameters in which decisions are made.

As policy setters, board members need to strategically think through appropriate policies and set the time aside for retreats or other meetings to plan successfully.

SET POLICY AND DIRECTION

1. Boards take REASONABLE CARE when making decisions for the Environmental Fund:
 - Come to meetings prepared – read the board packet, research the issue;
 - Be willing to challenge yourselves and others – try look at all sides of a decision;
 - Ask “what if” questions;
2. Boards act in the BEST INTEREST of the Environmental Fund:
 - Do we have the capacity to do this well?
 - Does this program advance our goals in a cost-effective manner?
 - Will this program build our capacity to take on larger programs next year?
 - Will this goal/program enhance our reputation or are we being too ambitious?
 - Will this publicity help get more donors actively engaged?
3. Boards act in accordance with the Environmental Fund’s MISSION:
 - Can we be successful pursuing this strategy?
 - Are we clear on the assumptions behind this program?
 - Are we measuring the right performance indicators so we can be sure we are on the right track and adapt as needed?
 - Is this going to make a measurable impact in achieving our goal?
 - How replicable is this model?
4. Board members stand aside when there is a CONFLICT OF INTEREST:
 - ⊗ Wow, my investment company could manage this trust fund – I’ll tell my partner at the bank to bid on it.
 - ⊗ It would be great if this board voted to do this project because it would help my brother’s tour company.

D.2.3. Ensure financial sustainability

Another area where boards make the meaningful difference in the success of the Environmental Fund is their engagement with the Executive Director and fundraising staff to ensure financial sustainability. There are two obvious ways to approach this challenge – both equally necessary:

- Raise funds for the Environmental Fund’s operations, programs, and endowments; and
- Manage investments well.

Environmental Funds can’t do either until they have set policy direction and approved programs. They have to define what they intend to do, what their needed budget is, and how they will spend it to ensure success.

D.2.3.1. Raise funds

While the Executive Director is charged with many fundraising tasks, the board sets the fundraising goals and ultimately plays a key role in the success of fundraising efforts. Environmental Funds that are successful in raising adequate funds take full advantage of board members personal giving, connections and strong reputation, and influence with other donors.

Board as a Whole

- Approves fundraising policy
- Reviews strategies and launches capital campaigns
- Enhances public standing of the organization.
- Ensures legal standing for charitable contributions
- Strives for multiple sources of funding

Individual Board Members in Funds

- Call and set up meetings with key donors
- Visit donors – accompany them on field trips etc.
- Build relationships with key government and NGO partners
- Support and Attend fundraising events
- Serve as a resource for the Director

Once the board has approved the EF strategic plan, it is time to budget probable costs. The result is a board-approved summary of the fundraising need that explains why the Environmental Fund needs - and MERITS – \$xxx for advancing its mission. An example could be:

The Environmental Fund of xxxx is securing an endowment of xxx which at a conservative disbursement rate of 5%/year will ensure ongoing operations support, covering 65% of projected expenses needed for the ... Park Service in the and National Parks. This fund will also support a biannual competitive call for proposals from local community organizations at the US\$. level.

The types of questions that the Global Conservation Fund, managed by Conservation International asks in their summary statement provide a good example of the summary strategic level that the board should be engaged in.⁴⁶

Once the gap between the program needs and current funding is clear, a Fundraising Strategy analyzes potential sources of funds and develops strategies for ensuring that a diverse array of funding comes to the nonprofit. Boards actively work to ensure that there is a diverse portfolio of funds – so that the Environmental Fund has many different streams of funding. This is key to maintaining EF autonomy and sustainability. According to the IUCN⁴⁷, financial sustainability is to build a diverse financing portfolio, beyond traditional mechanisms and including multiple EF funding sources. The Board also looks to the long-term sustainability of the organization's programs – are there earned income opportunities, endowment possibilities, annual membership benefits, etc. that can provide greater stability and longer-term security so that revenue is not solely dependent upon short-term grants? See Annex 1: Funding Prospects.

⁴⁶ http://www.conservation.org/sites/gcf/Documents/gcf_ltf_checklist.pdf

⁴⁷ Emerton, Lucy et al "Sustainable Financing of Protected Areas: a Global Review of Challenges and Options", 2006 (IUCN publications)

STEERING COMMITTEE FUNDRAISING ISSUES:

During the start-up phase, some environmental funds are set up as a program or as part of another organization. Raising funds as a program of another organization requires substantial coordination. An agreement with your host is needed to determine:

- What financial obligations do you have to the host and vice versa?
 - How you use each other's logos and identities in meeting with donors?
 - Which donors can you approach? – (e.g. it is probably not a good idea to poach your host's membership list without asking).
-

Make the time and energy board members put into fundraising count!

RAISE FUNDS

1. Boards take REASONABLE CARE when making decisions for the Environmental Fund:
 - If the money looks too easy be careful – a large number of nonprofits have fallen for pyramid schemes!
 - They want us to deposit our money with them first “to prove match”. This is usually a red flag. 
 - If we accept funding from xxx corporation for mitigation, what type of public relations can they do using our logo?
 - If we are first in-country group to take on a REDD+ project, are we clear on the expenses of monitoring and reporting?
2. Boards act in the BEST INTEREST of the Environmental Fund:
 - Is this the best use of our limited volunteer time or is there another fundraising activity that might have better returns?
 - Do we have the capacity to do this well?
 - If we launch this earned income program have we done the business planning to indicate it will grow and provide an ever greater % of annual revenue?
 - Can we do everything we state in this proposal for the funding allocated?
 - Will this fundraising effort enhance or hurt our reputation?
3. Boards act in accordance with the Environmental Fund's MISSION:
 - Is this proposal advancing our mission or are we stretching too far to try fit into the donor's interests?
 - If we launch this earned income program – how much time and money will it cost – that could detract from our core work?
4. Board members stand aside when there is a CONFLICT OF INTEREST:
 - Can my company put in a bid to cater the special event we are hosting?
 - Can I go on the field trip with representatives from xx foundation meeting? I want to meet them to talk about my work on another board.

D.2.3.2. Manage nonprofit resources

Managing the Environmental Fund's money transparently and efficiently is another critical board role – often called the Board's Fiduciary Responsibility. The internal controls of the Environmental Fund should include the ability to provide regular financial reports to the board. Most common financial reports that should be regularly reviewed, and understood, by all board members, include:

- Financial reports (perhaps quarterly) – including internal cash flow projections
- Quarterly income tracking
- Annual statement of revenue and expenses
- Asset Allocation and Investment return

A great resource for EFs are the Conservation Trust Fund Investment Surveys⁴⁸ to provide a benchmark on effective investment strategies and how other Funds are doing. Boards also set into motion the actual process by which endowment, sinking, and revolving funds are invested, managed and expended. In cases where there are staff, they are usually allowed to sign checks up to \$xxx before needing a co-signature from a board member.

The issue of when the EF needs an external audit is also a board decision. In some cases the EF must have an external audit to receive foundation funds and it is always needed for bilateral or GEF donations.

The follow questions raise the types of issues the board needs to work through to prudently manage EF resources.

MANAGE ENVIRONMENTAL FUND RESOURCES

1. Boards take REASONABLE CARE when making decisions for the Environmental Fund:
 - Be clear about how much risk the EF can handle in its investment portfolio and how the portfolio will be allocated.
 - Set a realistic amount of money for 1 or 2 members (staff or board) to access for routine functions and set higher-level controls (at least 2 signatures) for larger amounts.
 - What internal bookkeeping and accounting systems are needed to keep us on track and ensure segregation of financial duties?
 - How is our investment portfolio performing and how can we improve?
 - Are we appropriately insured? (for offices, property, staff, Director & Officers insurance etc.)
 - Do we have a fixed assets inventory?
2. Boards act in the BEST INTEREST of the Environmental Fund:
 - Can we really afford that program?
 - Is there another way we could provide that service cheaper?
 - Do these reports look like we are developing a healthy reserve or are we showing signs of financial distress?
 - Is it time to update our investment policy or an audit?
 - Does our overhead rate cover our real costs?
3. Boards act in accordance with the Environmental Fund’s MISSION:
 - Is this the best use of our money for advancing this goal?
 - Are our assets effectively advancing our mission?
 - Are we being transparent and open so that our members and the public know how our funds are being spent?
4. Board members stand aside when there is a CONFLICT OF INTEREST:
 - ⊘ If the EF invests 50k in my company, I’ll pay it back at 15% within the year! (Even when it benefits the EF – the board member is a “disqualified person” for financial transactions).

D.2.4. Hire and support an executive director

While the Executive Director is usually the major public face of the organization, he or she does not take over board roles. Boards are responsible for asking all of the questions and reviewing all of the issues raised above. The Executive Director (and in some cases additional staff) are hired to actually implement the programs, manage the operations, and write the fundraising proposals.

As simplified earlier, the board figures out WHAT – the staff then figures out HOW and gets it done. Do these roles get messy? Of course they do! Strong Executive Directors express forceful views on “what” and often are

⁴⁸ Daniel Saccardi, Conservation Trust Fund Investment Survey, Wildlife Conservation Society, June 2008 - available on RedLAC web site.

charged with developing policies for board consideration. The board's job is still to review, ask questions, constructively debate and agree – or not – with the Executive Director's recommendations. The board sets the goals and direction for the organization, and should not be content with a role as "rubber stamps". Nor should board members veer into organizational management, which is the purview of staff.

Finally, choosing the right Executive Director and then providing them with the support and feedback needed, is a major Board responsibility. Boards design the job description for the Executive Director, support that person in their work, and review their performance. Just as with any other organization, the Board must provide clear direction, annual objectives, clarify expectations, and ensure an adequate compensation package. The Executive Director then writes the job description, sets the salary level, and sets annual objectives of the staff – in alignment with the board approved program priorities and budget! The Executive Director is critical leader of fundraising implementation and it is often the most important part of his/her job description!

HIRE AND SUPPORT AN EXECUTIVE DIRECTOR

- 1) Boards take REASONABLE CARE when making decisions for the EF:
 - What are our expectations of the Executive Director? How do we ensure that a clear job description is widely distributed to help us find great candidates?
 - Do we have a clear set of appropriate interview questions as well as clear criteria so we can effectively rank candidates?
 - Can we provide a positive working environment?
 - Do we have clear HR policies in place so the Executive Director can hire and manage staff?
 - Do we have a clear policy for ensuring adequate compensation and a way to terminate employment as "at will" employers for any reason.

- 2) Act in the BEST INTEREST of the NONPROFIT:
 - Have we adequately distinguished the board role from the Executive Director role so we can all collaborate easily?
 - Have we introduced the new Executive Director to our friends and important local, community and state leaders;
 - Have we a process in place to ensure that we are adequately supporting and giving constructive feedback to the Executive Director?

- 3) Act in accordance with the Environmental Fund's MISSION:
 - Can the Executive Director inspire people about our mission?
 - Is the Executive Director strengthening our relationships with critical partners and donors?
 - Are we an organization that follows up on our commitments?

- 4) Stand aside when there is a CONFLICT OF INTEREST:
 - Refrain from voting (and probably resign from the board) if a family member receives a paid position.
 - My sister works for this job candidates' husband.

D.3. Evolve the board

Boards, just like the organizations they serve, don't remain static. They evolve by growing together, working out issues, defining a culture and style that works, and developing trust and effective programs. Just like in our individual lives, boards mature with experience and trial and error. Many times, boards consciously choose to make changes in their behavior and structure. This can be done in any number of ways, such as:

- Decisions about changing the way (timeliness/ agenda) meetings are held;
- Adding new members to the board;
- Losing long-serving founding members to term limits or asking a member to resign;

- Hosting retreats or strategic energizing meetings to refocus;
- Getting trained or improving members' understanding of either governance issues or content issues for the EF;
- Doing a self-evaluation as a board to assess its effectiveness and opportunities for change; and
- Ensuring a diversity of sectors and organizational representatives.

It is most common to see greater reflection on board evolution following board self-assessment efforts, new Chair nominations, or major changes in a nonprofit organization (new staff, new strategic projects etc). Two critically important ways to strengthen the EF are through regular board self-assessment and through ongoing efforts to bring in new board members.

D.3.1. Recruit new board members

Common wisdom since the GEF evaluation of 1999 has been that board members should be chosen for their individual strengths and not as organizational representatives. "Individual representatives worked more effectively as a team to implement the fund's mission, while more formally representative boards tended to see their role as allocating resources among their various agencies or sectors". This can be difficult with government representatives on the board but also ensures longer term tenure and diminishes

turnover with every change in administration. As mentioned previously, some Funds such as the Mexican Fund for the Conservation of Nature (FMCN) include key government officials as ex officio board members, so as to benefit from their input without exposing the fund to undue political influence. Interestingly, an analysis of Board composition indicates that African Boards tend to have more individual affiliations vs. organizational representation.

All board members should have term limits (see bylaws) which restrict the number of terms any one member can serve. This helps ensure that founding boards move on, that individual board members do not get over taxed, and that the organization is truly serving a public good as other people are stepping up to support it. In addition many board members choose not to serve multiple terms due to personal changes, other interests or in some cases not being a good fit for the nonprofit. Finally, all nonprofits need new blood – new ideas – new energy – new connections – new skills. Ideally, board recruitment occurs annually so that there is a regular flow of new board members while still having the majority of board members to provide continuity and orient new members.

D.3.2. Give board members real work

Board members appreciate being asked to help support the EF's mission – but want the work they do to be meaningful. Don't waste their time!!! Engaged board members who know they are making a difference are far



© Mtianje Mountain Conservation Trust

more likely to assist with fundraising tasks in addition to other roles. One of the best ways to engage board members is through committee work – and one of the best ways to engage volunteers (who may be future board members) is also through service on a board committee. Most EFs have a few standing committees and then some ad hoc short-term committees for high priority tasks.

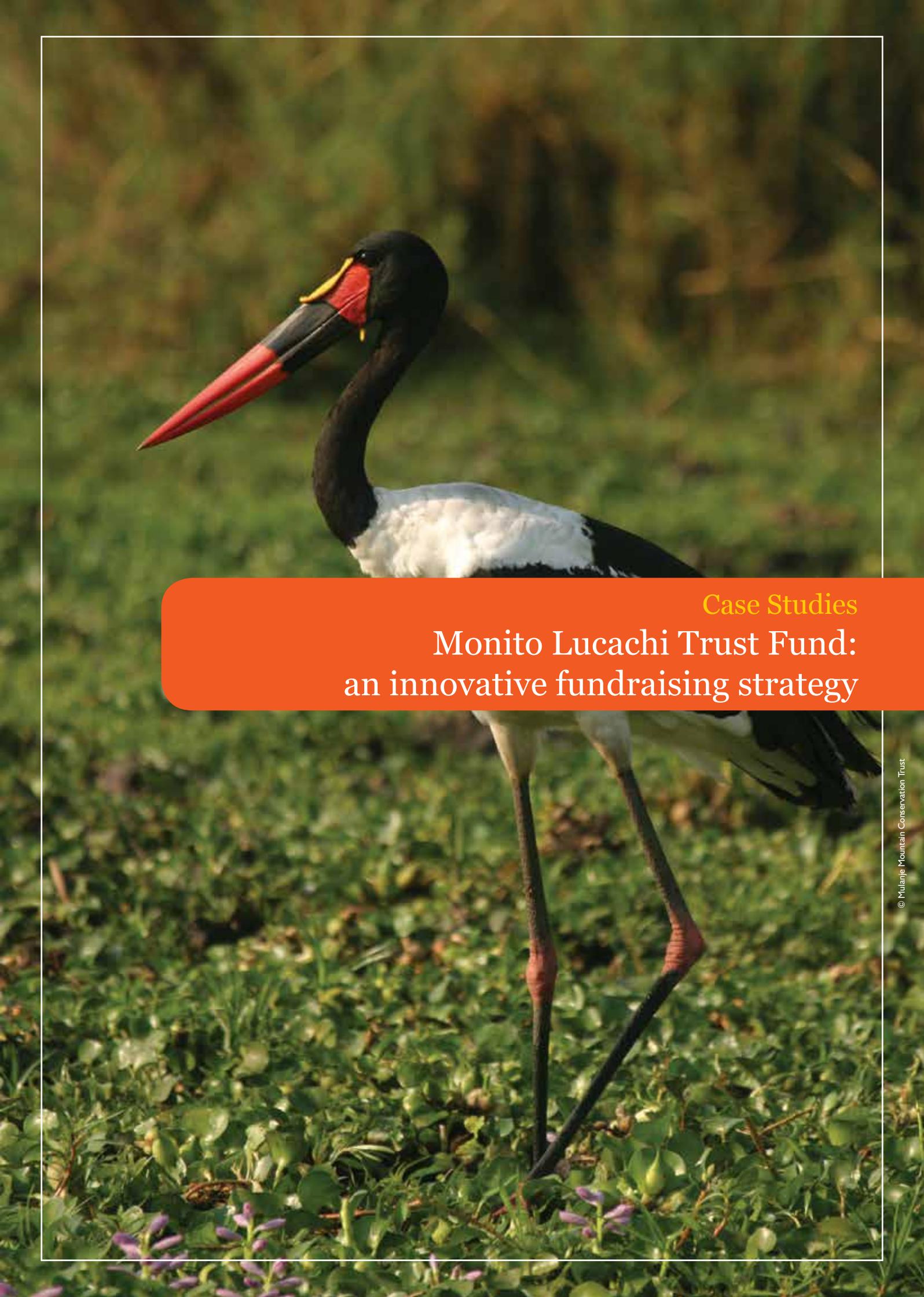
Written roles for each committee are highly recommended to provide focus and a clear program of work. It also helps board members know exactly what they are committing to. In the U.S. it is recommended that committees craft policy recommendations for full board approval. So, for example, a member who serves on the Audit Committee would prepare a recommendation on the need for an audit, identify qualified audit firms, set selection criteria, and bring it to the committee for a decision. Following committee approval, the recommendation would go to the full Board for debate and final approval/disapproval. This helps avoid poor judgment calls or even malfeasance as the full board approves all committee decisions.

Examples of standard standing committees used in many EFs include:

- Executive Committee:
- Finance Committee:
- Investment Committee:
- Audit Committee:
- Governance Committee which often includes a Nominations function.

Many EFs also have a Fundraising Committee. Joining the Fundraising Committee, does not make those board members solely responsible for Fundraising – rather for bringing recommendations to the full board on how to fundraise – the strategies that are most worth pursuing. This group can help brainstorm with the ED, educate the other board members on fundraising opportunities and generate the momentum needed to get out the door and get busy! Fundraising committees also often build on ad hoc committees that have no predetermined time frame but can include other board – and non board members – in special campaigns, big events, or other highly visible strategies where the full suite of EF supporters, past board members, founders etc. can be pulled into support roles. For example, Funbio has a “Consulting Council” which is made up of past board members and “friends” of Funbio. While it only meets once a year, it is an important group to bring up to speed, as they can communicate Funbio’s news, progress, and advances to critical partners and donors, as well as set up introductions, host parties etc.! Fundraising is all about Relationships and Good Work! If people know about the great work the EF does – they will be excited about introducing their key contacts!

Boards play a critical role in fundraising for Environmental Funds. The best fundraising combination is an active Executive Director who can rely on his/her Board for introductions, meetings, negotiations and strategic vision!



Case Studies

Monito Lucachi Trust Fund: an innovative fundraising strategy

Monito Lucachi - Endowment Fund

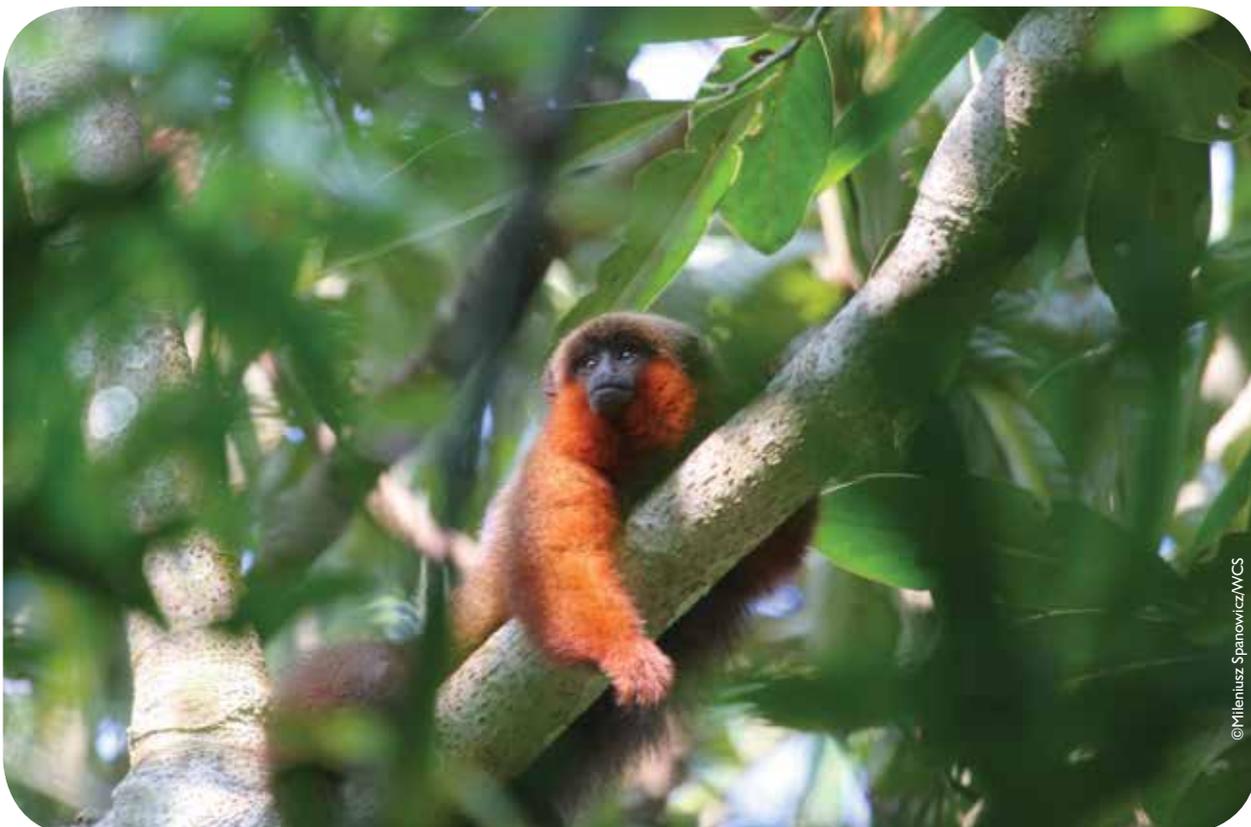
Key data:

- Source of funding: GoldenPalace.com (Online Casino)
- Amount raised: \$US 650.000.
- Purpose: Support protection activities inside Madidi National Park: Salaries of Park Rangers, Transport for the implementation of monitoring and protection programs and investment linked to protection and monitoring.
- Contract duration: The fund is set up to support Madidi National Park as long as it exists; in case the protected area ceases activities, the fund will support conservation activities in the monkey's habitat (region).
- Required counterpart: The process to set up all the conditions for the auction was financed by all the stakeholders involved in the initiative: Wildlife Conservation Society (WCS), The National Service of Protected Areas of Bolivia (SERNAP) and The Foundation for the Development of the National System of Protected Areas (FUNDESAP). Investments were made mainly on travelling, publicity and promotional material.
- Time of negotiation: Between WCS - SERNAP – FUNDESAP one month, the auction was held from February 24th to March 3rd, 2005.
- Type of resource: Endowment fund.

The process:

In 2004, PhD. Robert Wallace, MSc. Humberto Gómez, Annika Felton and Adam Felton researchers from Wildlife Conservation Society, scientifically described a new species of monkey inside Madidi National Park. This major event for science was a great opportunity to make noticeable the conservation activity developed in Bolivia and its contribution to the world.

Thanks to the effort of the researchers, and their willingness to give up their right to scientifically name the specie, the National Service of Protected Areas (governmental authority in charge of protected areas) and the Foundation for the Development of the National System of Protected Areas – FUNDESAP, in alliance with Wildlife Conservation Society subscribed an agreement with the purpose of contributing to the conservation of this species, new to science. The idea was to establish an endowment fund with resources from a donor highly committed with conservation through an auction held at an international level. In order to raise interest from potential donors, the incentive was to have an exclusive opportunity to baptize this new species.



WCS – SERNAP – FUNDESNAIP made efforts to promote the initiative; successfully the news spread across South Africa to India and Australia, from Argentina to Canada, and from Germany to Japan. The news was presented at CNN and the BBC, published by the New York Times and spread across Bolivia.

Before the auction, Charityfolks (website in charge of the auction, contacted by WCS) made a general survey to determine who might be interested in participating; results showed that there was a wide public attracted to the idea, nonetheless by the time the auction was held the world was focused on helping the victims of the Tsunami that stroked Indonesia in December 2004.

The auction was held on line, between February 24th and March 3th of 2005, at the website www.charityfolks.com, entity specialized in this kind of activities. For a better understanding of the species a description of the monkey was prepared, indicating that a characteristic of the monkey is a golden crest on the head, which was a key aspect that motivated GoldenPalace.com to bid for the name.

The auction had more than 600 hits and the amount raised eventually was \$US 650.000, paid by the Internet Casino GoldenPalace.com. This amount is considered a seed fund of the endowment fund that is managed by FUNDESNAIP, for guaranteeing basic conservation activities of Madidi National Park, the natural habitat of the species new to science which has been baptized with the scientific name *Callicebus aureipalatti*.

- **Factors of success**

From the beginning of the process, the governmental institution in charge of protected areas in Bolivia and other key stakeholders were involved in order to keep the initiative transparent.

After the agreement was signed between WCS – SERNAP – FUNDESNAIP a strong promotion process was implemented at a national and international level (through the press, Internet, television).

One of the key aspects was to make the whole process transparent, during the establishment of the mechanism, the auction and, most importantly, the management of the fund.

Public policy in Bolivia was open to this kind of initiative during the process and a previous legal analysis was made in order to determine the legality of the procedure.

The reputation of the researchers in the process of identifying a locally known species as new to science was also important.

The image of Wildlife Conservation Society as a well known international entity helped to promote the process at an international level.

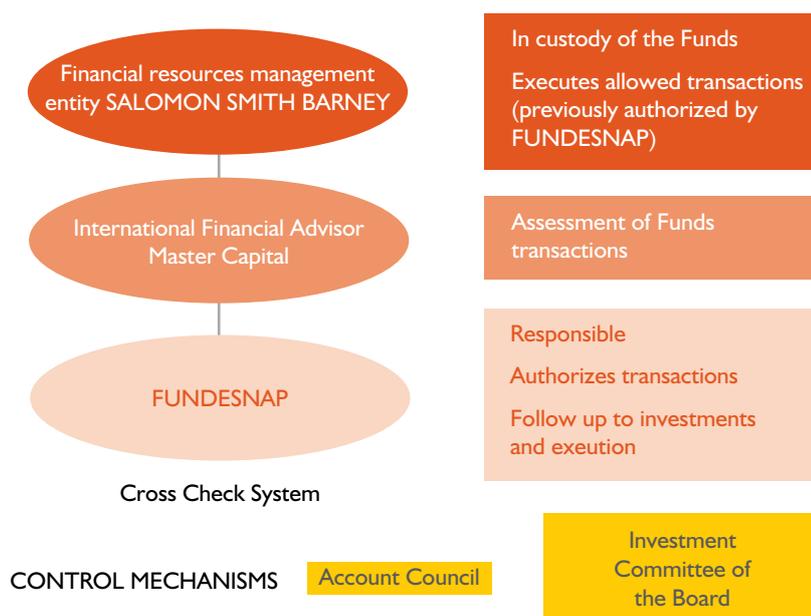
FUNDESNAIP as an institution acknowledged by private and public stakeholders and with the required experience to design and be in charge of this new Fund.

FUNDESNAIP is also known for the development of financial mechanisms and the transparent management of resources for protected areas.

- **Governance and monitoring**

FUNDESNAIP holds an information mechanism for donors that includes technical and financial reports, annual auditing and an annual presentation to WCS and SERNAP regarding the operation of the fund.

Management Structure



- **Other conditions**

The committee WCS – SERNAP – FUNDESNAPE established that they could object the name if it turned out to be harmful to the species or the reputation of any of the stakeholders involved.

After the auction GoldenPalace.com decided not to take part in the council of the fund. The only recommendation made by GoldenPalace was to support the conservation of the species.

- **Lessons learned**

This experience made it possible to show to the National Service of Protected Areas (SERNAP) that there are opportunities for establishing innovative financial mechanisms for conservation purposes.

It is of great importance to manage publicity in a fair way in order to acknowledge all the stakeholders involved in the process. In this case communication efforts were coordinated between FUNDESNAPE, SERNAP and WCS researchers.

The Fund is considered a seed fund; therefore FUNDESNAPE is working in a fundraising campaign to increase present endowment.

- **Challenges faced**

Convincing researchers and other entities that fundraising through these kinds of mechanisms that involve a specie is not harmful to the specie itself, that it does not go against scientific ethics, but in benefit of the species and its conservation.

After the fund was established, several attempts were made to increase the endowment, but the new political and institutional situation at the government level was not adequate to promote the initiative at a national level. Recently (by the end of 2010), conditions are given, and FUNDESNAPE has begun a new Fundraising Campaign to increase the endowment of Monito Lucachi.

Case Studies

Fundraising strategies at the Kenya Wildlife Service Fund

About the Kenya Wildlife Service Fund (Endowment Fund)

The Kenya Wildlife Service Fund is an endowment fund dedicated to wildlife—our national pride and the world's heritage. It's created through an Act of Parliament under the Wildlife Conservation Management Act. The fund came into operation towards the end of 2009.

Why an Endowment Fund?

The Kenya Wildlife Service Fund is designed to provide reliable, consistent funding, despite fluctuating tourist income, shifting politics, or the vagaries of international economics. By definition, the principal of an endowment fund cannot be touched; only interest and other income may be tapped. Therefore the fund will be able to support wildlife and community conservation efforts generation after generation

Fund Target

The endowment fund's goal is to raise KSh 100 billion (US \$ 100million), amassed over a decade. At an assumed interest rate of 10 percent a year, KSh 10 billion (about \$13 million) will then be available per year. That sum is but a fraction of the cost of countrywide conservation today—but will still be invaluable, particularly when tourism dips.

How is the Fund managed?

A Board of Trustees—internationally recognized experts in conservation and finance—invests and manages the endowment fund. The Board is appointed for a three-year term with no benefits and ranges from nine to thirteen Trustees. The Board includes the Chairman and Director of KWS. All other Trustees are independent of KWS and the Government of Kenya. Trustees are personally and collectively responsible and liable for the Fund.

Who may contribute to the Endowment Fund?

Everyone! Funders include visitors, foundations, the Government of Kenya, multilateral and bilateral assistance, corporations, and concerned citizens in Kenya and around the world.

How much has been raised:

A total of US \$ 839,477 has been raised internally, corporate, staff and individuals. Negotiations on going for a total of US \$ 4.6 million from development partners expected to be completed by June 2012. The tables below break down these fundraising figures:

COMMITTED FUNDS		
Details	Amount Kshs.	Amount US \$
Kenya Wildlife Service / GoK	60,000,000	705,882
Cycle with the Rhino	2,896,750	34,079
Hells Gate on a Wheelbarrow	1,800,000	21,176
KLM Royal Dutch	380,000	4,471
Dr. Scott Rogers	12,500	147
KWS Staff	1,074,000	12,635
Community and Wildlife Service Division	1,900,000	22,353
Honorary Wardens & Groups - Coast Conservation	1,235,000	14,529
Regine Hess- German Embassy Nairobi	30,000	353
Animal Adoption	2,026,676	23,843
TOTAL	71,354,926	839,470

Proposals under Negotiation		
Details	Amount Kshs.	Amount US \$
French Development Agency & FFEM	150,000,000	2,000,000
Government of Kenya – Ministry of Finance	200,000,000	2,666,667
TOTAL	350,000,000	4,666,667

How do we raise the funds:

- Set up an Online donation system under testing with I&M Bank in Kenya on our Website
- Launched the Animal Adoption Programme that has seen celebrities adopting our wildlife and paying for their upkeep. The funds are shared 50% going to the fund and the rest for recurrent expenditure.
- Set up a reward programme for sponsors and supporters, where they can also buy merchandise from shops with a small contribution going to the fund.
- Set up annual fundraising events “To Hells Gate on a Wheelbarrow” and “Cycle with the Rhino” and Boat Race with proceeds going to the fund
- Partnering with air lines beginning with Virgin Atlantic for free tickets for international fundraising in their destination routes.

Case Studies

Flexible fundraising: the Funbio Partnership Funds Program

The Partnership Funds Program is considered an important fundraising instrument in Funbio's history, having raised approximately USD 6,3 million from partner institutions. It is such an important instrument because it was a way to identify institutions keen to invest in conservation projects and also to leverage additional resources using Funbio's limited resources.

This program allowed Funbio to achieve its counterpart funding target of a minimum of 5 million in its first five years of existence, a condition in the contract with the GEF that created Funbio with a USD 20 million grant. It was one of the conditions for Funbio to receive the second disbursement from the GEF, of about 10 million, to finance other conservation projects but also to ensure its institutional maintenance.

The Partnership Funds mechanism was aimed at partnering with organizations that had conservation projects aligned with Funbio strategic objectives (the CBD objectives), and that could invest at least USD 250 thousand, covering a minimum of 50% of the project.

- **Source of funding and counterparts**

The funding came from diverse partner institutions. The partnerships could be established with one single entity or a consortium, and these partners could be foundations, private or non-profit institutions and private or public financial mechanisms, national or international.

The Partnership Funds were signed by Funbio with more than 10 institutions, such as the private companies Minas Gerais Energy Company (CEMIG), Klabin Forestry Products-Paraná (KPPF) and the National Steelwork Company Foundation, the Federal University of Minas Gerais (UFMG), the NGOs Institute of Ecological Research (IPÊ), Advisory Services for Projects in Alternative Agriculture (AS-PTA), Paraná Central-West Region Rural Economic Development Foundation (RURECO), Caatinga Association, and Earth Institute (InstitutoTerra), the national company for tourism (EMBRATUR), Ford Foundation, among others.

- **Amount raised**

The total amount raised for all projects totaled USD 6.3 million from the partner institutions.

- **Purpose**

The Partnership Funds program objective was to stimulate the establishment of financial funds between Funbio and partner institutions to support projects for biodiversity conservation and sustainable use of natural resources.

The main thematic areas supported by this program were conservation, agroecology and non-timber forest resource management. The funded projects included researches and actions such as the development of management plans, implementation of municipal agroecological programs, setting up regional and municipal seeds networks, development of storage systems for agricultural products, seed processing, incentives to expand ecological methods and production of herbal medicines, among other activities.

- **Contract duration**

The contracts signed had a maximum duration of four years. The last project contract was finalized in 2008.

- **Other conditions**

Each partnership proposal was evaluated and negotiated according to the following criteria:

- Affinity between the values and objectives of Funbio and partner institution, within the limits of the partnership fund
- The perspective of a long term relationship among the parties
- The projects to be supported should cover the thematic area of sustainable use of genetic and biological resources and represent a significant impact to biodiversity conservation.

- **Time of negotiation**

The program launched a call for proposals to select the Partnership Funds in 1998 and received proposals until the end of 2002. Each proposal had to be presented according to a project proposal format, but this documentation was only the starting point of a process of negotiation. More than 70 proposals were analyzed and negotiated, from which 13 turned to be Partnership Funds.

- **Factors of success**

Some factors considered essential for the success of the Partnership Funds are:

- Flexibility in terms of possible partnering institutions
- Wide thematic range allowing diverse types of projects
- The Funds were administered by Funbio, in a way the partner institutions' resources were invested before Funbio's resources, allowing Funbio to keep its resources invested for a longer period generating earnings, which were invested in the projects.

- **Type of resource**

The resources raised through the Partnership Funds were sinking resources, dedicated to specific projects with a determined timeline. All projects implemented together with Funbio are finalized.

- **Governance and monitoring**

The partnership proposals were considered by Funbio's Board. If the proposal was considered appropriate, a working group would be formed with representatives from Funbio and the partner institution and the terms and conditions for a partnership fund would be discussed and detailed. With the approval of the governing authority of each partnering institution, a legal contract would be signed. The monitoring of the projects was coordinated by Funbio.

Case Studies

Fundraising at EAMCEF: a case of bilateral agreement

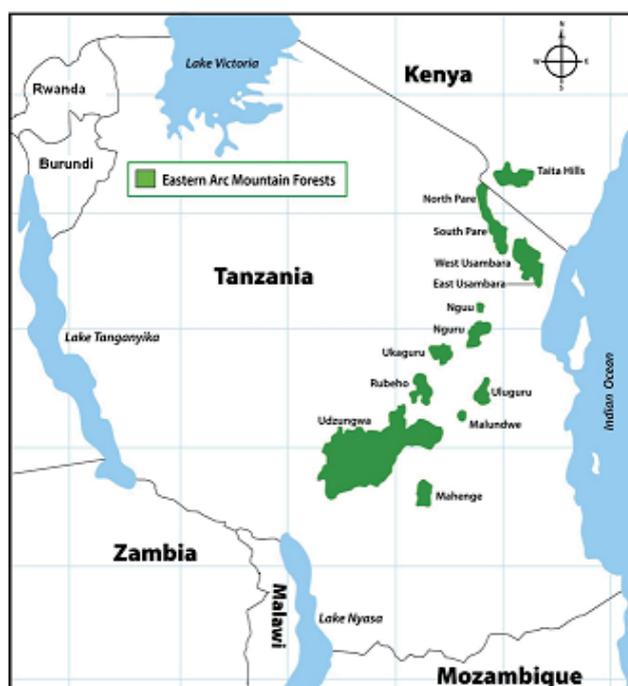
Background

The Eastern Arc Mountains Conservation Endowment Fund (EAMCEF) is a Trust Fund that was established as a mechanism to provide long-term and reliable funding support for Community Development, Biodiversity Conservation and Applied Research Projects, which promote the biological diversity, ecological functions and sustainable use of natural resources in the Eastern Arc Mountains of Tanzania.

The Eastern Arc Mountains are recognized globally as one of the 34 biodiversity hotspots characterized by high concentrations of endemic species now under serious threat and cover an area of about 5,350 km². Locally the mountains are tremendously important as they supply water to more than 25% of Tanzanians and contribute to more than 60% of electricity production in the country.

EAMCEF was founded in 2001 through joint initiatives of the Government of the United Republic of Tanzania, the Board of Trustees (BOT), the World Bank (WB) and the Global Environment Facility (GEF).

Location Of The Eastern Arc Mountains



Fundraising

Like other conservation funds, EAMCEF undertakes fundraising activities so as to meet its conservation objectives. The case described here therefore explains on the process the Fund embarked on to solicit and secure a financial support from the Royal Government of Norway.

Project Title: *Improving Conservation of the Eastern Arc Mountains Forests of Tanzania*

Source of Funding: The Royal Government of Norway through its Embassy in Dar Es Salaam, Tanzania.

Type of resources: Project funding

Amount committed: US\$ 5,947,700.00

Budget Summary						
Year	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Amount (US\$)	1,548,980.00	1,037,510.00	1,057,500.00	1,062,850.00	1,240,850.00	5,947,690.00
Percent (%)	26.05	17.44	17.78	17.87	20.86	100.00

Purpose of the funding: Sustainability is the main purpose for the funding support from the Royal Government of Norway as it aims at putting in place a sustainable funding mechanism for biodiversity conservation in the Eastern Arc Mountains of Tanzania. By funding the activities and operations of EAMCEF, it will allow to re-invest all incomes earned from the US\$ 7.5 million EAMCEF capital investment acquired from the GEF in 2006. With no withdrawals over the next 5 years of complete project funding and assuming an average annual income rate of 7.5%, the capital investment should grow to around US\$ 12 million by the end of the Norwegian support. Assuming a minimum rate of return of 5%, the US\$ 12 million capital will be capable of earning at least US\$ 600,000.00 per annum which should be sufficient enough to sustain the EAMCEF operations and field activities at a modest level. The Norwegian funded project also carries a significant component on fundraising activities that will help to attract more funding from other sources.

Contract Duration

The funding is for 5 years, from June 2011 to May 2016.

Required Counterpart:

No counterpart funding is required from EAMCEF for implementing the project. The Norwegian funding covers all the operational expenses and all field costs for project activities. The capital investment that will remain invested throughout the project period serves as the main counterpart funding from EAMCEF. Use of the EAMCEF offices for the activities of the project is also regarded as counterpart contribution by the EAMCEF. The expenses for planning, development and review of the project proposal were all paid for by EAMCEF and its other partners (WWF/CEPF).

Other conditions given by the donor:

- From time to time, the donor shall make available to EAMCEF and subcontracted partners financial management advisory services.
- Upon completion of the project, any unutilized funds exceeding NOK 1000 including accrued interests shall be returned to the donor.
- Funds made available are not used in violation of relevant UN conventions and resolutions of the UN Security Council.
- EAMCEF prepares and submits on time Annual Financial Statements, Annual Budgets and Workplans, Semi-Annual and Annual Progress Reports, Organization Annual Reports, Annual Audited Accounts and the Final Report for the whole project period.

Time of Negotiation:

It took more than two years from conceptualization to the contract signing i.e. January 2009 to May 2011. The process started by informal discussions between the EAMCEF Executive Director and the Counsellor (Natural Resources/Climate Change) at the Royal Norwegian Embassy followed by formal meetings at the Embassy; concept development; writing and submitting full project proposal; review and appraising the proposal and lastly contract signing and actual funding.

Factors for Success:

The success of EAMCEF to secure funding from the Royal Government of Norway was contributed by many factors including the following:

- Global and local importance of the target area (the Eastern Arc Mountains) in terms of biodiversity richness, carbon storage, watershed, economy, livelihoods of the local communities and mitigation to climate change.
- Good reputation, good governance, transparency, commitment and experience of the Eastern Arc Mountains Conservation Endowment Fund in managing conservation finance and donor funds.
- Excellent field performance and excellent financial management during the first phase of EAMCEF under the World Bank/ GOT support
- Sufficient institutional capacity and adequate operational arrangement for running and receiving donor funds and disbursing funds to NGOs, CBOs, Government institutions, local authorities, academic/research institutions, etc.
- The trust put on EAMCEF by the Government of the United Republic of Tanzania. EAMCEF was initiated through initiatives by the government of Tanzania and still receives support from the Government.
- EAMCEF is an autonomous not-for-profit Non-Governmental Organization (NGO) and there is no interference from the Government on the management of grant funds.
- EAMCEF addresses the need for a long-term, reliable and sustainable funding for conservation of a critical ecosystem which is an important carbon sink that is endowed with unique biodiversity and exceptional catchment values

- EAMCEF has already built the necessary capacity and gained enormous experience over the past 7 years in receiving, managing and disbursing donor funds to beneficiaries and providing oversight control on its use.
- EAMCEF was in dire need of financial support to cover an interim period that would allow for recovery and further growth of its capital investment to generate sufficient income for realistic future withdrawals

Governance and Monitoring of the Fund:

Whereas the Board of Trustees (BOT) provides for policy guidance, decision making and oversight control over the EAMCEF activities and operations, the Endowment Fund Secretariat (headed by an Executive Director) undertakes the day to day business of the EAMCEF. Donors are not members to the BOT.

EAMCEF has a very rigorous monitoring system of the funds whereby the beneficiaries/grantees are given funds based on performance. Funds are disbursed in three tranches. Only the first tranche funds are issued upon signing of the project agreement. The rest are disbursed after submission of satisfactory progress reports followed by physical verification of the activities undertaken on the ground by the EAMCEF field officers. The donor (Norway) is not part of the project implementation team but monitors the funds through financial statements, progress reports, field visits, performance evaluations and annual meetings. Auditing of the funds and the actual implementation of the activities is as well undertaken to ensure that the funds are only spent for the planned activities.



Her Excellence Ms Ingunn Klepvik, the Ambassador of Norway and Mr. Francis Sabuni, the Executive Director of EAMCEF, signs the Contract for the grant on 20th May, 2011 at the Embassy grounds in Dar Es Salaam, Tanzania.

Case Studies

Paracas National Reserve:
fundraising with the private sector

Source:

Pluspetrol Peru Corporation S. A. (Pluspetrol) is a Latin American corporation that develops gas and oil reservoirs. It has a presence in Latin America and Africa (primarily Angola), and is presently the largest gas producer in Peru.

Pluspetrol obtained a license from the Peruvian State to operate in the gas reservoir known as Camisea (one of the largest gas reserves in South America). This reservoir is located in Peru's central Amazon region and is connected to its coastal region via two gas pipelines that are nearly 1000 km long. From Camisea, the gas flows to a gas liquids fractioning plant that is located within the buffer zone of the Reserva Nacional de Paracas (RNP), a coastal-marine protected area (PA).

Amounts:

The Pluspetrol donation is for a total of US\$ 7.0 million, US\$ 1.0 million of which has already been disbursed in four annual quotas of US\$ 250 thousand each to fund the RNP's basic administrative costs. The remaining US\$ 6.0 million have been allocated to establishing an endowment fund.

In order to better structure the investment portfolio, PROFONANPE and PLUSPETROL have agreed on a disbursements schedule to cover a ten-year period, as follows:

US\$ 3.0 million in 2008

US\$ 2.0 million in 2013

US\$ 1.0 million in 2018

Agreement Period:

40 years, renewable via agreement by both parties.

Purpose:

To contribute to the long-term financial sustainability of the RNP and its buffer zone, in accordance with the continental and marine biodiversity conservation goals and objectives contained in the reserve's five-year strategic plans.

Intervention Area:

The Reserva Nacional de Paracas (RNP).



Peru's Protected Areas (PAs) and Project Location



The Reserva Nacional de Paracas (RNP)



Significance:

The RNP's flora and fauna have special features, including Peruvian coastal desert plant communities, diverse fauna, and numerous threatened and endangered species. Because of its location, the Paracas Sea is a highly productive area, due to the cold water of the Humboldt Current. It has coastal habitats that provide large feeding and breeding areas for numerous species, thereby favoring the establishment of communities in various biotopes. Some of the main habitats are:

- Coastal waters, with a rich variety of marine flora, because its water currents favor the presence of plankton, phytoplankton and algae. Studies done show a range of over 200 marine algae. It is also rich in an immense variety of marine invertebrates and mammals such as seals, dolphins and marine otters.
- Cliffs and ravines, which are very steep, rocky formations (sanctuaries and nesting places for birds).
- Rocky and sandy banks, which have highly diverse marine invertebrates, with a large concentration of birds such as grey gulls, Inca terns, red knots, common pelicans, blackish oyster-catcher, Andean condor, Humboldt penguins, flamingos, etc.
- Coastal plains, with a flat to gently rolling physiography.
- Continental elevations, made up of hills and small mountains.

Process:

1. Pluspetrol obtained the Camisea contract, which contemplates two major activities: natural gas extraction at the reservoir, and natural gas liquids fractioning on the coast. Two gas pipelines transport gas liquids, and one goes to the fractioning plant located in the RNP buffer zone.
2. In July 2003, the Ministry of Energy and Mines approved the environmental impact assessment for both the Fractioning Plant and Loading Facilities, and some 5 km of underwater piping to supply tanker ships.
3. The environmental impact assessment for the fractioning plant contemplated commitments that the company was obliged to accept, to implement programs and projects related with pollution reduction in the Paracas Bay and sustainable development in its area of influence. To date, these commitments have reached a total of US\$ 23.7 million.
4. In late 2003, following a long process of negotiations between the then Instituto Nacional de Recursos Naturales (now Servicio Nacional de Áreas Naturales Protegidas or SERNANP), Profonampe and Pluspetrol, the three decided to establish a socio-environmental fund for managing the RNP.
5. In September 2004, Pluspetrol and SERNANP finally signed an "Inter-institutional Cooperation Agreement" (Convenio de Cooperación Interinstitucional) to set up the RNP management fund.
6. In September of that same year, Pluspetrol, Profonampe and SERNANP signed a tripartite agreement for fund administration. The eligible activities were established as follows:



- Implementing the RNP Master Plan
 - Scientific research activities
 - Community environmental education activities within the scope of the RNP
 - Developing the means to disseminate RNP attractions and activities on a national and international level
 - Investments in equipment and infrastructure.
7. The initial disbursements (US\$ 1.0 million) were made between 2004 and 2008, and the first contribution to create the endowment fund (US\$ 3.0 million) was made in 2009.

Mechanism:

The investment portfolio established with the Pluspetrol contribution is an endowment, which means that only the annual financial yields will be used to fund the RNP activities and projects.

Profonanpe and Pluspetrol selected the asset manager (a local financial entity), whose operations are to follow the investment guidelines agreed upon by PROFONANPE, Pluspetrol and SERNANP.

Described below are the current portfolio investment guidelines.

Investment Guidelines

Overall Investment Guidelines

Type of Instrument	Minimum Limit	Objective	Maximum Limit
Fixed Interest	65%	75%	85%
Fixed Interest - US		37.5%	
Emerging Markets		37.5%	
Variable Interest	10%	20%	30%
USA		8%	
Developed Markets		6%	
Emerging Markets		6%	
Alternative Interest	0%	5%	10%
Commodities (100% gold)		5%	

Monitoring and Control:

The maximum decision-making and supervision body for the Paracas Fund is the Administrative Board (Junta de Administración – JA), made up of three members:

- Head of the SERNANP
- One representative of the Profonanpe Board of Directors
- The General Manager of Pluspetrol
- The Profonanpe Executive Director, to serve as the Technical Secretary.

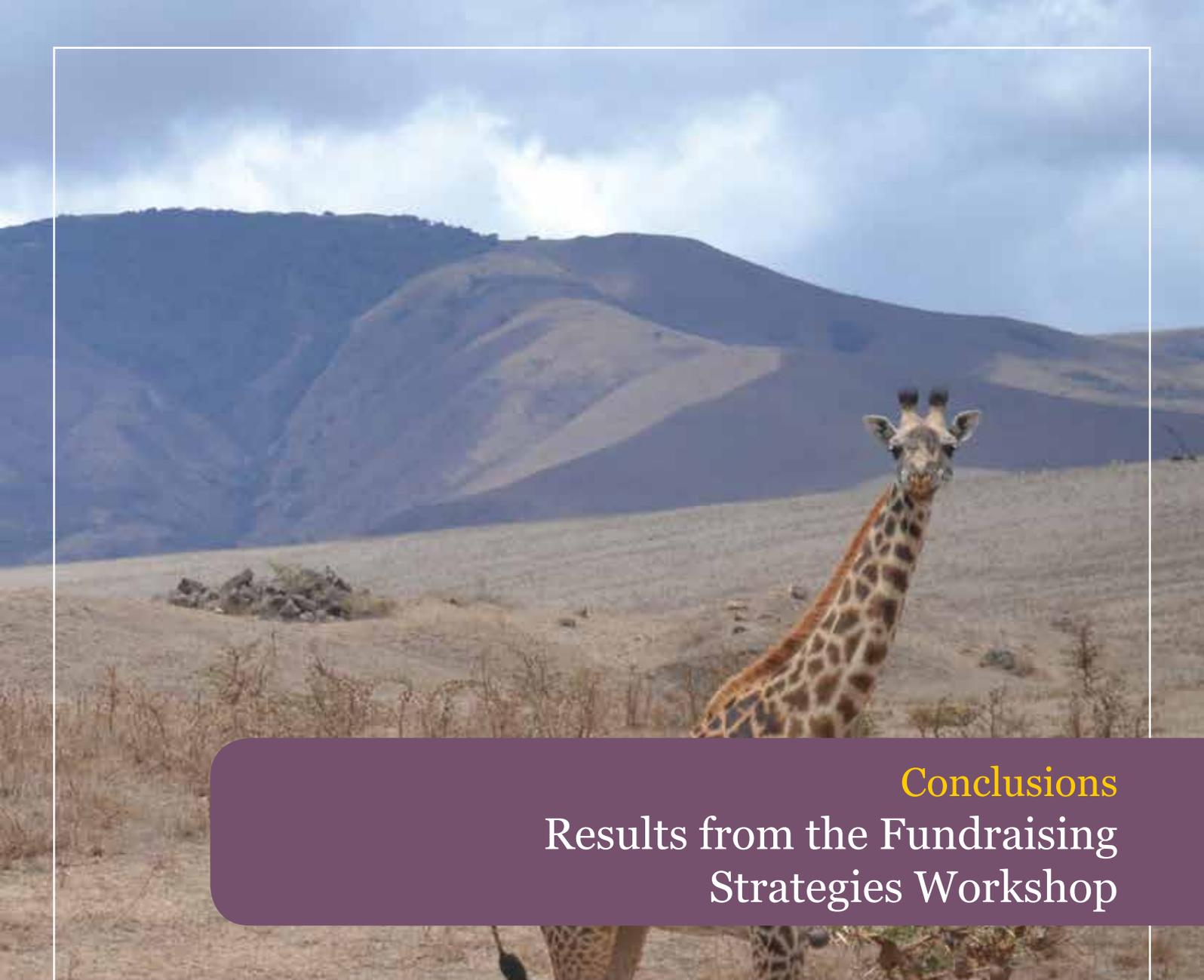
The primary duties of the Administrative Board include:

- To oversee the management and correct use of the Paracas Fund's resources;
- To approve the Yearly Work Plans and Procurement Plans to be implemented using the fund; and
- To receive and respond to all related auditors' and technical reports.

Success Factors:

- From the viewpoint of Profonanpe: to be in the right place at the right time. That is, to have reliable, first-hand information; to maintain the ability to discuss and interact with the national authority for protected areas; to have multi-disciplinary technical teams offering technical assistance to the national authority; to apply negotiation strategies based on institutional experience; to measure correctly the risks of the operation and identify measures to mitigate them; to manage systematically any reputational risks to Profonanpe and/or the national authority; and to apply effective communication strategies to make transparent all negotiation processes and agreements reached.
- From the viewpoint of the national authority: the capability of SERNANP directors to orchestrate an alternative that will benefit the RNP.
- From the viewpoint of Pluspetrol: concrete implementation of its social and environmental responsibility policy and its “good neighbor” policy.
- The contract model clearly establishes the voluntary nature of Pluspetrol’s financial contribution, and therefore makes explicit that this contribution is not part of the company’s contractual obligations towards the Peruvian State, particularly with regard to any future environmental damages.
- The tripartite contractual model has been replicated in other areas where there are corporations that extract natural resources and that have voluntarily turned to Profonanpe to manage funds supporting protected area conservation.
- On-going supervision – through the Administrative Board – of all activities planned under this fund.





Conclusions

Results from the Fundraising Strategies Workshop

This final chapter focuses on the major discussions and points raised by the participants during the Fundraising Strategies for Environmental Funds Workshop in Dar es Salaam, Tanzania from September 27-28, 2011.

PREPARING FOR THE WORKSHOP

Participants were asked to prepare for the workshop by responding to a survey and reading the first 4 chapters of this Guide. The African Environmental Funds responded to the survey by providing responses to 3 levels of inquiry. Key responses which influenced the design of the workshop include:

1. What is the current status of your fund?

- Most funds operate with just over US\$100,000 of annual operating expenses;
- The largest gift that Funds have received varied between US\$200,000 and \$18,000,000
- The amount of money being invested in environmental and sustainable livelihood programs varies between US\$75,000 and \$850,000 per year
- African EFs have an average of 4.7 staff members.

2. What is the capacity of your EF? Responses are in a 1-5 (low to high) range

2.a. Planning

- Most African EFs do not have strategic plans in place (2.3 average)
- The majority of African EFs do not have formal fundraising strategies (2.1 ave)
- A slight majority of African EFs have plans for securing operational funds (3.1 ave)

2.b. Partnering

- The majority of African EFs are very well aligned with national priorities and government objectives (4.2 average);
- Most African EFs engage Board members and partners in fundraising (3.7 ave).

2.c. Relationship Building

- Some African EFs are able to articulate a direct link between donor funds and a clear impact (2.9 ave).
- Few African EFs have a clear point person responsible for donor prospect relationship building (2.0 ave)
- Very few African EFs have experience/expertise in Offsets or Payments for Ecosystem Services (1.8 ave)

3. Funding Prospects

When asked which types of donors they want to focus on the EFs prioritized:

- a) Bilaterals
- b) Private Funds (particularly Foundations and BINGOs)
- c) A tie between Corporations and Multilaterals

Based on this input, we focused workshop time on these donor prospects.

WORKSHOP DISCUSSION AND LEARNING

Following a warm welcome from Mr. Francis Sabuni, our host from EAMCEF, we opened with a discussion of anticipated outcomes of the Fundraising Strategy Workshop:

1. Align EF capacity and donor interest;
2. Assess the costs of fundraising as well as the benefits; and
3. Prioritize funding prospects and consider key points.

Elevator speeches

The first exercise was designed for all participants to introduce themselves by providing an “elevator speech” that addressed: Why does my EF merit funding? or alternatively How does my EF ensure that the donors reach their investment goals?

Each EF provided a brief response to this question. While all the responses were captured, further analysis divided answers into the following three types of descriptive responses:

Institutional Capacity Explanations:

- Transparency
- Accountable
- Provide continuity of funding to ensure effective absorption
- Institutional continuity (10 years old etc.)
- Good Governance
- Integrity
- Capacity (investment and capital size / Grants experience)
- Distinct brand

- Autonomy – Independence
- Leverage
- Trusted by other donors
- Efficient

Goal of the Fund Explanations

- Globally important biodiversity (Megadiverse country)
- Specific unique, endemic, flagship species
- Size and scale of our forest
- Corridors and Mosaics
- World Heritage Sites
- Biosphere reserves/RAMSAR site
- Indigenous populations
- Geographic priority for your donor fund
- Protected Area Network (Financial or management gap)
- Carbon Sequestration
- Ecosystem services
- Local sustainable livelihoods

Process/Thematic Expertise

- Work with local communities
- Resolve conflicts
- Promote social cohesion
- Educate and engage youth
- Partnering
- Work across boundaries
- Work with Government
- Abate threats

The exercise concluded by encouraging all staff and board members to be able to quickly respond to these questions in a consistent way. When approaching specific donors the alignment (when it is truly part of the EF mission) with the donor interests is an important emphasis in introductions to new ideas and program opportunities.

Fundraising cost-benefit analysis

The workshop participants considered the costs of raising funds – a fundamental concept for doing a cost/benefit analysis – in prioritizing funding prospects. Fundraising costs identified included:

1. Program alignment/adjustment to align well with the donors;
2. Personnel to write proposals, do research or be point persons for relationship building;
3. Information Technology needs for databases, communications, reporting requirements etc.;
4. Communications – cost of brochures, materials, letterhead and professional web sites etc. to meet expected global standards;
5. Trips and Meeting costs for meeting with donors in country, on field trips, in their offices in their home countries, or in international meetings;
6. Consultants – hiring needed expertise for research, proposal writing and content expertise.
7. Partnering takes time, trips and energy to put together effective joint proposals; and
8. Research of prospects, strategies and innovations in effective conservation strategies.

We considered these costs in discussions of each major type of donor prospect to ensure that we also recognized the level of effort and time required.

Experience with diverse donors and funding mix

During the early part of the workshop, participants completed a pie chart to indicate their funding mix. The charts were posted on the wall as a resource to all participants to know which funds had experience with donors so that informal additional conversations can take place during breaks and meals. Some EFs were dependent upon 1 or 2 sources of funding while others had experience managing funds from over 20 different donors representing a real mix of private, bilateral, public funds and multilaterals.

The group also agreed to focus on the donor types prioritized in the survey:

1. Bilaterals
2. Private Funds (emphasizing Foundations, BINGOs, and Corporations)
3. Multilaterals

In addition to achieve the goals of the workshop we created large charts to focus on four major points for each category of prospects:

1. Donor motivation;
2. Needed Environmental Fund capacity to be competitive for those funds;
3. Obstacles and difficulties in accessing that type of funding;
4. Opportunities and facilitating mechanisms that help EFs secure funds.

We then broke up the discussions and case study presentations to examine different types of funds.

BILATERAL DONORS

The Eastern Arc Mountains Environmental Fund presented the case of their work with the Royal Government of Norway (Case Study IV) to start the discussion. Based on that case and participant contributions the following 4 categories of information were captured:

Bilateral Donor Motivation (the following are general comments – specific goals guide each independent bilateral agency – websites provided in section B.4.2).

- Provide funding at a scale of over US\$1 million
- Goals for biodiversity conservation or other international agreements
- Sustainability of in-country institutions
- Carbon sequestration and reducing carbon footprint
- Leverage – like to see match/other partners
- Geography – more interested in countries with a colonial history and/or linguistic commonalities
- Paris Declaration – seeing national government assume its role
- Increasing concern with visibility to the public and justifying investments.

EF Capacity Needed to Access Bilateral Funding (in general)

- Strong investment savvy – how will funds be invested, what have been your returns to date, etc.
 - Investment Policy (to avoid having the donor set the investment restrictions)
 - Transparency in decision making and fund management
 - Investment expertise (either in the Board or in some cases as an independent Investment committee) overseeing professional fund managers.
- Ability to raise matching funds
 - In some cases it is helpful to have legal incorporation in Europe or the US.
- Ability to meet key conditions such as providing financial reports, monitoring programmatic indicators and adhering to UN conventions

- Experience with monitoring grants to local beneficiaries to effectively account for funds and benchmark progress.

Obstacles and difficulties EFs have experienced with bilateral donor negotiations:

- Takes a minimum of 2 years
- The country must have a strong legal framework and full support of host government
- Increased security concerns by European and US bilateral have increased review of investments and other forms and securities needed
- Will have concerns or actually documented investment restrictions for your funds (e.g. German investment restriction is in draft format).

Opportunities / facilitating mechanisms that help EFs secure bilateral funds.

- BINGOs often help with relationship or with specific technical issues such as debt swaps
- Having a Gap Analysis such as the Protected Areas Financial Gap Analysis for EFs working on protected areas jumpstarts the process.
- Having strong prior experience – and particularly strong independent evaluations and audits
- Being able to showcase local ownership and local match and commitment.
- Having strong government active (not just passive) support.

A summary discussion of bilateral aid led to a few additional contributions:

1. Many governments have multiple agencies involved in bilateral assistance (e.g. GTZ and KFW in Germany), (USAID, Peace Corps, Treasury Dept with Tropical Funds Conservation Act for Debt swap) etc. Being aware of the different roles, opportunities, scale and approaches is part of the research required by EFs before approaching donors.
2. Some bilaterals have been exceptionally generous with requirements at different times. For example, the recent Government of Norway grant to EAMCEF did not require a match. In other cases discussed investment returns were required to be at high levels. Other EFs had experience when donors allowed for relatively low investment returns not adjusted for inflation. Finally, in some cases the bilateral have allowed high percentages of fund earning to go to operational costs/and in other cases very little. The group discussed the importance of being aware of these opportunities to structure operations costs/match requirements/investment returns that help build EF capacity (raise the bar).
3. Debt Swaps are less common in Africa as there is a forgiveness policy in place with many nations. For this reason it is unlikely that USAID TFCA debt swap will occur. At the same time FFEM pointed out that there are still opportunities and that they would promote debt swap opportunities with the appropriate French government agencies.
4. Bilaterals will have strong concerns on issues such as gender and human rights. Working with the government to satisfactorily respond to these issues and ensuring they are well incorporated in your work and proposals is essential.
5. Examples of EFs reaching out to locally based bilateral missions, cooperating with country offices, or giving presentations at local cultural exchange centers sponsored by missions or embassies were also recommended as good cultivation tools.

PRIVATE FUNDS

A. BINGOS and foundations

While there are many types of private funding the workshop covered two major themes: Foundations (B.4.4) and BINGOs (Big International Nongovernmental Organizations- See B.4.6) together and then corporations(B.4.8). A presentation on private funding provided by Marie de Longcamp was followed by a case study from Valeria Dorado of FUNDESNA Bolivia (Case Study I) discussing a collaboration with Wildlife Conservation Society that resulted in an online auction through www.charityfolks.com that raised \$650,000 from private donors.

Foundation and BINGO Donor Motivation (the following are general comments)

- US and European foundations/individuals – tax breaks when registered in country as well as social philanthropic culture
- A strong sense that nature is at risk and this is a value they do not want to lose
 - Often concerned about a particular geography or species
 - BINGOs are often very focused on specific types of projects or ecoregions
- Desire for innovative solutions
- Ensure measurable impacts
- Want to contribute to growing in country institutional capacity and autonomy
- Want to see EFs that have an exit strategy from reliance on their funds
 - Leverage of funds
 - Often require match and like to see multiple donors engaged.
- Some foundations have specific niches – e.g. start up funds
- Image and brand is a concern for some – particularly BINGOs

EF Capacity Needed to Access Private Foundation or BINGO Funding (in general)

In general, EF capacity needs are less rigorous for private funding than for multilateral and bilateral funds. Nonetheless, the better the EF can convey their competency in the following areas, the better their opportunities:

- A strong logo and brand (funding partners often like showcasing this in their lit)
- Clear proposals based on homework and research
 - A fundraiser (or fundraising staff to help with proposals, relationship building etc.)
- Governance
 - The stature of the members of the EF Board will be reviewed
 - Accountability
 - Reputation
- Transparency
 - Independent audit
 - In some cases due diligence is required
- Private donors are often willing to provide small pilot funds to “test” or “give the EF an opportunity”. A proven track record is needed however, prior to accessing larger funding amounts

Obstacles and difficulties EFs have experienced with private donor negotiations:

- Building the relationship takes time as trust is paramount. You want to have a friendship with the ability to provide input ideas, concept papers, letters of inquiry etc. – not just do a “cold” submission”.
- BINGOs take a lot of time and coordination and often engage numerous staff so you need to manage those multiple contact relationships with very few staff.

Opportunities /facilitating mechanisms that help EFs secure private funds.

- Participating in donor roundtables or other events
- Inviting donors to meet local community organizations, government groups etc. and engaging them on the issues/solutions;
- Having a good relationship and great programs where EFs can showcase effectiveness and transparency as well as an eventual exit strategy will often result in larger follow-up grants.
- BINGOs can be very helpful with relationships with both foundations and private donors

B. Corporations

The group discussed corporate giving separately as their giving philosophy differs from that of foundations and BINGOs. The session was led off by Pedro Leitão discussing a FUNBIO experience with engaging corporations in

environmental conservation work (Case Study III). The subsequent energetic discussion included the case of Bwindi Trust in Uganda working with Swarovski corporation which has a keen interest in water conservation. This was followed by a contribution from PROFONANPE about the importance of having strong public relations capacity as many people will question corporate partnerships. This was an unforeseen issue that surfaced in PROFONANPE's work with a gas company (Case Study V).

Corporate Donor Motivation (the following are general comments)

- Demonstrate Corporate Responsibility
- Help preserve a particular resource (often linked to their company interests e.g. water, a genetic stock, timber concessions etc.)
- Certification approvals and endorsements
- Visibility
- Impact and measurable results – they often have very entrepreneurial expectations
- Avoid donor fatigue/want to avoid being asked by everyone (EF can help fill this bill if they then manage the regranting!)

EF Capacity Needed to Access Corporate Funding

- Ability to research the corporation to ensure alignment with values and behaviors;
- Ability to negotiate from a position of strength to ensure the corporation is putting up “serious” funds and not just window dressing;
- Ability to meet match challenges;
- Credibility of the EF is critical as the private sector often demands very high reputation standards for non-profits;
 - Experience and the reputation of the EF and of the staff and board;
 - Strong board with private sector ties;
 - Effective investment strategies;
- Willingness to take some risks to partner with corporations
 - Ability to foresee and manage potential Public Relations problems

Obstacles and difficulties EFs have experienced with corporate donor negotiations:

- For larger gifts these are often long negotiations (over 2 years);
- Some corporations want a role on the board or shared governance of a project;
- Green washing is a threat that must be managed;
- Managing communications with environmental or labor groups that might be upset by your partnership.

Opportunities /facilitating mechanisms that help EFs secure corporate funds.

- BINGOs sometimes help with relationships;
- Some EFs have built corporate relationships through speaker bureaus, “learning journeys” and other concepts for getting to know private sector representatives and showcasing conservation achievements and needs.
- Some corporations have found EF enable them to avoid donor fatigue as they can pass funding to EFs who then have responsibility for passing funds on to local community groups.

MULTILATERAL DONORS

Alberto Paniagua, Executive Director of PROFONANPE led a discussion on negotiations that focused on PROFONANPE's experience with the Global Environmental Facility. His experience with negotiation set off further comments from participants on multilateral donors (See B.4.1) resulting in the following conclusions:

Multilateral Donor Motivation (the following are general comments – specific goals guide each multilateral agency – websites provided in section B.4.1.)

- International Agreements – staying on top of the latest agreements such as the most recent COP priorities etc. needs to be a key part of proposals and negotiations.
- Impact – ability to point to clear achievements
- Innovations – and ability to replicate/expand innovation at scale
- Match – presence of other donors is important to multilaterals
- Bragging Rights about their effective investments for inclusion in booklets, brochures, materials at conferences etc.

EF Capacity Needed to Access Multilateral Funding (in general)

- Knowledge of (and better yet, participation in) International Agreements and conferences such as COP meetings;
- Advocacy skills for your EF and environmental financing at the national and international level;
- Good relationships with government bodies and treasury ministry;
- Protected Area Network financial gap analysis is usually a prerequisite;
- Respected skill sets particularly:
 - Financial Strategy and history of EF investment returns;
 - Hiring experts for both staff and as consultants given technical level of proposals;
 - Project coordinator to manage the moving parts;
 - Ability to do research on thematic innovations (PA management best practices etc.)
 - Databases
 - Absorption capacity (need to manage high level of funds)
- Institutional autonomy and continuity (time and reputation count);
- Strong board engagement;
- Ability to do a careful costs-benefit analysis;

Side discussion – EFS and Procurement Responsibilities

In addition to the competencies mentioned above there was an in-depth discussion about the role of EFs as procurement managers when there is limited government capacity. PROFONANE started playing this role and then chose to stop given expense and risk exposure. FUNBIO manages large procurement responsibilities in the Amazon as no other entity has adequate capacity to manage procurement in remote and inaccessible areas and it has to be done. EFs that are asked to take on procurement roles need to ensure that they are fully aware of the risks involved and where possible help get the risks covered. They must also invest in excellent administration processes!

Obstacles and difficulties EFs have experienced with multilateral donor negotiations:

- Very long time framework – easily 3 years
- Very rigid standards designed to safeguard their funds and pass risks to recipient
- Some “good cop – bad cop” negotiation tactics by multilateral staff
- Very rigid requirements on things like procurement that hurt recipient capacity to advance projects.

Opportunities /facilitating mechanisms that help EFs secure multilateral funds:

- Experience with designated recipients;
- Reliable partners often get repeat opportunities with some multilaterals at ever increasing investment levels (particularly GEF);
- If the EF has low operational costs it can ease some of their review and due diligence;
- Clearly expressing the direct relationship between the EF project and government national priorities on poverty alleviation and environmental issues.

OTHER FUNDING OPPORTUNITIES

The discussion on donors concluded with a case study from Kenya Wildlife Service Fund (Case Study II) that focused on events and local fundraisers. Edwin Wanyonyi shared KWS’s very successful programs such as Hell’s Gate

on a Wheelbarrow, Cycle with the Rhino, and an Animal Adoption Program highlighted by linking a cheetah with long-term commitment from Usain Bolt, the world's fastest man! A large part of their success has been strong support from media sponsors and entertainers. They accept sponsorship in cash and in kind. Thanks to the underwriting they are able to say that all contributions go directly to conservation with some set aside for restoration of the area used by participants, but no funding is needed for actual event management.

The KWS case led to further discussions of other approaches used to engage corporations. Ideas from participants included:

- Learning Journeys – engaging corporate leaders by African World Heritage Fund
- Flip Flop Sandals – a Brazilian NGO with a high value product
- Adopt an... - Examples from corals to animals to hectares.
- Lotteries – Dutch Postal Code lottery that benefits the Dutch Caribbean Nature Alliance was mentioned.
- Sustainable dialogues – engage corporate leaders with speakers on key issues.

Participants concluded that this type of fundraising has advantages as the funding received is:

- Flexible
- Can be used as needed and in critical times (e.g. when tourism dropped after govt unrest in Kenya)
- Diversifies funds
- Demonstrates local support
- Funds can be used as match
- Builds public awareness and local ownership



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NEXT STEPS

The workshop concluded with a discussion of next steps in developing a fundraising strategy. The EFs were asked to each choose a fundraising strategy:

- A. That they would NOT pursue due to an overly high cost-benefit;
 - a. In response many EFs chose individual membership strategies, bilateral that have not shown a strong interest in their countries, and debt swaps.
- B. A priority fundraising strategy that would get the greatest staff and board time and effort.
 - a. In response many EFs were better able to prioritize the donor they felt would be the most important investment for their time and resources.

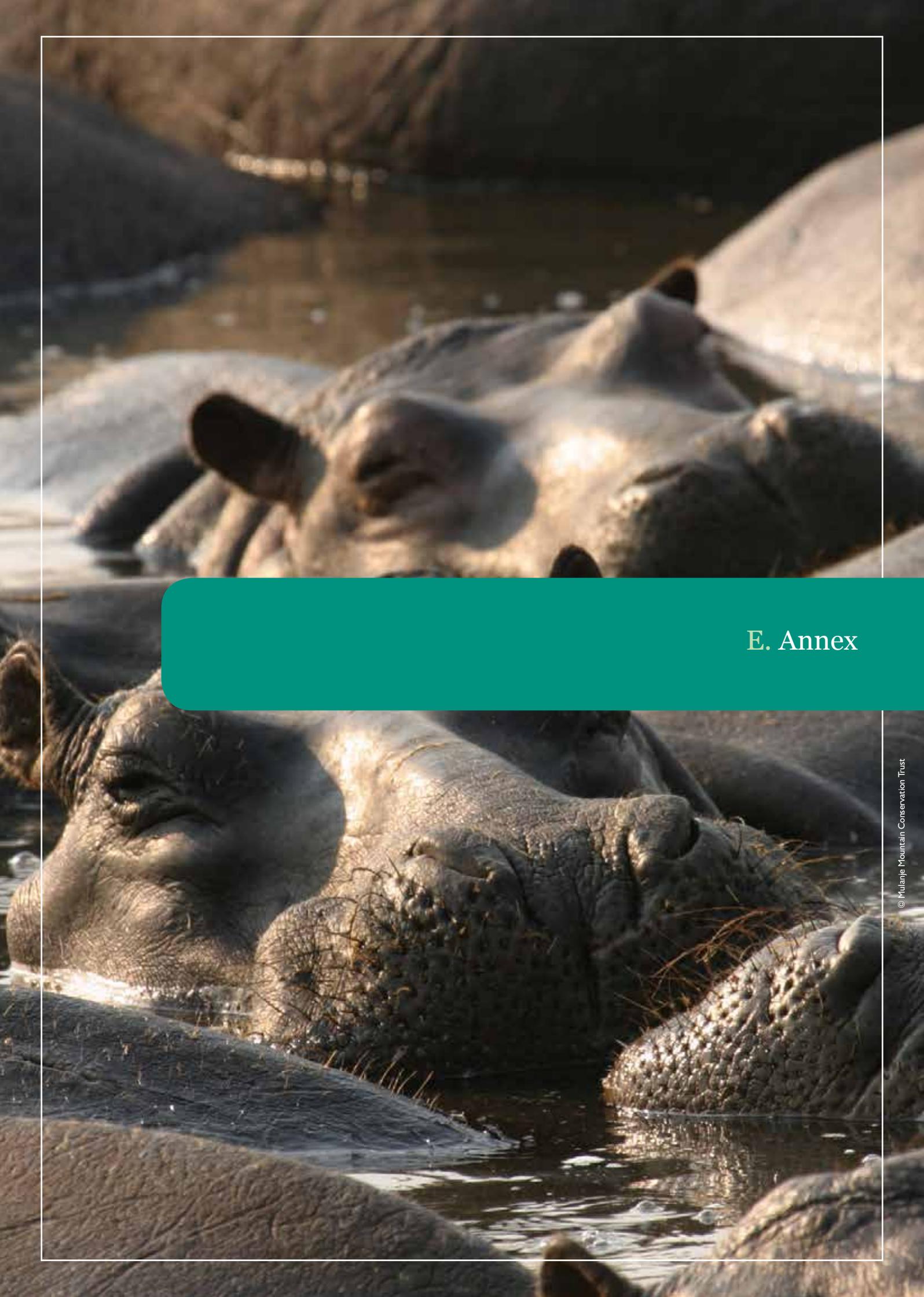
The powerpoint (attached to this Manual) “Developing a Fundraising Strategy” (linked to Section C of this manual), concluded the workshop to help participants link their Strategic Plan with their Fundraising Strategy.

Fundraising Strategy



A final emphasis was given to the point that you won't raise money unless you ASK and that we all have to:

“Git after it!”



E. Annex

Annex 1: identifying funding prospects

IDENTIFYING FUNDING PROSPECTS						
	Likelihood of EF getting funding %	Actual past gifts to EF	EF Income Projection Potential			Approach and Action Steps
			Yr 1	Yr 2	Yr 3	
Multilateral Donors						
GEF						Continue working with GEF5 and upcoming mission to develop large scale endowment proposal with Park Service and government support
UNDP						Do small grant carbon adaptation proposal to get to know them better.
Bilateral Donors						
USAID						2012 – Discuss possibility of TFCA debt swap with Treasury and USAID
FFEM						Host tour of progress on current grant
GTZ						Send initial inquiry letter – invite them to visit when in country
Foundations and Nonprofits						
National Foundations						Meet with any foundations in country to develop working partnership.
Private Foundations						November Board meeting decide on approach to Packard Foundation and ensure Board member accompanies them on scheduled field trip in February. Send letter of inquiry to Mava
International NGOs						Ask WWF to support capacity building for PES negotiations. Apply for CI Global Conservation Fund
Government Agencies						
Public Utility Districts						Target 3 PUDs for support of water bank initiative from major urban areas
Park Agency						Create MOU for managing park revenues through EF for annual disbursement for park management.
State Agencies						
Other						
Business Community						
European company						PES carbon mitigation proposal in full business planning mode for negotiations in July
Xxx Company						Ask for xxx underwriting support of party/event in December
Xxx Company						Ask for pro bono services such as printing or web design
Other						
Earned Income						
Special Events						Charge \$50 admission fee for speaker At
Provide educational services						Host facilitated discussions at Interpretive center for high end travelers. Charge tour operators \$350 session.

Annex 3: fundraising work plan assignments

This sample template reflects the impact of fundraising work on the full EF organization, helping to ensure clear role assignments and adequate time in annual work objectives.

Fundraising Actions	Lead Responsible	Key Contacts/Reviewers	Institutional Support needed
Write inquiry letter to Fnd X	Dev. Dir	Board member B is signator	None
Policy on corporate donations	ED	Approved by Board	Agenda Dec Board meeting
Organize field trip for Bilateral Mission	ED	Partner: Tour Company	Logistical Admin support 1 person
Quarterly report for X Fnd	Program Officer 2	ED review	Secretarial and Finance for financial report
Develop Fundraising Calendar	Dev Dir	ED approve	None
Set up web site and membership donations	Dev Dir	Board approval	IS consultant for setting up web site/credit card security
Attend UNFCCC negotiations as part of government delegation	ED	Board report	Secretarial for flights/arrangements. Program for advice.

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