REDLAC
Red de Fondos Ambientales de Latinoamérica y el Caribe

CBD COP 17
Yerevan, Armenia
October 2026

Effective Biodiversity Financing

Lessons from environmental funds on financing biodiversity conservation

Evidence from a global survey of 19 Environmental Funds(EFs)[3], a structured review of the research literature, and eight case studies. Produced by RedLAC under the presidency of FMCN, in collaboration with CAFÉ and APNET[1], with the Committee on Effective Biodiversity Financing[2]

USD 942bn
estimated biodiversity financing gap, up from USD 711bn in 2020

USD 208bn
biodiversity-related flows in 2024, up from USD 133.5bn in 2020, USD 1.15tn needed by 2030

-23.3%
fall in net International Official Development Assistance (ODA) from OECD Development Assistance Committee (DAC) members in 2025, the steepest annual decline on record

A tighter financing context increases the importance of funding effectiveness

The biodiversity financing gap has been debated for a decade as a mobilization problem. Almost nothing in that debate concerns the effectiveness of which solutions actually work on the ground, under which conditions, and where. As funding becomes constrained, the effectiveness of money already committed becomes even more important.

Why focus on EFs?

118 EFs operate across Latin America, the Caribbean, Africa, and the Asia-Pacific. They channel capital from multilateral donors, philanthropy, debt restructuring, and compensation and market schemes into long-term financing, which impacts protected areas, civil society organizations, Indigenous Peoples, and local communities. Sitting between donors and practitioners, they are uniquely equipped to evaluate which biodiversity mechanisms are most effective. That knowledge is rarely captured systematically or linked to research.

Survey of EFs

Conducted in English and Spanish, sent through EF networks RedLAC, CAFÉ, and APNET to approximately 50 funds between May and August 2026.

Research and practice review

A structured narrative review across the same taxonomy of mechanisms, conditions, and application areas to determine what independent research finds.

Eight case studies

Each interview focused on a noteworthy program the fund named in its survey response and went deeper into how that program affected the fund.

19
responding funds:
13 RedLAC, 5 CAFÉ, 1 APNET

29
countries of operation
across LAC, Africa and Asia

USD 1,449M
endowment held
at year-end 2025

USD 1,702M
disbursed since
creation of the funds

Together, the 19 funds finance 1,126 terrestrial and 211 marine protected areas, covering 194.4 million and 178.4 million hectares, plus 20.4 million hectares beyond protected areas. They will deploy USD 346 million in 2026.

KEY FINDINGS

• Financial mechanisms • Enabling conditions • Application areas

01 **Funds value long-term grants most.**
The bilateral and multilateral grants category ranks first, and philanthropic endowment grants rank second of the 14 mechanisms, ahead of all three non-endowment grant categories. Named a top choice by 71% (bi-) and 62% (multi-lateral) of the funds that use them.

02 **Private non-endowment grants are widely used but rarely prioritized by respondents.**
Used by 63% of responding funds, but named among the most effective mechanisms by only 8% of users.

03 **Market-based mechanisms show growing uptake, while relatively few respondents identify them as a top-3 choice.**
Impact investing is used by 58% of funds and carbon markets by 42%, named a top choice by only 18% and 12% of their respective users. They rank tenth and twelfth of 14 mechanisms.

04 **Research attention and EF priority run in different directions for Payment for Ecosystem Services (PES).**
PES has one of the largest evidence bases of any mechanism reviewed and ranks fifth of 14 in average effectiveness rating. Yet only 10% of the funds using it name it a top choice. Funds rate it well but don't prioritize it.

05 **Debt-for-nature swaps are valued as a route to long-term capital, not a standing mechanism.**
Used by 68% of funds and named a top choice by 46% of those users, the highest share outside grants, yet they rank eighth of 14. For several funds the swap was the founding capitalization of the institution.

1 RedLAC: Latin American and Caribbean Network of Environmental Funds (translated from Spanish); CAFÉ: Consortium of African Funds for the Environment; APNET: Asia-Pacific Conservation Trust Fund Network; FMCN: Mexican Fund for the Conservation of Nature (translated from Spanish)
2 The Committee on Effective Biodiversity Financing is the study's advisory group of experts in conservation science, finance, and policy, providing guidance and reviewing findings to ensure scientific rigor and practical relevance.
3 In this study, environmental funds (EFs) refer to independent institutions established to manage and channel resources for long-term conservation.

KEY FINDINGS, CONTINUED

• Financial mechanisms • Enabling conditions • Application areas

06 **Institutional capacity and governance are the near-unanimous enabling condition.**

95% of funds selected this as most important, followed by 89% selecting the strength of the surrounding policy environment, ahead of every economic and social condition offered.

07 **Funds most often associate project underperformance with implementation conditions.**

Among the 16 funds reporting an underperforming project, 12 cited institutional capacity, governance clarity, partner execution or unrealistic timeframes.

08 **Marine and coastal work received lower average effectiveness ratings than terrestrial work.**

All work met the study's definition of moderately effective. Every category assessed averaged 3.0 or higher on a 5-point scale. Terrestrial work scored highest (4.12), ahead of marine and coastal work (3.76). Funds say marine work costs more to deliver, and in some places specialized skills for running and monitoring projects are scarcer and more expensive.

WHAT THE EIGHT CASE STUDIES SHOW

Across Latin America and the Caribbean, Africa, and Asia-Pacific, the cases show that financial mechanisms work differently depending on the institutional, regulatory, and implementation conditions around them.

PREDICTABLE FUNDING SUPPORTS CONTINUITY

Profonanpe, PACT and **Forest Foundation Philippines** show how long-term and earmarked finance can sustain conservation beyond short project cycles.

INSTITUTIONAL CAPACITY MAKES SCALE POSSIBLE

FUNBIO and **Profonanpe** show that long-term programs depend on institutional continuity, fit-for-purpose systems and sustained implementation capacity.

ENABLING CONDITIONS SHAPE PERFORMANCE

Profonanpe, FIAES, FUNBIO and **BIOFUND** show how regulation clearly defined payers and governance arrangements influence the viability of PES, compensation and carbon finance.

DELIVERY MODELS MUST FIT LOCAL REALITIES

Protected Areas Trust, FIAES, BIOFUND and **Fondo Acción** highlight the importance of community ownership, specialized capacity, flexible emergency finance and appropriate funding terms.

Cases examined: Profonanpe (Peru), Fondo Acción (Colombia), FIAES (El Salvador), FUNBIO (Brazil), BIOFUND (Mozambique), PACT (Belize), Protected Areas Trust (Guyana), and Forest Foundation Philippines.

RECOMMENDATIONS

FOR EFs

- Treat institutional capacity as a program, not an overhead.
- Build rapid response capacity for climate shocks into the portfolio.
- Invest in evaluation capacity, pointed at the instruments the fund uses most.
- Build predictability into non-endowment funding.

FOR DONORS

- Where a fund has a proven track record, allow it to use its own management and financial systems.
- Fund evaluation as a line item, not as a deduction from program budgets.
- Favor long-term capital where the outcome being financed is recurrent.

FOR POLICYMAKERS

- Treat the policy and institutional environment as a precondition for financing to work.
- Support transparent, environmentally sound compensation mechanisms.
- Pair marine protected area expansion with the financing and capacity to monitor and manage it.

FOR RESEARCHERS

- Examine how to secure long-term financing for protected areas, alongside efforts to formally establish them.
- Extend the evidence base on corporate biodiversity finance, the weakest signal in the survey.
- Extend financing research to marine realms, where findings are most striking and research thinnest.

A note for all parties involved: the clearest point of agreement among responding funds is that additional capital alone is not sufficient. Effective biodiversity finance also requires institutional capacity, supportive policy frameworks, and credible systems for implementation and evaluation.

THE 19 SURVEYED FUNDS

Asociación Costa Rica por Siempre
Belize Fund for a Sustainable Future
BioGuinea Foundation, Guinea-Bissau
Brazilian Biodiversity Fund (FUNBIO)
Bwindi Mgahinga Conservation Trust (BMCT), Uganda
Caribbean Biodiversity Fund
Fondo de Inversión Ambiental de El Salvador (FIAES)
Fondo de Inversión Ambiental Sostenible (FIAS), Ecuador
Fondo de Promoción de las Áreas Naturales Protegidas del Perú (Profonanpe)
Fondo Mexicano para la Conservación de la Naturaleza (FMCN), Mexico
Fondo para la Acción Ambiental y la Niñez (Fondo Acción), Colombia
Forest Foundation Philippines
Foundation for the Conservation of Biodiversity (BIOFUND), Mozambique
Fundación para el Desarrollo del Sistema Nacional de Áreas Protegidas (FUNDESNAP), Bolivia
Mesoamerican Reef Fund (MAR Fund)
Mount Mulanje Conservation Trust, Malawi
Protected Areas Conservation Trust (PACT), Belize
Protected Areas Trust (PAT), Guyana
Uganda Biodiversity Trust Fund

NOTES

N = 19 responding funds: 13 RedLAC, 5 CAFÉ, 1 APNET. Ratings are the funds' own assessments of the work they finance, not independently measured outcomes, and the responding group is not a random sample. Top-choice shares are of the funds that use each mechanism. Mechanism ranks use mean ratings normalized on each fund's own average across the mechanisms it rated. All figures are descriptive; no inferential statistics are reported. Three funds hold roughly 60% of total endowment value, so means run above medians.

AUTHORS

Daniella Passariello [a], Fabiola Navarrete [a], Graciela Reyes [a], Renée Gonzalez [a b], David Ackerly [c], Jeannine Cavender-Bares [d], Peter Frumhoff [d], Adriana Moreira [e], Matthew D. Potts [c], and John Tobin-de la Puente [f]

[a] FMCN; [b] RedLAC; [c] Univ. of California, Berkeley; [d] Harvard University; [e] Global Environment Facility; [f] Cornell University