



How Conservation Trust Funds are Driving Progress for Nature



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Introduction

As the severity of the inter-connected biodiversity and climate change crises becomes ever more alarming, financing for nature-based solutions is increasing rapidly. With global temperatures likely to reach 1.5°C by 2030, the IPCC Sixth Assessment Report¹ predicted with high confidence that the warming trend will cause unavoidable increases in multiple climate hazards and present high risks to ecosystems and humans. In 2019 the Intergovernmental Panel on Biodiversity and Ecosystem Service (IPBES)² reported that nature and its vital contributions to people are deteriorating worldwide.

In response to higher replenishments of proven global funds like the Global Environment Facility (GEF), new funds such as the Global Biodiversity Framework Fund, and increased bilateral and private pledges for reaching ambitious global conservation targets such as protecting 30 percent of the Earth's terrestrial, inland waters, coastal, and marine areas by 2030 (the "30x30" goal) are at historic levels. Global biodiversity finance flows were estimated to be between \$123.6 billion to \$142.9 billion in 2019 and growing.³ In the private sector, commitments to net-zero emissions have driven the global demand for voluntary carbon credits, which are expected to increase by a factor of 15 by 2030 and by a factor of 100 by 2050.⁴ When combined with greater attention to "greening finance" through the reduction of harmful subsidies, improved energy technologies, and effective investments in protected areas, nature-based infrastructure, and more nature-friendly production practices, a major economic transition is underway to restore balance to our planet.

For the past three decades the GEF and allied fund organizations have striven to amplify the impact of their investments on behalf of the Convention on Biological Diversity (CBD) and the United Nations Framework Convention on Climate Change (UNFCCC) goals. Financing, however, is only part of the equation. One of the biggest challenges—and opportunities—is to better link global funding with local organizations and communities in high biodiverse countries, who have been stewards of their lands and waters for generations, but often face obstacles to enact change at scale, such as limited financial support. One of the GEF's strategies since 1991 thus has been to build in-country institutional capacity through Conservation Trust Funds.

Conservation Trust Funds (CTFs), often called Environmental Funds in Latin America and Africa, are legally independent institutions that provide sustainable financing for biodiversity conservation. The core business of CTFs is to mobilize resources from diverse sources—including international donors, national governments, and the private sector—and to direct them, primarily through grants, to governmental bodies (such as national parks agencies), non-governmental organizations (NGOs), and community based-organizations on the frontlines of the biodiversity crisis.

CTFs manage funding flows with a systematic approach to ensure appropriate levels of funding can be absorbed and meaningfully applied to reduce threats and enhance conservation and restoration efforts.⁵ By partnering with governments and civil society organizations to provide sustainable long-term financing solutions to respond to biodiversity, climate, sustainable development, and environmental challenges, CTFs expedite the implementation of global conventions. Their niche is to effectively link global and national funding with impactful local investments based on their long history of working with knowledgeable and committed government agencies, nonprofits, Indigenous organizations, and local communities. Today, the GEF and CTFs—along with committed partners and allies—are poised to build on this experience to scale more locally successful solutions on an unprecedented timeline.

Background on CTFs

The idea of Conservation Trust Funds as independent financial institutions supporting national and global conservation goals took flight in the 1990s in response to the Earth Summit, held in Rio de Janeiro in 1992. The CBD, signed in Rio, made evident the need for institutions that could attract and manage donor funding in highly biodiverse countries, primarily in emerging economies in the Global South. To enable GEF funds to be effectively absorbed for impact on the ground, during its pilot phase (1991-1994) the GEF helped build the needed institutional capacity by seeding CTFs.⁶

The GEF then launched a series of studies, including the *GEF Evaluation of Experience with CTFs*⁷ in 1998, the results of which were further corroborated in the *Rapid Review of CTFs*⁸ in 2008. These studies identified four enabling conditions for effective CTFs:

1. The biodiversity conservation issue to be addressed requires a long-term commitment of at least 10-15 years;
2. There is active government support—not just agreement—for creating a mixed, public-private sector institution that will function beyond direct government control;
3. There is a critical mass of people from diverse sectors of society who can work together despite their different approaches to 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 1998, the GEF Council recommended that the GEF maintain long-term partnerships when the above conditions are present, encouraging CTFs to go beyond traditional funding, increase engagement of community groups, NGOs, and private businesses in the conservation issues in which they have a stake, and contribute to policy discussions based on their program experience.⁹ The GEF—joined by other funders (e.g., private philanthropy, bilateral cooperation)—has continued to invest in many CTFs over time to advance shared CBD and UNFCCC commitments.

Twenty-five CTF trail blazers founded in the 1990s are now celebrating 25 years or more of experience and impact-driven investing. Today the number of CTFs has quadrupled to 118 around the world. Most of these CTFs operate at the national level, but a number of highly biodiverse nations have subnational CTFs. In addition, regional CTFs support dialogue and create financial incentives to align transnational biodiversity conservation strategies, supporting countries' regional commitments and often working in ecosystems, such as marine areas, that require transnational cooperation. There is also an opportunity for evolving this experience to encompass shared freshwater ecosystems. This is a growing sector that is particularly

impactful for Small Island Developing States (SIDS). More and more countries recognize the need for CTFs as independent financial partners to work with them to meet global and national biodiversity and climate goals by attracting donor funding with both programmatic and administrative expertise.

CTFs are designed to be independent but aligned with government policies and priorities, often through multistakeholder boards, to build country-wide ownership. CTFs are tailored to meet the legal and financial requirements in country as well as respond to the country's unique conservation and Sustainable Development Goal (SDG) priorities. As a result, there is no formulaic CTF model. Some are trusts, some are foundations, and some are registered as nonprofits or national associations. Occasionally, for transnational CTFs or in cases where the national legal/policy framework is particularly restrictive, or where political instability prevents international donors from granting directly to national institutions, CTFs are established outside the countries where they operate. The aligned but independent relationships of CTFs with their government counterparts, as seen over multiple years and decades, have provided many critical benefits:

1. **Continuous recurrent funding for protected areas (PAs)** has been a hallmark of CTFs that provide reliable budgetary support necessary for the permanent presence of PA staff, implementation of management plans, and steady community engagement.
2. **Continuity of purpose during periods of political transitions, economic downturns, and staff turnover.** CTFs have ensured ongoing financial flows to protected area systems when governments have needed to redirect central financing or have transitioned administrations. Most CTFs are private institutions or foundations with board representation that ensure government engagement but not control.¹⁰ This ensures the capacity to provide continuity of purpose and the additional advantages below.
3. **Institutional memory.** CTF board and staff independence from politically motivated personnel changes enables them to provide: a) an understanding of past national commitments; b) unbroken relationships with donors, NGOs, and communities; and c) overall expertise with regard to PA management and the successes and failures of past projects. This experience can be invaluable to incoming administrations in advancing their conservation agenda.
4. **Agile and responsive procurement and administrative procedures** that allow for faster response time—especially of donor funds—to get agile and timely assistance to government agencies and local communities.
5. **Established endowment funds** that have secured funding permanence over time provide annual returns to government-run PAs, long-term programs with local communities which have provided continuity with administration transitions. And endowments often provide core funding for the CTFs themselves as an essential contribution to ensure their role as conveners and financial innovators.
6. **Donors can be assured that their intent will be maintained over time** rather than be reallocated with a new administration or new agency staff, a critical requirement particularly for private donors.

7. **Country ownership via multistakeholder boards** that include government officials, academics, civil society representatives, private sector entrepreneurs, and increasingly Indigenous members. These boards offer wider perspectives on biodiversity priorities, opportunities to work with community-based organizations (CBOs) representing local people dependent upon ecosystem services, and enhance understanding of the CTF.
8. **Enabling and strengthening of coordinated partnerships** between PAs, civil society, academia, the private sector, and local communities to align biodiversity conservation efforts.

Given these advantages, CTFs have become strong partners for governments to help achieve national, regional, and international commitments. As unique financial institutions, CTFs can attract additional funds and invest for long-term conservation disbursements (i.e., beyond the traditional three- or five-year project cycle). These established competencies put them in the forefront of organizations poised to advance the Global Biodiversity Framework.

Conservation Trust Fund Networks

Given their heterogeneity, CTFs developed strong communities of practice in the form of regional networks to learn about others' experience and adapt best practices for their unique national circumstances. Launched in 1999, the Latin American and Caribbean Network of Environmental Funds (RedLAC) has built a vibrant sharing and learning culture with a strong sense of solidarity and unity among its members. Following suit, the Consortium of African Funds for the Environment (CAFÉ) was launched in 2011. An Asia Pacific network—APNET—has designed a concept and governance structure with regard to leadership and programmatic priorities. These networks collaborate with the GEF, the Conservation Finance Alliance (CFA) and other organizations to build and share knowledge and experiences related to the global biodiversity funding architecture. Their effectiveness is one of the reasons for the consistent growth in the number of CTFs as new organizations have an immediate support network and can learn from the best practices of those with more experience.

To build on the most effective CTF experiences and strengthen the reputation of CTFs globally, the GEF—along with other allies such as the CFA—supported the publication of the *Practice Standards for CTFs* in 2014¹¹ and its update in 2020.¹² The *Practice Standards* are used globally, guide the creation of new CTFs, and support established CTFs to continually improve their transparency, efficiency, and effectiveness. The networks raise funds to enable members to pilot new sustainable financing mechanisms and search for solutions to mutual challenges in advancing the global conservation goals. Through annual assemblies, working groups, and collaboration with the GEF and others, the networks have built tools and carried out research including an online *Toolkit for Environmental Funds*, the *Conservation Trust Investment Survey* (published 11 times over the past 17 years),¹³ and the recent CFA study: *CTFs 2020: Global Vision, Local Action*.¹⁴ The latter describes the unique niche of CTFs as the ability to move global pools of private and public funding to national conservation priorities while building in-country capacity.

The Impact of CTFs Over the Last 30 Years

CTFs attract, leverage, manage, and disburse funds, usually in the form of grants, into conservation and sustainable development programs, managed by governments, NGOs, academic and research organizations, Indigenous Peoples, and CBOs. The financial gap needed to meet the global biodiversity framework goals, estimated at between \$598 billion and \$824 billion per year,¹⁵ will be primarily addressed through policy changes and increased financial flows. However successful these ambitious efforts will be, financing also needs to be delivered—and effectively absorbed—where it can have the most impact, such as with CBOs that continue to depend on the surrounding ecosystems for their livelihoods and overall well-being. This huge challenge and opportunity creates a unique niche for CTFs.

Historically, the priority for CTFs has been to cover the recurrent costs of PA management—transforming declared ‘paper parks’ into functional PAs—in high-biodiversity countries where states usually lack the sufficient resources to fully cover these costs. CTFs invest the funds received, as endowments or sinking funds, to provide reliable, long-term financial flows to PAs. These programs at land/seascape level scales respond to global and national priorities to preserve ecosystem functions, protect endangered species, mitigate climate change, and increase food security through sustainable production on land and in water. While global numbers of how CTFs have effectively supported work with local communities in and around these protected areas are not systematically available, 22 RedLAC members alone have invested in over 3,000 local organizations and worked with more than 370 Indigenous organizations.¹⁶

The impact of CTF disbursements in protected areas, and the surrounding land/seascapes shows high levels of impact for achieving biodiversity goals. CTFs are crucial to:

- Transitioning “paper parks” to consolidated PAs;
- Reducing habitat transformation;
- Building local partner capacity;
- Protecting and restoring ecosystems;
- Conserving biodiversity and endangered species;
- Catalyzing blue and green sustainable production;
- Supporting the improvement of policy coherence for the Global Biodiversity Framework.

Transitioning ‘Paper Parks’ to Consolidated PAs

In 2023, 21 RedLAC CTFs indicated they had invested in over 754 strict protected areas¹⁷ covering over 280 million hectares as well as 110 million hectares in sustainably managed areas. Similarly, African CTFs have invested in over 27 million hectares in Africa in both community conservancy lands and PAs across 20 countries.¹⁸ CTFs target global biodiversity priorities such as World Heritage Sites, Biosphere Reserves, and the Critical Ecosystem Partnership Fund’s list of biologically rich and threatened hotspots. Many CTFs, in partnership with their respective government counterparts, have done participatory priority setting to identify potential PAs that are important for biodiversity conservation. In Brazil for example, FUNBIO used the GEF-funded early phases of the Amazon Regional Protected Areas program (ARPA) to help create PAs with clear buffer zones within wider landscape mosaics. These are intended to provide greater protection to biodiversity in the PAs while encouraging sustainable use for local communities. This approach has proven visionary as the increase in human population pressures and resource extraction technologies have placed once remote PAs under ever greater threat from unsustainable—and often illegal resource use (e.g., illegal logging, poaching, illegal mining, overfishing, unregulated dam and hydroelectric building).

Protected areas, particularly in tropical and ocean settings, are notoriously difficult to manage effectively given their size, logistical complications, availability of trained personnel, numerous threats, and the needs of rural and usually economically marginalized communities that live in and around PAs. Government PA declarations must be founded on clear legislation and limitations on degazettement, followed by regular budget allocations, regularly updated management plans, demarcated boundaries, equipment, trained staff, and community engagement to reduce threats and have the desired impact on biodiversity conservation, a process termed ‘PA consolidation.’

Consolidated PAs that maintain their continuity of purpose over decades can reduce threats and enhance conservation effectiveness, thereby maintaining ecosystem services and biodiversity for future generations. PA management is particularly ill-suited for three- or five-year project cycles, shifting donor priorities, and staff upheavals tied to boom-bust budgets and political changes. A study of 93 protected areas worldwide indicated that maintaining basic management activities is highly correlated with park effectiveness.¹⁹

CTFs thus make long-term commitments to build local capacity in government agencies and CBOs to effectively consolidate PAs and, as appropriate, strengthen and update environmental policies over time. An impactful example was the jump in capacity in the Mexican National Commission for Protected Areas (CONANP) that manages the extensive PA system in Mexico and has received ongoing investments from the Mexican Fund for the Conservation of Nature (FMCN) for over 26 years.²⁰ CTFs have enabled PA agencies to transition from a project-driven model to a more sustainable self-managed approach by providing capacity building combined with a steady flow of basic long-term funding.

CTFs also provide continuity for PA budgets during periods of political transition and economic downturns. Many governments were forced to redirect spending priorities during the COVID-19 emergency. In response, CTFs worked to maintain biodiversity goals. The Guyana Protected Areas Trust provided payments to rangers in the country's only Indigenous-owned protected area. In Colombia, Fondo Acción ensured that payments for ecosystem services continued, to incentivize communities to value their forests rather than log them under the economic pressures triggered by COVID-19. The National Service of Protected Areas of Bolivia reported that during the economic and political crisis of 2020 and 2021 the National Treasury and the Fundación para el Desarrollo del Sistema Nacional de Areas Protegidas (FUNDESNA) Trust, established by the GEF and other donors, provided the only stable operational funding for PAs. This continuity of effort by the CTFs, even during crises, is fundamental for PA consolidation.

Consolidating Marine and Coastal Protected Areas

CTFs targeted the consolidation of terrestrial PAs in the 1990s, but this focus has widened dramatically over the past two decades. The global drive to better protect our coasts and ocean has accelerated at an extraordinary pace, although freshwater ecosystems are still significantly underlooked and terribly in need of area-based protections. Today, 8.1 percent of the ocean's surface is now designated as marine protected areas (MPAs) or Other Effective Area-based Conservation Measures (OECMs).²¹ Unfortunately, the vast majority lack adequate investment, expertise, or enforcement capacity. To meet the Global Biodiversity Framework's 30x30 goal in the marine realm will require an additional 79 million km², or almost 10 million km² a year. The need for CTFs to support long-term management strategies, engage with surrounding fisher communities, and address perverse fishing policies is extremely high.

Donors in this arena, such as the GEF, through its International Waters Focal Area, and private philanthropic foundations, have accelerated the creation of new CTFs such as the MedFund, and further encouraged regional CTFs such as PACIFICO and the Mesoamerican Reef (MAR) Fund, to work across borders for greater transboundary alignment. The Caribbean Biodiversity Fund and the Micronesia Conservation Trust invest directly in the capacity of SIDS. CTFs in marine and coastal systems invest in initiatives such as:

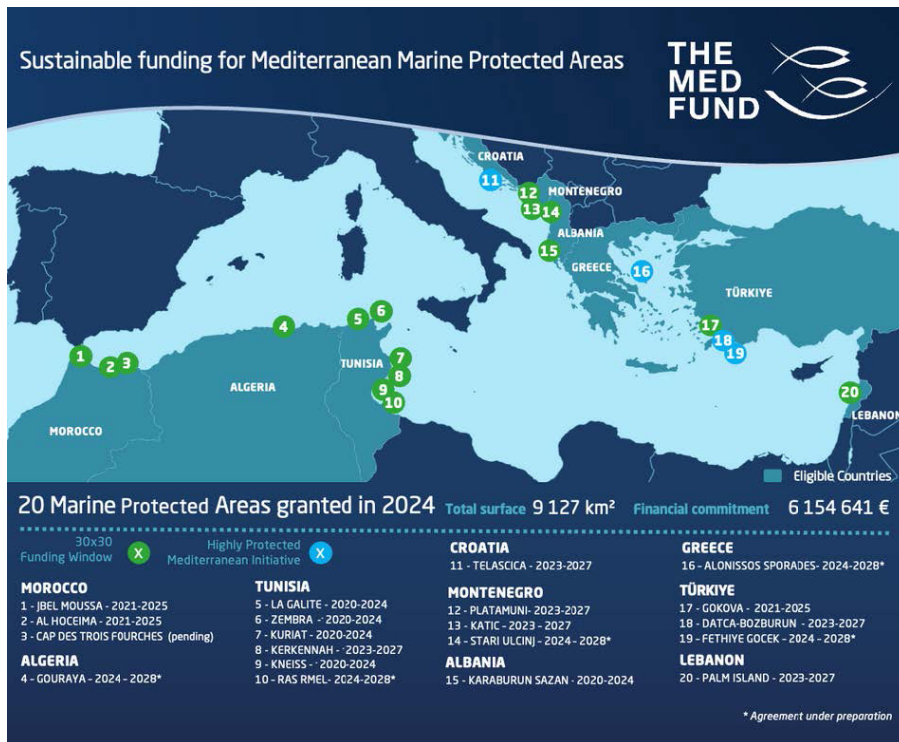
- Capacity building and training for MPA managers and staff;
- Education of local fishers and funding to swap fishing gear that harms non-target species for improved gear;
- Research needed to designate MPAs and develop management plans that recognize the importance of migratory species and the diverse ecosystems such as mangroves, reefs, and fish spawning aggregation sites (SPAGs) needed to support the various life stages of target species;
- Collaborative design with local fishers of fish replenishment zones, sustainability through controls such as size limits, species limits, and/or specific closed seasons or no-take areas such as SPAGs;

- Solid waste and wastewater management;
- Emergency funds for coral reef repair and restoration following hurricanes and storm surges, including parametric insurance.

In marine PAs, an important measure of biodiversity conservation effectiveness is an increase in fish biomass. An endowment managed by FMCN supports Cabo Pulmo National Park, which showed a 463 percent increase in total fish biomass in a decade with strong support from the local community.²² Based on this model, additional no-take zones have been established in Baja California and the Yucatan Peninsula that also show a striking increase in fish biomass.²³

Consolidating MPAs in Albania, Morocco, Lebanon, Montenegro, Tunisia, Algeria, Türkiye, Croatia, and Greece

The Mediterranean is a large marine ecosystem impacted by many different countries. Many MPAs have been established, but with fragmented and insufficient financing and a lack of transnational coordination for effectiveness. With support from the GEF International Waters Focal Area, the MedFund has a five-year tripartite agreement with national authorities and civil society to improve MPA consolidation under the UNEP Regional Sea Convention. Their efforts cover 9,000 km² in nine southern Mediterranean countries and focus on recurring core management expenses in 20 MPAs. An additional target has been to reduce unsustainable fishing pressures. The MedFund estimates 18,000 metric tons of globally over-exploited marine fisheries have moved to more sustainable levels. Finally, as part of the global move to increase MPAs, the MedFund currently supports the creation of seven new MPAs through their respective designation processes to conserve an additional 2,100 km².



Source: MedFund

Reducing Habitat Transformation

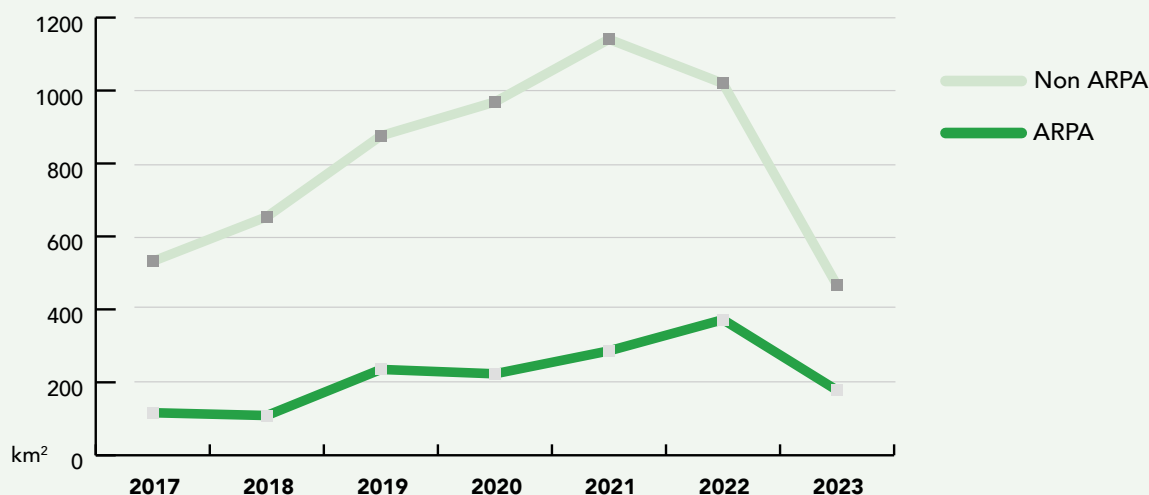
A major indicator of the effectiveness of PA consolidation efforts is the reduction in the rate of habitat transformation and fragmentation. CTFs support effective PA management across a variety of ecosystems. For example, GEF funds managed by FMCN were used to avoid up to 23 percent of forest loss from 2001-2012 as compared to PAs that did not receive GEF support.²⁴ A project for transboundary habitat mapping in the Prespa Lake Basin, shared by Albania, Greece, and North Macedonia, exemplifies GEF regional support for integrated freshwater and associated ecosystem management. Ongoing financing from multiple donors, managed by the regional CTF Prespa Ohrid Nature Trust, supports three NGOs, four PAs, and local farmers to restore alder forests and manage wetlands to reduce habitat transformation, reclaim ecological functions, and combat wildfires in the watershed.

Amazon Regional Protected Areas (ARPA) Program

With GEF support and other donors, FUNBIO established the Amazon Regional Protected Areas (ARPA) program in the Brazilian Amazon in 2002. Over the past 20 years ARPA has consolidated 120 Amazonian PAs that cover 62.5 million hectares and is also a globally recognized Project Finance for Permanence initiative. Deforestation in the Amazon increased substantially between 2017 and 2022. However, the lower level of deforestation—and associated reduced CO₂ emissions—in ARPA PAs was notable compared to the broader Brazilian Amazon PA system. The PAs that received support from FUNBIO via the ARPA for Life program, and therefore ongoing investments in staff, equipment, infrastructure, and outreach with local communities, experienced far less deforestation.

Reduced Deforestation in ARPA PAs in the Brazilian Amazon 2017-2023

Total Loss of Area Coverage in PA



Source: Instituto Nacional de Pesquisas Espaciais – INPE 2022. Projeto Prodes - Monitoramento de Desmatamento na Amazônia Legal. Retrieved from: <http://www.obt.inpe.br/OBT/assuntos/programas/amazonia/prodes>.

Building Local Partner Capacity

Over 64 percent of CTFs now invest in the capacity of community-based organizations (CBOs) that are usually on the front lines implementing actions that benefit biodiversity conservation.²⁵ Indigenous Peoples and local community members best know the areas where they live, deeply understand the pressures on biodiversity, are invested in the need for sustainable local economies and can best inform the design, implement, and sustain conservation activities over time.

CTFs have invested years of due diligence and targeted grants to build long-term, trust-based relationships with community partners and government staff, thus developing a strong understanding of local organizational and community landscapes. Capacity building can take many forms such as the virtual public library managed by BIOFUND with over 2,500 documents—the most extensive collection of materials on biodiversity and PA management in Mozambique. The Micronesia Conservation Trust (MCT) supports leadership programs including the Conservation Trust Fellowship and an Environmental Law Fellowship Program to enhance the technical skills of small island community members that are needed for effective site-based management. MCT supports exchanges, partnerships, and workshop opportunities and places law fellows in attorney general offices to assist jurisdictions to strengthen existing environmental laws. Similarly, through the MAR Leadership Program, the Mexican Fund for Nature Conservation, in collaboration with the Mesoamerican Reef Fund, provide young leaders with in-depth workshops, cohort support, and planning assistance to turn their ideas into replicable projects that can dramatically change the way communities understand and interact with the Mesoamerican Reef.

CTFs are often at the forefront of new capacity building efforts such as the MedFund's partnership with the Mediterranean Protected Areas Managers Network. This collaboration has improved marine area management, leveraged new financing, and built greater capacity to manage newly declared areas in the Southern Mediterranean. Based on this experience, more formal collaborations between CTFs and marine manager networks are now being promoted through a Global Alliance for Marine Protection.

Most frequently however, CTFs build capacity by complementing government PA budgets with grants and direct technical support to Indigenous organizations, NGOs, and/or CBOs that work in and around PAs. For example, 24 Latin American CTFs have invested in 370 Indigenous organizations/First Nations and over 3,000 NGOs and CBOs. This support strengthens small grassroots organizations, a trickle-down effect that enables more effective local projects and sustainable development opportunities. The continuous presence of CTFs over time allows them to link projects and partners to build the long-term social fabric and reinforcing network of relationships required to impact biodiversity conservation.

As an illustration, more than 50 percent of PAs are enmeshed with legally recognized Indigenous lands in Bolivia, requiring ongoing land use negotiations. In response,

FUNDESNAPE, along with partners such as the Tacanas, Mosestenes, Lecos, and Tsimanes Indigenous Peoples and the Wildlife Conservation Society, developed an Indigenous Territories Management Fund to facilitate the implementation of “Life Plans” in the Amazon’s Madidi Landscape. In 2023, five Indigenous organizations developed and began implementing their “Life Plans” addressing land management strategies with sustainable livelihoods.

Profonanpe in Peru invests in technical assistance and a collaborative partnership between subnational governments and AIDSESEP, a representative Amazonian Indigenous organization, to accelerate the complex process required to secure legal protection of Indigenous lands in Peru. The strategy, developed by AIDSESEP, identifies border dispute areas with neighboring communities and negotiates agreements prior to the launch of the official process. They then sign agreements with subnational Agricultural Departments in charge of recognizing and titling Indigenous communities. During the full period of negotiations, AIDSESEP engages Indigenous leaders employing Indigenous languages to improve communication, obtain crucial data, and build support. Profonanpe, in turn, invests in the AIDSESEP technical team that advances this work, and ensures continuous funding even during delays caused by political roadblocks or rotation of public officials. As of 2023, this strategy has resulted in the legal recognition of 13 Indigenous communities, and the titling of another six Indigenous territories.

Building Conservation Trust Funds in Small Island Developing States

The Caribbean Biodiversity Fund (CBF) was established in 2012 with \$42 million of initial financial commitments from the GEF and The Nature Conservancy. As part of its mission, the CBF operates as a regional umbrella fund to provide permanent funding and technical support to 12 SIDS National Conservation Trust Funds (NCTFs). The NCTFs lead grant making activities and drive programs to protect ecosystems in their respective countries. The ‘Caribbean Sustainable Financial Architecture,’ forged by this alliance, sets up the CBF to pool endowment sub-accounts and channel the annual funding generated through the NCTFs. CBF owns the endowment sub-accounts for greater returns through one entity. The funds also work together as a network to respond to regional biodiversity needs and build capacity and influence for enhanced biodiversity conservation and sustainable development across the Caribbean. The NCTFs and CBF partner to identify key performance indicators, build grievance redress mechanisms and set up environmental and social screening mechanisms to meet rigorous standards in fund management. In 2023, their shared resources reached \$185 million thanks to the original donors and new commitments from the Kreditanstalt für Wiederaufbau (KfW), the GEF, the French Development Agency (AFD), Global Affairs Canada, The US Agency for International Development, and the Blue Nature Alliance, based on the growing capacity of the CBF and NCTF network.

Protecting and Restoring Ecosystems

Both within and outside protected areas, CTFs invest in long-term programs to avert threats and support ecosystem restoration. When threats such as fires, hurricanes, or livestock expansion affect an area, CTFs respond as quickly as possible designing programs to direct resources to conservation practitioners in these areas before further degradation and/or permanent habitat conversion takes place. When damaged areas are not restored promptly the area can quickly be overwhelmed by invasive species, soil erosion, and ongoing human-led activities.

For example, parametric insurance allows fast coral reef repair response following storm surges over certain parameters. The MAR Fund has purchased the regional aggregated insurance policy and trained teams in communities and protected areas in Mexico, Belize, Guatemala, and Honduras. When the insurance conditions are met, the teams deploy to eliminate debris and quickly stabilize and re-attach coral fragments, so reefs recover more rapidly. In other ecosystems, many CTFs support local communities to replant native trees and restore degraded ecosystems and revitalize the ecosystem services. For example, Tany Meva, with support from the World Bank, provides a 'cash for work' program in southern Madagascar to establish community greenbelts to curb desertification by fixing dunes and reforestation.

Reforestation of the Eastern Arc Mountains of Tanzania

The Eastern Arc Mountains stretching between Kenya and Tanzania steadily lost forest cover, from approximately 18,000 km² to only 3,450 km² in 2000. This consistent loss of an extremely endangered and highly biodiverse ecoregion led the GEF to support the creation of the Eastern Arc Mountains Conservation Endowment Fund (EAMCEF) in partnership with the government of Tanzania in 2001. EAMCEF focuses on protecting and communicating the ecosystem services and values provided by these forested mountains including water to 25 percent of Tanzanians, and electrical power to 50 percent of the country, as well as food security, traditional medicines, and cash crops for local communities. Over 527,380 people have benefited from alternative income-generating programs such as beekeeping, animal husbandry, ecotourism, and tree planting. Increased education about ecosystem services, the formation of 227 Village Natural Resources Committees, and increased law enforcement by Forest Reserve/National Park Managers has led to an almost 100 percent drop in dry season fires, effective control of illegal activities, and expanded reforestation efforts. To date, 4,579 hectares have been reforested with over 3,821,421 native trees. EAMCEF is now working to mobilize an additional \$20 million in capital investment to promote community and private sector engagement for reforestation of an additional 150 sites and further invest in alternative energy sources, agro-biodiversity programs, and more nature-based solutions.

Conserving Biodiversity and Endangered Species

CTF networks and regional CTFs that work across national borders provide important resources for migratory species whose life cycle and migration patterns require transnational coordination. Migratory species conservation requires a deep understanding of their life cycle and the different geographies and ecosystems that need conservation along their migratory routes, such as 'swimways,' or in the case of so many bird and butterfly species, 'flyways.' To effectively identify and protect the safe harbors needed for resting, feeding, and reproducing along the full migratory route is a complicated interdisciplinary and transnational affair. RedLAC CTFs currently implement "Conserva Aves" with partners with avian expertise to target critical habitats used by endemic and migratory birds in nine Latin American countries.

Many CTF investments are made precisely to protect endangered biodiversity, often targeting individual species. CTFs consistently identify keystone species, which define and support the ecosystem, ensuring that other species also thrive. Many such as sharks and bears are apex predators that regulate prey populations to create greater ecosystem balance. Others are

pollinators or have a disproportionately large effect on the ecosystem. In 1997 the GEF started the Fund for Protected Areas in Mexico (FANP) with FMCN. FANP supported consolidation of many PAs including the Monarch Butterfly Reserve. Since that time, and with matching funding from other generous donors, forest owners that conserve the core area of the Reserve receive compensation to stop deforestation and restore the forest so that it continues to serve as the major winter habitat for monarch butterflies. This payment for ecosystem services mechanism halted deforestation in 2009 and now also funds restoration of the monarch's critical temperate forest wintering sites.²⁷

Protecting Mountain Gorillas

The Ugandan Bwindi-Mgahinga Conservation Area (BMCA) of 658 km² is designed primarily to protect mountain gorillas with the support of the Uganda Wildlife Authority (UWA) and the Bwindi Mgahinga Conservation Trust. GEF funding provided the endowment fund whose proceeds support the UWA park management activities, control of problem animals, research, and grants to local community groups for alternative economic activities such as rotational livestock practices, beekeeping, and tree planting. Grants also reach the Batwa peoples to support education and land acquisition. Financial support from the GEF has allowed the size of the conservation area to stay stable at 658 km² by curtailing deforestation and subsequent forest fragmentation. Habitat protection has allowed the population of mountain gorillas to notably increase. In the 2011 Gorilla Census, there were 880 gorillas in BMCA. In the census of 2016-18, the total number increased to 1,063 gorillas. By protecting mountain gorilla habitat, the protection of other species such as buffalo, baboons, and many birds is also ensured.

The mountain gorilla population continues to increase thanks to three major strategies: 1) reducing human-wildlife conflicts with thorn bush barriers and walls; 2) supporting 280 rangers with phones, GPS, anti-poaching tools, and camping/rain gear; and 3) enhancing positive attitudes towards conservation of wildlife resources primarily through catalyzing local economic benefits. Poverty in surrounding communities is addressed through investments in 68 community enterprises including beekeeping, pig husbandry, Heifer projects, and potato cultivation among others. A successful effort to build mountain gorilla tourism (\$800 per head to visit the gorillas) benefits local communities, contributes to about 60 percent of Uganda's tourism industry (still recovering from COVID-19) or 7.7 percent of Uganda's Gross Domestic Product in 2023.

Catalyzing Blue and Green Sustainable Production

The Global Biodiversity Framework Target 10 focuses on long-term productive land and seascapes for improved livelihoods and greater food security based on maintaining ecosystem function and services. Exciting ventures that require renewed and new knowledge, partnerships, and consistent outreach to farmers and fishers at all scales of production allow communities to re-imagine agroecology approaches, lower carbon usage, intensify sustainable production practices, utilize fishing equipment to protect endangered species, maintain soil health, and safeguard pollinators. CTFs have been at the forefront of innovative conservation finance, linking the private and public sectors, establishing models that today encompass payment for ecosystem services, Project Finance for Permanence, blended finance, impact investment, offsets, public-private partnerships, and carbon credits.

Investments in this blue and green economic transformation have been a major priority for CTFs that invest in local communities to support sustainable agriculture, find alternatives to harmful activities, increase the conditions to sustain ecosystem services and lower pressures to protected areas. Many CTFs invest in micro-, small-, and medium-sized enterprises. As an example, the Forever Costa Rica CTF, in their Gordon and Betty Moore Foundation-funded Gente Project, supports business skills in 30 communities adjacent to 15 protected areas, providing seed funding and acceleration and incubation processes. To date, this has benefited 50 small-scale producers and generated 600 jobs.

CTFs have developed compensation and offset mechanisms such as implementing REDD+ programs to ensure local communities secure forests that sequester carbon. For example, Fondo Acción has supported nine REDD+ projects in the Chocó Biogeographic region of Colombia. These projects, deeply rooted in voluntary carbon markets, have reduced over 7 million tons of greenhouse gas emissions, and mobilized significant financial resources to improve livelihoods as forest and biodiversity are protected. The projects, which belong to 20 ethnic communities (Indigenous and afro-Colombian), have benefited over 10,000 families and financed protection activities in approximately 700,000 hectares of tropical rain forest.

Incubator funds can reduce private sector risk to scale successful sustainable business ideas. In Mexico, a Forest Investment Program supported by the Inter-American Development Bank in a partnership with FMCN and FINDECA, a financial intermediary, provides low interest loans to 64 community enterprises. After five years of support, FINDECA recorded a 100 percent timely compliance on the loans provided to the forest entrepreneurs.

Private Sector Economic Transformation

The Malawi Government has given the long-term management concession of Mt. Mulanje to the Mt. Mulanje Conservation Trust (MMCT) to coordinate and unlock diverse sustainable resource uses and promote effective conservation. In 2006, the GEF provided \$5.45 million to capitalize MMCT to build protected area management capacity and public-private partnerships to energize green commerce, community livelihood opportunities, and intensive PA management action. MMCT has since leveraged an additional \$40 million after developing feasibility studies, business plans, and legal solutions to catalyze hydro-power generation, tourism services, sustainable water use, and agro-processing enterprises.

MMCT fosters these businesses with social enterprise equity, joint ventures, blended finance, and community association social capital and production. Water-based businesses will contribute payments for ecosystem services (PES) to a water fund being developed in cooperation with The Nature Conservancy that catalyzes user payments to sustain catchment management. The first enterprise—a local mini-grid called MEGA Magetsi—has licenses for hydro-power generation and distribution to connect over 2,000 businesses and households and generate PES funds for conservation. Equity investments and a completed blended-finance joint venture will infuse \$25 million in these enterprises. African Parks is mentoring MMCT through a ten-year incubation process and “1,000 Landscapes for 1 Billion People” has profiled MMCT’s work in Mt. Mulanje as a sustainable development landscape platform linking effective ecological management with innovative commercial ventures and community PA engagement.

Improving Policy Coherence for the Global Biodiversity Framework

Governments have committed to reduce harmful subsidies, improve energy technologies, and better align biodiversity and climate goals with national development policies. With a seat at the table, CTFs can strengthen the enabling conditions needed to better integrate biodiversity and climate concerns into national development policies and advance regional and international biodiversity, SDG, and climate commitments. These efforts require greater policy alignment between ministries to avoid working at cross purposes.

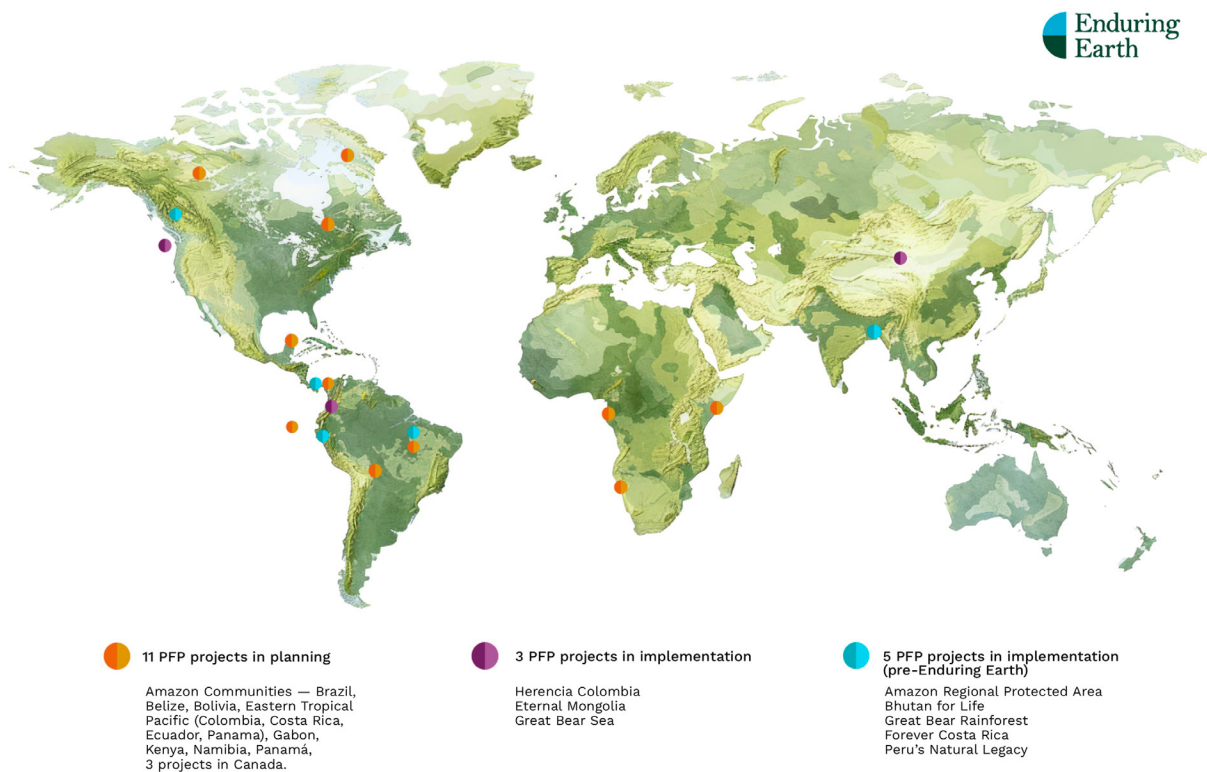
To develop national development plans that advance nationally determined contributions and/or national biodiversity action plans, CTFs often work to align policies and launch ambitious programs to support these agendas. CTFs have strong convening power given their relationship with donors and actors in different geographic areas throughout the country. They often use this convening power to help organizations and government agencies reach agreements to move contentious policies forward and advance sustainability for PAs. For example, GEF funds, entrusted to FMCN, supported the National Institute for Ecology and Climate Change to develop Integrated Watershed Action Plans. These in turn, were incorporated into PES guidelines. Using GEF counterpart funds, monitoring protocols for PAs and PES programs were then designed and adopted by three federal agencies.

Funding PAs is an ongoing budgetary and policy challenge in many countries. CTFs attract funding to support these PAs and work with the governments to increase matching budgets and decrease ecologically damaging activities. For example, the operational costs for North Macedonian national parks have been financed for decades by unsustainable logging revenues. The Prespa Ohrid Nature Trust (PONT) supports 50 percent of PA operating costs, the establishment of a sustainable finance mechanism through entrance tickets, and ongoing discussions with the government and other partners, wood sales from Galičica National Park were stopped in 2020. PONT now supports this same transformational process in Shar Mountain and Pelister National Parks and worked with the Ministry of Environment and Physical Planning, to allocate, for the very first time, central government funds for PA management in the 2024 budget.

CTFs are also critical partners in a successful global strategy, Project Finance for Permanence (PFP) initiatives. PFPs, primarily financing tools that accelerate change for durable conservation, secure the funds and policy changes needed to meet the program goals and support achieving global conservation commitments such as the 30x30 targets. PFP initiatives have a defined long-term timeframe (usually 15 years or more) to sustain activities once external donor funds are fully spent. CTFs have been essential partners for PFPs, as they ensure policy agreements are implemented via disbursement conditions and manage donor funds until the long-term sustainable finance mechanisms are put in place. To date, six PFPs have been established globally with an overall investment of approximately \$1.5 billion. The GEF supported four PFP

deals,²⁸ providing over \$41 million. These funds have been highly leveraged with \$550 million contributed from other donors and approximately \$900 million from national government commitments totaling \$1.5 billion in total PFP funding.

The demand for more PFPs helped spark the Enduring Earth initiative that will protect an additional 600 million hectares in 20 PFPs worldwide by 2030. In many countries, enabling conditions need to be strengthened to manage sustainable finance mechanisms and ensure PFP effective implementation. For example, in Bolivia, FUNDESAP supported the National System of Protected Areas to build a Financial Strategic Plan 2022–2031. Adopted as public policy, the Plan builds PA sustainability and strengthens the enabling conditions for an anticipated PFP in Bolivia by clarifying the financial needs of the PA system. CTFs are critical partners with the Enduring Earth team²⁹ to realize the ambitious agenda in 20 more countries.



Source: Enduring Earth, 2024.

Project Finance for Permanence: Herencia Colombia (HeCo)

Herencia Colombia (HeCo) is an innovative long-term PFP initiative based on a public-private partnership. It is led by Colombia's Ministry of Environment and Sustainable Development and the National Park Service in alliance with the CTF, Fondo Patrimonio Natural, and many critical donors and cooperators including the GEF and Enduring Earth partners, namely World Wildlife Fund and The Nature Conservancy. The goal of HeCo is to develop the long-term sustainable financing mechanisms needed to manage over 29 million hectares in many of Colombia's megadiverse protected areas over the long-term. HeCo also invests in the functional landscapes around PAs, recognizing that natural resources, like clean water and other related services, do not stop at the boundaries of protected areas and must engage local communities. To advance the 30x30 target, in the first ten years, HECO will support the creation of PAs covering an additional two million terrestrial hectares and 15 million hectares in MPAs.³⁰

The GEF contributed \$3.4 million to HeCo, alongside \$113 million from other public and private donors, that leveraged nearly \$130 million in new government funding commitments. As part of the Colombia government's commitment, HeCo receives 5 percent of a government carbon tax for conservation and integrated management targets. During the design phase of this PFP, HeCo was incorporated into the National Development Plan 2018-2022 as a government initiative that contributes to the achievement of national targets related to climate change and biodiversity conservation and supports the implementation of the Agrarian Reform, the Comprehensive Strategy to Control Deforestation, and SDGs 1, 2, 5, 6, 8, 11, and 13-17.

The Ability of CTFs to Manage and Leverage Resources for the Global Biodiversity Framework

While the impact of CTF grants in the field is critical, their ability to effectively manage and leverage GEF and other donor resources makes them unique financial institutions and partners. CTFs ally with the governments in their countries to meet GEF requirements, identify financial needs, secure matching funds, and ensure smooth budgetary disbursements over the long term.

As CTFs have become increasingly sophisticated, they manage a range of financial flows such as endowments, sinking funds, sustainable financing mechanisms, and numerous program accounts. They invest the funds received to ensure reliable financial flows to PAs and other programs over the long term. While still heterogenous, with different levels of financial acumen, the vast majority of CTFs are effectively:

- Moving global funding to the front lines of biodiversity conservation;
- Leveraging additional funding;
- Administering assets with transparency and agility;
- Building endowments as anchors of stable capital;
- Accelerating the creation of sustainable financing mechanisms;
- Building new partnerships with the private sector.

Moving Global Funding to the Front Lines of Biodiversity Conservation

Between 2009 and 2018 CTFs disbursed over \$2 billion to field programs, relying on due diligence practices and the long-term knowledge of, and trust-based relationships with, local Indigenous and community organizations. Once procedures and safeguards are fully established, CTFs are often able to dramatically increase funding levels to the field. Most CTFs use small grants to deploy funds given that they can be tailored to a manageable level of effective absorption. Medium and larger grants of over \$100,000 are also extensively used for both multi-annual and project-specific investments. They describe their service as ‘capillarity’ or systematic—moving funding streams from large international donors to the ground to nourish the roots of long-term conservation successes through local networks of trusted partners.

Along with managing Calls for Proposals and grant processes, most CTFs have Memoranda of Understanding with protected area management agencies to help cover non-staff costs as personnel is usually considered a government responsibility. For example, the Forever Costa Rica Association provides support to individual PAs for management plans and implementation along with staff training and infrastructure investments, while the government invests in staff and some recurring costs such as fuel. This is another key mechanism for distributing funding to those who are most responsible for PA management.

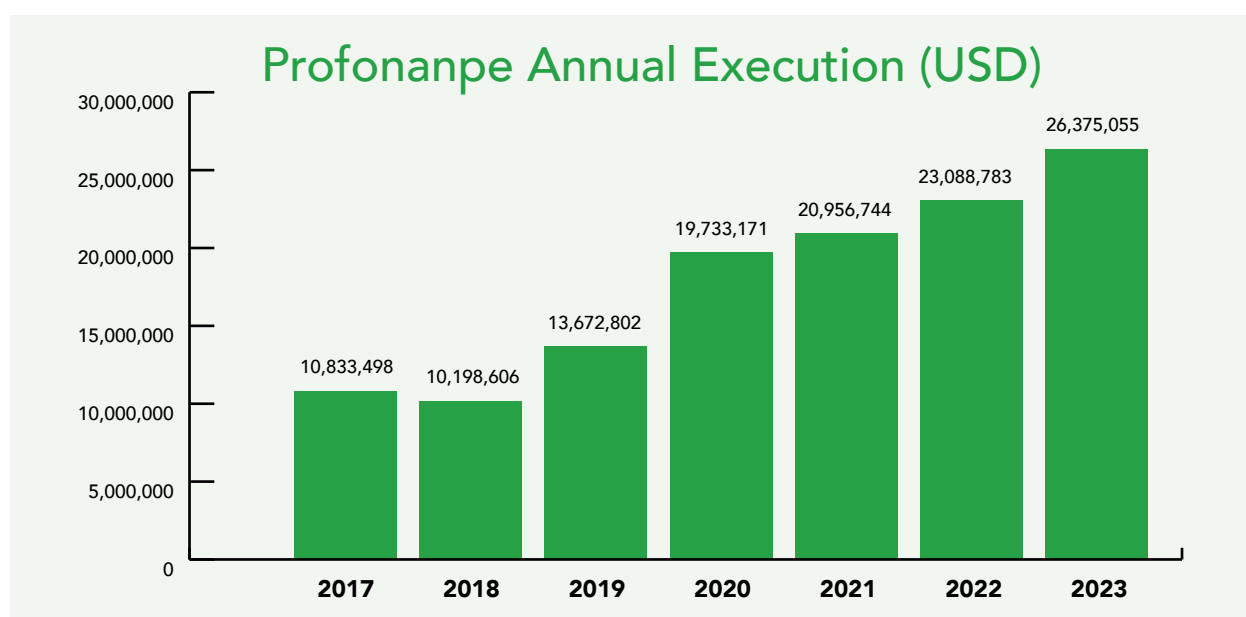
As part of the global biodiversity finance architecture, a number of CTFs are accredited with the GEF, Green Climate Fund (GCF), and/or Adaptation Fund. Accreditation has proven to be a lengthy and difficult process but the CTFs who have persevered recognize that they have matured as institutions and benefited by stepping up to meet the requirements. With robust fiduciary and risk management policies, a strong seat at the table with government partners, and transparent procurement and financial procedures, these CTFs have the installed capacity needed to manage international funding flows, precluding the need for new special purpose vehicles.

The Global Biodiversity Finance Architecture and CTFs	
Global Environment Facility (1)	Brazilian Biodiversity Fund (FUNBIO)
Green Climate Fund (7)	Belize – Protected Areas Conservation Trust Bhutan Trust Fund for Environmental Conservation Brazilian Biodiversity Fund (FUNBIO) Colombia – Fondo Acción Mexican Fund for the Nature Conservation (FMCN) Micronesia Conservation Trust Peru – Profonanpe
Adaptation Fund (5)	Belize – Protected Areas Conservation Trust Bhutan Trust Fund for Environmental Conservation Micronesia Conservation Trust Panama – Fundación Natura Peru – Profonanpe

CTFs can move international funding to conservation areas and local populations effectively and efficiently, addressing their urgent needs in the face of climate change and environmental challenges. The ability to meet donor requirements, in some cases proven through the accreditation process, has enabled CTFs to transform their global vision to local action.

Moving Global Funding to Local Communities

Accreditation with the Adaptation Fund and the GCF signifies the proven ability of Profonanpe to uphold the rigorous standards required in terms of management, social, environmental and gender safeguards policies, integrity, grievance mechanisms, and more. Profonanpe's status as a direct access entity enables it to directly engage with communities, understand their specific needs, and tailor interventions accordingly. This localized approach ensures that resources are directed where they are most needed, maximizing the impact of climate finance and contributing to the resilience and well-being of populations. As a direct access entity, Profonanpe can channel financing in a timely and efficient manner, making it a key player in climate finance and sustainable development efforts in Peru. Its consistent growth in execution capacity is demonstrated below.



Source: Profonanpe 2023.

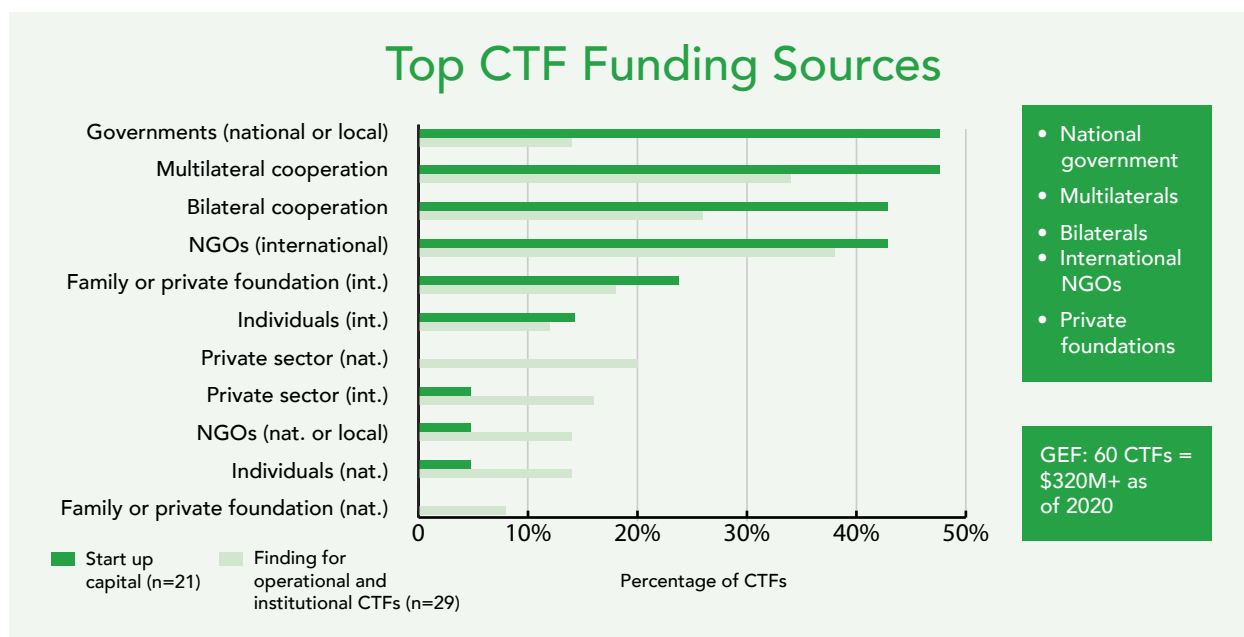
Leveraging Additional Funding

The vast majority of CTFs have used the initial GEF injection of capital to leverage far more funding over the years. The proven capacity to get funding to local communities in a transparent and supportive manner enables CTFs to leverage more funds, primarily from other international donors, while supporting government commitments.

For instance, as of 2020, the GEF has provided over \$320 million to 60 CTFs. CTFs around the globe therefore have experience meeting the reporting requirements of the GEF's implementing agencies. CTFs have used some of these GEF funds to strengthen their capacities to monitor projects, provide accurate financial and narrative reports, and better manage risk. Over the past decade, higher standards for environmental and social safeguards, gender considerations in project design and implementation, and measures to support people

at the site level have become ever more important. Risk management tools such as grievance mechanisms and anti-money laundering and disclosure policies are now also now part of all international financial transfers. As CTFs are a heterogenous group, many have already implemented sophisticated systems to meet these requirements, while others are still building their capacity to respond to the highest international standards. GEF funds, and accreditation requirements, have helped to advance CTF safeguards and their ability to meet these high donor requirements.

The top sources for startup capital and to fund established programs are indicated in the graph below.



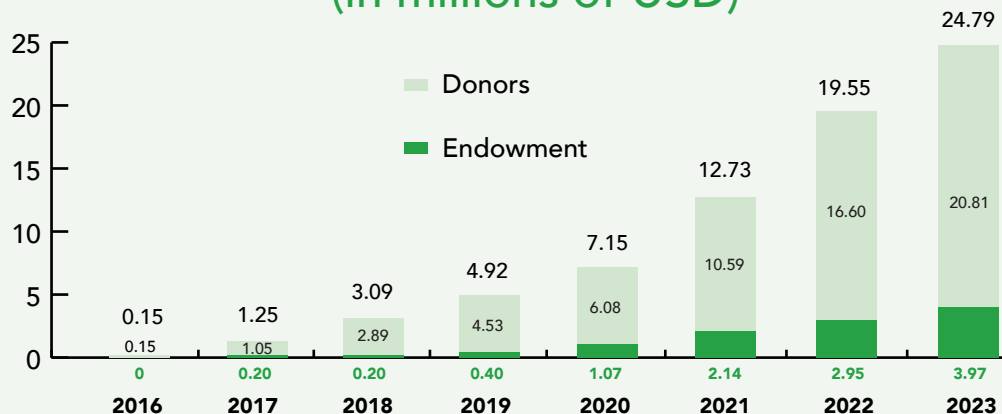
Source: *Conservation Trust Funds 2020: Global Vision, Local Action*. (2020 Global CTF Survey; n=21 CTFs in start-up stage; n=29 operational and institutional CTFs).

As finance mechanisms that can address donor requirements and show impact of effectiveness, CTFs have effectively mobilized funds from public funders while leveraging additional funds from major bilateral organizations (e.g., KfW, AFD, FFEM, USAID, and NORAD); large private foundations (e.g., Gordon and Betty Moore Foundation, Walton Family Foundation, David and Lucile Packard Foundation); and large international NGOs (e.g., The Nature Conservancy, Conservation International, World Wildlife Fund, and Pew Charitable Trusts); along with many others. For example, the fourth GEF project with FMCN focuses on restoring rivers with regenerative ranches in critical watersheds. The project attracted GCF funds that further scaled the GEF investment and launched a national river restoration strategy. In another example, Profonanpe’s funding increased from \$10 to \$25 million over seven years. This significant success underscores the effectiveness of their accreditation efforts with continuous improvement and professionalism in implementation, positioning Profonanpe to be ever more able to manage conservation financing in Peru.

Leveraging GEF Funds

To ensure the long-term financial sustainability of Mozambique's conservation areas, the Government of Mozambique recognized BIOFUND in 2011. The GEF made two contributions to the BIOFUND endowment for a total of \$15.2 million for institutional establishment and growth. As of early 2024, with other donor contributions and strong investment returns, the endowment totals \$56 million. Earnings finance the non-salary operating costs of the country's parks and reserves. The growth in BIOFUND's ability to disburse funding to the field has accelerated extremely quickly, as shown in the graph below. Although BIOFUND is not an accredited agency with the GEF, it works with the World Bank to channel GEF resources to protected areas efficiently and effectively. The proven capacity to manage endowment disbursements has led to other donors entrusting BIOFUND with the management of nearly \$150 million in project funds. BIOFUND is now the vehicle of choice for international biodiversity funds. Cumulatively BIOFUND has disbursed over \$25 million to more than 80 projects in 33 public and private protected areas.

Growth of BIOFUND Disbursements (in millions of USD)



Source: BIOFUND 2023.

Administering Assets with Transparency and Agility

Many donors are hesitant to make donations directly to government ministries, given that financial reports are often difficult to secure. To overcome this dilemma, governments often count on CTFs to manage pass-through funding and donor program accounts to support national priorities. CTFs deploy the Practice Standards to showcase their financial transparency and maintain updated operations manuals with processes and procedures for procurement, inventory, travel reimbursements, vehicular use, and other daily financial practices. They maintain a clear segregation of duties for financial transactions and detailed processes for budgeting and accounting along with at least one annual audit by independent external auditors using the International Financial Reporting Standards.

The COVID-19 emergency provides an example of CTF capacity to respond quickly. Private conservation areas—which make up two-thirds of Mozambique’s PAs—asked BIOFUND for help when the tourism market crashed during the pandemic, undermining their financial model. Within a month the BIOFUND Board approved covering ranger salaries through the COVID emergency with disbursements to these critical staff arriving within the month. In contrast, other emergency programs were taking six to seven months to disperse funds.

Building Endowments as Anchors of Stable Capital

CTFs manage sophisticated investment strategies for their endowments and long-term sinking funds. The GEF has been a major initial funder of many CTF endowments that have allowed CTFs to grow and be anchors of stable capital in their countries. Endowment funds are by

Financial Transparency and Agility

The MAR Fund maintains a small administrative team to manage financial resources and ensure compliance with procedures and regulations. Accounting is outsourced to provide an extra level of review to process and monitor the financial information. Different external audits are carried out annually by internationally recognized independent auditing firms to verify the reasonableness of the financial statements and measures of internal control. Results of the external audits are reviewed by the MAR Fund Audit Committee and approved by the Board. The administrative team then follows up and implements any audit recommendations. External audits in 2023 included: a) an institutional review of the financial statements, the endowment fund, and compliance with the program for the prevention of money laundering or other assets and financing of terrorism; and b) as required by donors for specific projects.

Along with managing numerous grant programs, the MAR Fund also operates an Emergency Fund to respond to urgent situations affecting coral reefs, such as hurricanes, ship groundings, and Stony Coral Tissue Loss Disease. Following a disaster, local NGOs complete a proposal format and budget. These are reviewed by the Reef Rescue Initiative Unit (RRI) for final approval by the RRI Technical Supervisory Committee (TSC). Simultaneously, an established due diligence check of environmental and social safeguards is carried out on the grantee organization to ensure compliance for dive accident insurance, licensed boat captains, etc. After approval from the TSC, a donation letter is signed, and funds are disbursed usually within two days.

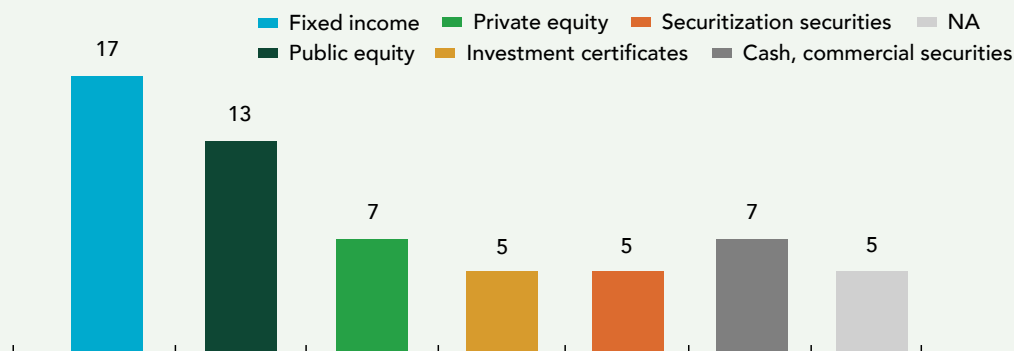
nature intergenerational, ensuring continuous investments in biodiversity conservation, climate adaptation, and sustainable development. While there is an immediate opportunity cost to not spending in the short term, endowments provide regular funding streams that smooth out the cycles that accompany changeable donor interests and global economic fluctuations. In addition, endowments generate higher levels of CTF organizational resilience, with some core operating costs covered by multi-year averaged endowment returns, insulating core staff during a fiscal crisis. This organizational flexibility gives CTFs the ability to leverage other funds, an effort that requires a substantial financial and time investment. Fundamentally, endowments build permanence: the continuity of purpose needed for inter-generational issues such as biodiversity conservation.

Many effective CTFs have a base endowment capitalization of at least \$10 million, with many being much larger. In the RedLAC 2023 survey, 26 percent of respondents have endowments over \$50 million.³¹ Older CTFs that demonstrate high levels of accountability and performance show the growth and leverage over time. For example, in 1996, Mexico’s National Commission for Natural Protected Areas appointed FMCN to be the recipient of a \$16.5 million GEF grant for an endowment for 10 PAs. With successful operation, the GEF provided an additional \$22.5 million for the inclusion of 12 additional PAs in 2000.³² The original endowment of \$16.5 million in 1997 has expanded ten times to \$165 million in 2024. In 2020 a global CTF survey indicated over \$1.9 billion was disbursed by CTFs worldwide between 2009 and 2018.³³

To manage these investments, CTFs have had to learn to deal with volatility in financial markets, exchange rate fluctuations and risks, and other market inconstancies. They do this by contracting investment advisors who apply multi-instrument investment strategies. In 2023, 24 RedLAC CTFs used the following investment approaches.

RedLAC CTF Endowments Deploy a Multi-instrument Investment Strategy (n=24)

Number of responding CTFs that invest in the following financial instruments:



Disclaimer: These are not discrete categories for each fund because endowments may be invested in multiple financial instruments simultaneously (i.e., a fund could be invested in bonds, fixed income, and public equities).

Source: RedLAC 2023 Biannual Survey, supported by Enduring Earth.

As a whole, CTFs with larger capital endowments, often invested with the long-term portion of sinking funds (with donor permission), have been able to generate higher returns, better protect their capital above the rate of inflation and grow value, and ensure more predictable spending levels. This allows for greater planning and budgeting for both institutional financial resilience and more predictable PA management budgets. The Conservation Trust Fund Investment Survey³⁵ has provided insights on the need to fully capitalize endowments for their intended goals, diversify global assets, maintain funds in hard currencies, invest steadily in equities, and use qualified professional advisors.

Considerations in Managing Endowment Funds

The Fondation pour les Aires Protégées et la Biodiversité de Madagascar (FAPBM) was established in 2005 to support the Malagasy Protected Areas System on a perpetual basis. In 2010, FAPBM set an endowment goal of \$50 million to significantly increase the number of PAs it could support. In 2011, the GEF contributed \$10 million which leveraged contributions from other donors and enabled FAPBM to meet the initial endowment goal in 2015. In 2022, FAPBM supported 48 Malagasy PAs covering 4.2 million hectares with over \$3 million from returns on from capital investments. As FAPBM and the Government of Malagasy work to support ever more PAs in the country, the FAPBM fund reached \$140 million in 2022, and continues to grow, to target financial support to 76 protected areas by 2026.

FAPBM investment policy priorities are: a) disburse at least the minimum amounts needed by the selected PAs annually; b) preserve the principal in US dollars on a seven- to ten-year rolling basis; and c) increase the portfolio's value by at least the US rate of inflation with financial performances higher than the disbursement rate. Their risk-return portfolio approach is reviewed every three years to ensure that the performance path is still compatible with conservation priorities. The current target allocation is 55 percent in public bonds, 30 percent in public equities, 9 percent in private debt funds and 6 percent in private equity funds. With performance-based growth and many other contributions, the original GEF investment has enabled the growth of the FAPBM endowment and an ongoing increase in the number of PAs that receive the funds needed to maintain Madagascar's incredibly unique biodiversity move in line with biodiversity targets.

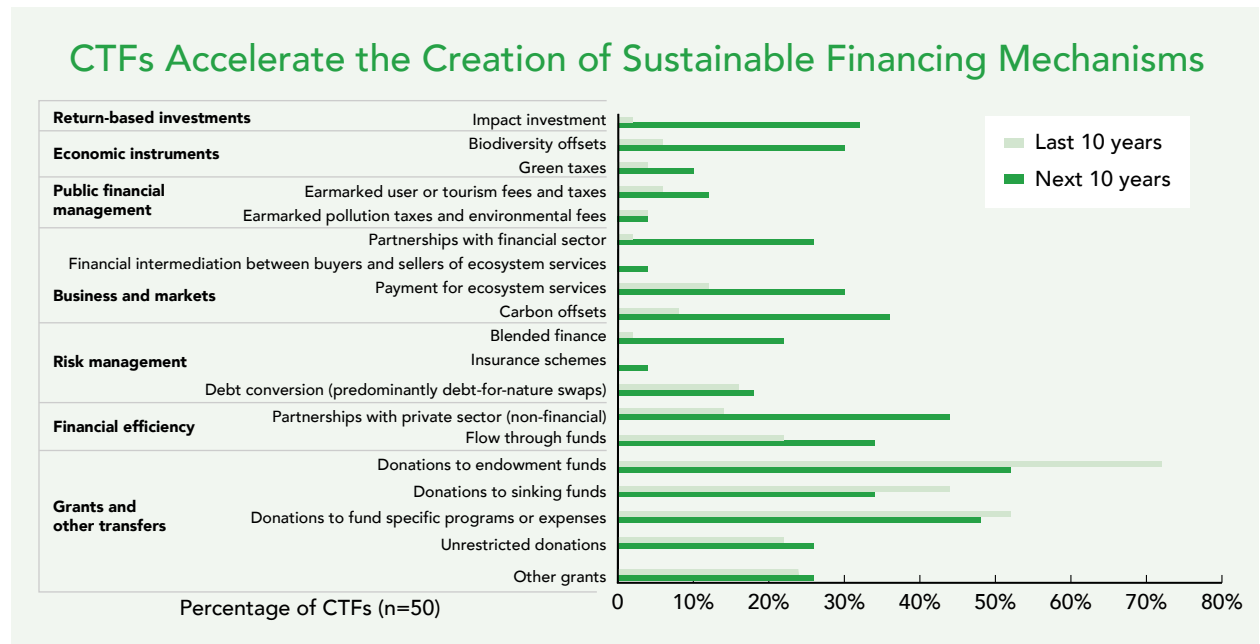
FAPBM Endowment Capital



Source: FAPBM

Accelerating the Creation of Sustainable Financing Mechanisms

The organizational resilience provided by endowments has proven to be an enabling condition for CTFs to invest in innovative financing mechanisms and build scalable strategies.



Source: Conservation Trust Funds 2020: Global Vision, Local Action. Adapted from Figure 4.3 on p. 80.

In a now well-established area of conservation finance, CTFs engaged early in sovereign debt conversions that restructure or reduce national debt while bolstering conservation efforts. Many target countries for biodiversity conservation face debt sustainability issues, so debt conversions can be transformative, enabling the generation of sustainable financing solutions. CTFs partner with government to manage a percentage of the proceeds to support agreed upon conservation priorities. Debt-for-nature swaps through the USA’s Tropical Forest Conservation Act have helped fund endowments and programs in many CTFs such as the Fund for Environmental Investment (FIAES) in El Salvador, the Forever Costa Rica Fund, and the Tropical Forest Conservation Fund of Paraguay. Many other creditor governments have also backed debt-for-nature initiatives.³⁶

Building sustainable financing mechanisms for PAs from tourism fees; freshwater provision, including protection and restoration of the freshwater ecosystem; payment for ecosystem services (PES) carbon credits; and biodiversity offsets are all examples of areas where many CTFs have substantial experience. For example, FIAES works as a strategic partner with the Ministry of Environment and Natural Resources in El Salvador to manage biodiversity offsets for private companies to compensate for negative environmental impacts. They have enacted more than 500 agreements on biodiversity offsets to date. In 2020, the Community Conservation Fund of Namibia established a National Wildlife Credits Scheme Fund as an

example of a PES initiative to pay communal conservancies for conservation outcomes. This emerging nature market will provide an alternative income source to the 86 registered conservancies in Namibia. Most of their funds to date has come from lodges, tourism, and conservation hunting under strict quotas. Now wildlife credits provide a payment for results based on independently verified conservation performance.

In another recent example of a CTF having the needed capitalization to invest in innovative ideas, the Forever Costa Rica Association won one of the highly competitive GEF Assembly Challenge for Adaptation Innovation awards in 2023 to support innovative and inclusive climate-smart ventures. The project is now advancing with UNIDO as the GEF implementing entity. In another innovation, the Global Fund for Coral Reefs is supporting a new blue economy innovation, the MAR+Invest initiative, a blended finance facility that invests in market solutions that contribute to the health of coral reefs and reef dependent communities along the Mesoamerican Reef in collaboration with the MAR Fund and Sureste Sostenible in Mexico.

Efforts such as these are underway to better engage the private sector in biodiversity conservation. One approach is for CTFs to provide seed funding and equity investments to support small and medium enterprises and/or minimize private investors' risk in joint ventures. BIOFUND uses an innovative finance window within its GEF-funded endowment for impact investment in the privately managed conservation areas in the country. In 2022, RedLAC and CAFÉ joined forces with the French Facility for Global Environment and MAVA Foundation to test innovative projects towards the 2030 goals in partnership with the private sector. This BRIDGE program created an Innovation Fund of \$1.4 million that provided small grants for 12 CTFs to pursue feasibility studies for new sustainable financing mechanisms in 2023. From this pool, nine CTFs received additional funds to implement mechanisms such as green enterprises, blue carbon wealth valuation, risk-sharing solutions with private investors, and a green savings account mechanism. The goal is to review results in 24 months and scale successful pilots with ever greater engagement of private sector partners.

Private Sector Blended Finance Innovation for Regenerative Agriculture

Fondo Acción, in partnership with one of Colombia's largest dairy companies, has designed a blended financing mechanism: The Agrosustainable Fund (ASF). The ASF mobilizes private funds to small-scale dairy farmers who embrace more biodiversity and ecosystem services-friendly practices in the provinces of César and Santander. To access the ASF, farmers must have a signed agreement with the dairy company which buys their milk. Philanthropic resources provided by Fondo Acción will be disbursed to the farmers, thereby reducing the risk inherent in traditional higher priced loans from commercial banks. Dairy farmers will pay back the contribution of the ASF, with below-market interest, to ensure the sustainability of the fund. ASF operations aim to generate a stable income for small-scale dairy farmers, better environmental practices, and an improved financial sustainability model for dairy production.

Conclusion

In conclusion, the global effort to halt biodiversity loss and meet ambitious goals—such as the 30x30 initiative—requires not only financial investments but also the structural transformation of policies and economies towards sustainable development. CTFs have emerged as a vital mechanism in this transition, channeling resources to where they are needed most—at the front lines with Indigenous Peoples and local communities, with park rangers and territorial guardians, and conservation practitioners. Over the years, CTFs have proven effective in providing necessary resources to support the effective management of protected areas and assisting government agencies in integrating the value of nature into their national development plans. Key takeaways include:

- **Resilient and agile institutional design.** The success of CTFs is attributed to their design, which allows them to remain independent while aligned with government objectives. This balance ensures continuous funding for protected areas even during political transitions and economic downturns, safeguarding long-term conservation goals. The structure of CTFs—whether as trusts, foundations, or nonprofits—ensures they can adapt to the unique legal and financial frameworks of different countries. Their multistakeholder boards, which often include government officials, academics, civil society, private sector entrepreneurs, and Indigenous members, enhance their capacity to build national ownership and deliver impactful results.
- **Preserving donor intent.** CTFs offer several critical advantages, such as recurrent funding for PAs, continuity in purpose amidst political changes, and institutional memory that is essential for advancing conservation efforts. Their agility in responding to emergencies and ensuring that donor intent is preserved over time further strengthens their role in biodiversity conservation.
- **Policy coherence and impact oriented.** CTFs have shown high levels of success in achieving key biodiversity goals. These include transforming “paper parks” into well-managed PAs, reducing habitat destruction, building local capacity, restoring ecosystems, protecting endangered species, and fostering sustainable production models. Additionally, CTFs are instrumental in improving policy coherence, aligning conservation efforts with the Global Biodiversity Framework, and facilitating partnerships among governments, civil society, academia, the private sector, and local communities.

Moving forward, there is an opportunity to build on past successes while continuing to strengthen the institutional capacity of CTFs. With an emerging wave of new donor funding for biodiversity and climate change mitigation, CTFs stand as stalwarts to forge alliances with various sectors of society to channel resources toward meeting national and international targets. To realize this full potential, areas of continued growth include: a) enhancing institutional governance to represent a country’s equitable diversity; b) improving investment strategies to optimize long-term growth while ensuring mission alignment; c) reinforcing measurement, evaluation, and learning systems focused on tracking outcomes and

transformational change; d) accelerating knowledge sharing with peer funds to spark more innovation on sustainable financial mechanisms; and e) creating more mechanisms for local community and Indigenous organizations to access resources more effectively.

Ultimately, CTFs, in collaboration with key partners, play a transformative role in delivering innovative solutions to the pressing environmental challenges of our time. They provide a scalable pathway to achieve both conservation and sustainable development goals.

Acknowledgements

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- Fundación para el Desarrollo del Sistema Nacional de Areas Protegidas – FUNDESNAP, Bolivia
- Fundación para la Conservación del Bosque Seco Chiquitano – FCBC, Bolivia
- Fundo para a Biodiversidade – FUNBIO, Brazil
- Fondo Naturaleza Chile – FNCH, Chile
- Fondo para la Acción Ambiental y la Niñez – Fondo Acción, Colombia
- Fondo Patrimonio Natural, Colombia
- Asociacion Costa Rica por Siempre – ACRXS, Costa Rica
- Fondo de Inversión Ambiental Sostenible – FIAS, Ecuador
- Fondo de Inversión Ambiental de El Salvador – FIAES, El Salvador
- Guyana Protected Areas Trust – PAT, Guyana
- Fondo Mexicano para la Conservación de la Naturaleza – FMCN, México
- Fundación Natura para la Conservación de los Recursos Naturales – Fundación Natura, Panamá
- Fondo de Conservación de Bosques Tropicales de Paraguay – FCBT, Paraguay
- Fondo de Promoción de Areas Naturales Protegidas del Peru – Profonanpe, Peru
- Caribbean Biodiversity Fund – CBF, Caribbean
- Fondo para el Sistema Arrecifal Mesoamericano – MAR Fund, Mesoamerica

CAFÉ – The Consortium of African Funds for the Environment

- Fondation pour le Tri-National de la Sangha – FTNS, Cameroon
- Fondation BioGuine – BIOGUINE, Guinea Bissau
- Fondation pour les Aires Protégées et la Biodiversité de Madagascar – FAPBM, Madagascar
- Foundation Tany Meva –TANY MEVA, Madagascar
- Mt. Mulanje Conservation Trust – MMCT, Malawi
- Fundação para a Conservação da Biodiversidade – BIOFUND, Mozambique
- Eastern Arc Mountains Conservation Endowment Fund –EAMCEF, Tanzania
- Community Conservation Fund of Namibia – CCFN, Namibia

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- Association for the Sustainable Financing of Mediterranean Marine Protected Areas - The MedFund, Mediterranean

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The Global Environment Facility (GEF) is a multilateral family of funds dedicated to confronting biodiversity loss, climate change, and pollution, and supporting land and ocean health. Its financing enables developing countries to address complex challenges and work towards international environmental goals. The partnership includes 186 member governments as well as civil society, Indigenous Peoples, women, and youth, with a focus on integration and inclusivity. Over the past three decades, the GEF has provided more than \$25 billion in financing and mobilized \$145 billion for country-driven priority projects. The family of funds includes the Global Environment Facility Trust Fund, Global Biodiversity Framework Fund (GBFF), Least Developed Countries Fund (LDCF), Special Climate Change Fund (SCCF), Nagoya Protocol Implementation Fund (NPIF), and Capacity-building Initiative for Transparency Trust Fund (CBIT).

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