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Evaluation of AFD and FFEM contributions to biodiversity conservation trust funds (2005–2019)

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Status of the document
This document is the overview of the final report of the evaluation of AFD and FFEM contributions to biodiversity conservation trust funds (2005-2019).

The evaluation team consisted of Béatrice de Abreu and David de Monbrison, BRLi, and Kathy Mikitin and Benjamin Landreau, independent consultants.

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1. Introduction

Mobilizing finance for conservation remains a challenge, despite the growing consensus on the need to close the current financing gap for both climate and nature. Some of the central issues that will be considered during the new programmatic phase of the global nature conservation agenda (2020-2030) relate to improving conservation finance, as illustrated by the following excerpt [1]: "*How do we change the way we measure economic returns? How can private sector investments in key ecological systems be improved? How can we ensure better access to financial resources for conservation efforts at all levels of governance? How can we improve the environmental and social safeguards used by the financial sector to promote nature conservation and protect the rights of indigenous peoples and local communities?*"

The lack of funding for conservation remains a central obstacle to ensuring the proper management of national networks of Protected Areas (PAs). In the countries of the South, international cooperation irregularly fills the financing gaps observed and the sustainability of conservation is not a priority in national public budgets, which generally favour infrastructures, education and health. It is in this context of financial uncertainty and limited support from public institutions that the Biodiversity Conservation Trust Funds (CTFs) or Environmental Funds (EFs) have gradually emerged in the conservation[2] landscape.

The purpose of CTFs is to provide sustainable funding for conservation and to finance a portion of the long-term administrative costs of these countries' PA systems. According to Spergel and Taïeb's 2008 definition[3], which is now widely accepted as the most accurate, CTFs can be an effective way to mobilize large amounts of additional fundings for biodiversity protection from international donors, foreign governments and the private sector. CTFs raise and invest funds, the returns of which are used to finance NGOs, community groups and government agencies (such as national park services). CTFs can be thought of as public-private partnerships, and in most cases at least half of their board members are from civil society. In addition to funding conservation projects, CTFs provide technical support and fund institutional capacity building for their grantees.

Many CTFs offer different funding mechanisms or modalities. They constitute "funding platforms" that operate separate windows (or "sub-accounts") within a single legal and institutional structure. A distinction is often made between endowment funds, sinking funds and revolving funds[4].

At the end of 2018, there were 108 CTFs operating worldwide as conservation finance institutions. 25 vs 108 CTFs established before 2000 are now celebrating 20-30 years of operation, and there has been an acceleration in the creation of CTFs in the last decade. The total capitalization of the global network of CTFs is about EUR 1.8 billion (USD 2 billion)[5], which is substantial, but still relatively small compared to the conservation funding gaps observed internationally.

[1] https://www.iucn.org/fr/a-propos/congres-mondial-de-la-nature

[2] The terms Conservation Trust Fund (CTF), Environmental Fund (EF) or Environmental Conservation Fund (ECF) are used interchangeably, and it was agreed that the term CTF would be used throughout this study.

[3] B. Spergel and P. Taieb : Rapid Review of Conservation Trust Funds. May 2008, CFA

[4] See Glossary for definitions at the end of the document

[5] Bath et al., 2020.

2. Evaluation objectives and methodology

This evaluation is the first of its kind and focuses on projects that targeted Conservation Trust Funds (CTFs) supported by AFD and FFEM. It provides a comparative analysis of eight CTFs in Africa, the Mediterranean and Central America, which together received 19 grants from AFD and FFEM over the 2005-2019 period.

Objectives of the evaluation

The evaluation aims to examine the extent to which CTFs have been able to achieve their institutional, technical and financial objectives, and how well they have been able to fulfil their biodiversity conservation missions. In particular, the evaluation aims to:

- Compare CTFs, capitalize on experiences, identify the strengths and weaknesses of CTFs, as well as their financial and institutional sustainability.
- Develop a better understanding of the impact of CTFs on biodiversity, associated national governance and the protected areas of the countries involved.
- Understand the quality and importance of AFD and FFEM support in the creation of CTFs, their structuring and development, the differences with other donors such as KfW, and whether AFD and FFEM leverage effects are noticeable
- Contribute to the improvement of AFD and FFEM strategy in terms of support for biodiversity conservation and support for CTFs, draw certain lessons and make recommendations regarding donors support in general.

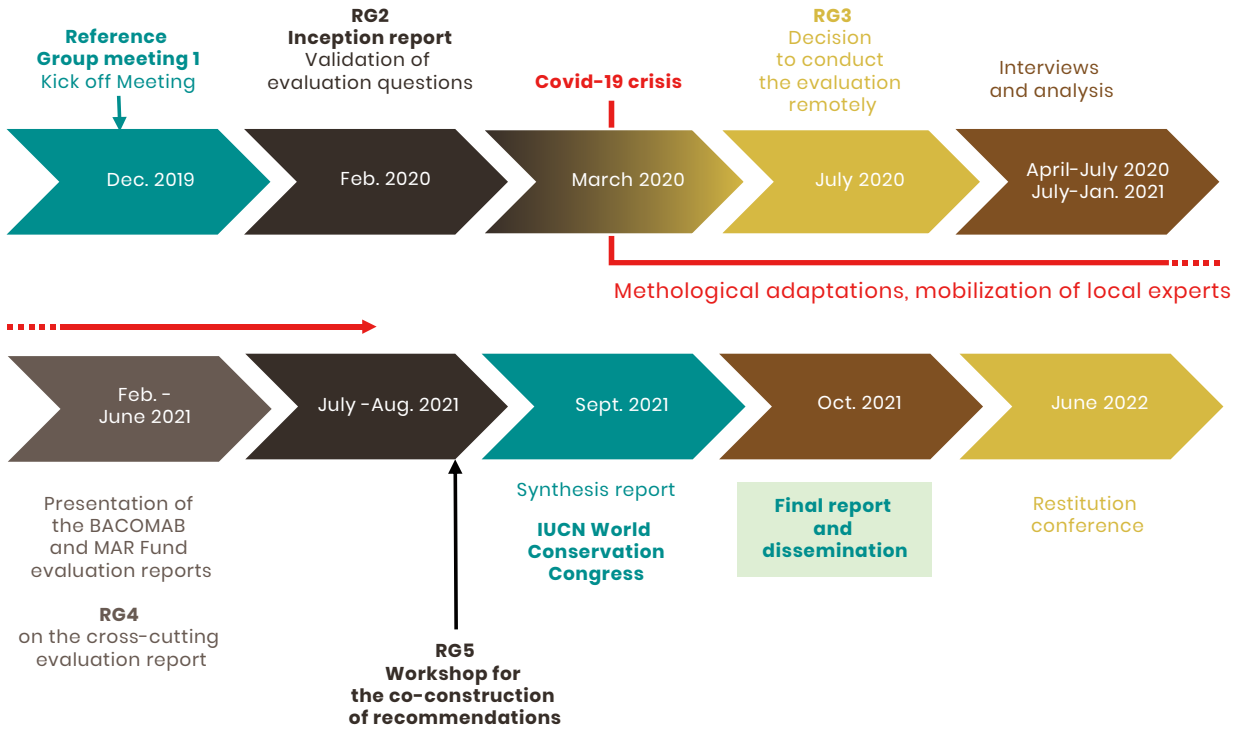
Given the 108 existing CTFs, the sample may seem limited, but the scope of this study goes beyond the French intervention and is potentially relevant to all existing CTFs and the stakeholders associated with their activities.

The methodological approach of the evaluation is based on the following 3 pillars:

- **Evaluation and comparative analysis of the 8 targeted CTFs**
  - quality of CTF governance and management
  - quality of CTF financial market investments
  - impacts of CTFs on Biodiversity Conservation and Protected Areas (PAs).
- **Evaluation of the role of AFD and FFEM**
  - analysis of AFD and FFEM support for the creation of CTFs
  - analysis of AFD and FFEM support during the structuring and development of CTFs.
- **Synthesis and co-construction of recommendations.**

The evaluation differs from standard evaluations. It focuses on the usual evaluation criteria (relevance, effectiveness, efficiency, impact and sustainability) by studying the structure and operations of CTFs and using the "Standards of Practice for Conservation Trust Funds" developed by the Conservation Finance Alliance (CFA). The evaluation also assess them in light of the role that AFD and FFEM may have played. The evaluation, was mainly carried out remotely due to the Covid crisis with reinforced support by local experts. It took place between late 2019 and September 2021. It benefited from close collaboration with AFD evaluation and learning department and agriculture, rural development and biodiversity division, the FFEM Secretariat as well as the study's monitoring reference group (RG) involving KfW, the MAVA Foundation, WWF France, DG Treasury, the Ministry of Europe and Foreign Affairs (MEAE) and the Ministry of Ecological Transition (MTE).

Figure 1 – Evaluation Process



In order to construct the answers to the 36 main evaluation questions, a tailored methodological framework was defined and implemented to meet the specific challenges posed by the length of the time period covered, the size of the sample, and the large scope of the evaluative questions. The evaluation team combined several tools to conduct its analysis, namely:

- a comprehensive literature review;
- the production of a common evaluation and analysis matrix among the experts involved, allowing the comparison between CTFs to be structured and the production of questionnaires and their translation to be adjusted;
- more than a hundred semi-structured remote interviews with stakeholders: CTFs' secretariat and board of directors, financial advisors, donors, protected area (PAs) managers, representatives of institutions in charge of PAs;
- the use of illustrative inserts for the different chapters.

Three documents were produced as part of this evaluation:

- A detailed final evaluation report;
- Two evaluation reports on 2 CTFs: MARFund and BACoMaB;
- This evaluation summary.

The limitations of the evaluation are mainly those of a small and heterogeneous sample, which requires taking into account the specific contexts and histories of each CTF.

3. Presentation of CTFs and AFD/FFEM support

Varied typology of CTFs and a diversity of geographical representation

Among the eight CTFs supported by AFD and FFEM since 2005 and which are the subject of this study, three are regional, the first covering three Central African countries (FTNS), a second focusing on Mediterranean Maritime Protected Areas (The MedFund) and a third focusing on the Mesoamerican reef in Central America (MARFund). Three CTFs focus exclusively on marine and coastal conservation (MARFund, The MedFund, BACoMaB), and the others focus on terrestrial PAs or both (FAPBM, BioGuiné, BIOFund, FPRCI). Two CTFs are very recent or under development (The MedFund and BioGuiné) and could not be analyzed at the same levels as the others. By the end of 2019, the 8 CTFs had capitalized nearly €250 million in endowment funds.

Table 1 – List of the 8 CTFs included in the evaluation

CTF	FULL NAME	GEOGRAPHICAL AREA	YEAR OF CREATION	DATE OF FIRST CTF FUNDING AWARD TO RECIPIENTS
BACoMaB	Banc d'Arguin and Coastal and Marine Biodiversity Trust Fuwnd	Mauritania	2009	2014
BIOFUND	Foundation for the Conservation of Biodiversity	Mozambique	2011	2016
BioGuiné	BioGuiné Foundation	Guinea Bissau	2011	-
FAPBM	Foundation for Protected Areas and Biodiversity of Madagascar	Madagascar	2005	2007
FTNS	Foundation for the Tri-national of the Sangha	Cameroon, Republic of Congo, Central African Republic	2007	2008
FPRCI	Foundation for the parks and reserves of the Ivory Coast	Ivory Coast	2009 (2003) [6]	2014
MAR Fund	Mesoamerican Reef Fund	Belize, Guatemala, Honduras, Mexico	2004	2007
The MedFund	Environmental Fund for Mediterranean MPAs	Mediterranean basin	2015 (2019) [7]	2018

[6] The FPRCI was legally created in November 2003. However, as Côte d'Ivoire was in a period of crisis, it only became operational in 2009 with the recognition of its public utility in January 2009, then the revision of its statutes in April 2009 and the creation of its sister foundation "FPRCI-UK" in October 2009 in London. The date of 2009 is therefore considered here.

[7] The MPA2 association, which became The MedFund in 2019, was created in 2015. However, the structuring of The MedFund as an environmental fund only occurred in 2019.

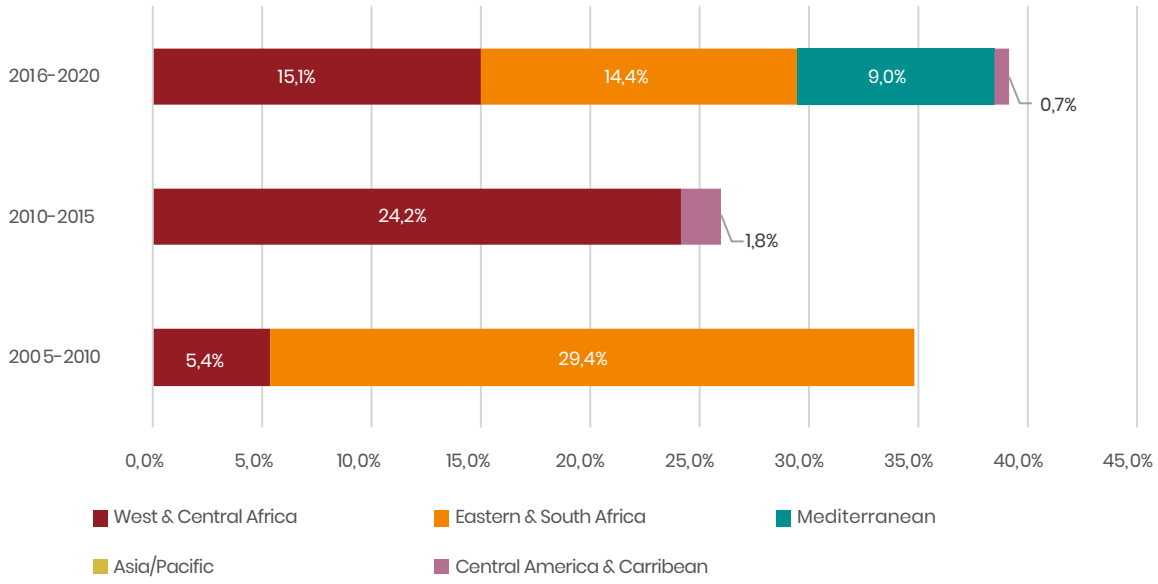
FFEM and AFD have included conservation financing in their intervention strategies

Although projects to support CTFs were financed by AFD and FFEM, respectively, as early as 2005 and 2006, this topic was not the subject of formal strategic orientations until nearly ten years later. For FFEM, the subject became a "focus theme" with the 2013-2014 strategy. Although FFEM was a precursor from a strategic point of view, AFD first contributed to a CTF in 2003. However, it was not until 2013 that AFD adopted its first formal strategy in the field of biodiversity through its Crosscutting Intervention Framework (CIT), which includes the issue of financing conservation in line with France's commitments under the Convention on Biological Diversity (CBD).

During the period under review, AFD and FFEM mobilized nearly 70 million euros earmarked for CTFs, including 55 million in contributions to their endowment funds and 15 million corresponding to support implemented via a "project approach". **80 % of the amounts earmarked by AFD and FFEM for CTFs thus used a mechanism known as "long-term or sustainable" through a capital contribution to CTFs.** In addition, 31.5 million euros came from the French debt swap mechanism (C2D: Dept reduction and development contract), i.e. more than 50 % of AFD's aid budgets. With 12 different types of financial support (including 9 contributions to endowment funds), AFD remains the main French donor (61 million euros, 88 % of French financial support), the rest being financed by FFEM (8.6 million euros: 7 types of financial support including 6 contributions to endowment funds).

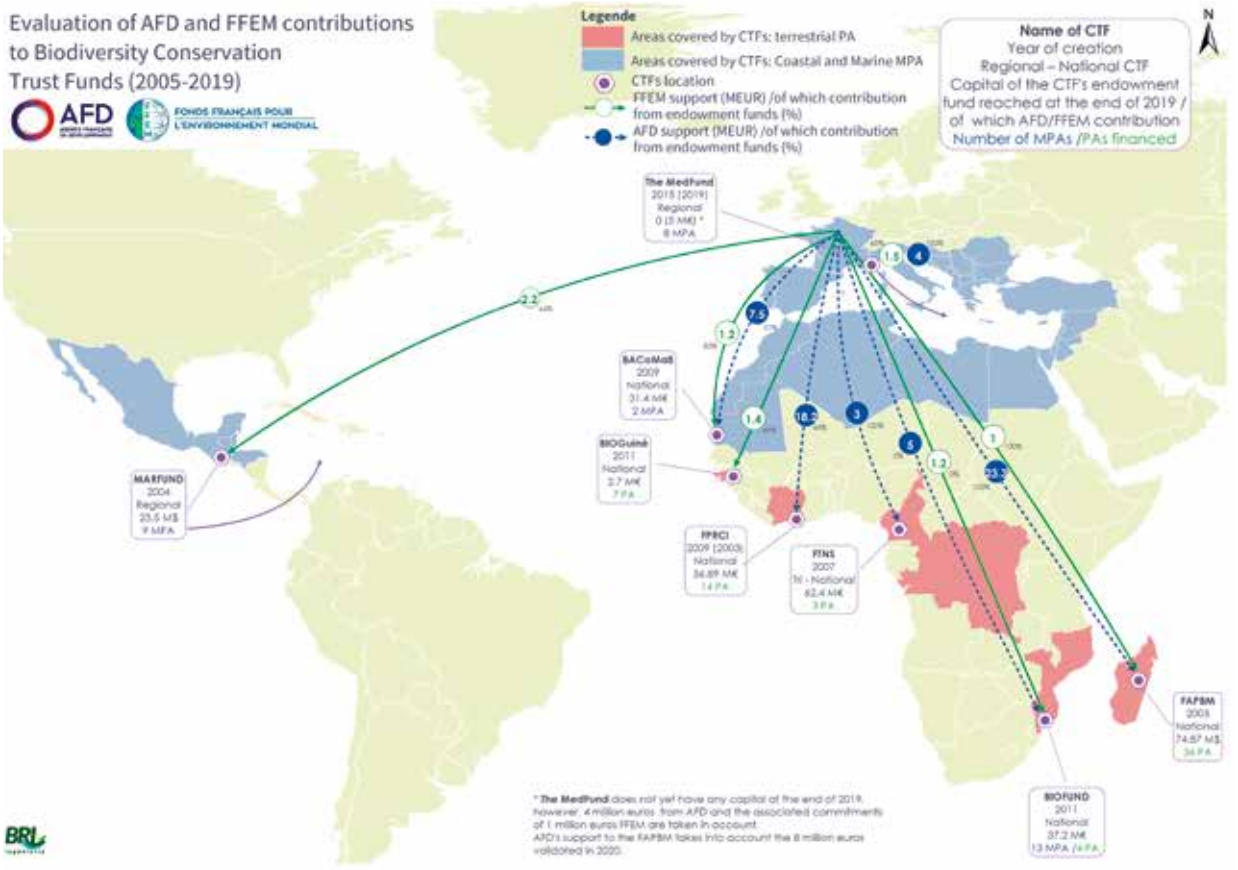
Geographically, AFD and FFEM support to CTFs began in Africa, then moved to the Caribbean and finally to the Mediterranean to support a regional CTF. The financial effort has increased over time, with an accentuation from 2015. In fact, nearly 45 % of the grants have been awarded over the past five years (30 million euros), including nearly 22 million euros directly to endowment funds.

Graphic 1 – Breakdown of AFD/FFEM supports (in financial volume) for CTF endowment funds by geographical area during the period 2005-2020



Source: list of projects and AFD/FFEM financing

Map 1 – Map of AFD/FFEM flows to CTFs supported



4. Coherence and relevance of CTFs and their good practices

This study confirms the relevance of the CTFs to complement conservation financing, whether at the national or regional level, on land as well as in the marine and coastal areas. The studied CTFs are also coherent with the policies put in place by the States in favour of biodiversity, according to the commitments made to the CBD.

As recommended in the CFA's "Standards of Practice," CTFs adequately emphasize independence from governments, while ensuring their participation, to a greater or lesser extent, in decision-making bodies. Each CTF thus has a specific governance structure, and the boards are generally characterized by a diversity of actors and skills. Regional CTFs have more varied governance structures than national CTFs. CTFs have chosen different domiciliation and legal statutes (national, UK, USA, Monaco), with their own complexities, but coherent with their particular and historical situations. From this point of view, the evaluation did not identify a typical CTF profile that is more successful than others, as any new CTF creation must necessarily take stock of the possibilities offered by the national and international legal frameworks. An analysis of France's strengths and weaknesses in this area in light of the various French tax developments should be carried out in order to identify opportunities[8].

[8] To date, no CTF has been domiciled in France, while CTFs under English or German law exist.

The process of developing a CTF is relatively long. After a structuring phase that lasts several years, CTFs take an average of three to five years (after their legal creation) before they make their first grants to PAs, which are usually the main beneficiaries. Once created, CTFs mobilize financial resources from international, institutional or private donors, and invest this capital in the financial markets with the support of financial advisors and asset managers. With the "endowment" model, only the financial returns generated by this capital are invested in the field, for the benefit of conservation. The main advantage of this financial mechanism is that it offers stable funding over the very long term. Other financial mechanisms are also used by CTFs, such as sinking funds or revolving funds, but in a less systematic way, because they do not offer the same guaranteed long-term sustainability. Finally, some CTFs also mobilize resources in a more traditional "project-based" way. CTFs mainly subsidize either PAs directly, or NGOs that manage or work in the field of PAs, or national institutions in charge of managing PA networks and nature conservation.

CTFs supported by France are between 5 and 16 years old, and the oldest ones have only been providing grants to their beneficiary PAs for 12 years. They are therefore still relatively young structures, still developing, even though most of them have reached a certain maturity.

AFD and FFEM have often been present from the very beginning of the CTFs (prior consultation, prefiguration studies, mobilization of AFD/FFEM agents, institutional support, etc.) and have been present at many stages of the CTFs' structuring, from creation to operationalization. The most recurrent support took place at three key stages: during the legal creation or development of operational tools (manuals, regulations, policies and other structuring elements), during the initial operationalization (initial capitalization of the endowment fund, structuring of governance, implementation of concrete financing via pilot projects at start-up), and in the development of innovative financing.

CTFs primarily or exclusively support biodiversity conservation and the PA system in accordance with national or international strategies and commitments. The relevance and internal coherence of the CTFs' set-up, with respect to the mission they have been given, are generally verified. CTFs have to deal with proportionately high operating costs during the inception phase, which stabilize over time, but call for vigilance with regard to the CTFs' initial start-up funding. It must be sufficient to mobilize a team and means of action, and avoid possible stagnation, with levels of capitalization remaining too low, as it can be seen for example in the case of the BioGuiné CTF.

The financial volume deemed necessary to ensure the successful launch of a CTF has evolved over time, but amounts to a minimum of 15 million euros to allow for diversification and a satisfactory return. Over the medium term, the literature indicates that 30 to 50 million euros is needed for a CTF to be operational, finance its structural costs and provide effective conservation support[9]. These thresholds are mainly indicative, and vary according to several criteria, including the geographical coverage of CTFs.

As the chart below shows, the CFA's "Standards of Practice for Conservation Trust Funds" are generally well met. On average, the CTFs evaluated comply satisfactorily or very satisfactorily with 84 percent of the criteria for good stewardship, and several are above 90 percent (MARFund, FAPBM, FPRCI, BIOFUND).

[9] Bath et al. 2020

Figure 2 – AFD/FFEM support at various stages of CTF development

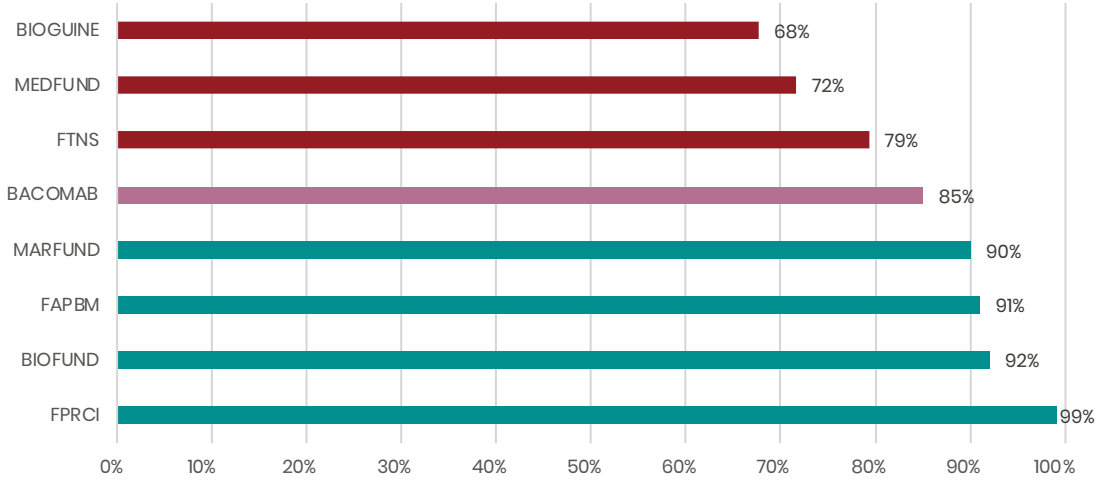
Status of the CTF		1.CREATION UNDERWAY		2. OPERATIONALISATION UNDERWAY		3.CTF OPERATIONAL		4.FINANCE DIVERSIFICATION		5.RECENT EXPERTISE ON INNOVATIVE FUNDINGS	
Progress of the CTF by axes		Gover-nance	Gov/ manage-ment	Gov/ manage-ment	Finance	Finance strengthe-ned	Execution	Execution ++	Deploy-ment/ rollout	Developpement - innovation ++	
CTFs	Genesis of CTFs	1.1. Legal creation	1.2. Tools production	2.1. implemen-tation of manage-ment tools	2.2.Initial Endowment	3.1.First granting	3.2.Granting process mastered	4.1.2nd round of granting	4.2.Creating new windows/ counters	5.1. Stage 1	5.2. Stage 2
FAPBM	⬭	2005	⬭		⬭					✦	✦✦
BIOGUINE	⬭	2011			⬭				⬭	✦	
The MedFund	⬭	2015*		⬭	⬭	⬭					
FPRCI	⬭	2003**	⬭	⬭				⬭		✦	✦✦
FTNS		2004			⬭					✦	
BACoMAB	⬭	2009	⬭	⬭	⬭		⬭	⬭			
MAR Fund	⬭	2004			⬭				⬭	✦	
BIOFUND		2011				⬭	⬭			✦	✦✦

✦ Stages of mobilisation of innovative financing mechanisms by the CTF (REDD+, C2D, Offsets, Blue Carbon, etc.)

⬭ AFD/FFEM supports (financial and non-financial supports) during various steps of CTFs development

Source: BRLi [10]

Graphic 2 – Level of compliance of CFA Practice Standards for the 8 CTFs



Source: BRLi

[10] * MPA2, which became The MedFund in 2019, was created in 2015. However, the structuring into an environmental fund only occurred in 2019.
** The FPRCI was legally created in November 2003. However, as Côte d'Ivoire was in a period of crisis, it only became operational in 2009 with the recognition of its public utility in January 2009, followed by the revision of its statutes in April 2009 and the creation of its sister foundation "FPRCI-UK" in October 2009 in London.

Analysis through the prism of these standards of practice leads to the conclusion that, in general, the two main weaknesses of CTFs are:

- **Governance issues**, including maintaining a balanced composition of the Boards of Directors, developing specialized expertise within the Boards, and anticipating transitions. In this respect, holding a seat on the Board of Directors is not mandatory for international donors. The evaluation showed that it is important to circumscribe this option, but not to exclude it, because it provides CTFs with an element of neutrality and many other advantages, such as access to international information, technical assistance on specific issues, and a mediation role on boards. The development of "donor circles" should be more widely advocated.
- **Resource mobilization** with financial needs, especially from PA networks, not always well identified, the frequent absence of an established and monitored resource mobilization strategy, and a possible lack of dynamism to implement innovative ideas, also due to the often very small staff in CTF Secretariats.

5. CTFs financial performance

Substantial levels of capitalization achieved by CTFs

The primary purpose of CTFs is to provide long-term, sustainable funding to replace the uncertain funding for conservation, especially in the South. The resources that CTFs make available come largely from the financial returns they earn by investing capital in the financial markets. As a general rule, the more capital a CTF has in its endowment, the more important is the role it can play in financing biodiversity in its geography. The table below summarizes the level of capitalization of each of the eight CTFs assessed in this study.

Table 2 – Dynamics of capital mobilization by CTFs since the year of first capitalization

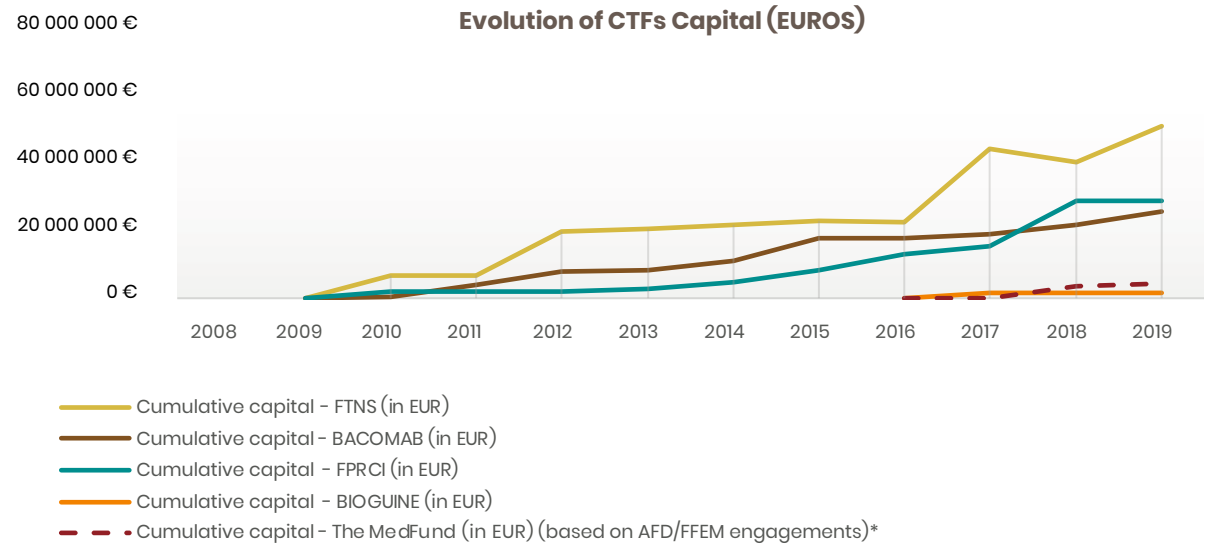
CTF	CAPITALIZATION OBJECTIVE	DATE OF 1ST CAPITALIZATION	VOLUME REACHED (2019)
FAPBM	150 MUSD	2006	**74,87 MUSD**
FTNS	100 MEUR	2010	**62,4 MEUR**
BIOFUND	50 MUSD	2014	**37,2 MUSD**
FPRCI	46 MEUR	2009	**36,89 MEUR**
BACoMaB	40 MEUR	2010	**31,4 MEUR**
MARFund	63,5 MUSD	2012	**23,5 MUSD**
The MedFund	33 MEUR	2019	**0 (5 MEUR*)**
BioGuiné	15 MEUR	2017	**2,7 MEUR**

Source: BRLi

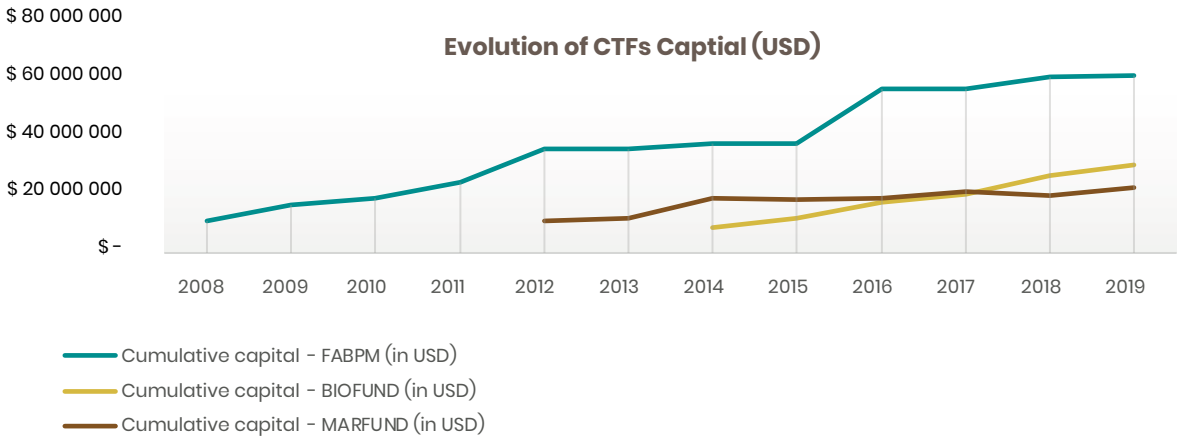
* The MedFund had no capitalisation in 2019 but reached 4 million euros in 2020 (+1 million euros pledged from FFEM). The 2020 capitalisation elements or pledges are shown in brackets.

The evolution of CTFs' capital is presented below. On the whole, CTFs show rising curves, reflecting a dynamic trend in capitalization, averaging about +3 % per year over the past seven years.

Graphic 3 – Evolution of CTF capitalization (EUR/USD)



* As mentioned above, The MedFund had no endowment capitalization in 2019 but would reach €5 million in the first year in 2020-21. For the analysis, these first capitalization levels are taken into account.

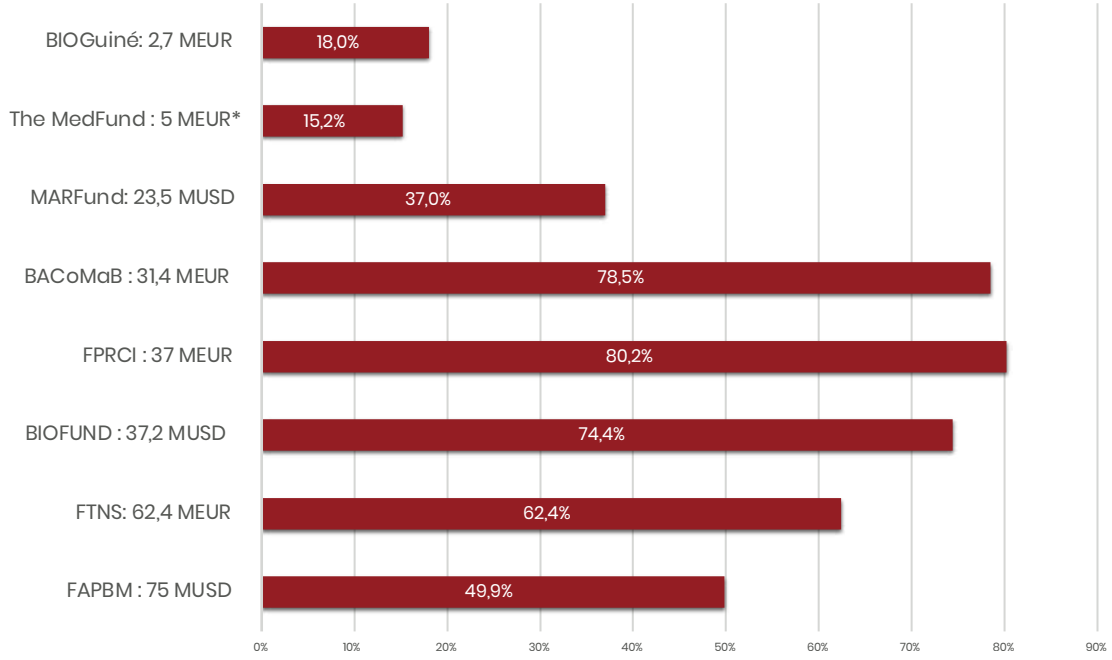


These observed levels of capitalization should be compared to the ambitions and objectives stated by CTFs in their strategic documents. There is no uniform methodology for defining these capitalization goals. Approaches vary significantly, but to determine this goal, CTFs generally try to answer the following question: if the CTF's entire purpose were to be funded by an endowment, how much should the endowment be capitalized? For example, if a CTF's goal is to support a network of PAs that has an annual funding gap of €5 million to cover recurrent costs, and it expects to earn financial returns of about 4 percent per year, the CTF would tend to set a capitalization goal of: 5 million / 4 % = €125 million.

In some cases, this approach results in very high figures that are considered unrealistic (The MedFund, FAPBM, etc.). Therefore, fund-specific approaches are used, based on other variables such as the absorptive capacity of CTFs (and their beneficiaries), the evolution of the number of PAs benefiting from the CTF over time, or the definition by CTF managers of "achievable" and "negotiable" strategic objectives with donors.

The graph below puts into perspective the capitalization levels of each CTF studied according to the stated objectives.

Graphic 4 – Level of achievement of CTF capitalization goal (end 2019)



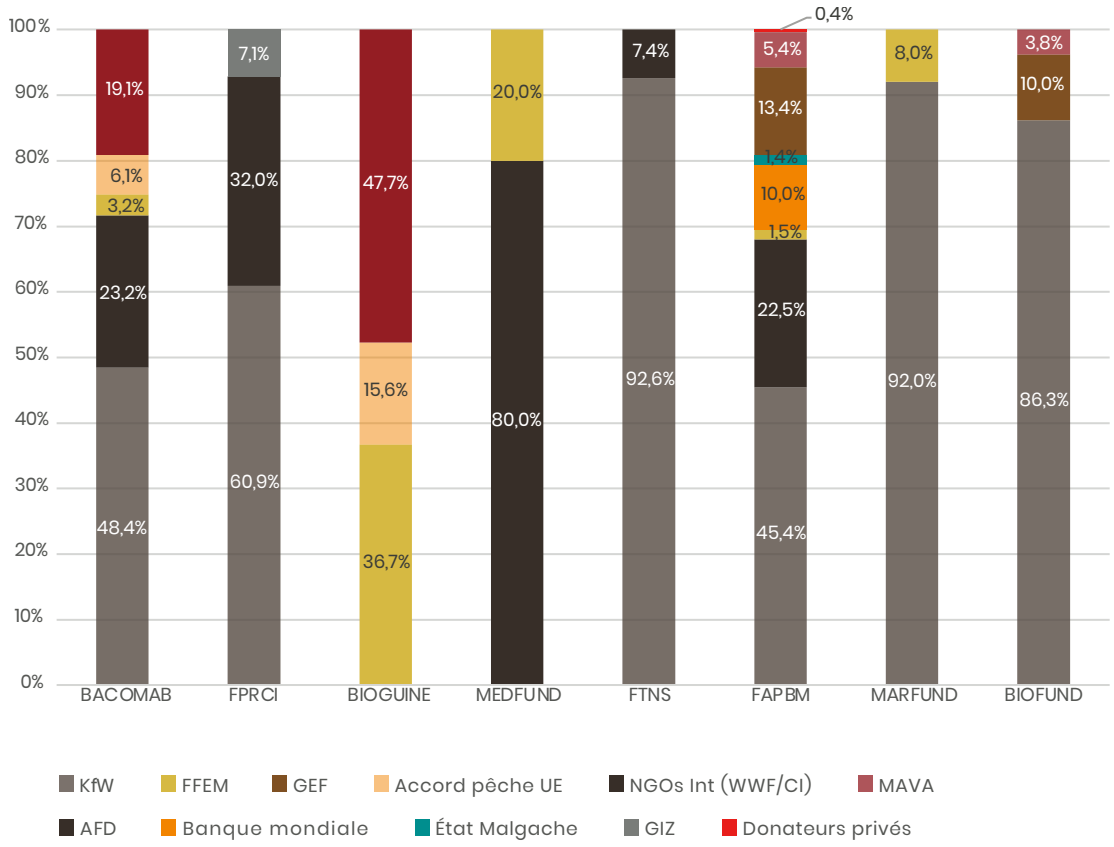
Source: BRLi questionnaires

*As mentioned above, The MedFund had no endowment capitalization in 2019 but would reach €5 million in the first year in 2020-21. For the analysis, these first capitalization levels are taken into account.

As for the origin of the capital made available to CTFs, the graph below shows that most of the contributions to CTFs come from international cooperation (KfW, AFD, FFEM, GEF), international NGOs (CI, WWF) and private foundations (MAVA).

Overall, CTFs are on track to meet their capitalization goals, but they have rarely achieved the desired leverage on the private sector.

Graphic 5 – Contribution to CTF capital by donor (December, 2019)



Source: BRLi questionnaires

It should be noted that AFD and FFEM have promoted the development of innovative financing for the CTF community via the transfer of a share of the revenues from the Mauritania-EU (BACoMaB) and Guinea-EU (BioGuiné) fishing agreements.

Encouraging financial performance

Net return targets are not always ambitious

A comparative analysis of performance targets allows us to see whether some CTFs are setting:

- Net return targets that are too low, making it easy for asset managers to meet them, and for some CTFs to be considered high performers even though they are performing significantly worse than other CTFs.
- Objectives that are too high can lead to risk-taking that is detrimental to the institution

Table 3 – Objective and net returns achieved by CTFs

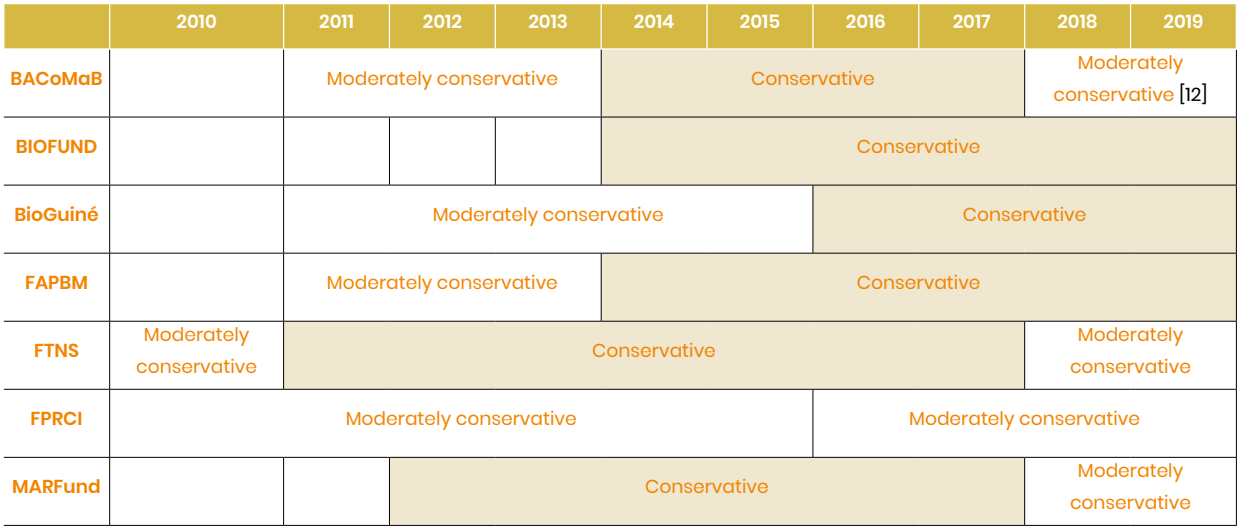
CTFs	NET RETURNS ACHIEVED (ON AVERAGE)[11]	OBJECTIVES (TARGET RETURN) (DEFINED IN THE INVESTMENT POLICIES)
BACoMaB	2,68 %	2,50 %
BIOFUND	5,62 %	3,00 %
BioGuiné	3,47 %	3,00 %
FAPBM	5,20 %	4,00 %
FPRCI	5,04 %	4,00 %
FTNS	1,9 %	4,00 %
MARFund	2,88 %	4,00 %
The MedFund	nc	4,00 %
Moyenne	3,83 %	3,56 %

Source: BRLi questionnaires

Most CTFs have set return targets of around 4 percent above inflation and net of management fees, and these targets have on average been met. Some CTFs, however, have low financial return ambitions, which allows them to meet their targets without necessarily maximizing them. The table below shows that CTFs' investment policies are generally conservative.

[11] The period considered in the average is that of the investment policies and therefore varies between Funds.

Figure 3 – Level of Financial Risk in CTFs' Investment Policies



Analysis of CTFs' investment policies in the financial markets has led to the conclusion that they are well respected by the asset managers and well implemented. Asset managers provide more or less accessible and understandable information to verify that CTFs' investment policies are being followed.

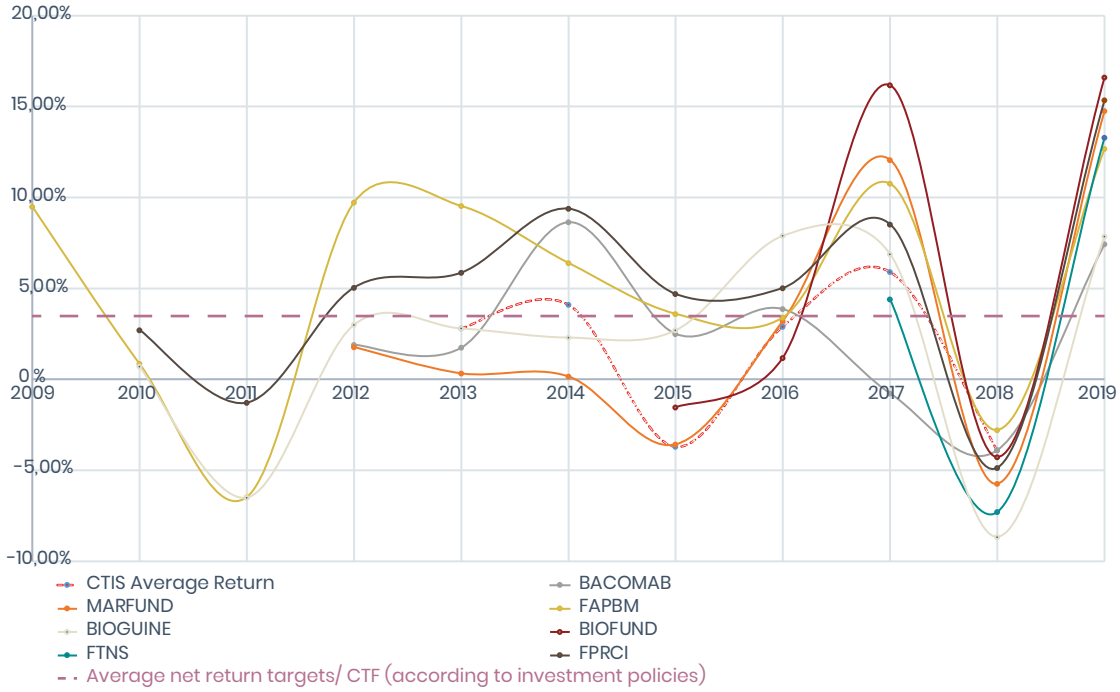
CTFs and donors have not focused enough on financial performance, choosing to take limited risk, which has further limited the income available to support conservation. Recent practices indicate that many CTFs have investment policies that target more aggressive portfolios, with more than 40 percent in equities or even more than 60 percent, which was not the case for any of the CTFs evaluated.

Satisfactory net returns from the 8 CTFs

The analysis below compares CTFs' net return levels against their net return objectives according to their investment policies and compared to the average returns achieved by the global network of CTFs in an annual survey (Conservation Trust Investment Survey - CTIS)[13]. Overall, endowment funds are generating positive returns that allow for sustainable conservation funding over time.

[12] The methodology has defined classes for assessing the risk level of investment policies based on a simple criterion of percentage in equity. Less than 40 % in equity defines a "conservative" level, between 40 % and 60 % a "moderately conservative" level, between 60 % and 80 % a "moderately aggressive" level.
[13] Conservation Trust Investment Survey (CTIS): Annual monitoring of CTFs' financial performance, providing an average benchmark for CTFs. It is usually based on an average of data voluntarily provided by about 40 CTFs each year.

Graphic 6 – Net returns achieved by CTFs versus CTIS average returns



Source: BRLi

On average, loss-making years have been more than offset by good years. In addition, because the levies are based on smoothed values and trend performance, CTFs are able to operate and continue granting even in difficult years. It should be emphasized that these annual variations in performance are normal and common to all endowments.

Another angle of analysis is to compare the actual returns achieved net of fees with the average of CTFs' actual returns calculated by the CTIS study. This makes it possible to measure CTFs not against their own ambitions, but against the results achieved by all CTFs worldwide. This shows that the eight CTFs in the study:

- In general, followed or even slightly exceeded the CTIS trend line;
- Outperformed in 'peak' market years (e.g. 2017);
- Compensated for years of negative returns with years of "outperformance".

A growing ethical requirement for financial investments

CTFs' financial ethics are generally reflected in the formulation of their investment policies (socially responsible investments, impact investing) and their exclusion lists (prohibited or restricted investments depending on the sector or company). The ethical policies of each CTF were analyzed, as shown in the following table.

Table 4 – Level of financial ethics (as defined in investment policies)

		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
BACoMaB	Financial ethics		Low								Medium	
MARFund	Financial ethics				Low				Medium			
FPRCI	Financial ethics							Low	Medium			
FAPBM	Financial ethics	Medium										
BioGuiné	Financial ethics								Medium			
BIOFUND	Financial ethics					Medium						
FTNS	Financial ethics	Low										

The financial ethics of CTFs have been strengthened and generalized in recent years, in line with their institutional maturation, but also with the ethical offer available to investors (benchmarks, certification, labels). The ethical nature of CTFs generally concerns the exclusion of sectors because of moral criteria (arms, gambling, child labor, forced labor) or negative environmental effects (fossil fuels, tobacco, drift net fishing, asbestos, harmful chemicals). In the case of multi-donor CTFs, the stacking of requirements from each donor leads to constraints that are difficult to manage. Since CTFs are sovereign, long-term institutions (not project units), donors need to be judicious in their assessment of governance rules and be careful not to make demands that are unmanageable for the teams. In addition, because of the lack of information available, financial asset managers can only partially monitor compliance.

Overall, it appears that environmental, social and governance (ESG) criteria and socially responsible investments (SRI) are now widely known by CTFs, even though there is room for improvement and CTFs would benefit from making more use of these approaches and investing more directly in products with virtuous purposes.

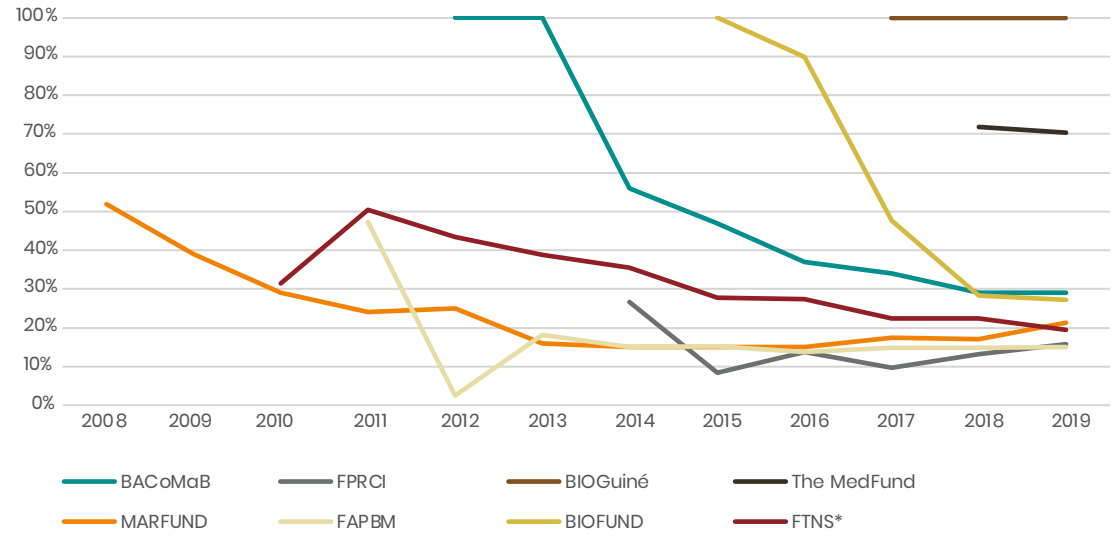
The relative share of operating costs is declining

The issue of operating costs is often considered crucial to assessing the relevance of CTFs and is of great interest. There are different methodologies for analyzing the operating costs of CTFs.

A specific definition of the "operating cost ratio" was proposed for this evaluation[14]. This ratio was chosen because it allows for an analysis of the CTF's operating costs in relation to levels of activity in the field, which tend to be stable and increasing over time. A limit of 20 percent was defined as adequate for CTFs over the long term, but it was not set in stone, since it must take into account each fund's capitalization levels, their maturities, the number of beneficiaries, and possible implementation difficulties on the ground. As shown in the chart below, it was observed that this 20 percent ratio is generally verified in the CTFs analyzed, except for less mature CTFs for which the share of structural and operating costs is higher in the start-up/inception phase compared to the capital mobilized.

[14] Ratio used: Operating costs =(Operating costs)/((Grants awarded + Operating costs))

Graphic 7 – Changes in CTF operating costs ratio



Source: BRLi questionnaires

* FTNS has had Technical Assistance for many years. In the absence of precise information on the duration, an average of 200 000,00 €/year of the cost of this TA was taken into account in the calculation of the operating costs and for the years 2018-2019, a cost of 300 000,00 €/year

On average, the start-up/inception phase of CTFs, during which operating costs are higher than average, lasts four to five years, although this ratio is only meaningful from the time the Funds provide funding, which may be later, depending on the case. CTFs do not necessarily cover all of their operating costs solely through income from returns on endowments. Especially in the start-up/inception phases, these are often covered by technical and financial partners in the context of CTF support projects. The definition of some standard formulas and methods for reporting management costs remains a challenge for CTFs as a whole.

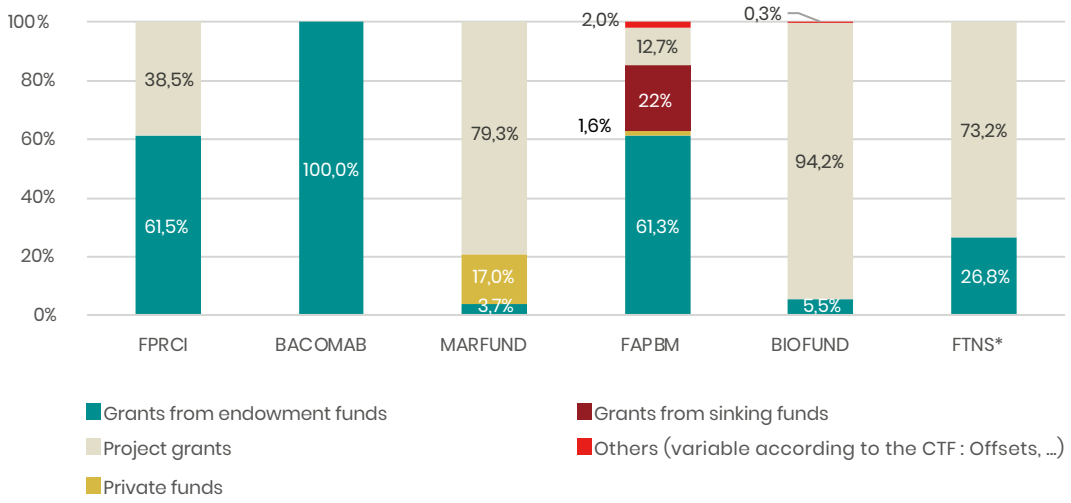
Confirmed synergies between endowment funds and project-based financing

A study on the comparative advantages of CTFs and "project-based" financing[15] financed by AFD and FFEM and carried out by the CFA confirmed the complementarity between these two approaches. The two instruments are not in conflict, but complement each other on many points. One conclusion of this evaluation is that CTFs provide long-term, sustainable funding through their endowments and also implement cooperation projects over shorter periods of time, which shows that CTFs often integrate these two funding modalities.

The chart below shows the details of the various sources of funding made available by CTFs. Several categories of funding were identified, and the data confirm that project-based funding accounts for the majority of CTF funding and is growing.

[15] CFA: Sustainable Financing of Protected Areas: Conservation Trust Funds and Project Financing - Comparative Advantages. 2014

Graphic 8 – Distribution of CTFs grants by funding source



Source: BRLi questionnaires

On average, over the period and for the CTFs studied, endowments contribute to 43 percent of the funding provided by CTFs. There are several models that are related to the history of CTFs:

- Some CTFs use mainly or exclusively income generated by endowments (FPRCI and FAPBM: about 62 percent; BACoMaB: 100 percent).
- Other CTFs mobilize resources mainly through projects (BIOFUND, MARFUND, FTNS), for more than 72 percent of their support to PAs.

Among the CTFs surveyed, only the FAPBM mobilizes a sinking fund that is also useful in times of crisis, like Covid.

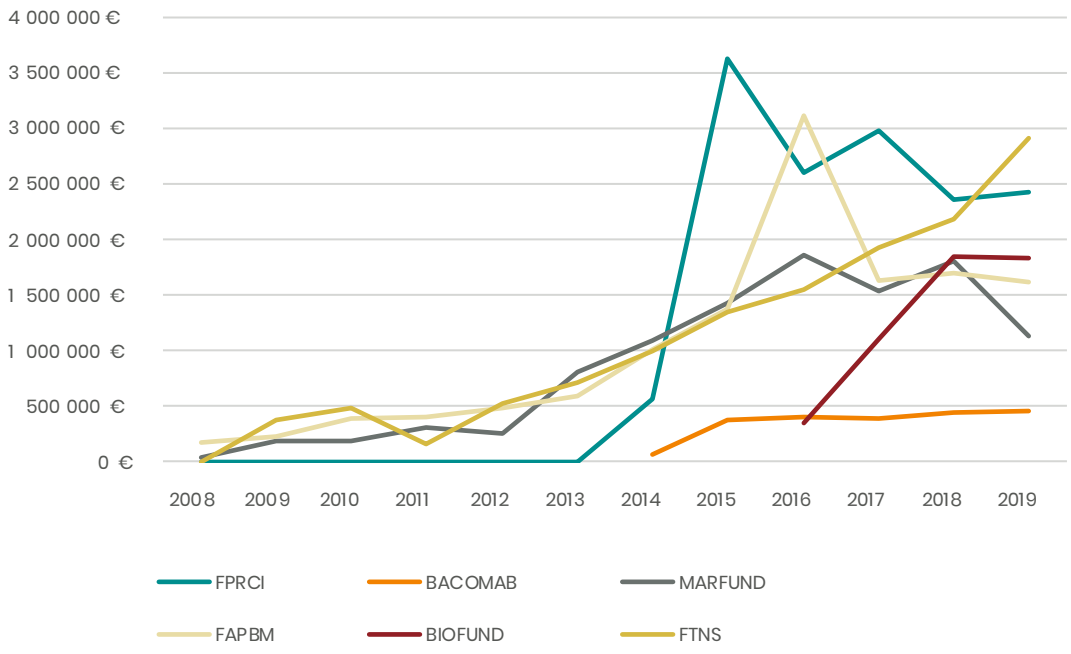
Endowment funding is still the primary method for some CTFs, but not all. This observation leads to a two-fold observation:

- Some CTFs operate in a way that is similar to that of international NGOs, on a project basis, which is acceptable as long as the funding is secured over the long term, in order to address the problem of too much random funding for conservation. While this model is acceptable, it is not perfect because it does not necessarily meet the long-term requirements of the CTF tool.
- Endowment funding is the preferred method for CTFs, but because of low levels of capitalization, this method alone is often insufficient to adequately meet financial needs in the field.

6. Impacts of CTFs at local, national and regional levels

CTFs are structuring, but not on the scale needed for optimal management of protected areas

Graphic 9 – Changes in total grants awarded by CTFs from endowment, projects and other sources (€)

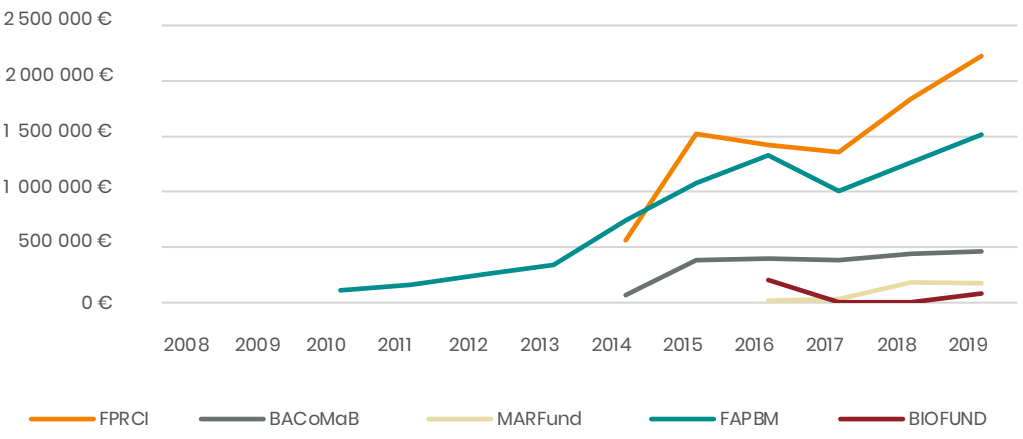


Source: BRLi questionnaires

The graph above shows that the volume of grants awarded by CTFs to their grantees tends to increase over the years, although it stagnated from 2016 for a majority of them, when growth was expected. The exceptions are FTNS (supported very strongly by KfW every year via projects) and BIOFUND (which is in a strong growth phase and a good example of dynamism). It appears that project-based funding remains useful and complementary to endowment funds, but does not satisfactorily meet the needs of PAs to ensure sustainable funding.

In detail, CTF grants from endowment funds have been growing steadily over the years for FAPBM and FPRCI, but have remained fairly stable for other CTFs.

Graphic 10 – Evolution of grants awarded from endowment funds



Source: BRLi questionnaire (NB: data not available for some funds)

This study shows that CTFs are well recognized by field actors (PAs, NGOs) as key institutions for raising funds and distributing them effectively. **With a contribution of 58.3 million euros in grants over a 15-year period, CTFs provide definite support for the proper functioning of the PAs that they support by contributing an average of 30 percent of the recurrent costs of these PAs (between 20 percent and 100 percent of funding for some PAs).** These estimates are, however, adaptive, based on annual budgets that take into account available funding constraints. They do not reflect the needs for optimal management of PAs[16], especially as the number of PAs is tending to increase due to the generally good involvement of countries to comply with international conservation agreements (Aïchi, post-2020 objectives).

The gap between the resources mobilized for PAs and the needs for optimal management is still wide. Based on business plans or studies dedicated to assessing the optimal needs of certain PAs, the CTFs in the sample contribute only about 10 to 25 percent of the optimal management needs of PAs. Moreover, they cover only a small part of the needs of national or regional networks. Taking into account the post-2020 international agenda, which confirms the need to consolidate the effectiveness of PA management and PA networks[17], CTFs appear to be convincing tools, but their level of financial support is not commensurate with the challenges and needs for optimal PA management. In this sense, support for the formulation and updating of PA business plans remains one of the major challenges for CTFs in the future.

The study also clearly shows that CTFs are also recognized for their non-financial contributions. CTFs are cited by grantees as essential to the good management of PAs, and all managers report that CTFs have contributed to the development of previously non-existent management models. CTFs therefore provide essential support for structuring, building capacity for financial, administrative and human resource management, and providing operational resources. Several CTFs, depending on their history, are also involved in national and regional exchanges on biodiversity conservation. They thus contribute to the evolution of national/regional strategies and policies, the evolution of regulatory frameworks or the development of regional monitoring tools (MARFUND, The MedFund).

[16] See glossary for definition of best management. It often corresponds to the proper implementation of PA management plans. The resources mobilized must then allow for the effective implementation of all management functions and for all necessary activities and investments (monitoring, organization, surveillance and prosecution of infractions, education/awareness-raising, support for stakeholders in and around the PA, governance, mobilization of funding, management and monitoring of interactions with social-economic and territorial activities, reporting, etc.) and restoration of biodiversity and ecosystems if spaces/species are affected.

[17] Management effectiveness and its evaluation are defined in the glossary. For more than 20 years, IUCN and WWF, as well as the networks of PA managers, have been identifying the gaps and needs for effective management of the PAs created (see successive IUCN and WWF reports). The implementation of green list indicators is one of the ways to measure it.

States remain committed to biodiversity conservation despite the existence of CTFs

State support for conservation may include salaries for PA officials, tax exemptions for activities, grants or provision of equipment.

The existence of CTFs has not led to States withdrawing their support for PAs and PA networks. Based on data from some of the CTFs studied (not all of them responded), it appears that financial support from national institutions remains stable or increases over the years for PAs or networks of PAs supported by CTFs (Madagascar, Mauritania). This confirms the complementarity and additionality of CTF and government funding.

CTFs are resilient tools in times of economic crisis

The scope of this evaluation was up to 2019, outside of the Covid period. However as it took place in the context of the pandemic in 2020-2021, this allowed the evaluators to observe the good financial and institutional resilience of CTFs. Facing state budgetary difficulties due to the economic crisis linked to the pandemic and the loss of park revenues due to the collapse of global tourism, CTFs were able to maintain or increase their support to conservation actors and affected populations. During the Covid-19 period, CTFs with sinking funds financed by KfW were also able to support PAs in serious difficulty, partially offsetting tourism losses (FAPBM, MARFund). In addition, they can become important supports for the protection of endangered species during such periods, as illustrated by the protection of rosewood in the Madagascar crisis.

However, the evaluation did not explore this issue of the impact of CTFs in times of crisis in depth, and a further study on this topic would probably be useful.

CTFs perform well at monitoring and evaluating grants to grantees, but there is room for improvement in the level of information in annual reports

Follow-up of CTF grants to grantees is generally good, and is not limited to simple administrative follow-up, as CTFs also provide capacity building or financing and dissemination of specific tools (management, human resources, reporting, monitoring indicators, etc.).

In addition, the CTFs' annual activity reports, as well as the technical and financial reports to donors, are of good quality, but there is room for improvement in order to provide optimal information for all stakeholders and the general public. The evaluation notes changes in format and content over the years, which makes it difficult to take a longitudinal view of CTFs and their results and impacts. CTFs could easily improve several reporting elements by developing consistent formats with donors, especially on financial aspects (by specifying more precisely the methods and results on operating costs, grants awarded by type of funding source, the contribution of state funding from the PAs concerned, changes in financial indicators in general, changes in strategies).

Difficulty in reporting on the impact of CTFs on biodiversity or social aspects, and limitations to be clarified

Biodiversity or management performance monitoring is not operational in a majority of countries. It is the responsibility of PAs and national institutions in charge of protected areas (national agencies, ministries). Some CTFs (FAPBM) contribute to the improvement of these systems through composite and simple monitoring tools. In this area, CTFs, and through them donors, can play a central role in financing, developing and deploying monitoring tools.

For CTFs, as for PAs, the search for simplicity remains crucial when it comes to monitoring indicators, because there is no funding mechanism to support these data production or reporting activities, and the operational teams remain limited at both the PA and CTF levels.

Impacts are not consistently reported in the annual reports, in particular because they are difficult to measure. The information collected is often limited to the total surface area of PAs, their number or the listing of monitoring activities and species without showing the evolution, the rate of endemism, the types of critical or protected habitats or their evolution. The majority of PA managers interviewed for the evaluation emphasise, however, that the loss of threatened species has been reduced or stabilised, and that biodiversity richness has been maintained on average. However, it is still difficult to attribute or measure the "biodiversity" impact of CTFs because of the lack of monitoring data and continuity in the information provided

(except perhaps for the FAPBM, which is making progress on these issues).

CTFs are aware that improving impact monitoring is a major challenge, in order to demonstrate the impact of their funding, gain visibility and attract more funding (private and public[18]).

Monitoring, based on reliable and recurring indicators, is essential to measure the performance of PA management, but also to better characterize pressures, stabilization of conservation (already a major issue for PA managers) and progress of conservation targets at both the habitat and species levels. The greatest room for improvement lies in the quality and continuity of the methods used, national coordination, the implementation of harmonized tools between CTFs that are simple and inexpensive, the accuracy of information at both terrestrial and marine levels, and the allocation of targeted funding. This study makes a comparative analysis of existing monitoring systems and makes proposals in line with the international[19] literature.

At the socio-economic level, the lack of information on the territories is notable. The information provided is often limited to a one-time data provided by dedicated programmes (World Bank, EU, or other) or to elements on the number of income-generating activities. The absence of baseline data, recurrent indicators on existing sectors or social indicators of improved living conditions in the areas including PAs, makes it difficult to objectively measure progress and the contribution of PAs and CTFs support in these developments. Data sources depend on other actors and are the responsibility of the State. They refer to the capacities of PA managers to integrate these territorial and economic dimensions or to aggregate information (when they exist). The issues of methods, distribution of roles, clarification of CTF boundaries and the ability to provide a minimum amount of information remain important areas of work for the CTFs and donor community.

In terms of monitoring, one of the priorities is to better finance and target monitoring and reporting at the level of PAs/PA systems. It is also a matter of adopting common reporting frameworks between CTFs (in consultation with donors), especially on indicators that reflect the impact of CTFs and the evolution of biodiversity in beneficiary PAs. The RedLAC, CAFE or CFA networks are appropriate for continuing to propose simplified dashboard, reporting and integrated indicator systems.

CTFs learning about environmental and social risk management measures, but facing inadequate expectations from donors

CTFs are still learning about measures for controlling environmental and social (E&S)[20] risks and are in the process of reviewing or establishing associated reporting mechanisms. It should be noted that CTFs are not adequately captured in the current E&S due diligence of most donors.

Consultants, like CTFs, warn about the consequences of making excessive demands of donors in this area. The mobilization of additional staff to implement these procedures and collect data would have a significant impact on the CTFs' operating costs, without improving biodiversity conservation results.

The definition of a simplified environmental and social risk management framework, if possible common to the donor community, remains a key objective. The support of the RedLAC and CAFE networks or the CFA will be all the more crucial as the demands of donors increase. Work in progress in 2021 at the CFA level on this subject would benefit from being taken into account and worked on with the donors to simplify the arrangements.

[18] The issue of time horizons on these types of environmental and ecosystem data related to very long processes must be taken into account in order to produce relevant analyses.

[19] Cordero A. Developing a M&E strategic plan for environmental funds focused on biodiversity impact. Project K - Knowledge for action. March 2019

[20]Risk control measures" or "environmental and social safeguards" are the same terms. The most used term at AFD is shown here.

A difficulty in measuring climate-biodiversity co-benefits but an opportunity for CTFs

The complementarity and synergies between the "biodiversity" and "climate" themes are confirmed by the interviews conducted in this study.

CTFs emphasize their interest in accessing new "climate" funding and often present their institutions, rightly, as sufficiently experienced and solid structures to promote climate-biodiversity synergies and access Green Climate Fund funding, for example. This additional focus is timely, but should not be invested to the detriment of the CTFs' primary objective of "supporting biodiversity conservation". Indeed, trends are towards the emergence of new "climate" oriented themes and funding lines, with the risk of spreading them too thinly, which could gradually deviate from the primary objective of CTFs. The definition and measurement of climate-biodiversity co-benefits indicators still need to be developed at the level of CTFs and PAs.

7. Analysis of the role of AFD and FFEM

Over the years, AFD and FFEM, together with partner donors, have supported CTFs that have become instructive models for the entire CTF community. They are among the emblematic CTFs and their innovative features are summarized below and in Annex 2. They each feature:

- Specific and structural assets linked to the specificity of their capitalization model and their organization;
- Informative and/or transferable examples of operational approaches developed over the life of CTFs;
- Examples of recent innovations in financial tools whose returns can fuel the nature conservation community in the coming years.

AFD/FFEM complementarity is recognized and should be continued in order to innovate and change scale

AFD and FFEM have been relevant and have had a pioneering approach in their support to CTFs, particularly through the C2D (debt swap mechanism). These CTFs have become references in terms of support for the conservation community. Their efforts to structure and consolidate marine CTFs on several continents and FFEM's support for the RedLAC and CAFE networks are also noteworthy in terms of innovation. The roles of FFEM and AFD are generally recognized particularly for the quality of the technical expertise they provide. There is also recognition of their complementarities, with AFD remaining more a financial and institutional support provider, and FFEM supplementing project financing in the transition phase, often reinforcing the CTF's "image" capital through results in the field, which brings local, national and international credibility and is necessary to increase the chances of mobilizing funds and leverage.

FFEM supports projects that are, each time, innovative for the period and for the CTF community. The continuation of FFEM strategy in this area is recommended, maximizing complementarities with AFD and the coupling of financing.

The French strategy for financing conservation and CTFs relies on diversifying sources of conservation funding as leverage. The evaluators note little leverage on the private

sector. FFEM has played an important role in the development of REDD+ in Guinea Bissau and in better understanding of the value of ecosystem services in Mauritania ; however, on the other hand, initiatives targeting the private sector led by BIOFUND, FTNS or FAPBM do not seem to have been influenced or accompanied by AFD. This could clearly be an area of development to be prioritized by AFD and FFEM, given that the private sector is multifaceted.

Efficiency and leverage of french support in relation to the amounts committed, but levels to be maximised to meet the challenges

Financial support from AFD and FFEM is efficient since it has made it possible to ensure, concomitantly with the growing support of the decentralised AFD agencies, the capitalization and operational start-up of CTF actions while providing support on non-financial aspects (structuring of teams, strategies, international references). The combined efforts of these two donors, along with the MAVA Foundation, KfW, sometimes the GEF and, to a lesser extent, certain NGOs and national budgets, have made it possible to exceed the minimum capitalization threshold to ensure the sustainability of several CTFs. With nearly 70 million euros invested, AFD and FFEM have made it possible to mobilize co-financing of about 190 million euros (multi-donor projects or approaches). The CTFs supported were capitalized to the tune of 250 million euros at the end of 2019. AFD and FFEM have contributed up to 55 million[21] euros to the capitalization of permanent endowment funds. Over the period, these CTFs have granted 58.3 million euros to around 90 protected areas covering 142,000 km2, including about 10 million euros in grants in 2019 alone. CTFs have become key national players that carry out projects and diversify funding sources in addition to their functions of supporting protected area networks.

The excellent collaboration observed between AFD, FFEM and KfW, marked by a common vision and approach, should be highlighted.

AFD and FFEM together represent the world's second largest contributor, after KfW, to the endowment funds of the CTFs evaluated, with 17 percent of the financial volume invested in the capital of CTFs. With 80 % of support at less than 5 million euros per grant, France's contribution remains low with regard to German cooperation, which contributes to up to 30 million euros per CTF on average and represents more than 61 percent of the capital invested in the eight CTFs considered (167 million over the period). The impact and efficiency of AFD and FFEM would clearly be greater if their ambitions were higher from the start.

Sustainability at the heart of french intervention

AFD and FFEM financial support is inherently sustainable, given the long-term nature of CTFs as long-term conservation financing tools. The combined efforts of the historical donors have generally made it possible to exceed the minimum capitalization thresholds for ensuring the sustainability of CTFs. The CTFs studied show good institutional sustainability. On the whole, they are reliable and well-run institutions that maintain transparency and good communication.

CTFs have also contributed to building the capacity of PAs or NGOs and other national institutions involved in biodiversity conservation. For PAs, they have contributed to the development of management models that they implement in their day-to-day operations, and have helped support communities that disseminate knowledge (at the regional or national level).

Sustainability also depends on the ability to innovate further and to develop new financing mechanisms. In this respect, the examples summarised in Appendix 3 should be pursued further and multiplied (C2D, fisheries agreement, private sector, offsets, etc.). In the field of innovation for the benefit of nature, international cooperation could favourably diversify its intervention modalities.

Some funds have not yet reached cruising speed and their impacts are only a fraction of the potential future impacts. All donors and CTFs should continue to consolidate and diversify their sources of funding.

[21] Including pledges and agreements in the process of being awarded in 2020 (8 million euros from AFD for the FAPBM, 5 million euros (including 4 million from AFD and 1 million from FFEM) for The MedFund.

8. CONCLUSIONS AND RECOMMENDATIONS

The evaluation confirms the relevance of the CTFs studied to supplement conservation funding, whether on a national or regional scale, on land or in the marine and coastal areas, without replacing public subsidies from national authorities. They have generated stable and sustainable financial resources over the long term. They have also been able to continue to provide grants during times of crisis, such as the Covid crisis, when much national biodiversity funding was cancelled. It should be noted that CTFs supported by AFD and FFEM are now among the most emblematic CTFs and are useful examples for the CTF community (see Annex 2).

It should be noted, however, that CTFs face challenges in financial ethics, reporting, monitoring and demonstrating impacts on biodiversity conservation.

This study thus confirms that CTFs are politically legitimate and technically convincing to play a central role in covering the large financing needs observed for biodiversity conservation, including the operating costs of PAs. The main issue is the transition to a new order of magnitude for these institutions, on the eve of the international community's announcements (the "30x30" initiative), taking into account existing shortfalls and increased ambitions.

While the magnitude of the quantitative leap to be made varies according to the context and missions of each CTF, this change in scale is a necessity for all of the CTFs studied and for the geographical areas not covered, for the benefit of biodiversity, climate and the populations concerned. Increasing the capitalization of CTFs can come from historical sources (subsidies from public donors) but must also come from new sources that are still under-exploited (donations, ecological offsets, environmental penalties), as well as from the private sector (individuals, foundations, companies).

This field of intervention is still largely unexplored, although CTFs can convincingly play the role of financial intermediation to ensure the deployment of financial mechanisms for the benefit of conservation. More specifically, the existence of CTFs should, in the long run, allow for the development of a new generation of financial innovations, for example in the form of new financial products or ethical savings whose returns would be equitably shared between investors/savers and CTFs.

AFD and FFEM, and donors in general, can play a fundamental role in building these bridges between the financial sphere and CTFs. Such an objective should be a priority. Designing new financial instruments, adapted to institutional or individual investors, is entirely feasible would be attractive to individuals in particular, and could help CTFs to reach a larger scale. There are many avenues to pursue, and the obstacles seem surmountable.

Key recommendations

The evaluation proposes a list of 18 main recommendations elaborated on the basis of the evaluation findings and discussed during a co-construction session of the recommendations with the reference group. Each main recommendation has been broken down into a series of specific recommendations in the main evaluation report. The recommendations address both strategic issues, such as scaling up, and more operational issues, such as developing tools and methods and measuring the impacts of CTFs.

The recommendations are presented according to their level of priority (level "1" corresponds to essential recommendations and "2" to important recommendations to be considered). For each recommendation, an indication of the timeframe for implementation is provided. “Medium-term" indicates that the recommendation will need to be implemented in several stages. The "Start-up/Inception phase" indication makes it possible to indicate which recommendations AFD and FFEM can take into account in their support to CTFs, especially in the Start-up/Inception phase (they are not exclusive to the Start-up/Inception phases).

Table 5 – Key Recommendations

FINAL NUMBER	FINAL RECOMMENDATIONS	TARGETS	PRIORITY LEVEL (1-2)
	Improve governance, consolidate operationalization of CTFs (excluding finance component) and transparency		
1	Define the frameworks for CTF autonomy from donors and agree on the eventual withdrawal of donors from the boards. Give priority in the long term to the creation and facilitation of "donor circles", independent of the governance bodies.	Donors/AFD/FFEM CTF	2 Short term Start-up/ Inception phase
2	Cover operating costs from inception to maturity of CTFs and monitor them on the basis of harmonized methods.	Donors/AFD/FFEM CTF	1 Short term Start-up/ Inception phase
3	Support the adoption of environmental and social safeguards by CTFs while accepting simplified transitional arrangements tailored to the capacities of CTFs.	Donors/AFD/FFEM	1 Short term Start-up/ Inception phase
4	Set up reporting tools and monitoring dashboards that enhance the readability of financial information and increase transparency	CTF Donors/AFD/FFEM	1 Short term Start-up/ Inception phase
5	While maintaining small, highly qualified teams, adapt human resources to CTFs' strategic ambition and to the evolution of funding programs. Support CTFs in building the skills of administrators and staff in CTF secretariats.	CTF Donors/AFD/FFEM	2 Medium term
6	Adopt the CFA Standards of Practice as a management tool and keep up to date with their evolution.	CTF	1 Short term & Medium term Start-up/ Inception phase
	Change scale financially and deploy ambitious resource mobilization strategies		
7	Substantially increase donor contributions to CTFs (widening and deepening).	Donors/AFD/FFEM	1 Short term & long term
8	Further promote and develop innovation to change scale.	CTF Donors/AFD/FFEM	1 Short term & long term
9	Identify the financing gaps and needs for good and effective management of PAs and biodiversity as an essential baseline for ambitious resource mobilization strategies to meet the identified needs.	CTF Donors/ AFD/FFEM	1 Medium term Start-up/ Inception phase
10	Increase CTFs' financial returns by adopting more aggressive investment policies, using ESG benchmarks and opting for "green" financial products.	CTF Donors/AFD/FFEM	2 Medium term Start-up/ Inception phase
11	Identify a "long-term investment" focal point for AFD Group to provide financial expertise, particularly on CTF investment policies, which are very specific.	AFD/FFEM	1 Short term

FINAL NUMBER	FINAL RECOMMENDATIONS	TARGETS	PRIORITY LEVEL (1-2)
Improve the measurement of the impact of CTFs and support the achievement of optimal management of PAs			
12	More systematically finance field monitoring of PAs and reporting on biodiversity monitoring, socio-economic impacts, climate-biodiversity co-benefits (by PAs and CTFs in their capacity to aggregate indicators).	Donors/AFD/FFEM CTF	1 Medium term Start-up/ Inception phase
13	Develop initiatives for the development of simplified and relevant tools for monitoring biodiversity, socio-economic, climate change impacts and PA management measures.	Donors/AFD/FFEM CTF RedLAC/CAFE/CFA	1 Short term Start-up/ Inception phase
14	Create transparency and control: Invite CTFs to more systematically fund PA/MPA evaluations and audits through CTFs.	CTF Donors/AFD/FFEM	2 Medium term
15	Accentuate efforts to achieve optimal management effectiveness of PAs through CTFs.	Donors/ AFD/FFEM	1 Short term
16	Develop financial mechanisms to support CTFs in their role of supporting PAs in crises and provide visibility on their resilience.	Donors/AFD/FFEM	2 Medium term
17	Improve the governance of monitoring and information sharing between CTFs and institutions in charge of national PAs.	CTF Institutions in charge of PAs Donors/ AFD/FFEM	1 Medium term Start-up/ Inception phase
18	Invite and support the RedLAC and CAFE networks to periodically report on the cumulative impact of CTFs in their respective areas of intervention.	Donors RedLAC/CAFE	2 Medium term

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Acronyms

AFD	French Development Agency
BACoMaB	Banc d'Arguin, and Coastal and Marine Biodiversity Trust Fund
BIOFUND	Fundação para a Conservação da Biodiversidade
BioGuiné	BioGuiné Foundation (BGF)
C2D	Debt Reduction and Development Contract
CAFE	African Environmental Funds Consortium
CBD	Convention on Biological Diversity
CFA	Conservation Finance Alliance
COMBO	COMBO Project (Conservation, Minimization of Impacts, and Offsetting for BiOdiversity in Africa)
CSO/NGO	Civil Society Organizations/Non-Governmental Organizations
CTF	Conservation Trust Fund
CTIS	Conservation Trust Fund Investment Survey
EF	Environmental fund
ESG	Environmental, Social and Governance
EU	European Union
FFEM	French Global Environment Facility (Fonds français pour l'Environnement Mondial)
FPRCI	Foundation for the parks and reserves of the Ivory Coast
FTNS	Tri-national Foundation of the Sangha
GCF	Green Climate Fund
GEF	Global Environment Facility
GIZ	Technical cooperation agency of the German government
IC	Investment Committee
KfW	Kreditanstalt fur Wiederaufbau
MAR	Mesoamerican Reef ecoregion
MARFund	Mesoamerican Reef Foundation
MAVA	MAVA-Nature Foundation
MedFund	Environmental Fund for Mediterranean MPAs (called The MedFund)
MNP	Madagascar National Parks
MP	Development and Management Plan
MPA	Marine Protected Area
MTE	French Ministry of Ecological Transition
NPAS/SNAP	National Protected Areas System
PA	Protected Area / Protected Areas
PSE	Payment for Ecosystem Services
REDD	Reducing Emissions from Deforestation and Forest Degradation
RedLAC	Latin American and Caribbean Environmental Funds Network
SER	Social and Environmental Responsibility
SGP	Small Grants Program (PPI)
TA	Technical Assistance
The MedFund	Environmental Fund for Mediterranean MPAs (or MedFund)
TNC	The Nature Conservancy
UNDP	United Nations Development Programme
WWF	World Wide Fund for Nature

Glossary

Capitalization	Amount raised and placed in the CTF.
Operating costs	Cost of structure, operation, salaries and general expenses of the CTF.
PA Management Effectiveness/Evaluation of PA Management Effectiveness	The assessment of PA management effectiveness is based on the analysis of the adequacy and appropriateness of management systems and processes and the achievement of PA objectives and the conservation of its values.
CTF / Fund	The terms Conservation Trust Fund (CTF), Environmental Fund (EF) or Environmental Conservation Fund (ECF) are considered equivalent and it was agreed that the term "CTF" or "Fund" would be used throughout this study.
Endowment Fund	An investment fund that uses only the capital income obtained (interest) to finance its activities. It thus makes it possible to finance mechanisms or institutions over the very long term (in theory perpetually).
Sinking fund	A fund designed to disburse all of its capital and investment income over a specified, relatively long period of time (usually 10 years).
Revolving fund	A fund that regularly receives new contributions, such as tax revenues, that replenish or add to the fund's capital.
Project funds	Based on a financial periodicity associated with the funded project (local level).
Management fees	Portfolio manager's fees or bank charges.
Optimal PA Management	Optimal PA management is management that is in line with international best practice as defined by the IUCN World Commission on Protected Areas and allows for the maximum expression of PA values and services.

Impact investing	An investment that explicitly combines social and financial return on investment.
Amount of support from donors	Initial amounts estimated in donor funding agreements.
Payment for Environmental Services (PES)	Incentive instruments that provide compensation for the adoption of environmentally friendly practices.
Park Bonds	Following the model of green bonds, Park Bonds are a new type of green financial instrument to finance conservation through CTFs.
REDD +	Policy approach and positive incentives on issues related to reducing emissions from deforestation and forest degradation, the role of conservation, sustainable forest management and enhancement of forest carbon stocks.
Target return	Performance objective - rate (%) - i.e. objective of return on the portfolio of the endowment fund invested on the markets according to a defined time horizon and a defined benchmark (EUR, Dollar, local currency, or mix of investment currencies).
Net Return	Nominal return minus the inflation rate of the currency in question.
Net return net of fees	Net rate of return minus management fees (portfolio manager fees, bank fees).
Net return net of fees and operating costs	Net return minus management fees minus Fund operating costs*.
Grants awarded	Amounts awarded by the CTF to final recipients.

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Appendix 1. Capitalization of CTFs via the C2D tool

The Debt Reduction and Development Contract (C2D) policy, launched in 2001, gives concrete expression to France's bilateral commitment, made in Cologne in 1999, to cancel all of its official development assistance (ODA) debts for countries involved in the Heavily Indebted Poor Countries (HIPC) initiative, representing a total of 5.33 billion euros. The debt swaps carried out within this framework are innovative and have also benefited the protection of the environment and biodiversity, particularly in Madagascar and Côte d'Ivoire, with notable participation by the FAPBM and FPRCI to channel and make the best use of some of the resources made available in Côte d'Ivoire and Madagascar.

Despite the significant positive effects observed in countries where the environment has been integrated into C2Ds, the environment and biodiversity remain very marginally covered in relation to the total amounts committed under C2Ds. The four target areas identified in the C2D doctrine are as follows

- Basic education and vocational training,
- Primary health care and control of major endemics,
- Local government facilities and infrastructure,
- Land use planning and natural resource management.

An exhaustive review of C2D policy conducted in 2016 makes almost no mention of environmental issues. The following quote is worth noting: "In the case of Madagascar, the choice to intervene in the biodiversity and environment sector, a sector that may be considered secondary to the country's development priorities, appears to be the result of a "country effect" (natural biodiversity) and the activism of environmental NGOs at the local level"[22].

Giving the environment a more central place in future debt reduction policies that France might pursue seems both feasible and desirable. The Ministries involved in the negotiations could favourably encourage the development of debt-for-nature swaps, which is particularly feasible in countries eligible for the C2D and which already have a CTF:

[22]Ex-post evaluation | Review of the Debt Reduction and Development Contract (C2D) policy, AFD, 2017.

COUNTRIES ELIGIBLE FOR C2D	EXISTENCE OF A CTF	C2D CONTRIBUTION TO CTFS AMONG THE 8 CTFS STUDIED
Bolivia	No	
Burundi	No	
Cameroon	Partially (FTNS)	
Congo	Partially (FTNS)	
Ivory Coast	Yes	X
Ghana	No	
Guinea	In the process of being created	
Honduras	No	
Liberia	No	
Madagascar	Yes	X
Malawi	Yes	
Mauritania	Yes	
Mozambique	Yes	X
Myanmar	No	
Nicaragua	No	
Uganda	Yes	
DRC	Yes	
Rwanda	No	
Sierra Leone	No	
Somalia	No	
Sudan	No	
Tanzania	Yes	

Appendix 2. Summary of the strengths and innovations of each CTF

Table 6 – Summary of each CTF's strengths and their potential contribution to the CTF community

	STRUCTURAL INNOVATION, STRENGTHS AS A MODEL FOR OTHER CTFS	INTERNAL OPERATIONAL INNOVATION OVER THE LIFE OF THE CTF	RECENT INNOVATION: DEVELOPMENT OF NEW FINANCIAL MECHANISMS IN RECENT YEARS**
FAPBM	- Independent national CTF working with a national agency - Management and fundraising performance - Support for a list of open PAs and performance monitoring of a PA network - Teamwork and optimization of resources - Pooling envisaged with the CTF of the Union of the Comoros	- Partnerships with private funds - Operational and biodiversity impact monitoring tools (IBI, IKP, etc.) - Initiation of socio-economic monitoring tools - Emergency PA Support Mechanism - Crisis management - Governance developments on salary support/funding thresholds - Tools for accompanying/training CTFs	- Development of biodiversity offsets - Combo project - Private partnerships
FTNS	- Tri-national CTF on cross-border PAs. - Parallel development of a project fund management mechanism (relay) and capitalization - Support to NGOs delegated to manage PAs	- Partnerships with private funds (Regenwald Stiftfung) - Financial support to regional governance bodies (FTNS) - Creation and support of the tri-national Anti-Poaching Brigade	- Payment for Environmental Services (PES) (community forests)
BIOFUND	- Independent national CTF - Facilitation and national advocacy - Open and participatory general assembly - Simple and clear strategic plan based on three objectives (pillars) around which management tools and operations are organized	- Non-PA programs - Simple management monitoring tools - Communication tools & national governance	- Offsets (Combo project) - Private partnership with a national bank (BIOCard) - Emergency BIO Fund - Urgent response to COVID-19 to pay for eco-guards in private (11), community (2) and public (11) PAs
FPRCI	- Independent national CTF - Included in the support to a national agency (OIPR) - Good collaboration and coordination with national stakeholders - Efficiency in resource mobilization - Strong participation in the CAFE network	- CTF support/training tools - Financial management and performance	- Central beneficiary of the C2D (French debt exchange mechanism), for the biodiversity part. - Significant involvement in carbon finance (for financial intermediation) - Negotiations with the private sector (cocoa) - Leader of the Park Bonds initiative, along with 3 other African CTFs

	STRUCTURAL INNOVATION, STRENGTHS AS A MODEL FOR OTHER CTFS	INTERNAL OPERATIONAL INNOVATION OVER THE LIFE OF THE CTF	RECENT INNOVATION: DEVELOPMENT OF NEW FINANCIAL MECHANISMS IN RECENT YEARS**
BAcoMaB	- Independent national CTF - Clear and well-written policy documents	- PA observatories with good monitoring indicators - Coastal Ecosystem Services Study - BACoMaB's potential role in supporting Mauritania's areas of biological interest (future MPAs) in the long term	- Innovative financing mechanism for biodiversity through the EU/Mauritania fisheries agreements (considered as a payment for ecosystem services)
MARFund	- Regional fund coupling 4 national CTFs - Support for coordinated management of transboundary reefs - Important role in regional governance: organizer of regional priority-setting activities - Support to NGOs delegated to manage PAs - Multi-window management	- Regional programmatic tools: a factor in mobilizing funds and governance/ monitoring - PPI/SGP tools to support and consolidate the management of a network of PAs, biodiversity issues and civil society (national CSOs). - Contribution of regional biodiversity monitoring networks, support strategies, synergies with these networks	- Coral Ecosystem Insurance - Crowdfunding
MedFund*	- Regional Coastal and Marine Fund - Governance and country articulation, national institutions members of the Board - NGO Relations	- Tools for monitoring impacts and operations: search for simplicity (to be tested) - Granting mechanism to be followed.	
BioGuiné**	- Independent national CTF - Close relationship with a national agency - Inclusion of fisheries agreements in CTF funding	- Good knowledge of the financial needs of the national MPA network, and the existing funding gap - Foundation at the heart of a REDD+ process, to offer financial intermediation services	- Successful REDD+ project, resulting in carbon credit emissions.

* CTF in creation or early development phase
** new financial mechanisms: offsets, C2D, carbon credits, PES

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