

Finance Tools for Coral Reef Conservation: A Training Guide

Conservation Trust Funds

Developed by the Conservation Finance Alliance and Wildlife Conservation Society for the International Coral Reef Initiative

Content drawn from Finance Tools for Coral Reef Conservation: A Guide (2018)

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Funded with the support of the Government of Sweden



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Ministry for Foreign Affairs



Conservation Trust Funds - Overview

- Definition: Conservation Trust Funds (CTF) are private, legally independent institutions that catalyze funding and resources for biodiversity conservation.
- Value: Play a unique role in the conservation space
 - As local donor, get seat at table with key national and international partners
 - Work with government to influence policy and drive national level financing
 - Influence and educate individuals in the sector
 - Partner with other Civil Society Organizations (CSOs), on a local, national and global scale.
- Economic Model: CTFs raise, manage and deploy conservation assets
- Other Names: Environmental Funds



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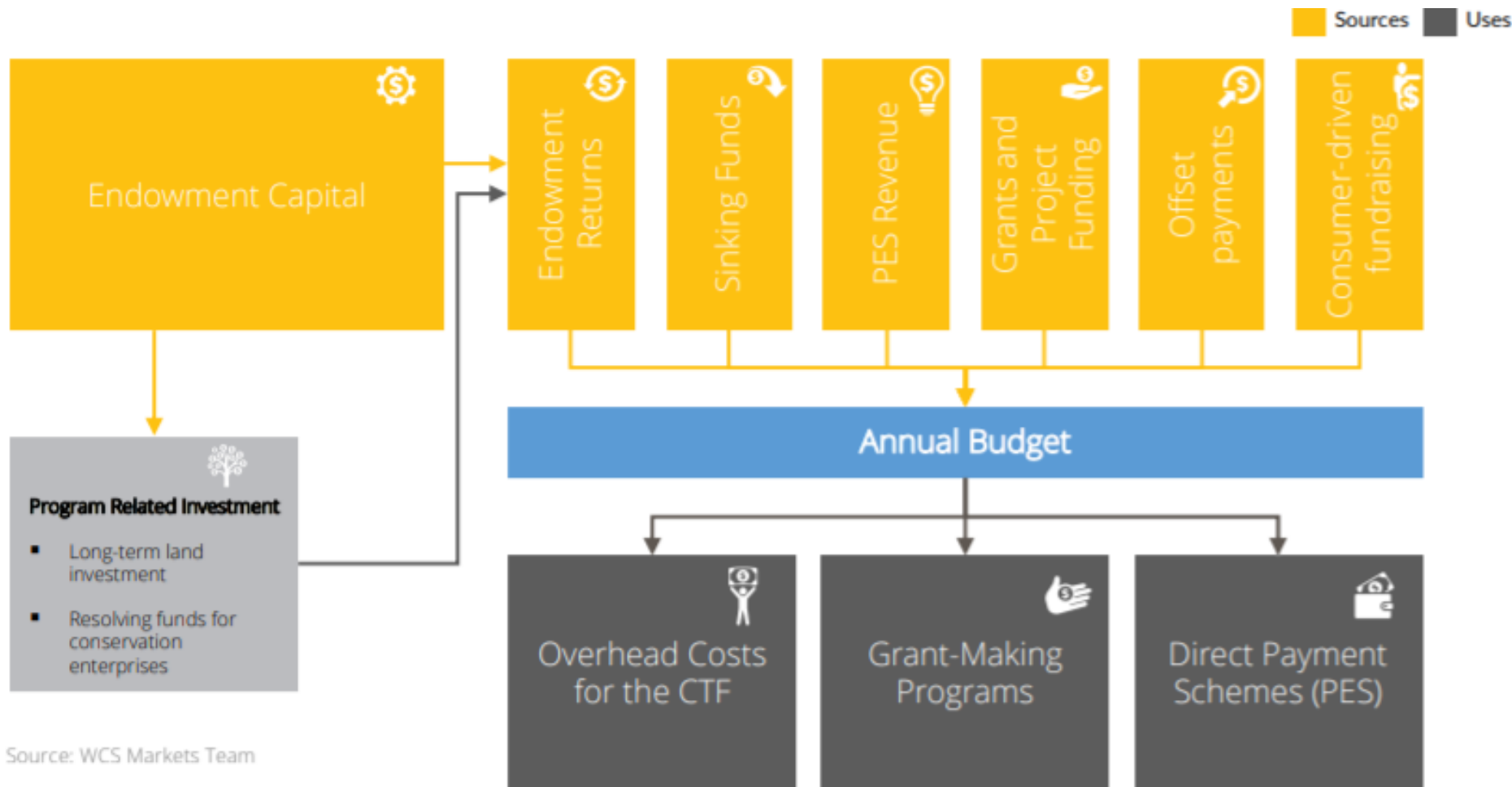
Conservation Trust Funds - How does it work?

- Independent grant-making institutions that mobilize, blend and manage financial resources for environmental purposes, such as biodiversity conservation, protection of wildlife, protected area management, forests, climate adaptation and mitigation
- Trust funds are defined by their legal, governance and financial structures, their resource mobilization strategy and their grant-delivery modality.
- CTFs may rely on a single financing mechanism, but typically have diversified suite of financing mechanisms



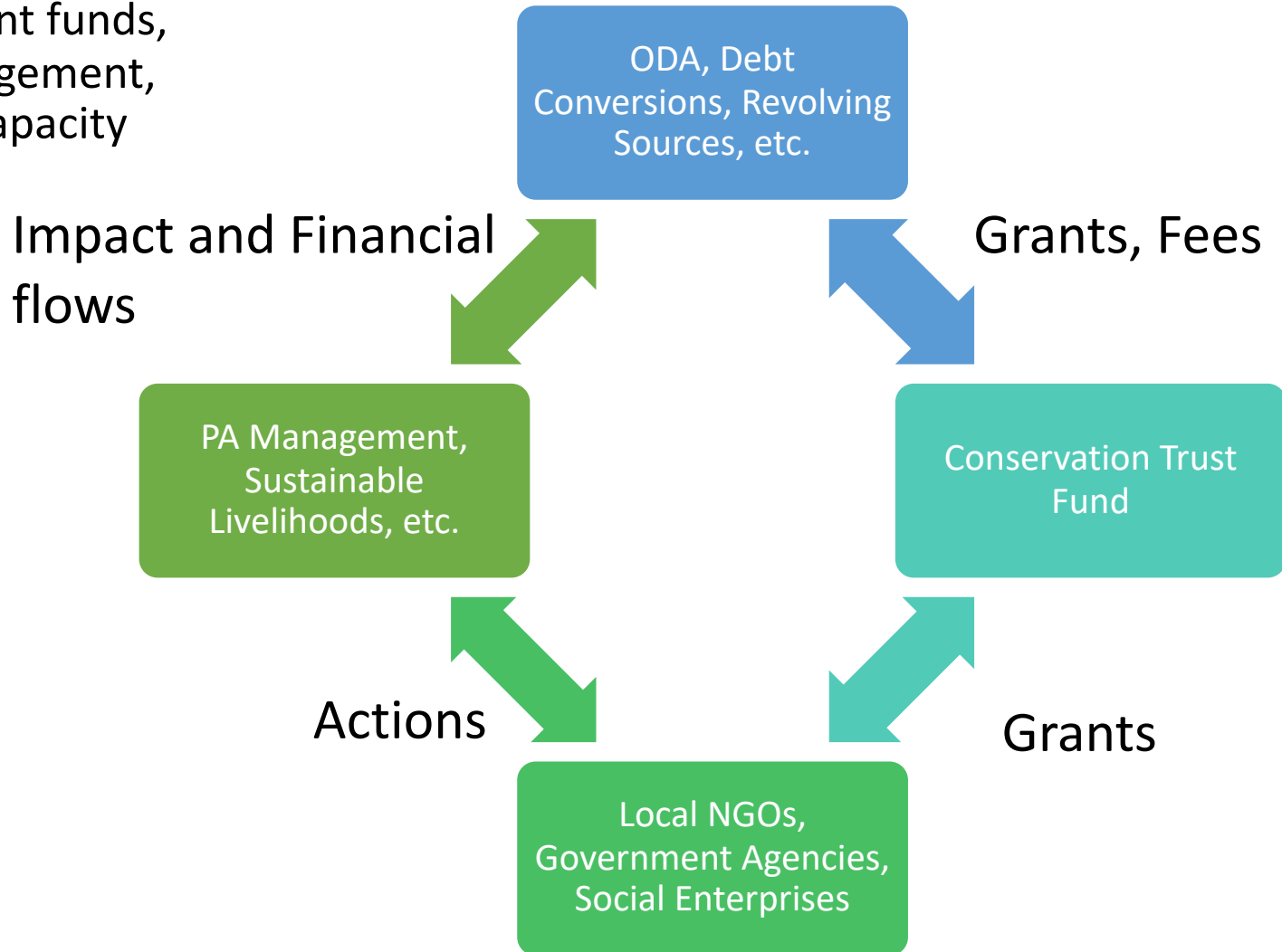
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Example of a CTF's mix of financing mechanisms



Conservation Trust Fund

Economic Model:
Endowment funds,
local engagement,
building capacity



Conservation Trust Funds - Conservation Activity Relevance

- Long-term capital for PA management, sustainable livelihoods, and other conservation objectives
- Provides a vehicle through which bi-lateral and multilateral development agencies, institutional investors, international organizations, members of civil society and government actors can invest in conservation
- Allows large entities to invest in conservation at reduced cost due to lower transaction costs.
- Assures long term financing for nature
- Transparent and focused on good governance
- There are at least six CTFs that focus primarily on marine and coastal conservation, with one, the Mesoamerican Reef Fund, focusing entirely on reef ecosystems.



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Conservation Trust Funds - Stakeholders

- **Finance Source:** provide the financial resources that capitalize the trust fund.
- **The Governing body:** usually a form of Board of Trustees, oversees the activities and operations of the fund itself.
- **Trustee/administrative agent:** Fund Secretariat manages the financial assets transferred to the fund and operations on behalf of the Board.
- **Implementing agencies:** receive financial resources from the Fund's Trustees, manage, and report on them to execute projects according to the signed grant agreement.
- **Non-financial sponsor(s):** international organization and NGOs can help to carry out feasibility studies, provide capacity development and mobilize prospective donors and funders.



Conservation Trust Funds – Feasibility Assessment

- Common law countries and most countries with civil law allow the creation of private trusts, the legal form of many CTFs.
- In the absence of appropriate legislation, CTFs may also be established by
 - Enacting a special law to establish the fund and grant it tax exemptions and other privileges
 - Establishing an offshore fund
 - Establishing a fund through a bilateral or international agreements
- The legal registration of a trust fund usually includes (different terminology among countries)
 - The adoption of legal statutes or articles of incorporation;
 - The creation of a governing board
 - The deposit of the initial capital
 - The tax registration



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Conservation Trust Funds – Revenue Potential

- Revenue potential tied to CTFs ability to fundraise, deliver results, and manage partnerships
- Examples of CTFs:
 - Funbio (Brazil) has raised over US\$500 million in its 20 years
 - Mexican Fund for the Conservation of Nature holds a US\$120 million endowment and manages a number of parallel sinking funds
 - The Sangha Tri-national Foundation holds an endowment of approximately US\$28 million, and US\$8 million in sinking funds
 - The Thai Energy Conservation Promotion Fund, a revolving fund, has an annual income of approximately US\$225 million



Conservation Trust Funds – Case Study

Seychelles Conservation and Climate Adaptation Trust (SeyCCAT)

- Formed in 2015 as an independent, nationally based, public-private trust fund.
- Focuses on marine and coastal protected areas, the fisheries sector, healthy marine and coastal habitats, adapting to the effects of climate change through risk reduction and social resilience, and sustainable development of the Seychelles' blue economy
- Financing comes from various sources:
 - Debt for Nature Swap
 - Endowment
 - Blue Bond



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