OVERVIEW

The need for more sustainable financing for biodiversity conservation has led to the creation of numerous environmental, or conservation, funds since 1990. Over 100 of these non-profit funds are now operating with resources ranging from $5 to $65 million. GEF alone has supported the creation of 23 environmental funds worldwide. In Africa GEF allocations total $25.6 million, with another $17 million available for disbursement once benchmarks have been met. Typically created and managed by private non-profit organizations capitalized by grants from governments and donor agencies, and from taxes and fees specifically designated for conservation, environmental funds seek to provide long-term financing for biodiversity conservation and other environmental activities. These Funds either focus on financing of protected areas, or providing grants to private organizations and community groups for small projects with environmental or conservation benefits. Many Funds include both program types in their portfolios as well as support for targeted or applied research. Given their supportive conservation role and the range of activities supported, environmental funds represent an important conservation financing arrangement.

Environmental Fund institutional arrangements are of three types: endowment funds, sinking funds, or revolving funds. These categories are not mutually exclusive and any Fund may employ one or all of these arrangements. Each poses different constraints and challenges to program effectiveness and financial sustainability.

OBJECTIVES

The general objective of this session is to provide participants with lessons learned in the operation and management of environmental funds in support of biodiversity conservation with a focus on financing related to protected areas management and support. The information will benefit organizations or protected areas considering the establishment of environmental funds, providing guidance and orientation that can assist in their decision-making regarding the type of institutional arrangement to pursue, the strategies and approaches required to ensure success and the constraints and challenges that environmental funds face in trying to achieve their program objectives.

The specific objectives of the session are to:

- Explore the strengths and weaknesses of each of the various institutional arrangements employed by environmental funds through an analysis of lessons learned in the field;
• Provide insight into the various financial arrangements adopted by Environmental Funds and create an understanding of the risks associated with those choices – what are the primary institutional and financial issues and how are they employed to achieve conservation results;

• Explore the sustainability of the various Funds and how different shocks (declines in financial markets, tourism, etc.) affect Environmental Fund operations and how these are addressed;

• Gain understanding of the sources of financing available to environmental funds;

• Learn where and how environmental funds direct their funds to achieve their objectives; and

• Create opportunities for fruitful interaction among participants, environmental funds and donors supporting environmental funds.

PROGRAM

The panel will consist of a chairperson and five panelists representing fund managers and donors as well as organizations with various institutional arrangements. The workshop will include examples from Asia, Africa and Latin America, providing useful insights and lessons learned to inform the work of people looking at options and approaches for funding biodiversity conservation in protected areas.

The outcome of the environmental fund session will be publication of the lessons learned and best practices from this workshop for dissemination to a wider audience. Findings and lessons will add to the knowledge about environmental funds and provide an opportunity to update findings from other studies (IUCN, GEF) and other forums to help guide decision makers contemplating establishment of sustainable financing mechanisms to support conservation.
APPENDIX 1. OUTLINE FOR ENVIRONMENTAL FUND PAPER AND PRESENTATION

INTRODUCTION
- History of the Fund, including when it was created
- Reason for establishment of the Fund
- Major supporters behind the creation of the Fund

FINANCIAL ISSUES
- Capital Base
- Annual Income
- Other Sources of Funds – including leveraging of resources to attract resources
- Fundraising strategy
- Current financial situation

PROGRAMS AND OPERATIONS
- Organization and management of the Fund
- Program focus and type of projects supported
- Mechanism for disbursing funds – review and approval process

ISSUES AND LESSONS LEARNED
- Issues and challenges faced by the Fund and responses to them
- Lessons learned
- Future plans for sustainability

Fund Name:

Fund Type:

Capitalization (year end 2002):

Primary Objective: