

# Conservation Trust Funds in Africa: Opportunities and Challenges

## The Perspective of KfW Development Bank

**International Expert Workshop**

**International Financial Support for Biosphere Reserves**

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Die Zukunftsförderer



# 1a. Background

**Africa is home to some of the most outstanding ecosystems in the world, e.g.:**

- Dry, spiny and moist forests of Madagascar
- Congo Basin Forests
- Marine and coastal ecosystems West and East Africa
- East African Savannas and Dry Forests
- Afromontane regions of Cameroon and the Albertine Rift
- Sahelo-Sudanese Savannas and Dry Forests
- Upper Guinea Rain Forest

***and thus important for long-term biodiversity conservation and development.....***

# 1b. Background

**Protected Areas recognized as a suitable instrument to effectively contribute to biodiversity conservation and development**

- **International Conventions and Treaties** (UNESCO MAB, WHS, RASMAR...)
  - ***Biodiversity is a “common concern of humankind” (CBD, Preamble)***
  - ***Protect “at least 17% of terrestrial and inland water, and 10% of coastal and marine areas conserved through [...] systems of PA [...]” (Aichi Biodiversity Target 11)***

## **BUT:**

- Urgent financial needs to put in place appropriate management systems, infrastructure and equipment = ***investment phase***
- Need to maintain achievements of investment phase through = ***long-term financing strategies*** combining a range of diversified funding sources
- **Conservation Trust Funds often identified as an appropriate means to finance long-term recurrent costs of protected areas**

# 1c. Background

**KfW, with other partners,**

**is convinced that long term funding of protected areas and efficient PA management are crucial to the future of biodiversity conservation in Africa**

**and is therefore investing in**

- a. PA system infrastructure, equipment and the implementation of efficient and transparent management systems (mgt. plans, business plans, revenue development schemes...)**

**and**

- b. the development of long term funding strategies and the creation / capitalization of Conservation Trust Funds**



# 2a. What is a CTF?

...can be defined as money or other property that

1. Can only be used for a specified purpose e.g. recurrent cost funding of Protected Areas
2. Must be kept separate from other sources of money, such as a government regular budget
3. Is managed and controlled by an mixed and independent Board of Directors

...depending on legal tradition (common law, civil law) CTF are established as Trust Fund, Foundation, Stiftung,....

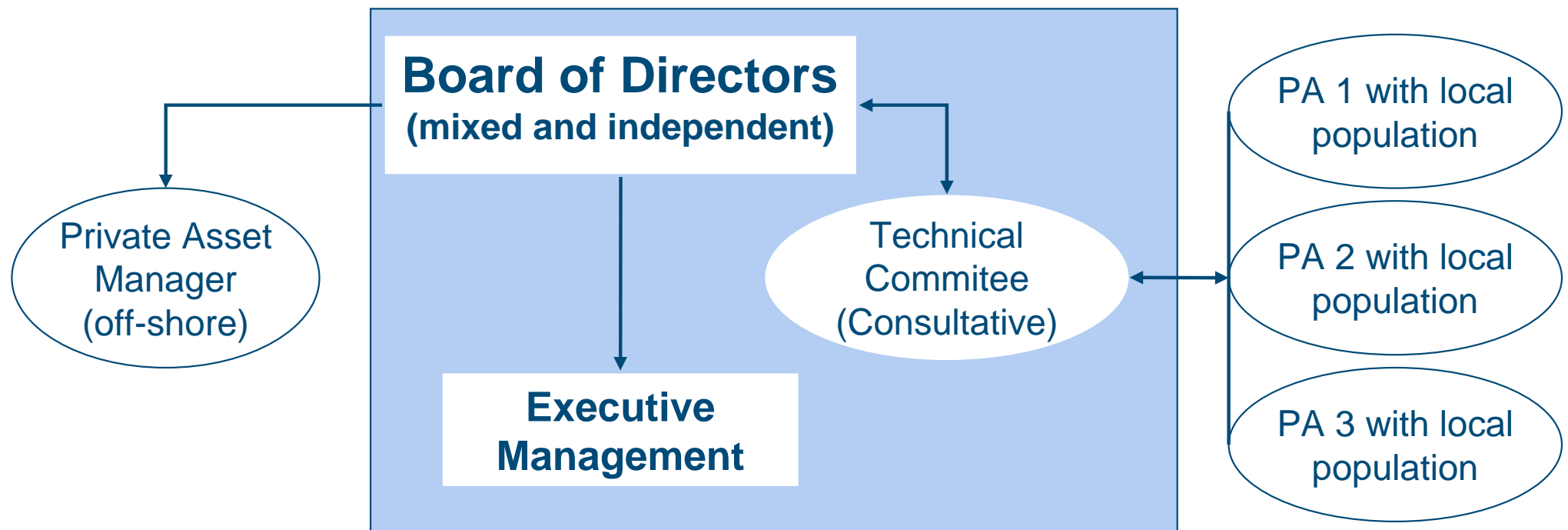
...depending on funding source or interest of the donor CTF can take one or several of the following three forms:

1. Endowment Fund (permanent capital)
2. Sinking Fund (to zero over a predetermined period)
3. Revolving Fund (continually receive new revenues)



# 2b. What is a CTF?

...and how does it generally work?



# 3. Formal Requirements

## ... for KfW support to Conservation Trust Funds:

- KfW - Guidelines “Conservation Endowment Funds” in German Financial Cooperation

## ...established by German Government

- BMZ Sector Concept “Biodiversity”
- BMZ Guidelines for bilateral Financial and Technical Cooperation (2007), contribution to CTF
- BMU Guidelines for the implementation of the *BMU International Climate Protection Initiative* (2008), contribution to CTF

## ...with regard to partners:

- Natural Resource Management is a priority sector of German Development Cooperation
- Financing Contract, generally with partner country
- Separate Agreement with CTF



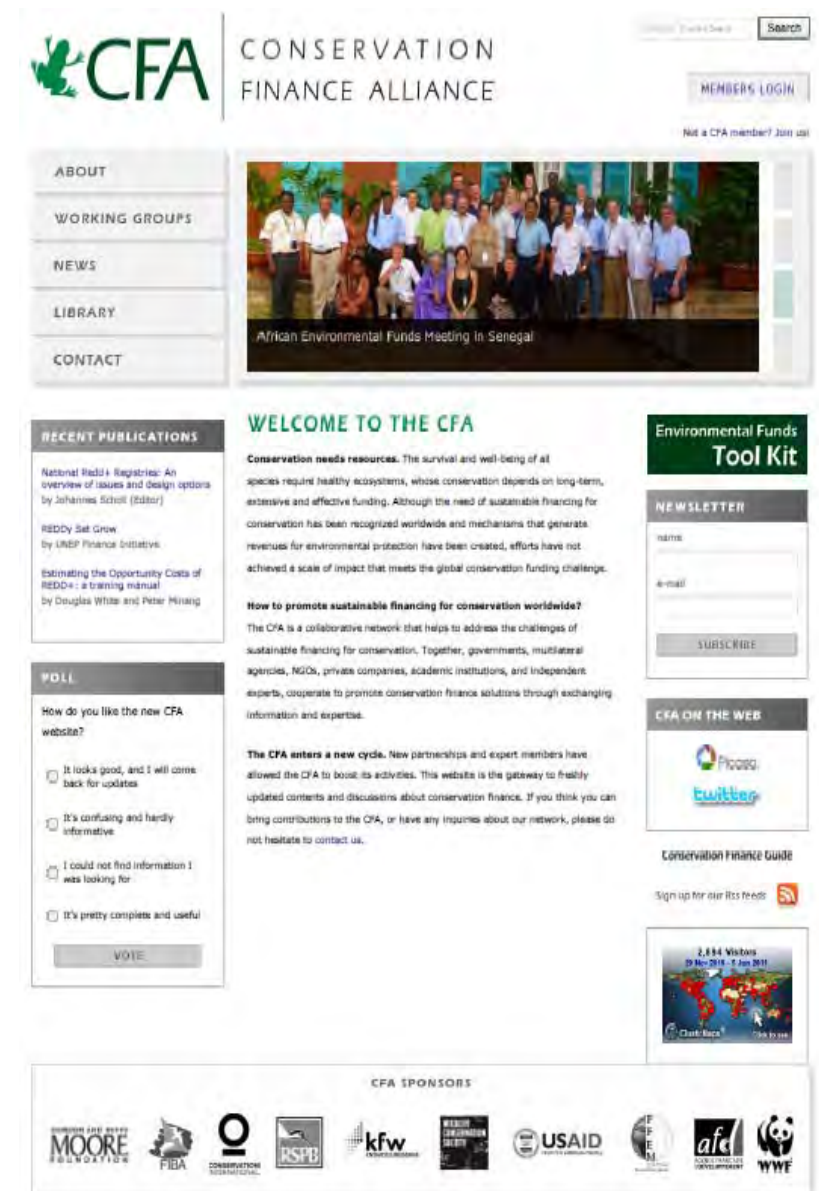
# 4a. CTF's in Africa

## 2000

- 9 CTF in Africa
  - but only 2 in francophone Africa
  - non in lusophone Africa
  - only a few CTF focusing on PA

## 2011

- > 20 CTF legally established, covering various countries and ecosystems mostly focusing on PA financing
- Around 7 in process of creation
- Conservation Finance Alliance “Working Group on CTFs in Africa”
- Various donors and NGO: e.g. GEF, WB, KfW, AfD, WWF, IUCN, FIBA...
- African Environ. Funds Network (2010)
- Active cooperation with RedLac

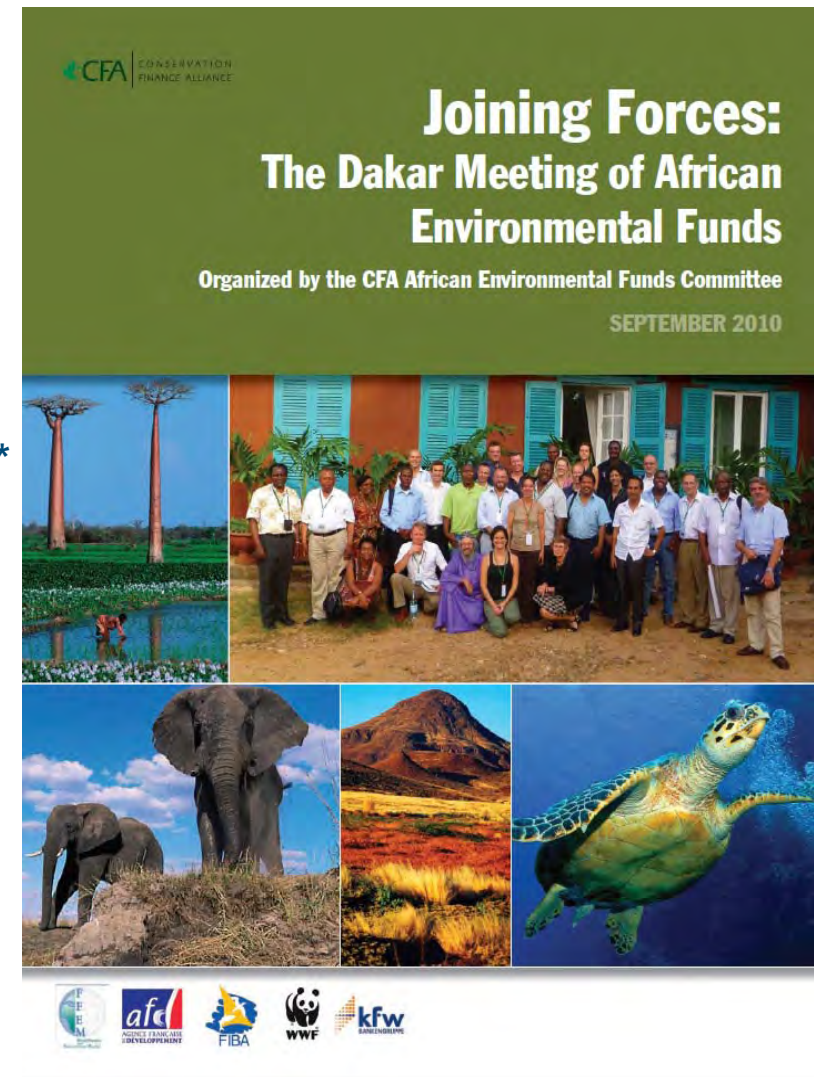


The screenshot shows the homepage of the Conservation Finance Alliance (CFA). The header includes the CFA logo and the text "CONSERVATION FINANCE ALLIANCE". A navigation menu on the left lists "ABOUT", "WORKING GROUPS", "NEWS", "LIBRARY", and "CONTACT". A central banner features a group photo of people at a meeting, captioned "African Environmental Funds Meeting in Senegal". Below the banner, there are sections for "RECENT PUBLICATIONS" (listing articles on REDD+ registries and opportunity costs), a "POLL" about the new website, and a "WELCOME TO THE CFA" section. The right sidebar contains an "Environmental Funds Tool Kit", a "NEWSLETTER" sign-up form, and "CFA ON THE WEB" links to Facebook and Twitter. At the bottom, there is a "CFA SPONSORS" section with logos for Moore Foundation, FIBA, Conservation International, RSPB, kfw, USAID, and WWF.



# 4b. CTF's in Africa

- Eastern Arc Mountains Conservation Endowment Fund (EAMCEF, Tanzania)
- **Fondation pour les Aires Protégées et la Biodiversité de Madagascar (FAPBM)\***
- **Banc d'Arguin Coastal Marine Trust Fund (BACOMAT, Mauritania)\***
- Botswana Forest Conservation Fund (BFCF)
- Bwindi Mgahinga Conservation Trust (BMCT, Uganda)
- **Fondation pour les Parcs et Réserves en Côte d'Ivoire (FPRCI)\***
- Fondation Tany Meva (Madagascar)
- **Fondation Tri National de la Sangha (FTNS, Cam., CAR, Rep. of Congo)\***
- Kenya Wildlife Service Fund (KWSF)
- Malawi Environmental Endowment Trust (MEET)
- Mulanji Mountain Conservation Trust (MMCT, Malawi)
- **Fondation for the Conservation of Biodiversity in Mozambique (BIOFUND, in the process of creation)\***
- **Fondation des Savanes Ouest Africaines (FSOA, Benin) \***  
(in the process of creation)



# 5. KfW's instruments

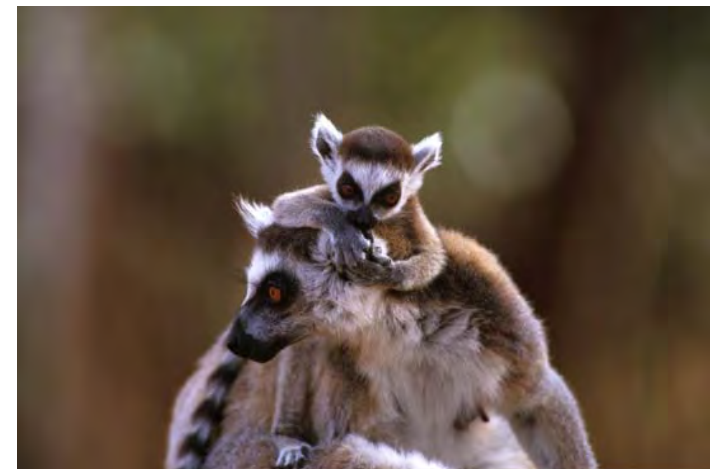
- **By source of funds:**
  - **Debt swap agreements**  
e.g. FAPBM (Madagascar), FPRCI (Côte d'Ivoire)
  - **German Federal Budget (BMU / BMZ)**  
e.g. FTNS (Cam., CAR, Rep. of Congo), FSOA (Benin)
- **By financing mechanism:**
  - **Endowment capital**  
e.g. FTNS (Cam., CAR, Rep. of Congo), FAPBM (Madagascar), FSOA (Benin)
  - **Grant to a sinking fund**  
e.g. PROFONANPE (Peru)
  - **Grant as project finance**  
e.g. FTNS (Cam, CAR, Rep of Congo)
  - **Capacity building**  
e.g. Creation process, due diligence, CFA network,....



# 6. Opportunities

## ...of CTFs supporting Protected Areas and PA systems:

- Can provide long term funding and help to **finance the common problem of operational costs**, esp. in sectors with limited revenues (no “boom and burst cycles”);
- Can contribute to **improving the governance conditions** and **transparency** in the relevant areas of support by strengthening checks and balances (**public and private sector, civil society**);
- Can improve **protected area management effectiveness** through introduction of management and business plans, external audits, etc. in PA management;
- Offers a **joint funding mechanism** for PA (e.g. tourism fees), governments (e.g. fisheries fees in Mauritania), NGOs (WWF and CI contribution to endowment in Madagascar), private sector (FTNS, Krombacher) and donor (Paris/Accra agenda), REDD+ (e.g. Costa Rica);
- Can help to **bridge periods of political instability** (Madagascar, Ivory Coast).





# 7. Challenges

## ...for CTFs supporting Protected Areas and PA systems:

- Financial contributions to the endowment capital should always be seen as “**instrument of last resort**” (low return of investment);
- In the beginning CTFS produce **high transaction costs** (separate institution, small initial capital,...(max 20% of turnover);
- Especially in civil law countries, **lack of tradition for public / private initiatives** (possible solution: off-shore foundation);
- Difficulty for Governments to accept principle of **mixed-management with majority held by private sector** (mixed board is a condition);
- Limited investment options offered by local financial sector (asset manager);
- Up to now **limited investment of private sector**
- At the end of the day, CTFs have to proof that they are contributing to **conservation and development impact** (monitoring system).



Thank you for your attention!!!