



# EVALUATION OF AFD/FFEM CONTRIBUTIONS TO CONSERVATION TRUST FUNDS (2005-2019)

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Conservation Finance Pavilion – IUCN World Conservation Congress

Marseille – 07<sup>th</sup> of September 2021 – 14h-15h



# A . Methodology & Presentation of CTFs and AFD/FFEM support

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# Methodology

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- Dual analysis:
  - Comparative and structural analysis of CTFs: Are they meeting their objectives? Usefulness? Impact?...
  - Analysis of AFD-FFEM role: coherence/relevance, effectiveness, efficiency, sustainability...
- 6 team members including 3 evaluators, 2 thematic experts + national experts
- Methodological framework :
  - Evaluation matrix & different questionnaires
  - Targets: CTF management/Board, asset managers, PAs and institutions in charge of PAs, donors
- Limits of the evaluation: high diversity of CTFs, small sample size (8 CTFs)

# Presentation of CTFs and AFD/FFEM support

8 CTFs – Africa + Central America and Mediterranean

- 6 national and 2 regional CTFs
- 3 coastal and marine CTFs
- 2 networks: RedLAC/CAFÉ
- 88 beneficiary PAs

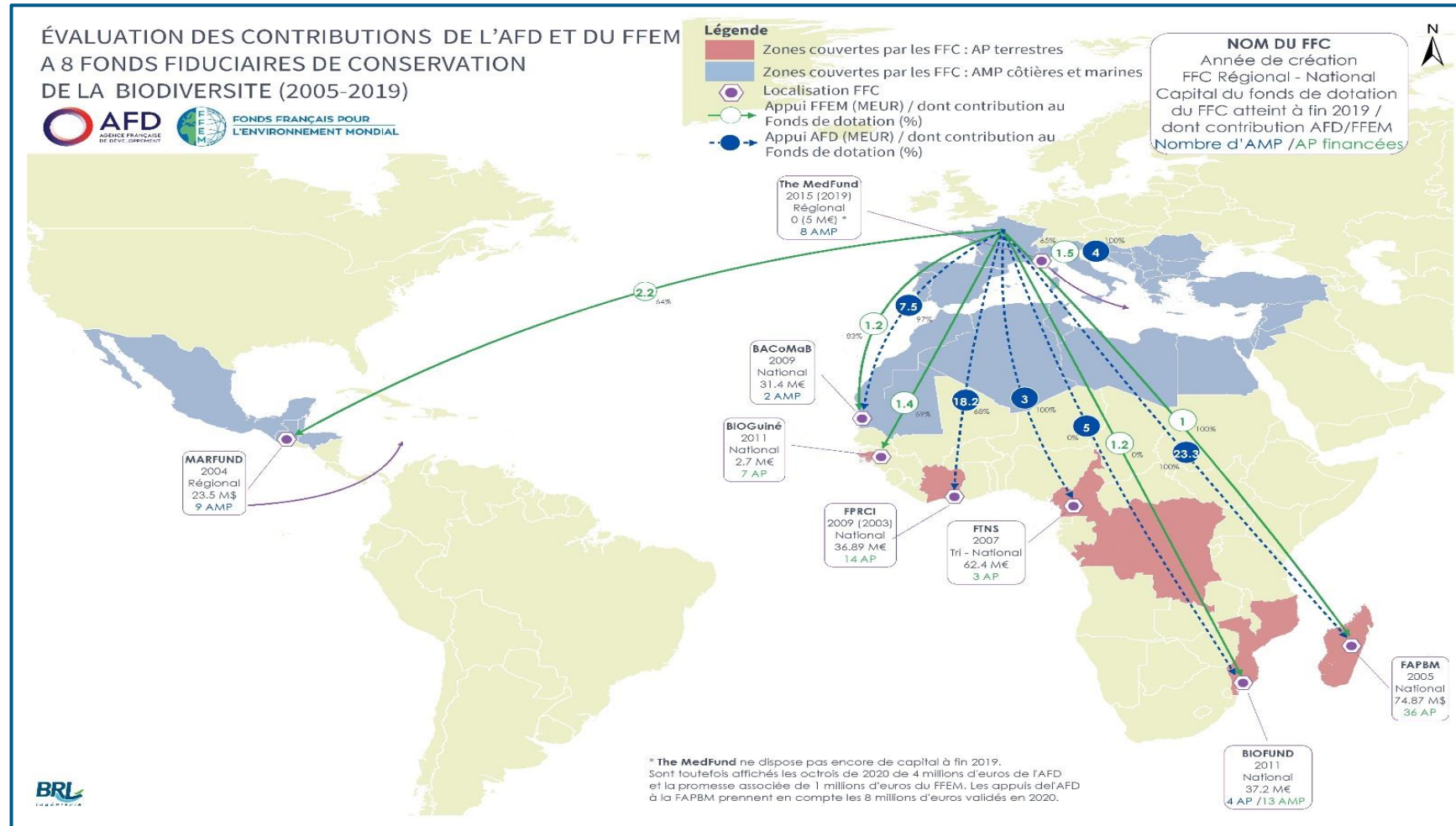
**AFD/FFEM: 2<sup>nd</sup> donor**

€70m earmarked for CTFs and PA  
Out of which €55m Endowment

Endowment: €250m for the 8 CTFs

French endowment funding:

- 55% from grants
- 45% C2D (French dept swap)




Growing AFD/FFEM simultaneous supports  
Synergies with MAVA, KfW and GEF

# Presentation of CTFs and AFD/FFEM support

- A long structuring process developed following several stages (for a total of 14 years, on average),
- A different pace and dynamism between CTFs: 3 to 4 years between the setting up of CTFs and the obtention of the first revenues from their endowment funds.
- AFD/FFEM supports appear at various stages of the CTFs' development including during the genesis period prior to creation:
  - Through project and endowment financing
  - Though non-financial support: for innovation, advocacy, governance, tools creation capacity building,

CTFs Structuration process of the 8 CTFs and recent innovations

 Status of the CTFs	1. Creation underway		2. Operationalisation underway		3. CTF Operational		4. Finance Diversification		5. Recent expertise on innovative fundings	
	Governance	gov/management	gov/management	Finance	Finance strengthened	Execution	Execution ++	deployment/rollout	developpement - innovation ++	
	CTFs	1.1. Legal creation	1.2. tools production	2.1. implementation of management 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. stade 1
	1	2	3	4	5	6	7	8	9	10
FAPBM	2005								★	★★★
BioGuiné	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.)

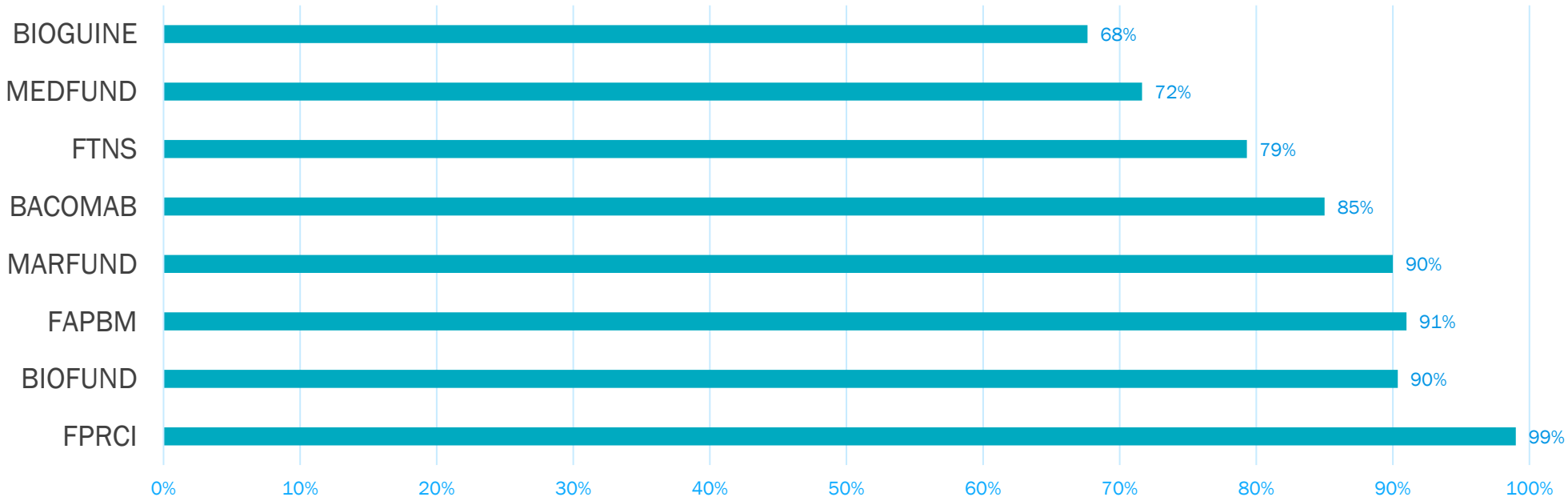
# B –Governance and operations

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# Level of compliance with CFA Standards of Practice

- The institutional arrangement of the 8 CTFs is globally relevant and consistent
  - The overall level of achievement of all the criteria for CTFs is 85%
  - Heterogeneous achievement levels between CTFs: strengths and weaknesses for each.
  - Efforts to be made on the criterion of resource mobilization and governance
- The C.F.A. standards represent a useful framework and a guide for creation / structuring during the different stages of the history of CTFs.

Level of compliance of Practice Standards for CTFs



# C. Analysis of financial aspects

a -CTF levels of capitalization

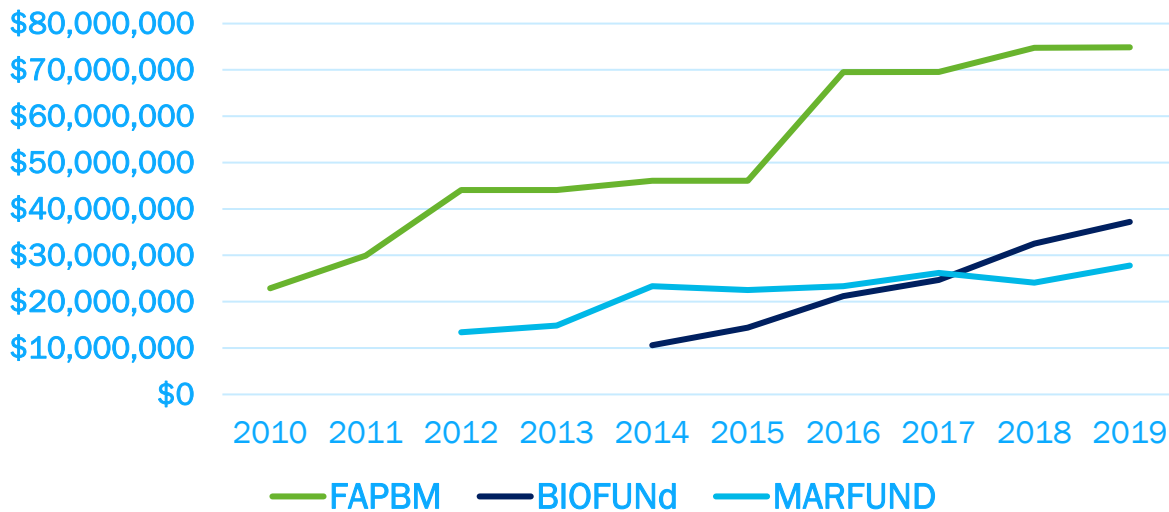
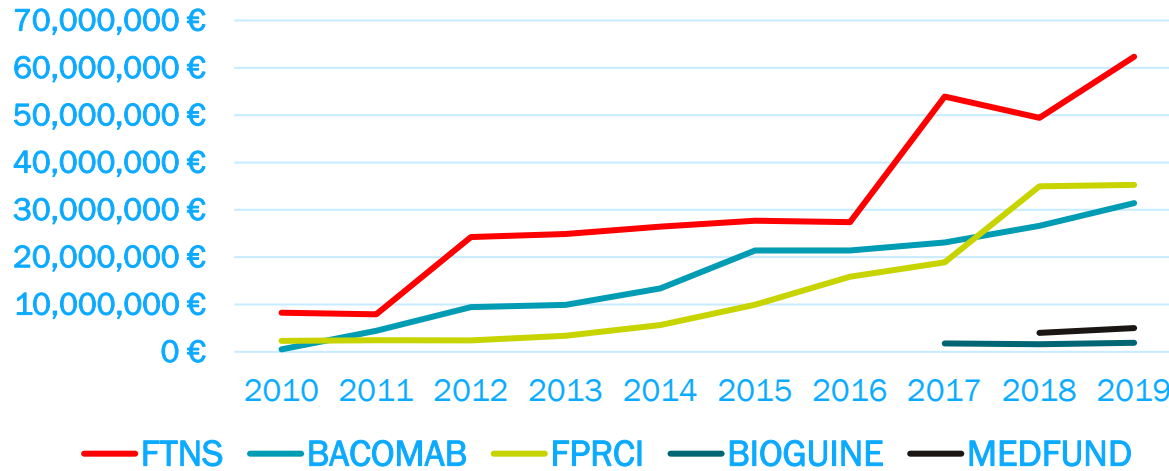
b - Financial returns and financial ethics

c - CTF operating costs & Grants awarded by CTFs

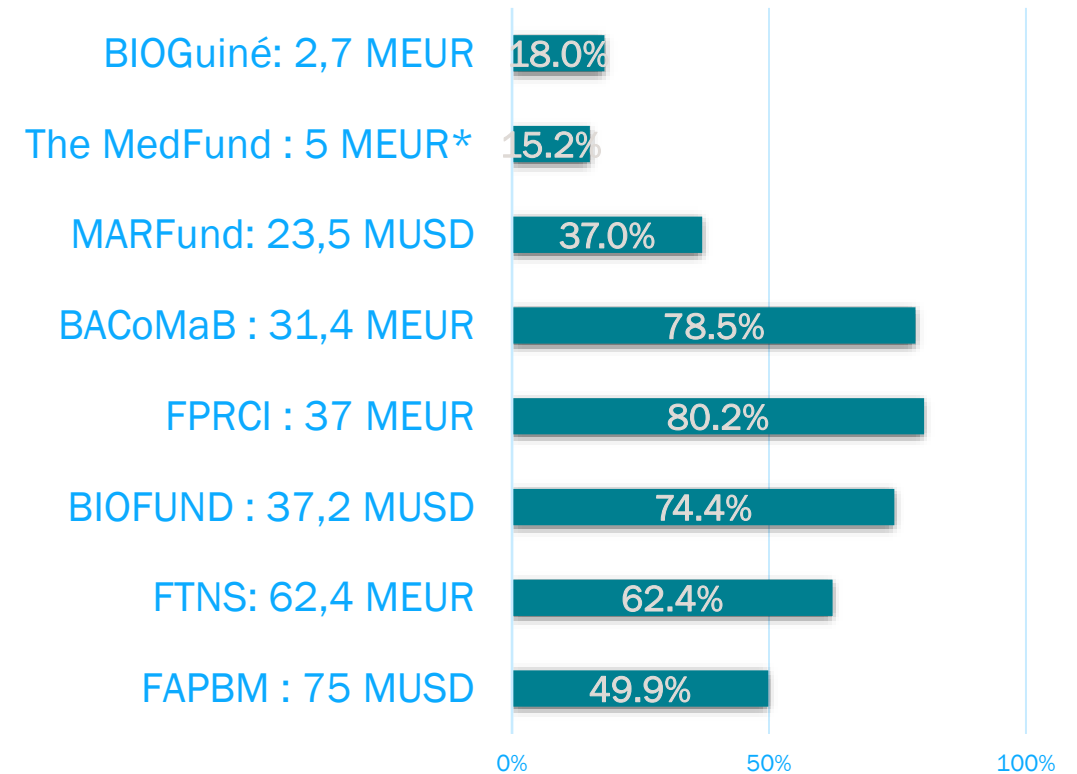
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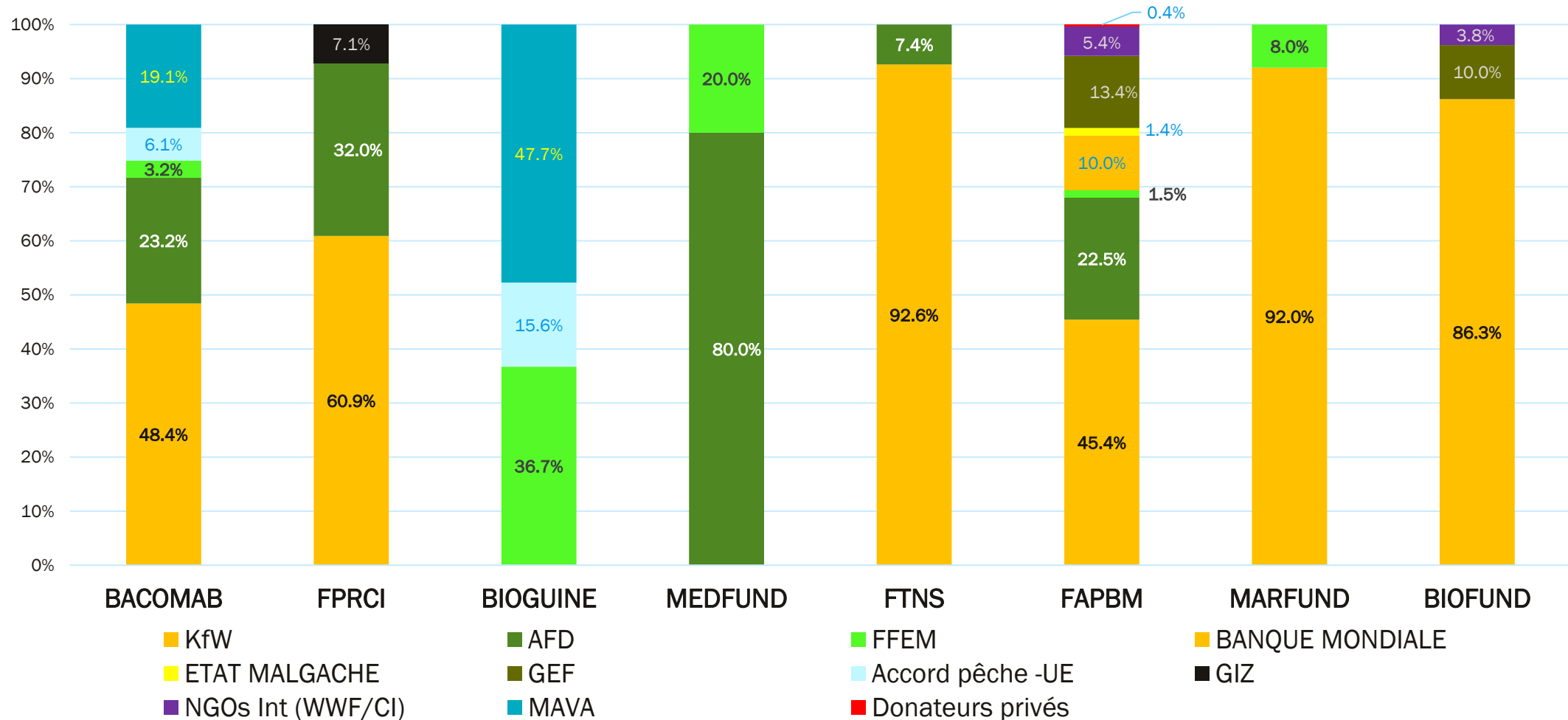
# Capitalization level at the end of 2019



Capitalization levels / capitalization goals achieved by the end of 2019



# Contributions to CTFs' capital, by donor (Dec 2019)



# C. Analysis of financial aspects

a - CTF levels of capitalization

b - Financial returns and financial ethics

c - CTF operating costs & Grants awarded by CTFs

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# Financial risk analysis

## Level of financial risk of CTFs' Investment Policies:

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	
BACoMaB		Moderately conservative			Conservative				Moderately conservative		
MARFUND			Conservative						Moderately conservative		
FPRCI	Moderately conservative						Moderately conservative				
FAPBM		Moderately conservative				Conservative					
BIOGUINE							Conservative				
BIOFUND					Conservative						
FTNS	Moderately conservative	Conservative						Moderately conservative			

→ These investment policies are well respected and would deserve to be more aggressive

## Level of financial ethics (as defined in CTFs' investment policies)

ESG	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
BACoMaB		Low						Medium			
MARFUND				Low				Medium			
FPRCI	None						Low		Medium		
FAPBM	Medium										
BIOGUINE								Medium			
BIOFUND							Medium				
FTNS	Low										

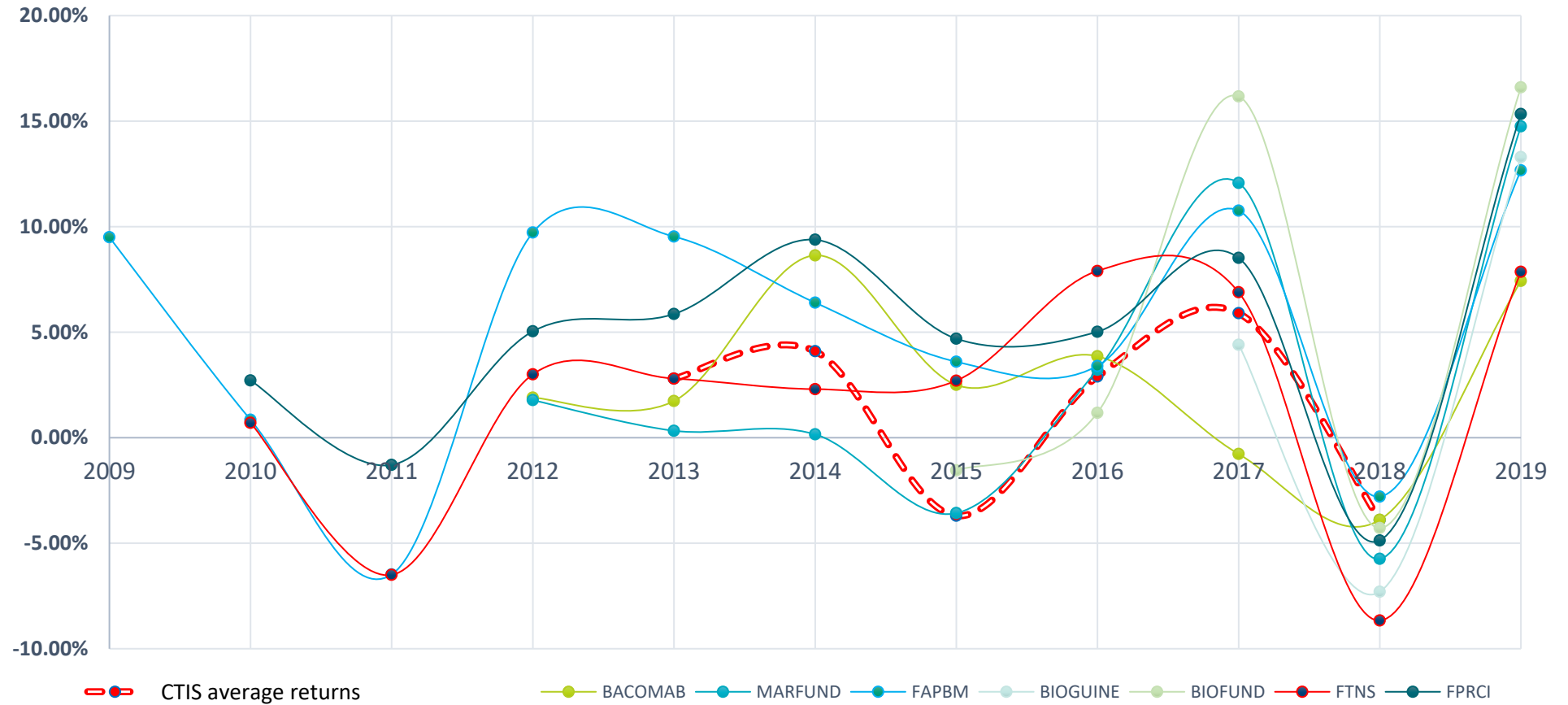
→ Regarding financial ethics:

- Exclusion lists are mostly used
- Difficult implementation and monitoring
- The ethical component of investment policies can be improved

# CTFs financial returns

## Net returns achieved by CTFs

CTF	Net Returns	Objectives
FAPBM	5,20%	4,00%
FTNS	1,9%	4,00%
BIOFUND	5,62%	3,00%
FPRCI	5,04%	4,00%
BACoMaB	2,68%	2,50%
MARFund	2,88%	4,00%
MedFund*	nc	4,00%
BIOGUINÉ	3,47%	3,00%
Average	3,83%	3,56%



→ Returns are up to expectations (without being maximized)

# C. Analyse des aspects financiers

a - CTF levels of capitalization

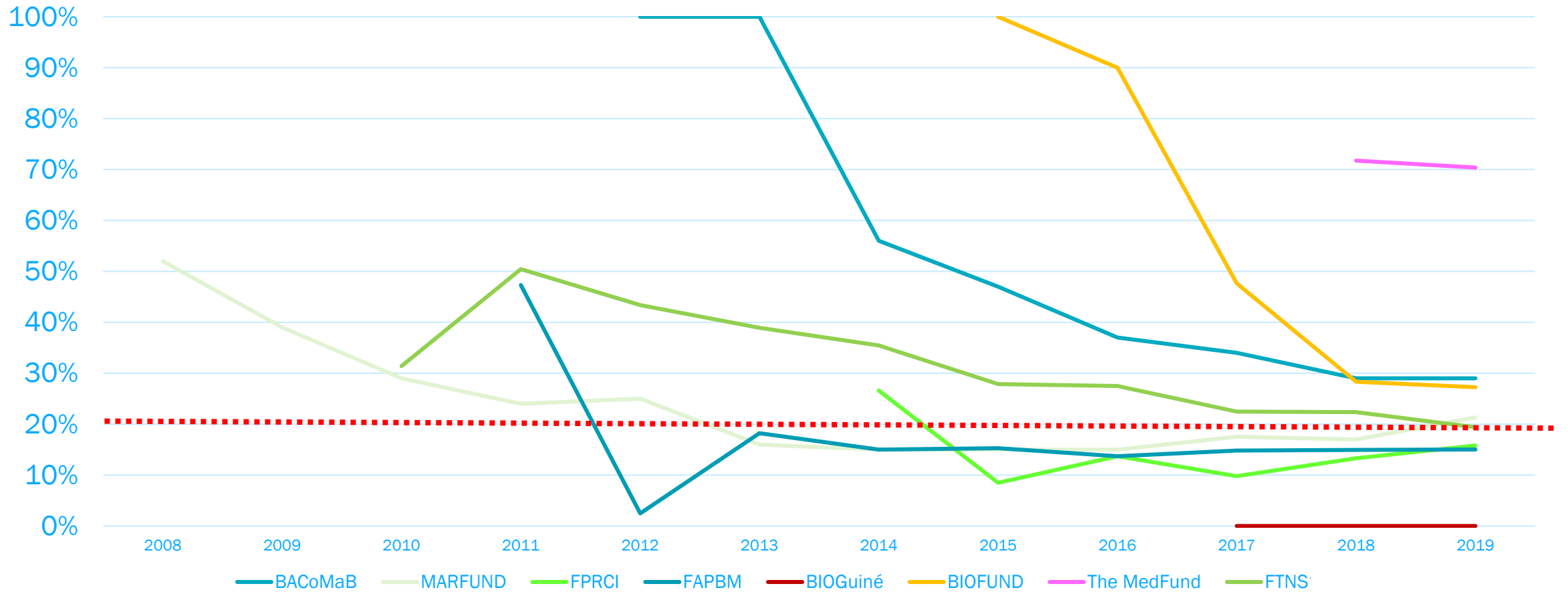
b - Financial returns and financial ethics

c – CTF operating costs & Grants awarded by CTFs



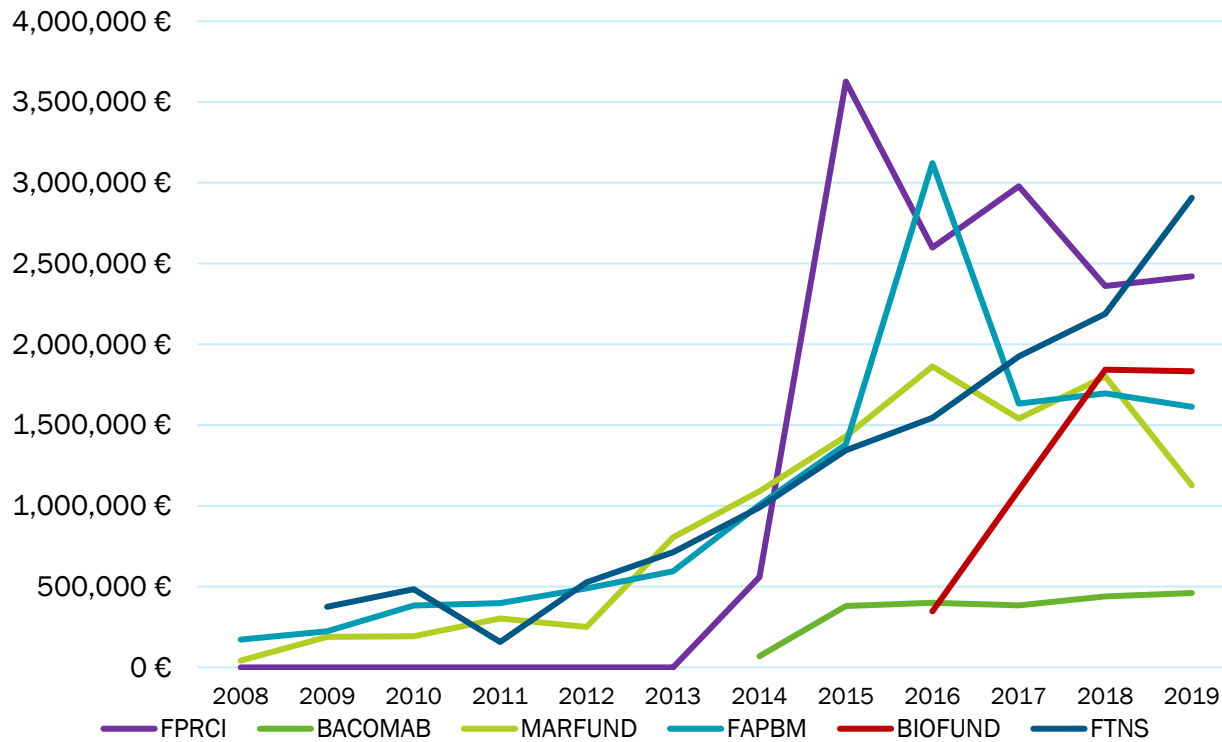
# CTF Operating Costs

## CTF Operating Cost Ratio

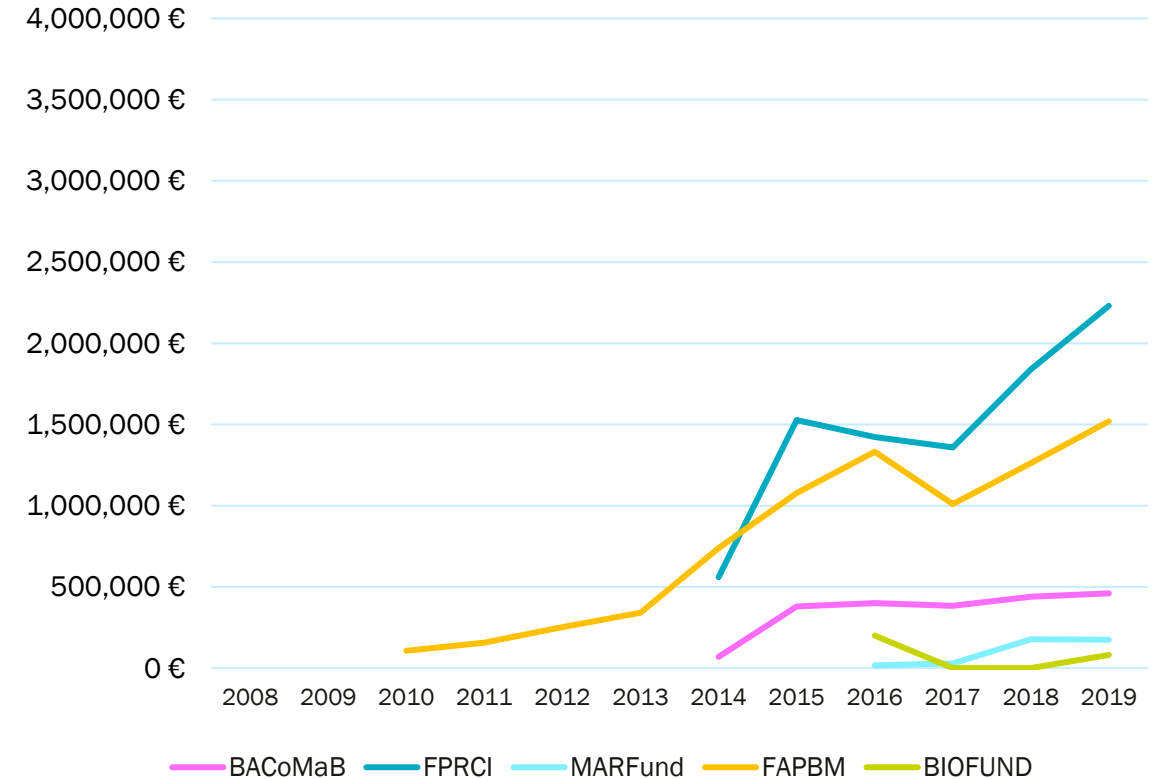


# Grants awarded by CTFs

## Total grants awarded by CTFs



## Grants awarded from endowment funds



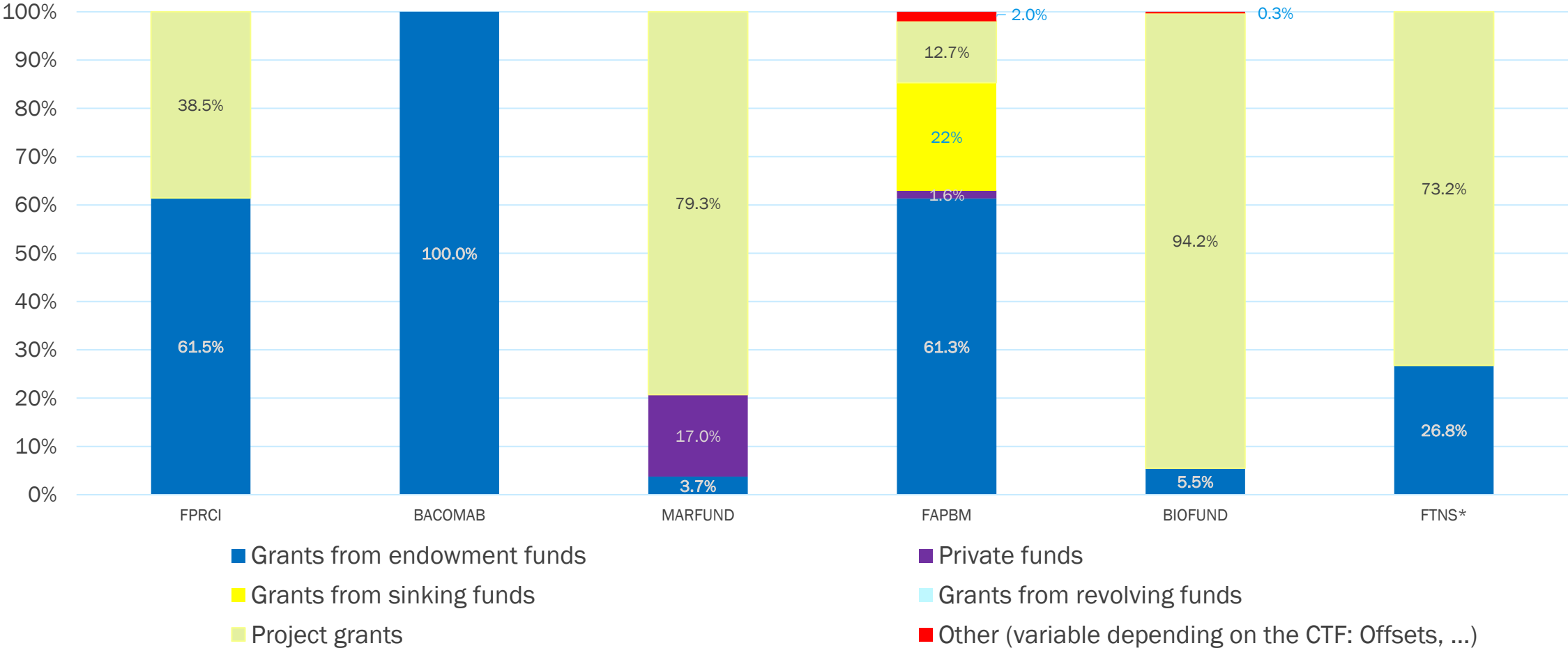
€ 58.3 million awarded - 10 million in 2019

The majority of beneficiaries are PAs - MARFund: specificity of the NGO approach

New thema: Climate change adaptation



# Origin of CTF grants



# D - Analysis of CTFs Impacts

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# CTFs: Adequate but insufficient response to PAs financial needs

- CTFs are important, even essential for covering recurrent costs of beneficiary Protected Areas: 30% on average, up to 90-100% of those costs
- **But** CTFs response is still insufficient to cover:
  - A substantial share of national / regional PA network
  - Optimal needs of individual PAs in reference with optimum management requirements: CTFs meet only between 10% to 25% of PAs' financial needs for optimal management (as per Business plans or specific studies)

**CTFs are convincing but not yet to scale to cover increasing financing needs for an optimal management of PAs**

# Impacts – Conclusions

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- **Monitoring: Difficulty for CTFs to access national information**
- **CTFs reporting (to donors or in annual reports ) - Good communication tools but:**
  - Uneven levels of information provided by CTFs and lack of continuity in methods regarding **Financial & Biodiversity aspects.**
- **Key issues:**
  - Governance of the monitoring system: Distribution of roles
  - Reporting by CTFs: the status and evolution of biodiversity conservation are not sufficiently covered
  - Socio-economics and local development are not sufficiently covered
  - Social and Environmental Safeguards: to be adapted to CTFs' capacity: warning of the impacts on CTFs' operating costs
  - Needs for additional earmarked funding on monitoring
  - Progress on PA management indicators to be continued



# E – Conclusions & recommandations

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# Conclusions

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- The role of the AFD and FFEM has been relevant and quite pioneering, in their support to CTFs that have become references in terms of support to the conservation world.
- The French cooperation is the second largest donor of CTFs supported: 55 M€, but financial volumes are still too low/CTFs.
- Constructive synergies with MAVA, KfW and sometimes GEF
- CTFs can provide substantial, stable and additional funding to national governments' public allocations to Protected Areas:
  - Grants awarded are maintained from year to year, and even increase over time
  - No observed withdrawal of national government support for conservation

# Conclusions

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- **Nevertheless** :

- CTFs spend a lot of energy on international finance aspects
- Pooling (of financial services) remains under-exploited
- Human resources calibration is not obvious, especially when CTFs are increasing their scope of activities
- The impact of CTFs remains :
  - Probably not maximized
  - Difficult to measure, but monitoring is not the exclusive responsibility of CTFs
- CTFs have rarely had the desired leverage on the private sector.

- **The challenge now is to scale up**

# Extract of Main Recommendations

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## 1. Improve governance, consolidate the operationalization of CTFs and transparency

- Define donors roles in CTFs' governance from early stage of CTFs setting up
- In the medium term, donors' participation in CTF's governance should prioritize "donor circles"

## 2. Change scale and deploy ambitious resource mobilization strategies

- Substantially increase donor contributions to CTFs (widening and deepening)
- Further promote and implement innovation (financial innovation targeting conservation, carbon finance, compensation for biodiversity, etc.)
- Encourage debt restructuring in favor of conservation

## 3. Improve the measurement of the impact of CTFs and support the achievement of optimal management of PAs

- Develop simplified and relevant tools for monitoring biodiversity, socio-economic, climate change impacts and PA management measures
- Fund more systematically field biodiversity monitoring





Thank you for your attention

# Main recommendations

N° final	Final Recommendations	Targets	Priority level (1-2)
<b>Improve governance, consolidate the operationalization of CTFs (beside finance) and transparency</b>			
1	<ul style="list-style-type: none"> <li>Define the frameworks for the empowerment of CTFs vis-à-vis donors</li> <li>Donor participation in CTF's governance should be limited to "donor circles", independent of governance bodies</li> </ul>	Donors/AFD/FFEM CTF	2 - Short term Inception phase
2	Cover the operating costs from inception to maturity of CTFs and monitor them using harmonised/consolidated methods	Donors/AFD/FFEM CTF	1 - Short term Inception phase
3	Support the adoption by CTFs of environmental and social safeguards while accepting simplified transitional arrangements adjusted to CTFs capacities.	Donors/AFD/FFEM	1- Short term 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 Inception phase
5	While maintaining small and highly qualified teams, adapt human resources to the strategic ambition of the CTFs and to the evolution of the funding programmes. Accompany CTFs in strengthening 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 updated on their evolution.	CTF	1- Short term & Medium term Inception phase

# Main recommendations

N° final	Final Recommendations	Targets	Priority level (1-2)
<b>Change scale and deploy ambitious resource mobilization strategies</b>			
7	Substantially increase donor contributions to CTFs (widening and deepening)	Donors/AFD/FFEM	1 - Short term & Medium term
8	Further promote and implement innovation (financial innovation targeting conservation, carbon finance, compensation for biodiversity, etc.)	CTF Donors/AFD/FFEM	1 Short term & Medium term
9	Identify the financing gaps to meet PA management effectiveness as an essential baseline for ambitious resource mobilisation strategies to meet the identified needs.	CTF Donors / AFD/FFEM	1 Medium term Inception phase
10	Increase the financial returns of CTFs by adopting more aggressive investment policies, using ESG benchmarks and opting for "green" financial products.	CTF Donors/AFD/FFEM	2 Medium term Inception phase
11	Identify an "investment" focal point within AFD to provide financial expertise, particularly on the investment policies of CTFs	AFD/FFEM	1 Short term

# Main recommendations

N° final	Final Recommendations	Targets	Priority level (1-2)
<b>Improve the measurement of CTFs' impacts and support the achievement of optimal management of PAs</b>			
12	More systematically finance field monitoring and reporting on biodiversity, socio-economic impacts and climate-biodiversity co-benefits (by PAs and by CTFs in their capacity to aggregate indicators)	Donors/AFD/FFEM CTF	1 Medium term Inception phase
13	Develop initiatives on 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 Inception phase
14	Create transparency and control: invite CTFs to more systematically finance assessments and audits of PAs/MPAs through CTFs.	CTF Donors/AFD/FFEM	2 Medium term
15	Increase 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 during 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 Inception phase
18	Invite and support RedLAC and CAFE networks to periodically report on the cumulative impact of the CTFs in their respective intervention areas	Donors RedLAC/CAFE	2 Medium term