

***The United Nations Environment Programme (UNEP), on behalf of the CFA
Facilitates Training on Environmental Trust Funds for CIS Countries***

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It was a crisp winter day in northern Germany as the participants crowded onto the motor boat bound for Vilm Island, a pristine nature reserve and branch office of the German Federal Agency for Nature Conservation (BfN).

Among its many conservation activities, Vilm Island plays host to more than 80 international seminars per year on a range of environmental protection and conservation topics.

In 2004, BfN and the CFA agreed to collaborate on a series of six seminars from 2005 to 2007 to train conservation stakeholders from CIS countries in sustainable financing and economic tools for conservation. The first of these seminars took place in April 2005. It introduced participants to the wide range of conservation finance tools promoted by the CFA including business planning for protected areas, conservation easements, environmental trust funds, and payment for environmental services schemes.

The November seminar focused exclusively on conservation trust funds. Currently, there are three trust funds under development in Kazakhstan, Kyrgyzstan, and the Caucasus respectively. In Kazakhstan, the UNDP/GEF full size project: "Integrated Conservation of Priority Globally Significant Migratory Bird Wetland Habitat" is supporting the design of a trust fund. The project sent its team leaders, consultants contracted to research the feasibility and possible design of the fund, and representatives from the Ministry of Finance. In Kyrgyzstan, government and NGO partners are in the early stages of exploring opportunities for an environmental fund, including the option to negotiate a debt-for-nature swap to capitalize a fund. Of the trust fund projects participating in the seminar, the Caucasus Protected Areas Trust Fund is in the most advanced stage of development. In 2004, the German Development Bank (KfW) asked WWF Germany to undertake a feasibility study to assess the viability of establishing a trust fund for the Caucasus Ecoregion. Since then, WWF has been facilitating government and non-government stakeholders in designing the legal and financial structures for the fund that would encompass key protected areas in Armenia, Azerbaijan, and Georgia.

The training provided a forum for stakeholders from the trust funds to learn from each other and some of the world's leading experts in fund design and management. It began with the participants presenting their trust fund projects, their missions, and designs. Speakers came from PROFONANPE/REDLAC, Bulgaria's National Eco-Trust Fund which has a sub-fund for protected area conservation, OECD's EAP Taskforce, WWF Germany and UNEP/GEF. They highlighted key criteria for and lessons learned from successful conservation trust funds including:

- The biodiversity conservation issue to be addressed by the fund is significant and requires long-term commitment, at least 10-15 years;

- There is active government support – not just agreement – for creating a mixed, public-private sector mechanism that will function beyond government control;
- There is a critical mass of people from diverse sectors of society who can work together despite different approaches to conservation and development;
- There is a basic fabric of legal and financial practices and supporting institutions (including banking, auditing, and contracting) in which people have confidence;
- Pioneered by PROFONANPE, “mixed funds” can allow trust funds to spend their capital investment on project financing while earning interest in a new account that builds the fund’s endowment. Mixed funds are funds comprised of both endowment and revolving grants;
- Funds that lack a focused strategy, such as “multi-purpose” funds, can take the risk of spreading their resources too thin;
- The most successful trust funds tend to be those created in the private domain carefully balancing government, NGO, and private sector interests. Trust funds dominated by one of these interest groups can easily be manipulated.

Gisela Stolpe, head of the International Academy Isle of Vilm, highlighted the importance of promoting “the sharing of knowledge and know-how between conservation finance experts and the new trust fund projects. The experience shows that mentors are crucial for the success of such projects.” An additional value of the seminars is their facilitating contacts for the future professional exchange with experts as well as between the countries.

The next Vilm seminar on conservation finance is set to take place in June 2006. It will continue its focus on environmental funds with more in-depth discussions on fundraising strategies for trust funds, donor relations, and project development and evaluation. In advance of this seminar UNEP/GEF, REDLAC, and the Bulgaria National Eco-Trust will participate in a national-level trust fund seminar in Kazakhstan supported by the UNDP/GEF Migratory Bird project. Stakeholders from the UNEP/GEF Zapovednik capacity building project will also attend in an effort to lay the groundwork for another trust fund in the region. The second seminar in 2006, which will probably take place in December, will look at payment for environmental services.

BfN is currently seeking seminar sponsors. If you know of an organization that would like to contribute to the seminar or would like more information about the conservation finance seminar series, please contact Andrea Burmester (BfN) at andrea.burmester@bfn-vilm.de or Alain Lambert at alain.lambert@undp.org.br (UNEP/GEF).

Pictures:



Dimiter Nenkov, Director of the Bulgarian National Eco-Trust Fund presents Bulgaria's Debt-for-Nature Swap with Switzerland



REDLAC CHAIRMAN and PROFONANPE Director Alberto Paniagua (far left), Patrick Francis, formerly with OECD's EAP Taskforce, Gisela Stolpe of the International Academy Isle of Vilm (INA), WWF's Michael Evers (far right)



Participants and speakers take a break in Vilm's pristine forests