

Fundraising Strategies: Experience from Three Continents

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What I will cover

- Context for fundraising
- Lithuanian Environmental Financing Strategy
- Revenue Sources for environmental funds in CEE countries
- Fundraising Strategy for Sierra del Lacondón National Park (Guatemala)
- Protected Area Financing Strategy (Bangladesh)

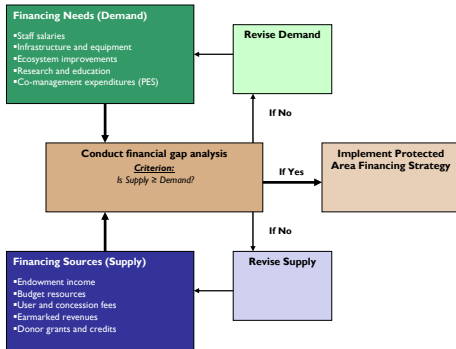
Context for Fundraising

- Revenue targets for fundraising strategy:
 - Conservation trust fund endowment target
 - Investment requirements (co-financing or financing amount)
- Protected area management costs
- Annual expenditures for revolving or sinking fund

Financing Strategy Basics

- Demand for financing
 - Operating costs
 - Infrastructure investments
 - Habitat rehabilitation
 - Research
 - Education and public awareness
 - Payments for environmental services
- Supply of financing
 - Budget resources
 - Endowment income
 - User and concession fees
 - Donor grants and credits
 - Debt forgiveness
 - Earmarked revenues
- Financing goal: Mobilize adequate supply to satisfy demand

Illustrative Financing Strategy Framework



Lithuanian Environmental Financing Strategy (1)

- Illustrates the use of the financing strategy framework – not directly relevant to conservation trust fund fundraising
- Context for financing strategy
 - Address legacy of environmental problems and new national priorities
 - Meet international treaty commitments (e.g., Helsinki Convention for the Baltic Sea)
 - Membership in European Union - approximation with EU environmental legislation

Lithuanian Environmental Financing Strategy (2)

- Detailed estimation of investment costs in water, wastewater, and municipal waste sectors
 - Approximation cost estimates developed for 19 EU “heavy investment” environmental directives
 - Cumulative investments (2000 to 2020) - 1,600 million euro
 - Annualized costs in 2015 – 510 million Euro (2.6% of projected GDP)
- Example of detailed analysis – wastewater and sewerage
 - 90 projects identified
 - Total costs of 350 MEuro
 - 2008 target date for completing wastewater treatment projects in agglomerations of over 10,000 population equivalent (p.e.)
 - 2010 target date for WWTPs in agglomerations of over 2,000 p.e.
 - 2010 target date to complete sewage system renovation and extension projects

Lithuanian Environmental Financing Strategy (3)

- Limited number of funding sources
 - State budget
 - EU grants
 - World Bank and EBRD loans (with debt serviced by municipalities)
- Integrated and iterative financing gap and affordability analysis
- Findings:
 - At the national level, Lithuania can meet EU requirements, but only if external grant financing is available to cover 50% of investment costs
 - Remaining 50% of investment costs would need to be covered by World Bank and EBRD loans and state budget
 - Affordability – Some municipalities will encounter difficulties in servicing the loan component of the investment
- Role of the financing strategy
 - Helped Lithuania develop realistic and affordable municipal investment program
 - Informed negotiations with the EU on compliance schedules for “heavy” investment directives
 - EU applied methodology in elaborating required documentation to support requests for delays in compliance schedules

Revenue Sources for Environmental Funds in CEE Countries

- Many of the CEE environmental funds support biodiversity and protected area projects
- These funds are "revolving" or "sinking" funds as opposed to endowments although many of these funds make financial investments and utilize investment income for projects
- Criteria for assessing revenue sources for environmental funds:
 - Fulfillment of revenue requirements
 - Administrative efficiency
 - Equity/fairness of revenue instruments (equal treatment of equals; unequal treatment of unequals)
 - Political acceptability
 - Conformity with general principles of international and national trade

Financing Mechanisms for Environmental Funds in CEE Countries

- Environmental taxes and charges
- Product charges
- Pollution fines
- Budget resources
- Revenues from privatization sales
- Grants, loans, and debt-forgiveness
- Financial investments
 - Loan repayments (revolving funds)
 - Interest on fund balances
 - Investments

Revenue Sources for CEE Environmental Funds

Source of Revenue	Bulgaria	Czechia	Croatia	Estonia	Germany	Latvia	Lithuania	Poland	Slovakia	Slovenia
Air emission charges										
Water abstraction charges / water use charges										
Water effluent charges										
Waste related charges										
Soil/land use charges										
Mining charges / charges on extraction of natural resources										
Product charge on ozone depleting substances										
Product charge on fuel (e.g. petrol, diesel, heating, others)										
Product charge on lubricating oils										
Product charge on packaging materials										
Miscellaneous product charges (tires, batteries, refrigerants)										
Air and water pollution fines										
Waste disposal fines										
Miscellaneous waste fines										
Noise and violation fines										
Soil/land use fines; soil/land pollution fines										
Fines on violation of forest regulations										
Nature conservation/protection fines, fines on damage to nature										
Allocation of budget funds										
Revenue from privatization										
Debt for environment savings										
World Bank grant and/or loan										
EU grants										
Grants from bilateral donors										
Commercial loan										
Loan repayment (including interest)										
Revenue from financial operations and interest on bank deposits										

Fundraising Strategy for Sierra del Lacondón National Park

- Remote, largely undeveloped National Park in NW Guatemala
- NP managed under co-management agreement between:
 - National Council of Protected Areas (CONAP) and
 - Guatemalan NGO, Fundación Defensores de la Naturaleza (FDN)
- Fundraising strategy – one component of the development of a Master Plan for the NP



Fundraising Needs and Potential Sources

- Funding needs
 - Park operations
 - Investments in park facilities and infrastructure
 - Build endowment for FDN
 - Develop sustainable revenue sources
- Revenue options
 - National sources
 - Bilateral and multilateral donor grants
 - U.S. foundations

National Sources (1)

- Methodology
 - Working group discussions between FDN, IRG, and The Nature Conservancy
 - Review of recent experience of other Guatemalan fundraising campaigns
 - Assessment and prioritization of options
 - Design strategy components
- Potential sources
 - Corporate donations
 - Individual donations
 - Grants from CONAP and Ministry of Environment and Natural Resources "environmental funds"
 - Grants from FCG (Private foundation in Guatemala)
 - Budget resources from CONAP
- Projected revenues (conservative estimates)
 - \$60,000 annually from corporate donations
 - \$60,000 annually from private donations
 - \$30,000 annually from grants
 - ??? From budget resources

National Sources (2)



- Corporate donations
 - In-kind Donations
 - Sponsor a park-guard
 - Integrated banking and environment services
 - Camperonix (Pollo Campero) to the rescue of Sierra del Lacandón National Park
 - Matching/challenge funds provided by employers
- Individual donations
 - Annual concert for nature
 - Walks for conservation
 - Sponsor a scarlet macaw
 - Expertise donations
- Potential revenues from national sources
 - \$60,000 annually from corporate donations
 - \$60,000 annually from individual donations
 - \$30,000 annual from grants
 - ??? From CONAP budget resources

Bilateral and multilateral donors (1)

- Methodology
 - Review of current project pipeline
 - Discussions with donors regarding future projects and priorities in Guatemala
 - Assess opportunities and strategy for approaching donor
- Project pipelines
 - Sustainable productive forestry management
 - Protected Areas
 - Biodiversity outside of protected areas
 - Sustainable agriculture production
 - Education
 - Financial mechanisms for biodiversity conservation

Resumen de los Proyectos Ambientales (asuntos verdes) de las Agencias de Cooperación Técnica y Financiera Internacional multi y bilateral

Fuente: Presentaciones realizadas por las agencias de cooperación internacional en el Foro de Coordinación de Cooperantes para el Ambiente y los Recursos Naturales

Temática de enfoque de los Proyectos	Proyectos en Ejecución	Donante Multi o bilateral	Proyectos en Identificación, Diseño, Negociación
VERDE			
Manejo Forestal Productivo Sostenible	<ol style="list-style-type: none"> 1. Proyecto participativo de manejo forestal en la cuenca del río Jujilango (NAB/SOCCO/DEV/PW/LD). HOLANDA. 2. Proyecto medio ambiental en los Cuchumatanes (MAGA/GPRED). HOLANDA. 3. Programa de Desarrollo Sostenible de Petén. BID. 4. Desarrollo Sostenible de la Cuenca Alta del Río Lempa. BID. 5. Desarrollo Rural Integral en Huehuetenango. ESPAÑA. 6. Desarrollo Rural Sostenible de Zonas de Fragilidad Ecológica en la Región del Trifinio. PRODET. IICA. 7. Fragilidad Ecológica del Trifinio. BOIE. 8. Programa Regional del Corredor Biológico Mesoamericano. GTZ. 9. Proyecto Agroforestal en Áreas de Reinsersión. SUECIA. 10. Proyecto de Conservación en la Región Sarstún-Motagua (RECOBIO). GEF. 11. Manejo Forestal en Bosques Municipales. GEF. 	<ol style="list-style-type: none"> 1. HOLANDA 2. HOLANDA 3. BID 4. BID 5. ESPAÑA 6. IICA 7. BOIE 8. GTZ 9. SUECIA 10. GEF 11. GEF 	<ol style="list-style-type: none"> 1. Proyecto Manejo de Recursos Naturales en el Altiplano Occidental – MIRA. BM y GEF. 2. Manejo de Recursos Naturales en Cuencas Altas de Guatemala. BID. 3. Desarrollo sostenible en áreas costeras del Pacífico. UE. 4. Desarrollo Forestal. CANADA. 5. Manejo Forestal para la Fijación de Carbono Atmosférico. CANADA. 6. Reserva de Biosfera Biotzá. Petén. BM

Potential Donors Identified

- **Multilateral**
 - **IDB: Protected Areas** component of the PDS program
- **Bilateral**
 - **Holland: Governance Funds**
 - **Japan: Equipment**
 - **Spain: Environmental and Municipal Management**



U.S. Foundations

- **Methodology:**
 - Working group discussions with FDN, TNC, FIPA
 - Survey using The Foundation Center's Guide to Funding for International & Foreign Programs]
- **Initial screening**
 - Out of 1,134 foundations with substantial interest in supporting international programs,
 - 18 were identified as sources of grants for SLNP based on the following criteria:
 - Previous support for project topics appropriate for a SLNP proposal
 - Interest in Guatemala, Central/Latin America
 - "Open" application process

U.S. Foundations: The Short List

- The 18 foundations were then divided into three groups according to funding potential:
 - Typical types of recipients (e.g., NGOs, Universities, Community groups)
 - Overall level of funding
 - Types of costs supported (e.g., operating, capital, endowment, project)
 - Flexible project cycle
- Funding potential was rated as:
 - "High" for 4 foundations
 - "Medium" for 8 foundations
 - "Low" for 6 foundations

High, Medium, Low

John D. and Catherine T. MacArthur Foundation	Dedicated to helping groups and individuals foster lasting improvements in the human condition. Global Society and Sustainability Program; focuses on peace, population and environment, natural resources conservation and protection.	No info	Y	N	N	Y	Deadlines: Monthly, except Feb., March, June, Sept., Oct., Nov.				
Moriah Fund	Support for pluralism, democracy and community development. Natural resource conservation & protection, environment, rural development, community development	\$20-\$100K	?	?	?	Y	Deadlines: Mar. 1 and Aug. 1				
The Prospect Hill Foundation	Broad range of philanthropic range of interests including environmental protection and international affairs, natural resource conservation, wildlife preservation	\$10-\$25K	Y	Y		Y	No deadlines -grants awarded 5 times per year				
Turner Foundation Inc.	The foundation support activities directed towards preservation of the environment, conservation of natural resources protection of wildlife, and sound population policies.	\$20-\$50K	Y	Y ¹	N	Y	Deadlines: Dec. 15, Mar. 15, June 15, Sept. 15 - Notification 30 days after board meeting				
The Ford Foundation	Serves as a resource for innovative people and institutions worldwide. Broad range of interest areas, relevant ones include natural resources conservation and protection, environment, community development	\$50-\$500K ²	Y ¹	Y ¹	Y	Y	Board meets Jan, June, and Sept. -notification within 6 weeks				
Foundation for Deep Ecology	Focus on fundamental ecological issues: protection of forest and aquatic and other ecosystems, alternative models of agriculture that support biodiversity, local self-reliance, environmental education	\$10-\$75K	Y	Y ²	N	Y	Deadlines: Mar. 1 for Letter of Inquiry, May 1 for application - notification within 4 months				
Liz Claiborne & Art Ortenberg Foundation	Natural resource/wildlife conservation and protection, mitigation of conflict between land and resource needs of rural communities	\$1-\$35K	N	N	N	Y	Board meets in spring and fall - notification ASAP				
The Rockefeller Foundation	Global foundation with a commitment to enrich and sustain the lives and livelihoods of poor and excluded people.	\$10-\$100-K	Y	N	N	Y	Board meets March, June, Sept, and Dec.				

The Tinker Foundation, Inc.	To promote better understanding among peoples of the US, Latin America, Spain and Portugal. Environmental issues - incentive-based environmental activities, projects supporting collaboration of NGOs and corporate interests	\$20-\$75K	N	N	N	Y	No info			
Wilbur Dewitt Foundation	Support for agricultural research and preservation of farmland, environmental education and natural resources conservation	\$10-\$100K	Y	Y ¹	N	Y	Deadlines: None -Monthly decisions			
The William and Flora Hewlett Foundation	Emphasis on conflict resolution, the environment, performing arts. Several environment related grants in Mexico	\$50-\$200K	Y	Y ¹	N	Y	Deadlines: July 1 and Oct. 1			
W.K. Kellogg Foundation	Help people help themselves through the practical application of knowledge and resources to improve their quality of life and that of future generations. Grants for community development and rural development.	\$20-\$500K ³	N	N	N	Y	Deadlines: Monthly			
The Andrew W. Mellon Foundation	Population, natural resource conservation and protection, environment, and public affairs, substantial support for academic institutions for international programs and research	No info	Y	N	Y	Y	Board meets March, June, Sept, and Dec. - notification after board meets			
Charles Stewart Mott Foundation	To support efforts that promote a just, equitable, and sustainable society, the environment and poverty, relevant areas: environment, pollution, natural resource conservation and protection, community development	\$15-\$250K	Y	N	N	Y ¹	First Qtr. grants awarded on Sept. 1			
Compton Foundation, Inc.	To coordinate family giving to community, national and international programs in areas of special interest: peace and world, population and the environment, natural resource conservation and protection	\$6-\$50K	Y	Y ²	N	Y	Deadlines: Feb. 15 and Sept. 15, final notification within 6 months			
David and Lucille Packard Foundation	Conservation and Environment, community development;	\$1-\$35K	Y	Y	Y	Y	Deadlines: Mar, June, Sept.			
Eastman Kodak Charitable Trust	Support primarily for the United Way, education and environmental affairs.	\$1-\$50K	Y	N	N	Y	????			
Public Welfare Foundation, Inc.	Environment, health, community economic development with preference to serve low-income populations	\$10-\$50K	Y	N	N	Y	Board meets eight times annually -notification within 3-4 months of submission			

U.S. Foundations: The Analysis

- Funding levels are \$15k to \$100k with \$50k the most typical grant amount
- All foundations support project costs, most support operating costs, about half support land acquisition, but few support capital costs or contributions to endowments
- Most foundations receive and review applications two or more times per year, but 1 to 3 month lags in notification are common

U.S. Foundations: Prospects

- For a 3-year period (2004-2006), FDN could potentially raise \$250-\$500k from U.S. foundations
- During FY 2004, 2 to 3 proposals could be submitted with likelihood to receive one \$50,000 grant
- Foundations targeted during FY 2004 would be Moriah Fund, Prospect Hill Foundation, and Turner Foundation, Inc.
- Proposals for larger amounts (\$100k) would be submitted in FY 2005 to the John D. and Catherine T. MacArthur Foundation and the Ford Foundation

Protected Area Financing Strategy

- Bangladesh has relied heavily on donor-funded projects to finance protected area management costs including:
 - Habitat improvements
 - Infrastructure, equipment, and vehicles
 - Research and studies

Protected Area Projects in Bangladesh

Project Name	Funded by:	Duration	Project cost (USD)	Description
Experimental Development of Agar Plantation	GOB	6 years	\$59,860	Develop agar plantation to supply raw materials to perfume industry
Bamboo, Cane and Morta Project	GOB	7 years	\$5.14 million	Plantation development and maintenance
Modpur National Park Development Project	GOB	6 years	\$1.71 million	Extension of facilities, reforestation, development of wildlife breeding center, plantation development of non-timber products
Establishment of Eco-Park at Madhokunda & Moorchara Waterfall	GOB	4 years	\$610,000	Development and conservation of area, watershed management, creation of area for wildlife
Denuded hill reforestation at Ramgar and Sitakunda	GOB	4 years	\$2.74 million	Develop forest resources in denuded hill tracks
Kaptai National Park Development Project	GOB	4 years	\$1.55 million	Wildlife habitat improvement, creation of wildlife breeding center
Dulaharza Safen Park	GOB	2 years	\$1.50 million	Create habitat for migratory birds, improve breeding center
Biodiversity conservation & development project at Barshahi	GOB	2 years	\$527,000	Develop facilities for education and research, create migratory bird habitat
Nishorge Support Project	USAID GOB	4 years	\$10.9 million	Develop co-management model, strengthen institutional systems, build or improve PA infrastructure
Behavior and ecology of the tiger in Sundarban Reserve Forest	US F&WS	1 year	\$121,000	Observational study of tiger's home range and habitat

Financing Needs for PA Management

- With cancellation of projects by ADB and completion of GEF projects, Forest Department faces shortfall of \$10-15 million per year to maintain forestry and PA staff, facilities, and vehicles
- The Forest Department is expected to downsize staff and services to reduce the shortfall to \$3-5 million per year

Current and Potential Uses of Funding Sources

Protected Area Expenditure Category	Budget Resources	Donor Grants	Donor Loans	Earmarked Taxes and Fees	User Fees	Environmental Funds	Donations
Staff salaries and benefits	C			P			
Recurring operational costs	C			P	P		
Natural resource improvements	C	C	C	P	P	P	P
Equipment	C	C	C	P	P	P	P
Infrastructure	C	C	C	P	P	P	P
Co-management/PES	P			P	P	P	P

Options for Improving PA Financing in Bangladesh (1)

- Establish budgeting levels for PAs on a 3 to 5 year cycle
- Earmark existing and new revenue sources
 - Water surcharges, selected taxes and fees
 - Redistribute or “equalize” earmarked revenue to support revenue-poor PAs
- Increase revenues earned from PA activities and attractions
 - Entrance and user fees
 - Concession fees
 - Sale of confiscated timber

Options for Improving PA Financing in Bangladesh (2)

- Identify and prepare PA investment proposals for Arannayk Foundation support
- Create “window” in Arannayk Foundation to receive and program private/corporate donations
- Identify and develop opportunities for corporate sponsorship of PA activities and infrastructure
- Rebuild and expand support from international donors and NGOS
- Develop proposals for support from international foundations
- Develop a country-wide strategy for carbon sequestration

Closing Comments

- Need to integrate fundraising with needs assessment
 - Need to have a clearly articulated vision and strategy for utilizing financing
 - Funding sources want their resources to add value
- Invest in management capacity to instill confidence in donors and foundations that their resources will be managed and invested appropriately
- Network with other trust funds and environmental funds to share lessons learned