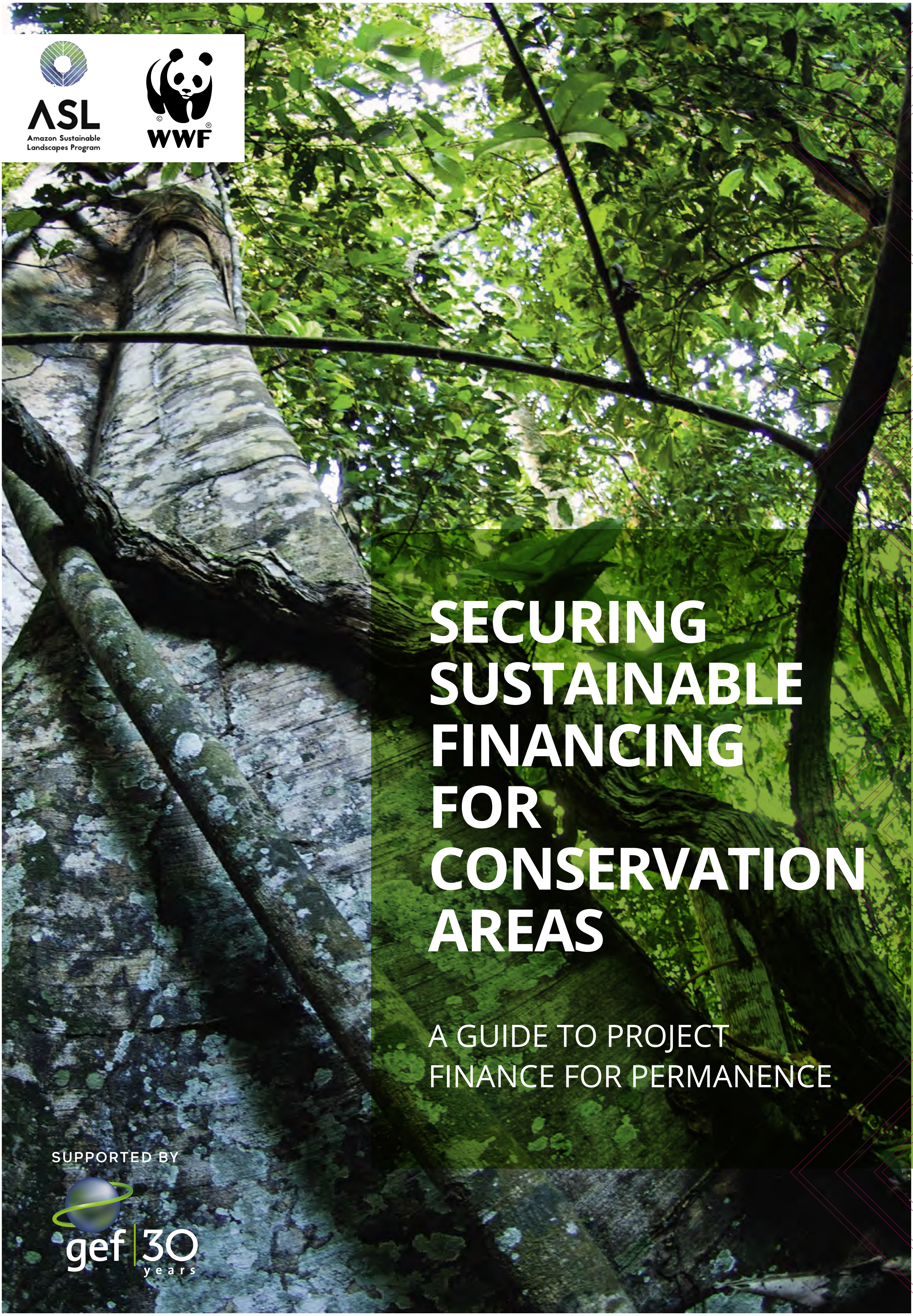

# SECURING SUSTAINABLE FINANCING FOR CONSERVATION AREAS

## A GUIDE TO PROJECT FINANCE FOR PERMANENCE

ASL Amazon Sustainable Landscapes Program

WWF

SUPPORTED BY

gef 30 years

# ACKNOWLEDGMENTS

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**Lead Authors**
**HUMBERTO CABRERA N.,** WORLD BANK
**CAROLIN PLANITZER,** WWF
**TANYA YUDELMAN,** WORLD BANK
**JON TUA,** WWF

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**Case Study Authors**
BRAZIL
**EDEGAR BERNARDES,** FUNBIO
**RENATA GATTI,** MINISTRY OF ENVIRONMENT
**FABIO RIBEIRO,** FUNBIO

COLOMBIA
**LAURA BERMUDEZ,** MINISTRY OF ENVIRONMENT
**INÉS CAVELIER,** PATRIMONIO NATURAL FUND
**LUCAS GARZÓN,** WILDLIFE CONSERVATION SOCIETY
**IVAN GIL,** HERITAGE COLOMBIA
**MELISSA LAVERDE,** HERITAGE COLOMBIA
**CAROLINA ORTIZ,** PATRIMONIO NATURAL FUND

PERU
**ALBERTO CUBA,** NATIONAL SERVICE OF NATURAL PROTECTED AREAS
**CLAUDIA GODFREY,** PROFONANPE
**HENRY HARRISON,** NATIONAL SERVICE OF NATURAL PROTECTED AREAS
**RODOLFO VALCÁRCEL,** NATIONAL SERVICE OF NATURAL PROTECTED AREAS
**CINDY VERGEL,** NATIONAL SERVICE OF NATURAL PROTECTED AREAS

THE AUTHORS EXTEND THEIR DEEPEST GRATITUDE FOR THE VALUABLE CONTRIBUTIONS, GUIDANCE AND STRATEGIC DIRECTION PROVIDED BY:

**Peer Reviewers**
**PAULINA ARROYO,** GORDON AND BETTY MOORE FOUNDATION
**OLGA GAVRYLIUK,** WORLD BANK
**DAVID MEYERS,** CONSERVATION FINANCE ALLIANCE
**MEG SYMINGTON,** WWF

**Additional reviewers**
**ANA MARÍA GONZALEZ,** WORLD BANK
**VALERIE HICKEY,** WORLD BANK
**GIOVANNI RUTA,** WORLD BANK
**FIONA STEWART,** WORLD BANK
**ISABEL FILIBERTO,** WWF
**DAVID FLICKINGER,** WWF
**CHARLES SHEERIN,** WWF
**KATIE ZDILLA,** WWF

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**Copy-editing**
**SUNNY N. KAPLAN,** WORLD BANK

**Designed by**
**RENATA ZINCONE,** WORLD BANK

**Design support**
**SANDRA BERMAN,** WORLD BANK
**EMELIN GASPARRINI,** WWF
**BERENICE SANCHEZ,** WORLD BANK

**Contact**
ASL-INFO@WORLDBANK.ORG

# ACRONYMS

| | |
|---|---|
| ARPA | **Amazon Region Protected Areas Program** *(Programa Áreas Protegidas Amazônia)* |
| ASL | **Amazon Sustainable Landscapes Program** |
| FUNBIO | **Brazilian Biodiversity Fund** *(Fundo Brasileiro para a Biodiversidade)* |
| CTF | **Conservation Trust Fund** |
| GCF | **Green Climate Fund** |
| GEF | **Global Environment Facility** |
| HECO | **Heritage Colombia** *(Herencia Colombia)* |
| ICMBio | **Chico Mendes Institute for Biodiversity Conservation** *(Instituto Chico Mendes de Conservação da Biodiversidade)* |
| KfW | **German Development Bank** *(Kreditanstalt für Wiederaufbau)* |
| Minambiente | **Ministry of Environment of Colombia** |
| MINAM | **Ministry of Environment of Peru** |
| MMA | **Ministry of Environment of Brazil** |
| MoU | **Memorandum of Understanding** |
| NGO | **Non-Governmental Organization** |
| OECMs | **Other effective area-based conservation measures** |
| PdP | **Peru's Natural Legacy** *(Patrimonio del Perú)* |
| PFP | **Project Finance for Permanence** |
| PNF | **Patrimonio Natural Fund for Biodiversity and Protected Areas, Colombia** *(Patrimonio Natural Fondo para la Biodiversidad y Areas Protegidas)* |
| PNN | **Natural National Parks of Colombia** |
| Profonanpe | **Peruvian Environmental Fund** |
| REDD+ | **Reducing Emissions from Deforestation and Forest Degradation** |
| SERNANP | **National Service of Natural Protected Areas of Peru** *(Servicio Nacional de Áreas Naturales Protegidas por el Estado)* |
| SINANPE | **Peru's National System of Natural Protected Areas** *(Sistema Nacional de Áreas Naturales Protegidas por el Estado)* |
| SINAP | **National System of Protected Areas of Colombia** *(Sistema Nacional de Áreas Protegidas)* |
| WWF | **World Wildlife Fund** |

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# INTRODUCTION

## Why a Project Finance for Permanence guide?

Protecting terrestrial and marine conservation areas that cover a representative sample of a country's ecosystems is a global priority, and is critical to protect the planet's biodiversity and ensure the provision of critical ecosystem services on which humanity depends. Long-term preservation of these areas and their ecological processes is essential for healthy societies, particularly against the backdrop of climate change, biodiversity loss, and the increasing risk of zoonotic spillovers linked to degraded ecosystems. Recognizing this, the adoption of a 30x30 goal, namely that 30% of the planet be protected by 2030, is being considered for inclusion in the post-2020 global biodiversity framework of the Convention on Biological Diversity.[1] Despite important progress in expanding conservation areas at a global level,[2] resources required for creating or expanding new protected areas and ensuring the effective management of existing ones often fall short. As a result, these areas are extremely vulnerable to constant pressures and threats, making it difficult to maintain the valuable ecosystem services they provide.[3]

Protected areas and "other effective area-based conservation measures" (OECMs)[4]–referred to as conservation areas for purposes of this guide—need to be adequately funded to meet their conservation, sustainable development and management objectives so they can guarantee long lasting local, national and global benefits. Over the past 30 years, many tools and mechanisms have been designed and tested with a view to securing sustainable financing for conservation areas. Among these are conservation trust funds, debt-for-nature swaps, environmental compensation, and carbon credits for Reducing Emissions from Deforestation and Forest Degradation (REDD+), to name a few. Despite making considerable advances, securing the stable and adequate financial flows needed to ensure the effective and efficient management of conservation area systems over the long term remains a challenge. Conservation area systems in many countries continue to operate with minimal national funding, and rely mostly on short- or medium-term projects financed primarily by international public or private donors. Consequently, the sustainability of the achieved results and impacts are vulnerable to project funding cycles.

To meet the challenge of long-term sustainable financing for conservation, the Project Finance for Permanence (PFP) approach was conceived in 2011 by a group of conservationists, former bankers, and management consultants who imported ideas from the mainstream financial sector to create a new model to protect and finance large ecosystems.[5] PFP is defined as *an approach or single initiative that secures important policy changes, and all funding necessary to meet specific*

1 Waldron, 2020.
2 The convention's Aichi Target 11, aimed at protecting 17% of the land and 10% of sea surface by 2020. According to the Global Biodiversity Outlook 5, this goal would have been exceeded by the end of 2020.
3 The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services states in its 2019 global assessment report that nature has been significantly altered by human drivers, and major indicators of ecosystems and biodiversity are showing a rapid decline. These drivers of change in nature have accelerated during the past 50 years.
4 As defined by the Convention on Biological Diversity (see Annex 1).
5 Linden et al, 2012.

*conservation goals of a program over a defined long-term timeframe, with the ultimate aim of achieving the ecological, social, political, organizational, and financial sustainability of that program*. The approach was built from experiences and lessons learned from three successful major conservation initiatives: Amazon Region Protected Areas (ARPA) in Brazil, Forever Costa Rica, and the Great Bear Rainforest in Canada.[6] The concept was presented in a publication by the Linden Trust for Conservation, Gordon and Betty Moore Foundation, and Redstone Strategy Group,[7] and was widely circulated through the article, "A Big Deal for Conservation," published in the Stanford Social Innovation Review in 2012.

Stakeholders involved in PFPs consider it to be a well thought out and holistic approach for area-based conservation. It aims to transform management of conservation areas by developing unifying conservation goals and bringing together funding from different sources to secure their achievement. Due to its potential, the PFP approach is being increasingly explored elsewhere, drawing on the experiences of the original three PFPs. Two other PFPs, Bhutan for Life[8] and Peru's Natural Legacy (PdP),[9] are already in the initial stages of implementation; Heritage Colombia (HECO) is currently being designed; and several other countries are exploring the potential for PFPs.

The Amazon Sustainable Landscapes Program (ASL) is an Impact Program financed by the Global Environment Facility (GEF) with the objective to protect globally significant biodiversity and implement policies to foster sustainable land use and restoration of native vegetation cover in Amazon regions of Brazil, Colombia, and Peru. The ASL's national projects are led by the countries' Ministries of Environment and are being implemented collaboratively between public and private entities. The World Bank (lead agency), World Wildlife Fund (WWF), and the United Nations Development Programme (UNDP) provide technical support and supervision. A regional project, implemented by the World Bank, promotes coordination, and provides technical assistance and knowledge management opportunities to the participant countries and partner institutions. The ASL is currently expanding, incorporating new projects in the three countries plus ones in Bolivia, Ecuador, Guyana and Suriname.

The ASL, WWF, and dozens of other donors, governments, civil society organizations, and individuals have provided funding, staff, and expertise to design and implement PFPs. In particular, the ASL is supporting PFP initiatives in each of the three original participating countries, Brazil, Colombia and Peru through both its national and regional projects. These initiatives are all at different stages of development and implementation. In Brazil the Amazon Sustainable Landscapes Project is supporting the implementation of the ARPA program, contributing capital to its transition fund for creating and consolidating conservation areas (see case study in section 3.1.). In Colombia, through the Forest Conservation and Sustainability in the Heart of the Colombian Amazon Project, support is being provided for finalization of HECO design, closing conditions, and, once these are met, capitalization of the transition fund (see case study in section 3.2.).

6 http://arpa.mma.gov.br, https://costaricaporsiempre.org/programas/programa-costa-rica-por-siempre-2/, https://coastfunds.ca/, https://www.funbio.org.br/en/programas_e_projetos/arpa-program/

7 Redstone Strategy Group, 2011a.

8 https://www.bfl.org.bt/

9 https://www.sernanp.gob.pe/patrimoniodelperu

In Peru, the Securing the Future of Peru's Natural Protected Areas Project supported the technical work and negotiations that allowed PdP's closing conditions to be met and is helping design mechanisms to bring sustainable financing in support of conservation areas (see case study in section 3.3.).

Within its regional project and as part of its efforts to support the implementation of ARPA and the design of PdP and HECO, the ASL created a working group with representatives from public and private organizations from Brazil, Colombia, and Peru, and WWF on protected areas sustainable financing. As part of the working group's interest in exchanging lessons learned among the three countries and sharing them with the broader conservation community, its members determined that a PFP guide would contribute to the efforts of achieving sustainable financing of conservation areas around the world.

To this end, this guide seeks to describe the PFP approach and capture the experience from practitioners and lessons learned to date. The guide is intended to be a reference for people from public or private organizations who want to implement a PFP.

**Chapter 1** presents the necessary components and elements of sustainability that define the PFP approach.

**Chapter 2** describes the process of developing and implementing a PFP, separating it into five phases: identification, assessment, readiness, design, and implementation:

- During the identification phase, an organization interested in applying the PFP approach explores its potential, the interest of other key stakeholders, and the general status of key enabling criteria.
- During the assessment phase, viability, feasibility, and readiness criteria are analyzed in detail.
- During the readiness phase, a coalition is formed to prepare and organize the design phase, culminating in a declaration of interest to develop a PFP.
- The design phase focuses on fully developing the PFP, including the definition of conservation goals, funding targets, and other key components.
- The implementation phase encompasses the execution of conservation activities.

**Chapter 3** presents case studies of the PFP initiatives under implementation in Brazil and Peru, and of the PFP currently being designed in Colombia. These case studies have been prepared by members of the ASL working group from the corresponding countries.

This document is based on the wealth of experiences and lessons learned by the many previous and current actors involved in the PFP approach. It aims to highlight commonalities and alternatives for tailoring the approach to local contexts. Producing this document involved a thorough review of available literature and interviews with 53 people from 19 organizations, including governments and multilateral organizations, non-governmental organizations (NGOs), conservation trust funds, and independent experts (see Annex 2).

# 1. WHAT IS PROJECT FINANCE FOR PERMANENCE?

PFP is defined as *an approach or single initiative that secures important policy changes and all funding necessary to meet specific conservation goals of a program over a defined, long-term timeframe with the ultimate aim of achieving the ecological, social, political, organizational, and financial sustainability of that program.*

Drawing on methods used in the finance sector, the PFP approach brings together key stakeholders—government, communities, donors, and civil society—around an ambitious, unified, and compelling long-term conservation vision that is agreed upon by all parties. The approach is applicable to public lands, indigenous territories, and private property. Partners work together to map out the needs for an agreed program (i.e., group of target conservation areas) over a multi-year horizon. All partners then work together to secure the required resources to implement the program. Additionally, in-country governments and partner organizations commit to, and are held accountable for future actions that will ensure long-term, durable management of those areas.

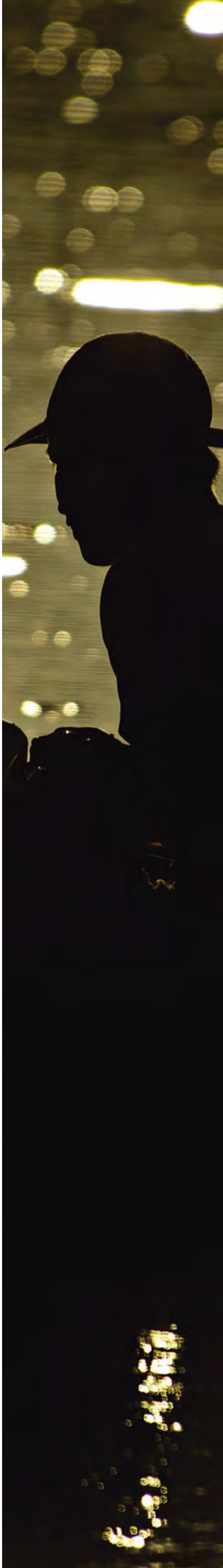
The PFP approach must incorporate each of the following components:

- A large-scale, specific, and charismatic **conservation goal**
- A **conservation plan** that details all activities to achieve and maintain the conservation goal
- A **robust financial model** that estimates full, long-term costs to achieve and maintain the conservation goal in perpetuity[10]

10 Cost estimates in a PFP financial model extend beyond the formally defined implementation period, because for the final year(s) of implementation, they reflect the average long-term cost to sustain conservation impacts into the future.

- A set of clear, one-time prerequisites called **closing conditions** that PFP partners agree to meet before implementation can begin (the moment when all partners formally agree that all closing conditions have been met is often called the "closing" or "single closing"). In addition to final agreement regarding other components on this list, closing conditions may include enactment of policies to ensure permanence of the initiative, definition of implementation and governance arrangements, and completion of (or formal commitment to) institutional improvements needed for effective implementation
- **Formal, upfront commitments for necessary funding** to achieve the conservation goals are secured before implementation begins. Funding may be in the form of donations, public budget increases, and/or revenue derived from sustainable financing mechanisms from public or private sources. Fundraising responsibilities are typically shared among PFP partner organizations
- An **independent fund administrator** with a multi-stakeholder board to provide oversight and transparency during implementation. The fund administrator typically manages donated funds, makes regular disbursements to implementing partners, and assesses program implementation progress in a manner that ensures the vision continues to be implemented despite changes in political administrations
- A clear set of rigorous, usually annual, **disbursement conditions** or milestones that must be met by implementing partners and funders for funds to continue to be released throughout the implementation phase. These conditions act as an incentive for all partners to adhere to the PFP's mutually agreed vision over time. Disbursement conditions typically include achievement of specific conservation results, increased allocations of in-country sustainable funding to the program, and other previously agreed commitments.

To date, PFP initiatives analyzed in this study have supported all or part of a conservation area system as the "program" to be financed. Some PFP initiatives have also included activities to support local communities and reduce threats from adjacent landscapes. However, in all cases, the PFP approach seeks to ensure long-term success of the conservation program in question by achieving the following five elements of sustainability (see Box 1).



## **Box 1.** The five elements of sustainability[11]

| | |
|---|---|
| **Ecological**  | The program must ensure the long-term health of an ecosystem. Geographic areas must be sufficiently large and well protected to maintain biodiversity, possibly including migration corridors for long-ranging species. |
| **Social**  | Conservation areas in the program must be supported by those who live in or near them to secure a "license to operate." Such support typically comes from societal benefits the program provides (such as improved ecosystem services), and the ability to provide continued economic opportunities in the region. |
| **Political**  | A strong, high-level, sustained government commitment and good national governance are necessary to support program design and implementation across administrations. |
| **Organizational**  | There must be institutions with the capacity to successfully design, execute, and monitor activities that contribute to the program's conservation goal. |
| **Financial**  | There must be sufficient funds, and strong funds management and control processes to obviate the need for significant future fundraising for the specific conservation goals and activities of the PFP. |

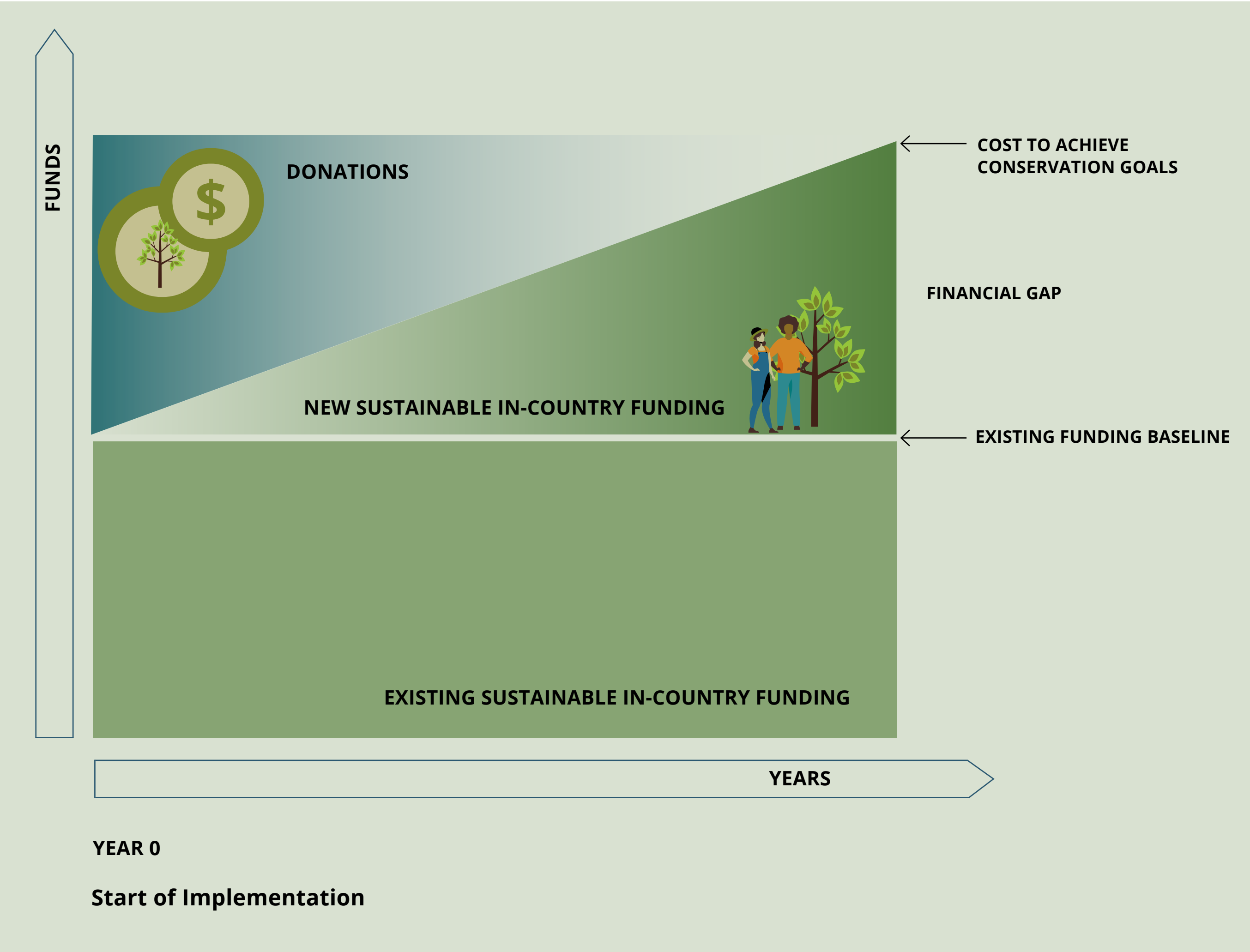
11 Redstone Strategy Group, 2011a.

**Box 2.** Area involved and funding leveraged in PFPs under implementation[12]

| PFP | Area | Donor funding | Expected in-country funds |
|---|---|---|---|
| ***ARPA for Life*** | **60 million hectares of conservation units, which includes 6 million hectares of new conservation units** | **$215 million** | **$427 million** |
| ***Bhutan for Life*** | **2 million hectares of protected areas** | **$43 million** | **$35 million** |
| ***Forever Costa Rica***[13] | **1.05 million hectares of terrestrial protected areas and 1.55 million hectares of marine protected areas**[13] | **$57 million** | **$20 million** |
| ***Great Bear Rainforest*** | **7.4 million hectares of ecosystem-based management, which includes 2.6 million hectares under strict protection through 100 First Nations' conservancies**[14] | **118 million Canadian dollars**[15] | **220 million Canadian dollars**[16] |
| ***Peru's Natural Legacy*** | **16.7 million hectares of natural protected areas** | **$70 million** | **$70 million** |

12 All figures in this document are in U.S. dollars unless otherwise noted.
13 Source: Forever Costa Rica Association.
14 Source: Coast Funds.
15 About $104 million in 2006 (year of closing agreement).
16 As of 2020.

FIGURE 1. **SIMPLIFIED APPROACH FOR PFPs THAT EMPLOY A TRANSITION FUND**




Momentum for PFPs is building, and the successes of these initiatives demonstrate the power of this approach, and the potential for conservation and social impact at a globally transformative scale.

# 2. PHASES

Developing a PFP requires coordinated actions to achieve a common vision that can withstand institutional and political changes over time, and which needs to fit a country's specific context. While the process is not strictly linear, it can be divided into five distinct phases, each comprising a set of specific activities. There are also several activities that span multiple phases such as communications, fundraising, and designing, negotiating, and implementing sustainable financing mechanisms (see Figure 2):

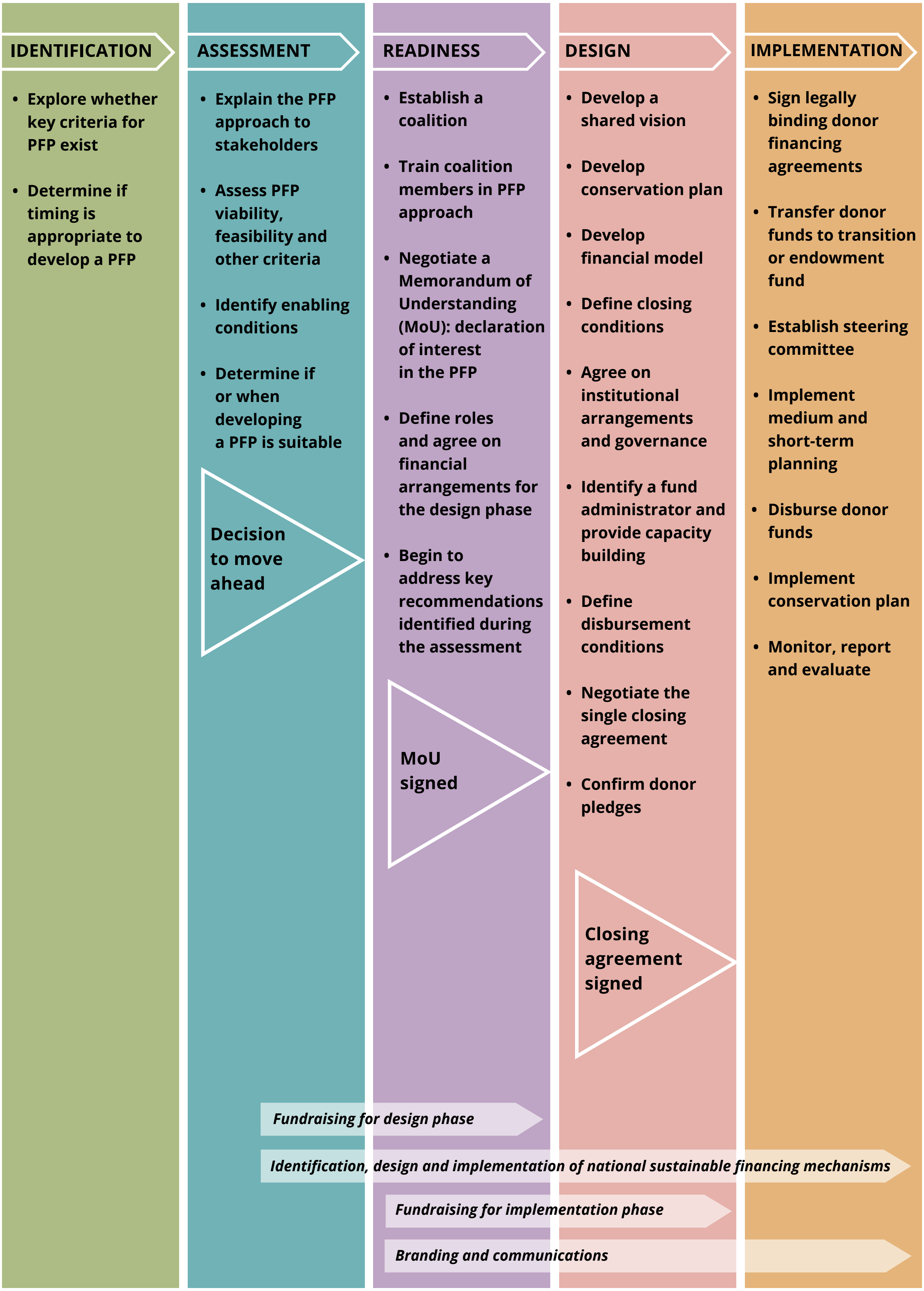
- During the identification phase, an organization interested in applying the PFP approach explores its potential and the status of key enabling criteria. If there is interest from other key stakeholders and basic criteria in place, an organization can invest in a full assessment.
- During the assessment phase, viability, feasibility, and readiness criteria are explored in detail to determine whether the criteria for PFP are in place, and to begin framing the outline of a potential PFP. During this phase, stakeholders also start learning more about the approach. The assessment allows parties to either: (a) conclude a PFP is not suitable at the present time, (b) determine that work is needed to strengthen enabling conditions and fill identified gaps before a PFP can be developed, or (c) move to the readiness phase to advance with developing a PFP.
- During the readiness phase, a coalition is formed, roles are defined, and funds are raised for the design phase. It culminates in a declaration of interest to develop a PFP. This phase involves detailed and extensive training sessions on the PFP approach for coalition members to ensure understanding and ownership of the PFP.

- The design phase focuses on fully developing the PFP, and includes defining conservation goals and funding targets, fundraising, and prioritizing sustainable financing mechanisms. The design phase is complete once a closing agreement (see section 2.4.6.) has been signed, confirming that all agreed closing conditions have been fulfilled and sufficient funds have been secured.
- The implementation phase includes establishment of a conservation trust fund (as needed), the launch of an endowment and/or sinking fund developed in the design phase, execution of conservation activities, distribution of donor funds to implementing agencies over time, and implementation of new or expanded in-country sustainable financing mechanisms.

Descriptions of the five main phases of a PFP, summarized in Figure 2 below, are based on the experiences of PFP initiatives that are currently in the implementation phase (Brazil, Canada, Costa Rica, Bhutan, and Peru)[17] and one that is currently in the design phase (Colombia).

17 Presented in chronological order.

FIGURE 2. **PFP PHASES AND MAIN ACTIVITIES**



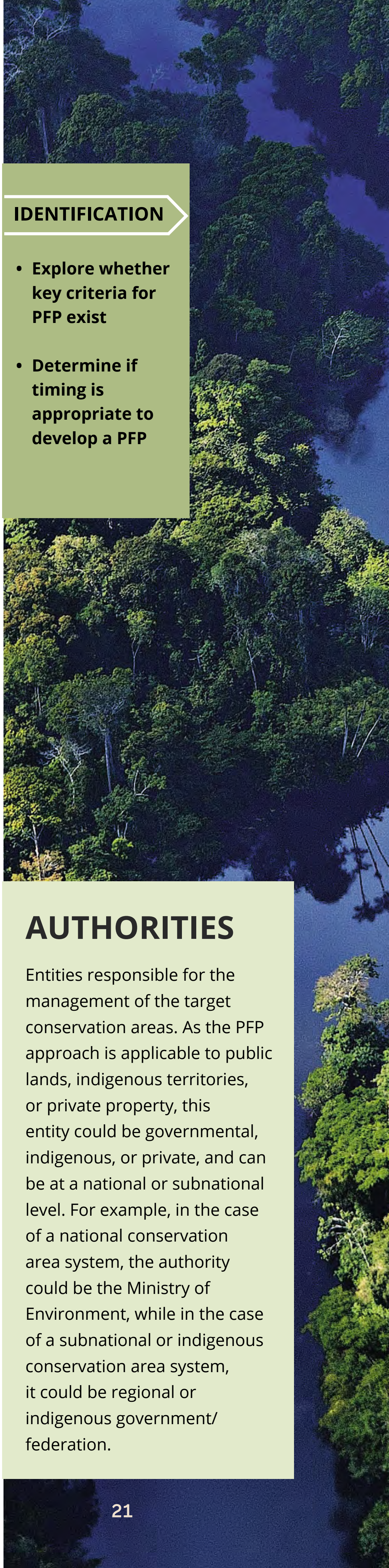
# 2.1. Identification

In the identification phase, one or more champions of a PFP initiative identify and approach potential partners to explain the concept and assess the level of interest. Champions could be from inside or outside government, or be national or international. However, it is critical that the authorities and other actors involved in the management and funding of a country's conservation areas confirm their interest. Determining whether the timing and conditions are right to make such an approach requires the opinion of in-country contacts who are familiar with PFP technical aspects and understand the national political context.

Many enabling conditions are important for the success of a PFP (see Box 3), but a few critical components should be explored through informal conversations during this phase. They include the potential for a spatially explicit conservation or development goal that a PFP could address, high-level political will, donor interest, a pathway to sustainable finance for the system in the future, and baseline levels of existing capacity that a PFP can build upon.

The PFP approach is most appropriate when there are preexisting investments in conservation areas that require an additional effort to ensure their sustainability. In this sense, it is helpful to think of PFP as a capstone to secure sustainability of an existing conservation area system that has received management support for years. In the case of ARPA for Life, the largest PFP to date, it experienced a decade of prior investment in conservation area creation and support to improve management effectiveness before a fully-funded PFP could be developed (see section 3.1.1). PFPs are less suited to conservation area programs where basic governance or management structures need to be drastically expanded. The design of the PFP itself is a small part of a timeline of prior investment and future implementation.

It is very important to communicate from the start that designing a PFP is a process that can take five years or longer. If relevant actors show interest, resources to fund the assessment phase (see section 2.2.) must be identified.



**IDENTIFICATION**

- **Explore whether key criteria for PFP exist**
- **Determine if timing is appropriate to develop a PFP**

## AUTHORITIES

Entities responsible for the management of the target conservation areas. As the PFP approach is applicable to public lands, indigenous territories, or private property, this entity could be governmental, indigenous, or private, and can be at a national or subnational level. For example, in the case of a national conservation area system, the authority could be the Ministry of Environment, while in the case of a subnational or indigenous conservation area system, it could be regional or indigenous government/ federation.

## 2.2. Assessment

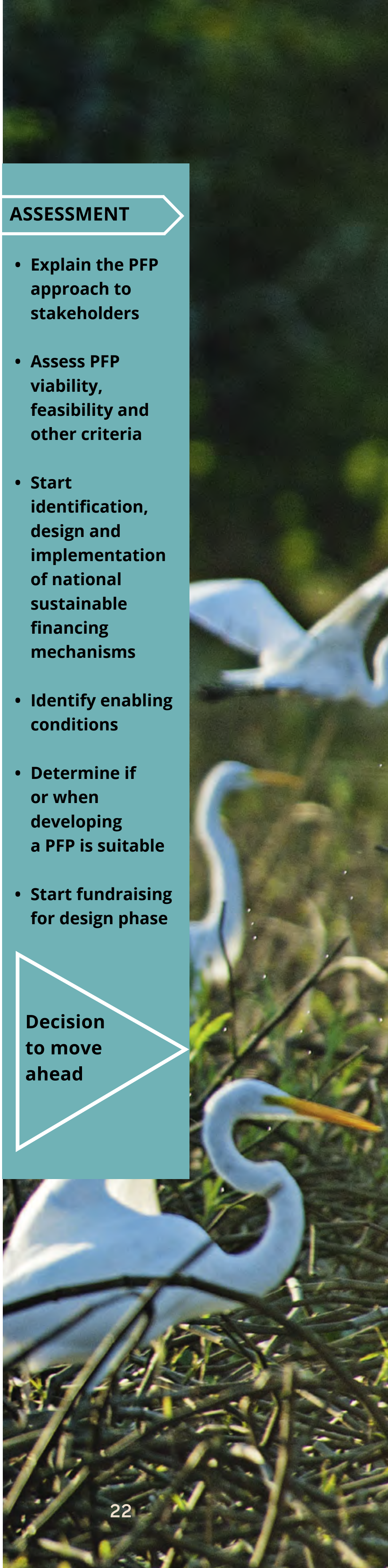
The assessment phase includes a formal analysis of conditions that must be met for the PFP approach to be successfully applied in a particular context. It is also an opportunity to begin to engage a broader group of stakeholders—explaining the PFP approach and how it has been applied in other places, and building ownership of the potential initiative. This process will promote a better understanding of the conservation and development priorities of a particular country, and will identify where a PFP could best address challenges and fill financial and policy gaps to ensure long-term conservation impacts. The assessment phase will identify a potential scope for a PFP and help generate the will necessary to undertake such an intensive process.

There can be a lot of excitement around the potential outcomes of a PFP, but a rigorous assessment process should not be shortchanged. It is critical to understand areas that require increased investment or stronger consensus before PFP development can begin. Given that the design phase to develop the deal is a multi-year process, and typically involves a multi-million-dollar investment, significant resources can be wasted if the assessment process is not taken seriously. The extensive list of enabling conditions that allow a PFP initiative to be successful requires having a clear sense of whether those conditions are currently in place (or could be put in place with a reasonable amount of effort).

### 2.2.1. Conducting an assessment

In both Costa Rica and Peru, initial PFP partners enlisted a trusted consulting firm to carry out an assessment. In each case, the firm produced high quality technical studies based on information gathered from interviews, a review of existing documentation, and workshops with relevant authorities and other stakeholders. The studies provided sufficient information to determine overall feasibility of applying the PFP approach to the context in question.

In 2015, WWF developed the PFP Assessment Tool, which the organization updates regularly (see Annex 3), building on efforts of and learnings from earlier PFPs. PFP experts can use this tool to support an assessment and identify whether a country (and specific conservation program in that country) currently has the potential to successfully apply the PFP approach. The tool is based on ten criteria grouped into four categories— impact, viability, feasibility,



**ASSESSMENT**

- **Explain the PFP approach to stakeholders**
- **Assess PFP viability, feasibility and other criteria**
- **Start identification, design and implementation of national sustainable financing mechanisms**
- **Identify enabling conditions**
- **Determine if or when developing a PFP is suitable**
- **Start fundraising for design phase**

**Decision to move ahead**

and readiness—that help identify enabling conditions and potential risks and issues that may be encountered during the development process. A series of questions are listed for each criterion, the answers to which underpin the PFP experts' report and recommendations. In addition, the assessment report will propose an action plan for enhancing enabling conditions that would support development of a PFP initiative.

**Box 3.** PFP enabling conditions: Criteria from the PFP Selection Assessment Tool

| | |
|---|---|
| A. IMPACT | 1. **Conservation priorities, programs, and challenges:** Will a PFP contribute significantly to goals for nature and nature's services to people over the long term? |
| B. VIABILITY | 2. **Political stability, legal and financial framework, and corruption**: Is the country politically stable, is there a limited risk of corruption, and is there a reliable in-country legal and financial framework (to implement terms of a PFP initiative)? Is the economic structure risk acceptable?<br>3. **Meeting international commitments:** Does the in-country government have a good track record of keeping international commitments? |
| C. FEASIBILITY | 4. **History of conflict and existence of a complaint mechanism:** Are appropriate actions being taken and risks mitigated regarding existing or potential conflict with local communities?<br>5. **Long-term sustainable financing:** Is there sufficient potential to develop long-term, sustainable sources of funding?<br>6. **Potential for high-level political commitment:** Is there potential for sustained in-country political commitment at the highest levels of government (e.g., to change necessary policies, secure financing, etc.)?<br>7. **Fundraising potential:** Is there sufficient potential fundraising interest in the proposed PFP?<br>8. **Capacity of implementing institutions to develop and implement a PFP:** Do relevant in-country implementing institutions (e.g., the protected area agency, Ministry of Environment or other relevant authorities, etc.) have sufficient capacity to successfully plan and implement a PFP initiative, and absorb large amounts of new funding? |
| D. READINESS | 9. **Capacity of in-country entities to assist design and coordination of a PFP**: Is there an in-country entity with the capacity and relationships to help develop the PFP initiative, and coordinate in-country negotiations leading up to a deal?<br>10. **Deal broker:** Is/are there a trusted, independent deal broker(s) who can be a strong and effective negotiator(s)? |

Assessments using this tool can be carried out by an independent team of two or more professionals to ensure objectivity of the conclusions. These professionals should have complimentary profiles, deep knowledge of the PFP approach, a good understanding of the local context, and previous experience working with the relevant authorities and key stakeholders. The assessments should seek input from and encourage the participation of diverse stakeholders, allowing for a comprehensive and open dialogue that will result in a better understanding of the PFP approach and its applicability to the specific country or region. Typically, these stakeholders include leaders and technical staff of government or other traditional authorities, local and international civil society, communities, and/or conservation area managers; scientists and/or academics with expertise in relevant issues; potential donors; private sector partners; and others. An assessment should document all stakeholders involved and consult additional experts to probe areas of particular strength or weakness as part of a good faith effort to generate objective conclusions.

Carrying out this assessment requires funding necessary to cover costs of the assessment team and a few trips to the country of interest by specialists from potential partner organizations. In the cases analyzed, these funds were provided by one of the early champions. A thorough assessment process can usually takes two to four months if all necessary stakeholders can make themselves available.

### 2.2.2. Assessment conclusions and next steps

The final section of an assessment report presents conclusions and recommendations. Given that the PFP approach is complex, it is important to address nuances, be honest about areas of strength and comparative weakness, and define which aspects may need more investment before proceeding to the design phase. It would be atypical and extremely unlikely for a suitably rigorous assessment report to conclude that all criteria for PFP are firmly in place.

Possible conclusions from an assessment generally fall into one of the three following categories:

1. A PFP is not currently suitable as major conditions are not in place. In this case, stakeholders may decide to wait for more favorable conditions (e.g., the conclusion of an election process or the end of an economic crisis), pursue another approach, or work on strengthening enabling conditions.

2. Many conditions for PFP are in place, but a few need additional investment before PFP design can begin. For example, a conservation area system may need more strategic planning or analysis of potential sustainable financing mechanisms. In this case, recommendations from the assessment can serve as a roadmap to improve PFP feasibility, while also benefiting core components of the system in case partners ultimately decide not to move forward with a PFP.
3. Most conditions are in place. In this case, there will likely still be gaps that the assessment process identified, which can be addressed during subsequent PFP phases (such as strengthening capacity in a suitable conservation trust fund).

In the last of the above cases, a PFP can advance to the readiness phase. In the other cases, further investments should be made before advancing.

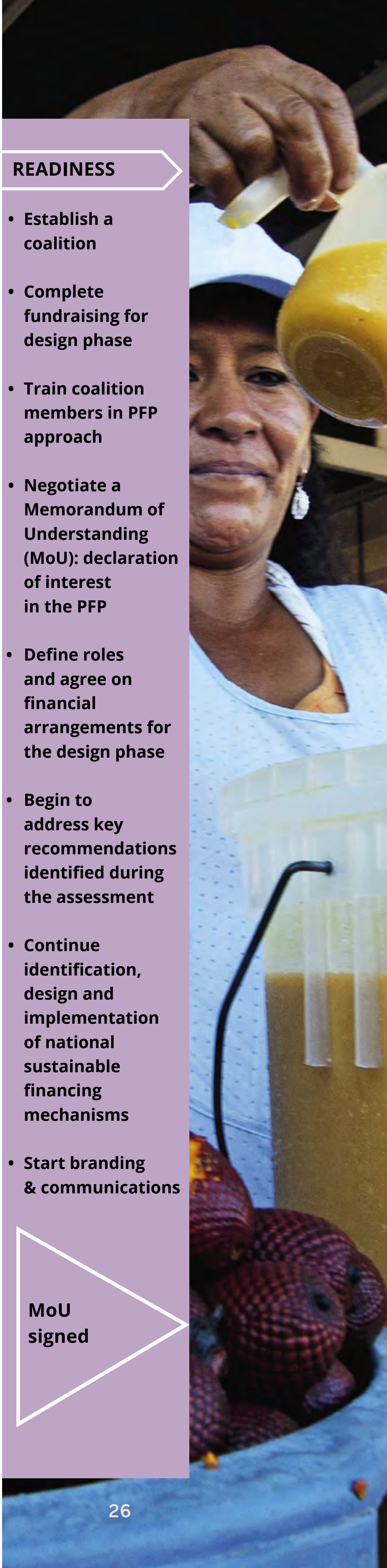
# 2.3. Readiness

Once the authorities and relevant actors participating in the assessment phase conclude that existing conditions are sufficient to begin developing a PFP, the readiness phase can begin. In this phase, the institutions and organizations promoting the PFP carry out actions necessary to prepare for the design phase, including addressing PFP enabling conditions and gaps identified in the assessment phase, defining institutional arrangements, and securing funds for design.

The readiness phase concludes when the highest levels of the relevant authority formally and publicly announce the intention to develop a PFP together with the group of initial partner organizations of the initiative. It is very important that the authority demonstrates continued leadership for the initiative. Similarly, establishing a relationship of trust among partners is a critical element of success, facilitating progress towards common objectives on a day-to-day basis

## 2.3.1. Forming a coalition

The process to develop a PFP begins with creating a coalition of equal partners that includes representatives from interested organizations and a group of technical specialists who will play an active role developing the initiative. The coalition can continue to seek additional partners by presenting the initiative and its potential throughout most of the process (see Box 4).



**READINESS**

- **Establish a coalition**
- **Complete fundraising for design phase**
- **Train coalition members in PFP approach**
- **Negotiate a Memorandum of Understanding (MoU): declaration of interest in the PFP**
- **Define roles and agree on financial arrangements for the design phase**
- **Begin to address key recommendations identified during the assessment**
- **Continue identification, design and implementation of national sustainable financing mechanisms**
- **Start branding & communications**

**MoU signed**

## **Box 4.** Main partners in a PFP

**AUTHORITIES:** Entities responsible for the management of conservation areas, be they government, indigenous, or private. It is important that authorities responsible for the national budget (the Ministry of Economy, Finance, or Treasury Department) participate. The coalition should also identify a political leader with substantial authority who can promote the PFP initiative to donors, and who has influence among mid-level officials.[18]

**NON-GOVERNMENTAL ORGANIZATIONS:** Private, nonprofit organizations with technical knowledge in conservation area management and a network that can help the coalition reach consensus and fundraise.

In all PFP initiatives to date, international NGOs have played strategic roles that include building partnerships, fundraising, providing technical assistance, and supporting communications efforts. National NGOs have been instrumental in giving credibility to PFP processes, providing technical assistance and designing realistic conservation goals that consider the capacity of implementing entities to absorb additional funding.

**CONSERVATION TRUST FUNDS:** Entities with independent governance, and the capacity to mobilize funds and meet fiduciary standards (including proper use of initiative resources).

Examples of well-known conservation trust funds that have been involved in PFPs include the Brazilian Biodiversity Fund (FUNBIO),[19] the Patrimonio Natural Fund for Biodiversity and Protected Areas (Patrimonio Natural Fund) in Colombia,[20] and Profonanpe in Peru.[21] In the event a country does not have an established conservation trust fund with the requisite capacity, as was the case in Bhutan, Canada and Costa Rica, the coalition must either identify another entity that meets the required standards or create a new conservation trust fund (see section 2.4.8.b.).

**DONORS:** PFPs usually distinguish between public and private donors. Public donors are bilateral and multilateral cooperation agencies that operate in the country where the PFP approach is to be applied, whereas private donors tend to be philanthropic foundations, NGOs, individuals, and companies.

Bilateral and multilateral donors should ideally be involved from the early stages of PFP design. This allows their institutional requirements and procedures to be considered from the outset so they can be harmonized with components of the PFP. Meanwhile, international private foundations have been active promoters of the PFP approach with governments and other donors, and have played strong leadership roles. Most of these private foundations are somewhat flexible regarding how their donated funds are used, and they have often been the first to make funding commitments.[22]

From the beginning, the coalition should strive to have all interested donors actively participate in the design of a PFP, and to the extent possible, allow for flexible allocation of funds towards the agreed activities within the conservation plan. Such flexible funding will greatly facilitate financial planning during design, and adaptive management during implementation.

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18 From the WWF publication, Project Finance for Permanence. Key Outcomes and Lessons Learned *(*2015), this figure is referred to as the "political champion".
19 https://www.funbio.org.br
20 https://www.patrimonionatural.org.co
21 http://www.profonanpe.org.pe
22 Organizations that make early funding commitments to PFPs are usually referred to as "anchor donors".

### *A. Identifying members*

The coalition should be balanced and include authorities, technical specialists, and donors—all of whom should demonstrate interest in building a solid, long-term alliance.

Relevant organizations should be encouraged to become members of the coalition, designate representatives with decision making capacity, contribute to discussions, and position the approach within their organizations while seeking to attract new stakeholders and donors.

To the extent possible, it is important to maintain continuity of representatives and technical specialists and to foster active and constructive participation in coalition meetings. Coalition members should establish a system of delegates and alternates to ensure their participation and enable informed decision making in the event one of their delegates is absent.

The first meeting allows the coalition to be formed and verifies that all key parties have been duly identified and invited to attend. Certain rules regarding operation of the coalition (such as rules of engagement among members, roles, decision making processes, and lines of communication) should be established, and the strengths and expectations of each coalition member should be considered when designing and promoting the initiative. For example, since the coalition must be able to successfully advocate for the initiative at the highest political levels, it is essential to identify one or more members with capacity to facilitate these efforts.

### *B. Training on PFP approach*

One of the first priorities when developing a PFP is to ensure coalition members understand and take ownership of the approach. This is critical for building consensus efficiently, and for ensuring partners can effectively promote the initiative. Coalition members should organize and finance workshops with experts about the PFP components to be prepared during the design phase (see section 2.4.). Typically, the partner organization with the most experience in PFP design provides the training, and a private foundation funds.

To accelerate the learning process, it may be helpful to include trainers from peer organizations directly involved in developing or implementing a PFP in other countries. Doing so can help clarify that a PFP approach is somewhat flexible and depends on local context. For example, in 2019, Colombia organized a day of bilateral meetings with Peru to learn from their experience developing a PFP. Participants in that session agreed that it clarified several concepts, and the parties have continued to exchange information as a result. Similarly, when the PFP in Peru was being developed, a group of coalition members visited Brazil to learn about the ARPA initiative.

Training on the PFP approach should not only be aimed at those with decision making capabilities at higher levels of coalition member organizations. Personnel in mid-level positions should also participate to increase awareness, understanding, and ownership of the approach. Involving multiple staff levels in the training will help ensure greater levels of commitment throughout each organization.

Given that developing a PFP is a long process, member organizations will experience staff turnover during its development, requiring training of new staff. Developing a training package based on the content of this guide could ease that effort.

### *C. Selecting and appointing a PFP coordinator*

Once the coalition is formed, a coordinator could be appointed to facilitate, monitor, and report back on the progress of the development of a PFP to the coalition. The coordinator may work for one of the coalition members, or be an individual hired to fulfill this role at the beginning of the readiness or design phase, depending on the context. Given their central role, a PFP coordinator must have access to high-level decision makers and the trust of all coalition members, in particular the responsible authority.

PFP coordinators must dedicate themselves full time to the PFP and must have the technical skills to facilitate and monitor progress of groups that will build the components of a PFP. Funding should support a team to complement the coordinator's capabilities, whether in planning, sustainable financing mechanisms, communications, fundraising, or other areas. When necessary, coalition members with appropriately skilled staff may make them available to support the PFP design process on an ongoing basis.

### *D. Organizing PFP work*

The coalition should form one or more small and effective technical working groups along thematic lines. These groups will advance the design of specific PFP components: the conservation plan, financial model, closing conditions, fundraising campaign, operating manual (with governance and institutional arrangements), and disbursement conditions (see section 2.4.9.). Working groups are also responsible for regular consultations with all parties and stakeholders, monitoring progress of these components and reporting back to coalition members for validation. The components may be designed internally by coalition members, or externally by international or national third parties. The working groups must have strong technical capacities and include experts with a good understanding of the PFP approach and the local context.

Roles, responsibilities, and decision making processes must all be clearly defined for the design phase of a PFP. A simple set of rules about organizing the work could be formalized in the Memorandum of Understanding (MoU) that launches the design phase (see section 2.3.2.b.).

Coalition members will have different capacities and staff availability, which should be considered when forming any working group. The roles of each group must be well defined, including selection of leaders responsible for reporting to the coalition. Groups should leverage the best available skills when selecting a leader. Working group members are almost always staff from organizations in the coalition. However, expertise of external independent professionals or professionals from other organizations may also be valuable. Working groups should include at least one specialist from the lead authority among their members, which will ensure that measures adopted are consistent with official guidelines. Each group should prepare a road map specifying milestones and deadlines for decisions necessary to reach the single closing.

All working groups should prepare minutes that summarize agreements made in each meeting to be able to inform all coalition members and the coordinator. For PFPs that used working groups, there was no uniform frequency of working group meetings in the readiness phase.

### 2.3.2. Branding the PFP and formal coalition commitment

When the design phase of a PFP initiative begins, coalition members should make a formal, public announcement that the initiative is underway. This is important because it increases visibility of the initiative, both demonstrating and generating additional political support and donor interest.

#### *A. Branding and communications strategy*

Each PFP initiative needs a name that captures the spirit and vision of the initiative, and that coalition members strongly identify with (see Box 5).

**Box 5.** Names of PFP initiatives

| | |
|---|---|
| **Bhutan:** | Bhutan for Life |
| **Brazil:** | ARPA for Life |
| **Canada:** | Great Bear Rainforest |
| **Colombia:** | Heritage Colombia |
| **Costa Rica:** | Forever Costa Rica |
| **Peru:** | Peru’s Natural Legacy |

Each PFP must also have a robust communications strategy tailored to fundraising efforts (see section 2.4.5.b.). In some cases, developing and implementing such a strategy has been the responsibility of a working group made up of coalition members' communications experts.

The organization in charge of communications must have strong marketing capabilities. This role could be played by any member of the coalition, but communications meetings should include members of the authority's communications team. In PFP promotional materials, it is important to explicitly recognize the corresponding authority's role so potential donors will quickly identify the initiative as a priority of those responsible for conservation area management.

### *B. Signing the Memorandum of Understanding*

The formal starting point for designing a PFP is when coalition members sign an MoU to launch the initiative. The MoU is a document in which the parties express their willingness to work together in good faith to design and implement a PFP initiative for the identified program.

The MoU makes explicit the political support from the highest possible level of the authority, and expresses the authority's intention to develop a common vision for conservation areas with coalition members. To establish accountability and take advantage of specific organizations' strengths, the document should clearly define the roles of each coalition member.

Generally, the MoU that launches the initiative is not expressed in a way that gives rise to legally binding commitments. Rather, signing the MoU is a political gesture that raises awareness of the initiative, establishes rules for working together, and provides a framework for securing buy-in from new stakeholders. For this reason, PFPs may want to capitalize on an international event of global importance for the MoU signing to help promote the initiative (see Box 6).

**Box 6.** Events at which PFP initiatives were launched

| | |
|---|---|
| ***ARPA for Life:*** | United Nations Conference on Sustainable Development – Rio+20, Rio de Janeiro, 2012 |
| ***Heritage Colombia:*** | United Nations Framework Convention on Climate Change, 21$^{th}$ Conference of the Parties, Paris, 2015 |
| ***Peru's Natural Legacy***: | World Parks Congress, Sydney, 2014 |

### 2.3.3. Financial arrangements for the design phase

Based on the cases reviewed, the total cost of the design phase of a PFP is approximately $1 million annually for a period of approximately five years (see Box 7). Donors interested in providing funding to support design work should be identified during the assessment phase.

**Box 7.** Items to include in the design phase budget

- Salary of the coordinator
- Time dedicated by key staff or specialists working for coalition members
- Necessary travel for the above staff
- Consultants to develop some PFP components
- Participatory workshops to develop the conservation plan and financial model
- Consultations with field staff and stakeholders
- Strengthening institutional capacities
- Social and environmental safeguards analysis
- Promotional materials and communications events
- Fundraising campaigns
- Development of project concepts and proposals for multilateral, bilateral, and private funding sources
- Interim period between the single closing and the implementation phase (see section 2.5.1.)

# 2.4. Design

For the cases reviewed, the design phase took between three and five years and required significant technical work and a complex negotiation process for coalition members to reach key agreements. During this phase, coalition members must agree on the main PFP components: the conservation plan, financial model, closing conditions, fundraising campaign, operating manual (with governance and institutional arrangements), and disbursement conditions. The design phase seeks to create *"a strong foundation across all the necessary dimensions for post-closing implementation and subsequent adaptive management…"*[23] This phase of a PFP begins with signing the MoU (see section 2.3.2.) and finishes with signing a closing agreement (see section 2.4.11.).

General recommendations for this phase include:

- Analyze and gain a good understanding of the country's specific context, and adapt the approach as appropriate
- Develop a stakeholder engagement strategy for the design and implementation phases
- Base efforts on tools and arrangements that already exist in the country, if they facilitate adoption of the PFP approach and fulfillment of commitments
- Involve technical staff in key processes and decisions
- Balance the desire to include an extensive list of activities in the conservation plan against the ability to fully cover their long-term costs as part of the PFP initiative
- Be flexible and adapt to changing circumstances

The design of a PFP and its components is an iterative process—they will be reviewed and adjusted frequently until final approval by the relevant authority and coalition members. The following sections describe the PFP components.

**DESIGN**

- **Develop a shared vision**
- **Develop conservation plan**
- **Develop financial model**
- **Continue identification, design and implementation of national sustainable financing mechanisms**
- **Define closing conditions**
- **Agree on institutional arrangements and governance**
- **Identify a fund administrator and provide capacity building**
- **Define disbursement conditions**
- **Negotiate the single closing agreement**
- **Complete fundraising for implementation phase**
- **Confirm donor pledges**
- **Continue branding and communications**

**Closing agreement signed**

23 Redstone Strategy Group, 2011a.

### 2.4.1. Developing a shared vision

At the beginning of PFP design, all partners should develop and agree on a compelling and unified vision that aligns partners' interests and reflects the country's high-level conservation priorities that the PFP will help achieve. These priorities could relate to a country's commitments to international conventions or its nationally determined contributions, among others.

The vision statement itself should be relatively general, far-sighted, and brief. The conservation plan will then translate this vision into actionable conservation goals and activities.

### 2.4.2. Conservation plan

The conservation plan must contain measurable time-bound goals and specific activities necessary to achieve them (see Box 8). The conservation plan will be approved by the coalition members prior to the single closing.

**Box 8.** Considerations for designing a PFP conservation plan

- Consider how the plan's goals and activities can contribute to the country's international commitments (e.g., Aichi Targets, nationally determined contributions)
- Consider how the contents of the plan support national and local conservation priorities
- Focus on activities that will positively transform management of conservation areas and conservation area systems
- Ensure goals are clear, ambitious, and will lead to measurable biodiversity and social impacts
- Ensure activities are precisely defined and have an implementation schedule
- Identify SMART[24] indicators to measure progress towards outcomes included in the plan
- Recognize that adaptive management[25] will be necessary over the long term

24 Specific, Measurable, Achievable, Results-focused, and Time-limited.
25 Adaptive management implies "*the integration of design, management, and monitoring to systematically test assumptions in order to adapt and learn* " (Margoulis and Salafsky, 1998)

### *A. Defining geographic scope*

The first major decision regarding scope is the geographic area that the conservation plan will encompass. A PFP should include ecosystems of global importance and focus on large-scale conservation and social impacts. The decision should consider conservation priorities of the country and the relevant authority, and be balanced with those of other stakeholders. It is important that coalition members indicate their organizational interests and priorities explicitly and transparently right from the start, and that clear technical decision making criteria are established to avoid selection of individual sites based on institutional or personal preferences. After defining the geographic scope, the more detailed technical work of prioritizing intervention areas and defining goals for conservation area management can begin.

### *B. Defining conservation goals and activities*

Coalition members are attracted to the PFP approach for the potential to achieve greater impact towards common goals by combining available and new financial resources (see Box 9). However, aligning diverse interests can be a significant challenge.

**Box 9.** Considerations for defining conservation goals

- Ensure that conservation goals are aligned with the PFP vision (see section 2.4.1.)
- Analyze existing baseline data to inform definition of conservation goals
- Ensure all goals relate to one another and are supported by a strong theory of change. This is essential when seeking resources from public donors, and particularly from multilateral funds
- Word each goal and accompanying explanations carefully to facilitate understanding and avoid misinterpretations
- Link goals to a monitoring system that can be easily applied by the corresponding authority and implementing organizations
- Ensure each goal is time-bound
- Identify clear indicators to measure progress

A specific working group is usually formed to design the conservation plan. It requires participation of a representative of the relevant authority with decision making capabilities and a group of technical professionals and researchers. Inviting other actors such as NGOs, conservation trust funds, and universities will improve technical capacity. For example, due to its experience, the Patrimonio Natural Fund in Colombia helped define interventions in landscapes that form part of the HECO initiative. Participating in goal definition is a big draw for potential donors, in particular private foundations. Such donors would ideally participate in the working group from the beginning.

In addition, staff at different levels of organizations should participate in establishing a PFP's conservation goals. In the case of PdP, the authorities worked from the ground up so their staff could contribute to prioritizing actions. This can increase ownership of the PFP in the field and make achievement of its goals more feasible. However, the process of designing a PFP becomes more complex with more actors involved, and the desire to be inclusive must be balanced against the complexity that accompanies a highly participatory process.

Discussions about the conservation plan must also balance what participants would ideally like to achieve versus what is realistic to achieve and fund in a set time frame. Participants must avoid setting overly ambitious goals simply because they are attractive to donors or want to address all a country's conservation needs in a single PFP.

In some instances, over many years, a country may wish to implement sequential PFP initiatives that contribute to an overarching goal. For example, PdP was developed to be implemented throughout the National System of Natural Protected Areas (SINANPE) managed by the national government, with the aim of *"consolidating the effective management and sustainable financing of SINANPE and the natural protected areas that comprise it, within 20 years and in at least 19 million hectares of the country."* Due to the magnitude of this challenge, the coalition decided to begin the program with PdP-Amazonia, the portion of the program that is located in Peru's Amazon region.

Political considerations may shift during the design phase due to changes in administrations, policies, institutions, or staff, but aligning PFP goals with national conservation priorities, commitments to international agreements, and the PFP vision should help ensure continued support for the program. For example, Forever Costa Rica's goals were based on the country's commitment to become one of the first to meet aspirations of the Convention on Biological Diversity's Programme of Work on Protected Areas. PFPs should also involve key technical personnel of the authority who will likely remain in their positions despite political changes. This will help embed the PFP initiative within the responsible implementing institutions.

When designing a PFP's conservation goals, there is often a desire to measure outcomes using indicators such as number of hectares of intact ecosystems, number of livelihoods enhanced, populations of key species, etc. However, it may take many years for some of those impacts to materialize. Therefore, some PFPs have based their conservation goals on results and proxy indicators that are easier to monitor, such as creating terrestrial or marine conservation areas and improving their management. For example, the conservation goals of PdP focus on improving conservation area management in accordance with the National Service of Natural Protected Areas' (SERNANP's) detailed definition of "effective management".

Goals and activities must be designed to produce both intermediate results as well as long-term impacts, and the indicators must be clearly defined, agreed upon, and substantiated. Having clearly documented activities will allow the team developing the PFP to more accurately estimate costs and funding gaps to achieve those goals in the financial model (see section 2.4.3.). Once all activities are defined, the team should screen for safeguards using relevant policies.

### *C. Developing and adopting a monitoring system*

Most PFPs use existing systems and tools of relevant authorities to monitor conservation area management effectiveness and progress towards intermediate results and long-term impacts. The working group that designs the conservation plan must also review monitoring tools or systems used for the conservation areas to assess their applicability for the PFP. If no adequate system is in place, a tool such as the Management Effectiveness Tracking Tool (METT)[26] may be adopted.

The process of developing a monitoring system for a PFP is an opportunity to strengthen existing monitoring capacities for conservation areas, since having a single monitoring system that meets both the needs of the PFP and the broader conservation area system is more efficient and can prevent duplication of effort. To the extent possible, the reporting requirements of PFP donors should be integrated into the system to minimize reporting complexity.

Once a monitoring system has been designed, the baselines for PFP goals can be measured for the year of the closing before the implementation phase begins. Estimating baselines and setting targets is an effort that should be participatory, including those directly responsible for conservation area management and, where applicable, representatives of the local population.

26 https://www.protectedplanet.net/c/protected-areas-management-effectiveness-pame/management-effectiveness-tracking-tool

### *D. Environmental and social safeguards*

Environmental and social safeguards (ESS) are an essential part of program design and implementation. The purpose of safeguards is to ensure that adverse environmental and social impacts are avoided or, when unavoidable, are minimized and appropriately mitigated and/or compensated. To ensure this, environmental and social risks and mitigation measures should be integrated into the design of the PFP initiative and be an intrinsic part of the design and implementation phases. Conducting a proper safeguards process will create support for the initiative and minimize risks during implementation. During the design phase a safeguards screening process should be implemented to determine the need for safeguards management plans based on identified impacts and risks. The costs to implement these management plans and related monitoring activities should be integrated into the financial model and annual budgets. Safeguards compliance should also be included in legal, procurement, and contractual agreements (see Annex 4).

Environmental and social safeguards usually evaluate risks relating to the following categories:

- Labor and working conditions
- Pollution prevention and management
- Community health and safety
- Land acquisition and access restrictions
- Protection of natural habitats
- Indigenous peoples
- Cultural heritage
- Stakeholder engagement and information disclosure

Additionally, safeguards require effective stakeholder engagement through disclosure of PFP-related information and consultation with local communities on matters that directly affect them. Meaningful engagement should be conducted with relevant stakeholders, including affected groups, indigenous peoples, civil society organizations, and local authorities, concerning the initiative's environmental and social impacts (positive and negative) and to take their views into account. Stakeholder consultations should be started as early as possible. For meaningful consultations, and in line with corresponding national legislation, relevant information should be provided in a timely manner and in a form and language that are understandable and accessible to diverse stakeholders. It is important that an easily accessible "grievance redress mechanism" be established to allow for the expression of and response to requests for information, suggestions, and/or complaints by affected people and the public regarding the environmental and social aspects of the PFP. The aim of the mechanism is to provide people fearing or suffering adverse impacts or interested in providing suggestions with the opportunity to be heard and assisted.

### *E. Gender*

The development of the conservation plan involves gathering baseline data, identifying stakeholders who will be directly and indirectly engaged in the initiative, and conducting the necessary assessments to have a deep understanding of the context the PFP will be implemented in. While engaged in this process, it is essential to analyze the gender dimensions that are present in the conservation areas of interest to ensure the PFP initiative addresses gender issues where appropriate and to avoid perpetuating inequalities. The gender analysis should be designed to identify the differential knowledge, needs, and aspirations of women, men, and youth—including those relating to access to and control of natural resources, opportunities in environmental decision making and leadership, power dynamics, and access to socio-economic benefits and services. Identifying gender gaps, barriers, and opportunities through a thorough gender analysis is a necessary step to develop a gender action plan that should be an integral part of the conservation plan. The gender action plan should include gender and age disaggregated indicators wherever possible, and gender-specific indicators to measure progress over time on gender mainstreaming into the PFP. This approach will ensure a more inclusive, equitable, and sustainable initiative.

## 2.4.3. Financial model

Another key PFP component is the financial model based on the conservation plan (see section 2.4.2.). The financial model consists of a robust cost estimate for achieving PFP goals, estimates of existing funding sources (including revenue from existing or new prioritized sustainable financing mechanisms), resulting financial gaps, estimated funding targets for in-country and donor funding, and where necessary, an indication of what restricted funding from individual sources will be spent on. When presented clearly, this analysis is a big draw for donors, particularly those with private sector finance experience.

Coalition members with prior experience in financial modeling should be assigned to develop the model (see Figure 1 for a simplified version). When the authority is a government entity, the team that develops the financial model should have a good understanding of the public sector in that country. Though producing the financial model requires the joint effort of the coalition, the authority plays a key role aligning the PFP to its budget systems. In addition, personnel at different administrative levels (including field personnel) should be involved in determining needs and cost inputs to build a realistic model.

Given that the conservation goals, timelines, partners, donors, and sustainable financing mechanisms for each PFP are different, each PFP initiative needs to develop its own financial model that reflects its specific conservation plan and context.

It is important to ensure the financial model is flexible enough to be adapted to changing contexts, such as shifting conservation threat levels and locations, or adoption of new technologies during implementation.

### *A. Defining costs to reach conservation goals*

PFPs require a detailed and complete analysis of implementation costs for activities and tasks to reach each goal in the conservation plan. Typically, the items include staff, vehicles, equipment, studies, operating expenses, infrastructure to implement activities related to effective management, sustainable livelihoods, species conservation, climate adaptation, research and monitoring, etc.

Costs for activities that "cut across" multiple conservation goals must also be estimated in detail for the PFP to be successful.
Such activities may include:

- **Improvement of authority's processes**
- **Capacity building for central offices of the corresponding authority**
- **Design and implementation of sustainable financing mechanisms**
- **Operation of the coordination unit that will manage implementation of the PFP initiative**
- **Implementation of environmental and social safeguards and standards**
- **Monitoring and evaluation**
- **Administration of the transition fund and/or endowment fund**
- **Technical assistance of partner organizations during the first few years of implementation, as needed**
- **Public outreach to expand support for the PFP conservation plan in the country**
- **A contingency fund to help cover unexpected changes in prices, exchange rates, or costs not foreseen in the original financial model**

### *B. Determining the financial gap*

**Existing funding baseline.** After developing the conservation plan, the team identifies existing sustainable financial resources that are already contributing to PFP goals. These resources fall into three main categories:

- General government budget: This is the annual allocation that each conservation area receives from the budget of the public sector authority.
- Self-generated funding: These are the funds raised by the conservation system authority from entrance fees, concession payments, sale of natural resource usage rights, etc.
- Other long-term funding mechanisms: Generally speaking, these are resources from outside the public budget that will continue to exist during the implementation phase of the PFP, such as: sinking funds, debt swaps, investment income from endowment funds, etc.

When estimating the funding baseline for a PFP, it is essential that each of these categories only include funding directly related to activities in the conservation plan.

**Financial gap.** The difference between the existing funding baseline and estimated costs to meet conservation goals of the PFP is the financial gap (ideally, the financial model will provide this information at the conservation-area level). This estimate provides an opportunity to confirm and agree on financial commitments of the relevant authority (or to decide to reduce the geographic or thematic scope if the resulting financial gap is deemed too large for a single PFP initiative). Using this information, the team should then allocate resources from already confirmed donors to cover the financial gap while respecting any restrictions such as specific geographies, goals, activities, years, etc. This is a complex exercise and requires particular care to identify remaining financial gaps and guide the fundraising strategy and efforts. The level of complexity depends on how flexible donors are about how their funds may be used.

When defining the strategy to address the financial gap, the spending capacity of implementation partners must also be considered. Factors such as staffing capacity and others may constrain how quickly activities can be implemented and funds spent. Evaluating historical budgets and implementation performance of previous programs will help gauge the rate at which implementation partners will be able to scale up their activities and spending.

### *C. Defining funding targets*

The ultimate financial objective of any PFP is to ensure long-term financial sustainability of a country/region's conservation priorities through: (a) initially covering the estimated financial gap during the agreed implementation period; and (b) ensuring sufficient recurrent in-country funding to cover needs beyond that period.

Most existing PFP initiatives established two main funding targets to cover the financial gap: one target for resources from international or national public and private donors, and another for recurrent resources of national origin (the public treasury, revenues from user fees, sustainable financing mechanisms, etc.) (see Figure 1). Recent PFPs that employed transition funds have combined these two main types of resources at a ratio of approximately 1:1 (averaged over the life of the PFP) to cover the financial gap during the implementation phase.

For those PFPs, donors committed to covering part of the gap with steadily decreasing amounts during the PFP implementation phase, while the corresponding authority committed to steadily replace that funding with its own resources. Under this particular approach, the authority will assume full responsibility for covering all ongoing costs once the implementation phase is complete. This is achieved in part by identifying and securing new funding sources (see section 3.1.6.). For example, the Royal Government of Bhutan committed to increase the budget for its protected area system by a real 20% in the first year of implementation of the Bhutan for Life initiative, and a real 5.2% annually until 2032. This commitment must be met every year as one of the initiative's disbursement conditions.

A transition fund is a pool of one-time funding (usually donations) held by a fund administrator (see section 2.4.8.) that will be completely spent down over a defined long-term period (typically 10–25 years) as in-country sources of sustainable financing steadily increase to eventually cover all long-term recurring costs of a program. PFPs often employ transition funds to temporarily help developing countries cover costs of conservation area systems until those countries can fully cover those costs themselves. A transition fund is a specific type of sinking fund.

Funding targets will also depend on the financing approach the PFP employs. For example, the Great Bear Rainforest PFP utilizes an endowment fund to cover long-term recurring conservation costs, and a sinking fund to support creation of sustainable enterprises led by citizens of First Nations.

**In-country resources: public budget and sustainable financing mechanisms.** The authority's ability to commit to a sustained increase in financial resources for conservation areas in a PFP must be analyzed and negotiated. To enable the authority to keep their commitments to progressive increases in financing, PFP arrangements may include establishment of mechanisms to raise new recurring funding (e.g., from carbon taxes, compensation payments, or other mechanisms), and actions that will optimize use of available resources. In all cases, the aim is to drastically reduce reliance on one-time donations to cover conservation area costs.

**Donor funds.** The scope of the conservation plan should be balanced with the coalition's possibilities to mobilize financial resources from donors. A PFP is most successful when there is early buy-in from one or two large donors (public and/or private) that are convinced of the importance and potential to implement a PFP in the chosen context. In most cases, this "anchor donor" role is played by a private foundation with philanthropic resources. This is mainly due to their greater flexibility and risk tolerance, which allows their resources to be committed early, before design of the PFP is complete. Securing this type of funding, or anchor funds[27], can greatly facilitate attracting funding from other private donors as well as bilateral and multilateral public donors. The latter two have been key actors in PFP efforts due to their capacity to make sizable contributions. A virtuous cycle may emerge as initial public and private donors come on board and confidence in both the authority and the PFP grows, attracting other public and private donors.

## 2.4.4. Sustainable financing mechanisms

The PFP approach is based on commitments that donor funding will either be replaced gradually (in the case of a transition fund) or supplemented (in the case of an endowment fund) by funds from recurrent in-country sources.

In some cases, the authority commits to gradually increase the allocated budget until it fully covers the gap identified in the financial model (see section 2.4.3.). Another option being explored by most PFPs is to support efforts to design sustainable financing mechanisms that will allow resources to be generated on an ongoing basis at the national level. For example, in 2016, the Colombian government approved a tax reform law that includes the implementation of a carbon tax on fossil fuels. Of the revenue raised, 5% is to be allocated to Colombian protected areas, some of which will be used to support the HECO initiative.

Developing sustainable financing mechanisms is one of the greatest challenges PFP initiatives face and is a key activity to include in the conservation plan. The development of such mechanisms is an opportunity to enhance benefits for communities, diversify funding sources, and reduce threats for conservation areas (see Box 10).

For PFP initiatives that include broader landscapes in addition to conservation areas, PFP partners may want to consider innovative private sector financing to support activities in those landscapes. For example, such a PFP could include a blended finance approach or identify and aggregate impact investments that seek financial returns from environmentally sustainable local enterprises.

27 Anchor donors make resources available to the program to implement the conservation plan. These are different resources than those needed to support the identification, readiness, and design phases.

## Box 10. Examples of sustainable financing mechanisms

| | INSIDE Protected Areas | OUTSIDE Protected Areas (buffer zones, corridors, OECMs, etc.) |
|---|---|---|
| SOURCES OF CAPITAL | • Public funding / policy interventions<br>• NGOs and philanthropy donors<br>• Multilateral institutions<br>• Market-based approaches | • Public funding / policy interventions<br>• NGOs and philanthropy donors<br>• Market-based approaches<br>• Development finance institutions/ multilateral development banks<br>• Local financial institutions<br>• International return-seeking investors |
| REVENUE STREAMS | • Entrance and user fees, taxes, fines<br>• Concessions and easement payments<br>• Debt for nature swaps<br>• Payments for ecosystem services<br>• REDD+<br>• Compensation payments | • Fees on licenses and permits<br>• Taxes and levies<br>• Payments for ecosystem services<br>• REDD+<br>• Compensation payments<br>• Concessional investments<br>• Small and medium enterprise business loans<br>• Microfinance<br>• Local credit lines |
| STRUCTURES | • Public budgetary mechanisms<br>• PFP donor transition fund<br>• Market arrangements for ecosystem services and natural resources | • Public budgetary mechanisms<br>• Market arrangements for ecosystem services and natural resources<br>• Incubation and technical assistance facilities<br>• Investment and on lending facilities |
| USE OF CAPITAL | • Increase and maintain protected areas management effectiveness and sustainable natural resource use | • Fund direct conservation activities in buffer zones, corridors and OECMs<br>• Incentivize conservation-compatible economic activities, thereby reducing pressures on protected areas |

The financial working group should dedicate ample time to identify and analyze potential mechanisms during the design phase. A representative from the participating conservation trust fund should be included in this working group since securing sustainable financing is usually part of the trust fund's mandate.

A set of steps to prioritize sustainable financing mechanisms is presented in Box 11.

**Box 11.** Steps to prioritize sustainable financing mechanisms

| | |
|---|---|
| A. IDENTIFICATION | The team carries out a thorough assessment of possible mechanisms that could generate significant financial resources for reaching and maintaining PFP conservation goals. The list of possible mechanisms should be broad and diverse. |
| B. FEASIBILITY | Once possible mechanisms are identified, they are assessed based on criteria that typically include an amount of predictable funding likely to be generated and allocated to the PFP from the mechanism, and the legal, political, and operational feasibility of implementing the mechanism. The feasibility assessment should also analyze existing resource management capacities and potential risks. |
| C. PRIORITIZATION | A shortlist of prioritized sustainable financing mechanisms is defined based on the results of the previous step. For each mechanism, a task list is prepared indicating the studies to be carried out and the proposed actions for implementation.<br><br>A team with proven knowledge of the country's regulations should be involved in the prioritization process. If some actions needed to implement these mechanisms will not be completed during the design phase, costs for completing the work in the implementation phase must be taken into account in the financial model. |

It is also important to consider that potential priorities established for financial mechanisms during the design phase may not be enough to cover the entirety of the financial gap, or not succeed in being implemented adequately. There will always be variables that a PFP cannot control, and to which it will have to adapt to fulfill its objectives of long-term sustainability.

In Peru, development of sustainable financing mechanisms to support SINANPE is complemented by efforts to reduce costs for monitoring and enforcement through use of technology, or through alliances with local communities who receive formal rights to sustainably harvest natural resources from protected areas in exchange for contributing to threat reduction and monitoring activities.

## 2.4.5. Donor funding

Fundraising consists mainly of raising donations to cover costs of designing and implementing a PFP. This is typically done through an organized fundraising campaign. Fundraising for a PFP initiative requires a large and sustained effort over many years. The authority and other lead fundraising partners visit and undertake rounds to raise awareness about their PFP initiative and then carry out negotiations with various potential donors.

Certain potential donors should be convened from the outset and involved in designing the PFP. Early donors generally have a long history of funding projects in the country and understand the political and social dynamics. They are motivated by the potential for long-term sustainable financing of conservation areas. Successful PFPs have typically engaged one or two anchor donors early in their development, when well-defined goals and arrangements are not yet in place. This allows those donors to play a role in the design and help pay for design costs, in addition to providing funding to implement the conservation plan.

For both public and private donors, one of the greatest advantages of a PFP is the possibility to leverage considerable funding from in-country sources and be part of a multi-stakeholder effort that includes the relevant authority. This ability to leverage is particularly attractive to new donors to a country and the PFP approach. Other benefits include the technical rigor of the conservation plan and the financial model, an independent steering committee, the security of donated resources being held in a fund that meets high fiduciary standards and is overseen by an independent administrator, the use of disbursement conditions during the implementation phase, and the possibility to generate a greater impact.

It is often useful to identify a person who can play the role of a fundraising champion. This person can help lead fundraisers to identify and solicit funds. This person can also play an influencer role with the lead authority and other donor participants and can have either a public role or one that is behind the scenes.

The fundraising strategy should begin with the premise that all donations to a PFP are as flexible as possible regarding when, where, and what they can be used for within a PFP's conservation plan. It is also important that private funders program their payment schedule to the early years of a PFP initiative—no more than three to five years. Moreover, securing contributions upfront has the added benefit of generating investment income flows from the start, augmenting the resources available for implementation. Flexible funding is beneficial because it: (a) increases capacity to deal with unforeseen events during implementation, (b) reduces the reporting burden when a single report can be used for multiple funders, and (c) allows funders to share credit for a broader set of results and impacts of the PFP.

If some donors have rules about how their funds must or must not be used, and the eligible expenditure categories, those restrictions should be explicitly clarified early on. For example, some donors may only fund activities that directly contribute to their organizations' goals. In other instances, a donor may not be able to contribute directly to a trust fund. Flexibility can be provided to that donor by having them support other activities related to the PFP.

In the cases analyzed, it has been difficult to obtain large donations from the corporate private sector. When efforts have been successful, several PFP stakeholders have emphasized the need to be aware of the potential perception of conflicts of interest. For this reason they recommend establishing clear criteria to guide involvement of private companies in a PFP initiative.

### *A. Designing the fundraising strategy*

It is useful to identify lead fundraising organizations that are then able to organize and ensure collaboration and coordination during the fundraising process. This needs to be set before seeking resources to cover costs of designing and implementing a PFP. This will create trust among partners and demonstrate the strength of the PFP process to donors.

To optimize the search for funding, it is best to design a fundraising strategy that considers the following:

- Fundraising is a joint effort that must be coordinated among all coalition members. Every coalition member can contribute capabilities and contact networks. Roles must be clearly defined from the early phases of a PFP and coalition members must be transparent regarding progress and achievements.
- It is important to communicate a clear message to donors about the shared commitment to covering the financial gap of conservation areas.
- The different interests of donors must be identified and taken into account. For example, private donors may prioritize capacity building; the (German Development Bank) has a history of financing capital expenditures; the GEF requires cofinancing resources and finances activities ensuring global environmental benefits; and the Green Climate Fund (GCF) finances projects that achieve a paradigm shift in the fight against climate change. However, donor interests must be balanced with the country's conservation priorities reflected in the goals of the PFP, where the latter should take priority over the impulse to broaden the initiative's scope with the sole objective to maximize donor commitments. Regardless, conversations with donors (public and private) should emphasize the need for PFP funds to be as flexible as possible.

**Fundraising champion.** Fundraising experience for PFPs show that an essential part of the strategy was to enlist the help of a highly reputable person who is committed to the conservation vision of the country. This person should have a good understanding of the country as well as strong connections in-country and with the lead fundraising organizations. This person works in coordination with lead fundraisers and ensures that the message is consistent and meets expectations of all its members. The fundraising champion role may not be public facing, but rather to advise and encourage behind the scenes.

**Additional roles.** The heads of lead fundraising organizations must be fully committed and willing to work closely with the fundraising champion, as well as all PFP coalition partners. The fundraising strategy must consider the strengths of coalition members when contacting different donors. For example, the government has to be involved in securing resources from public sources (bilateral and multilateral donors), while NGOs in many cases establish relationships with private donors (foundations or individuals). At the same time, private foundations often play an important role in getting buy-in from other foundations, so it may make sense for them to accompany the fundraising process.

### *B. Fundraising-oriented communications strategy*

A PFP fundraising campaign must always be coordinated with the communications strategy to ensure coalition members deliver a consistent message. The communications strategy developed during the readiness phase (see section 2.3.2.a.) should be refined with information from the conservation plan and financial model. Implementation of the strategy should be supervised by the communications working group, and should seek to:

- Highlight the wealth of biodiversity of the country and its conservation areas with concrete data and maps to identify the general scope
- Highlight the contribution of conservation areas to maintain ecosystem services and generate social benefits
- Explain why PFP is considered as a paradigm shift and its added value
- Underscore the initiative's contribution to fulfilling the country's international commitments to sustainable development and environmental stewardship
- Highlight the inclusion of indigenous peoples and local communities in the PFP process
- Emphasize that the initiative is a high priority for the corresponding authority and its goals are aligned with national and/or local priorities
- Demonstrate with concrete examples that investing in conservation areas is an investment in sustainable development
- Use attractive or charismatic messages to promote the initiative

- Clarify that a credible, strategic public-private partnership will accompany implementation of the PFP
- Highlight innovative features of the initiative, such as the conservation goals or financial model
- Stress the rigor of technical work supporting the PFP design

### 2.4.6. Defining closing conditions

At the beginning of the design phase, coalition members begin to negotiate and agree on the exact closing conditions as minimum requirements that the PFP must meet before implementation can begin (see Box 12). These closing conditions and other relevant provisions that will guide the development of the single closing agreement can be summarized in a term sheet that will be signed during the design phase by the coalition members. Once the coalition jointly determines that the closing conditions have been met, negotiations are called to a close and the design phase is complete. These closing conditions are extremely important because they give coalition members clear milestones to work towards when designing the PFP.

> The closing is the moment when PFP partners formally confirm that sufficient funding has been secured, and all other closing conditions have been met. It is formalized with the signing of a legal agreement by all necessary parties.

One essential closing condition is that sufficient funding has been committed to meet the fundraising target. For Peru's PdP, another closing condition was that the government of Peru indicate its support for the PdP through a meaningful public statement or policy. As a sign of the initiative's importance to the country, Peru's Ministry of Environment lobbied the Presidency to publish, in April 2019, a Supreme Decree declaring PdP and the financial sustainability of natural protected areas to be of national interest. This measure has contributed directly to institutionalization of the initiative, increasing its ability to weather changes in government administrations.

**Box 12.** Examples of closing conditions

- Approved conservation plan
- Approved financial model
- Donor funding commitments meet the fundraising target
- Public statement of the relevant authority's commitment to the initiative
- Financial commitment of the relevant authority
- Approved institutional arrangements
- Approved operating manual
- Approved PFP monitoring system

Negotiations regarding what the closing conditions should be and whether they have been met have usually been entrusted to a small working group that represents coalition members. It is critical that members of this working group have decision making capacities and seek to understand the positions of other stakeholders.

It is recommended that the parties agree upon the fundamental aspects of the single closing in plain language—for example, in a "term sheet"—before beginning the drafting of the legal agreement to focus the parties' initial energy and attention on the issues rather than the art of legal drafting.

**Deal broker.** One practice that has proven very successful is to designate a deal broker. This person, or group of persons, act as a link between coalition members and donors, oversees PFP negotiations, and solves problems until the single closing. Deal brokers must be well connected in the country and have excellent negotiation skills. The deal broker must have a good reputation and be trusted by all coalition members. It is recommended to identify this person(s) as early as possible.

### 2.4.7. Institutional arrangements

PFPs require institutional arrangements that ensure good governance and oversight during implementation. Such arrangements usually require significant time to negotiate and should be as simple as possible (while maintaining robust oversight). For this reason, a PFP must balance representation of a large group of stakeholders with the complexity of institutional arrangements. It is important to keep in mind that the more complex such arrangements are likely to be, the longer it will take to define and agree on them.

When joining the initiative, all coalition members should clarify expectations as to how they would like to participate during the implementation phase. For example, some coalition members may want to directly participate on fund administrators boards, while others may prefer that another organization represent their interests. Understanding each member's specific preferences and strengths will facilitate negotiations by identifying roles they can fulfill. Representatives of coalition members (or a small, high-level working group that communicates frequently with such representatives) should actively participate in discussions about institutional arrangements for implementation as early as possible in the design phase.

### *A. Defining governance*

Good governance is critical to a PFP's success and designing and agreeing on an appropriate governance structure is one of the crucial tasks the coalition faces. The process must consider the flow of both financial and technical decisions, as well as the flow and management of the different resources from multiple sources. When defining PFP governance, the coalition should build on existing structures that work well or just need some strengthening, avoid creating too many entities, and make processes as unbureaucratic as possible.

Tasks recommended for the coalition when designing PFP governance structure:

- Define and agree on how PFP funding will flow. For example, most PFP donor funding flows through a conservation trust fund
- When establishing the team that will define governance, include someone who has a great deal of knowledge and experience in the public sector, and who knows what types of arrangements are acceptable to the relevant government agencies
- Ensure that governance is sufficiently robust to protect funding from being diverted to uses other than the specific goals and activities in the conservation plan and financial model
- Ensure that donors who want to participate in decisions about how donated funds are used can do so
- If the governance approach allows for more than one decision making body, clearly differentiate the role of each body
- Seek to understand how other PFP initiatives approached governance and incorporate lessons learned. Establish strong provisions against conflicts of interest, particularly for members of the steering committee(s) or other decision making bodies of a PFP

At a minimum, PFP initiatives should establish the following bodies:

**Independent steering committee**. An independent steering committee is the highest decision making body of a PFP and is responsible for proper use of the initiative's resources. There are as many variations in the composition of this committee as there are PFPs in existence today. The final shape of the committee will depend on the national context, but in all cases its independence needs to be a priority.

Governance of the ARPA PFP has been an inspiration and guide for governance of other PFP initiatives (see section 3.1.). ARPA established a Program Committee in which the majority of members are from government. The committee oversees strategic decision making and monitors technical progress of PFP implementation. ARPA also has a Transition Fund Committee, in which the majority of members are not from the government. The Transition Fund Committee is responsible for reviewing progress towards agreed conservation milestones and, when these are achieved, authorizes disbursements from the fund.

Another interesting example is the double governance system of the PdP initiative: one of these systems is public, and the other is public-private (see section 3.3.). In this case, a Board of Directors with a non-government majority oversees use of the donor funds administered by Profonanpe. Other donor funds are governed by the government's own decision making processes. Both processes are coordinated to meet the goals established in the conservation plan.

The Forever Costa Rica initiative has an entirely distinct decision making process. Due to national regulations regarding trusts, decisions on how funding is used are made by the Board of Directors of the Forever Costa Rica Association, a private organization that manages the initiative's donor funding. Board members are not institutions, but individuals, and a bilateral agreement between the association and the Costa Rican government guarantees that the resources will be used according to the initiative's priorities.

**Special committees.** All existing PFP initiatives have established special committees for well-defined functions that support the steering committee. Such committees are created by the steering committee and can be temporary or permanent.

All PFP initiatives should have an investment committee that oversees development and implementation of an investment policy for donor resources in the fund and monitors portfolio performance. This committee usually consists of three to five people with financial expertise. A PFP may create its own investment committee that includes individuals from the steering committee, the fund administrator, independent external advisors, or other experts. If the fund administrator already has an investment committee, it could also perform this function for the PFP funds. Decisions about how to design the investment committee should be informed by recommendations from the previous assessment of the potential fund administrator (see section 2.4.8.a.).

PFPs may have other special committees. For example, the ARPA initiative also has a Scientific Advisory Panel comprised of scientists who have in-depth knowledge of the Amazon biome. Its responsibilities include validating methodologies for selecting and proposing new conservation units[28] to include in the initiative and analyzing and suggesting improvements in planning and monitoring processes. The panel includes five specialists who are selected by ARPA's Program Committee based on issues that need to be addressed. As another example, the Bhutan for Life initiative has a Strategic and Technical Committee that provides assistance and recommendations to its steering committee (which, for that PFP, is the same as the Board of Directors of the fund administrator).

### *B. Steering committee rules and responsibilities*

The steering committee is the PFP's highest decision making body and is responsible for strategic direction, monitoring the PFP's progress against its disbursement conditions (see section 2.4.9.), and responsibilities that include:

- Approving annual and medium-term plans
- Ensuring goals of the conservation plan are met
- Reviewing and providing guidance on program and financial progress reports
- Approving disbursements from the transition or endowment fund based on the fulfillment of the disbursement conditions
- Approving the investment policy

To ensure the steering committee functions well, it must have operating regulations that define, among other items:

- Composition of the steering committee
- Membership criteria
- Procedures for appointing members
- A description of the role and selection process for the steering committee chair and secretary
- Frequency of steering committee meetings
- Communications procedures
- Quorums required for meetings and decision making

28 Conservation units: "*the territorial space and its environmental resources, including the jurisdictional waters, with the relevant natural features, legally established by the public authorities, with defined conservation objectives and limits, under a special administration regime, to which appropriate protection guarantees apply*." Law 9985, Article 2 National System of Nature Conservation Units (SNUC) of 07/18/2000.

### *C. Fund administrator responsibilities*

A PFP fund administrator is responsible for overseeing donor funds (see section 2.4.8.). In all PFPs studied, a conservation trust fund functions as the fund administrator. At the request of the steering committee, the fund administrator's performance is periodically evaluated by a team of external evaluators. The frequency of this evaluation should be established in the PFP operations manual (see section 2.4.10.).

Main responsibilities of the fund administrator include:

- Signing bilateral agreements with the donors whose funding flows through the trust fund
- Signing the necessary PFP implementation agreements
- Accompanying fundraising processes
- Participating in annual and medium-term PFP initiative planning processes
- Leading or participating in financial planning processes
- In coordination with the relevant authority, developing, analyzing, and summarizing program and financial reports for the steering committee and any additional reports for specific donors
- Making its investment committee available to the PFP
- Developing investment criteria for PFP funds, based on risk-tolerance of the different donors
- Ensuring implementation of the investment policy approved by the steering committee
- Providing support for identification, prioritization, and implementation of sustainable financing mechanisms (see section 2.4.4.)
- Supporting evaluation processes of their performance as fund administrator

### *D. Program coordination unit responsibilities*

Most PFPs require a team dedicated exclusively to ensuring the initiative's conservation goals are properly achieved. This team is usually physically located in the offices of the corresponding authority, which better integrates them into existing management structures for conservation areas. Usually, the program coordination unit has a full-time coordinator and is supported by the institutional structure or by staff specially hired for PFP management for roles such as planning, monitoring and evaluation, finance and communication, and overseeing design and implementation of environmental and social safeguards (including gender approaches).

## 2.4.8. Funds administration

For any PFP, proper administration of received donations is crucial. The PFP team should select a clearly independent entity that is highly qualified, institutionally strong, and trustworthy to manage donor funds. In all PFPs analyzed, the transition fund or endowment fund is managed by a conservation trust fund (CTF) that already existed, or that was created specifically to administer PFP funds. Nevertheless, any institution that meets the highest standards ensuring that financial resources are protected and transparently managed can act as fund administrator.

### *A. Assessment of existing institutional capacity*

In the most recent PFP initiatives, PdP and HECO, the fund administrators identified as candidates during the identification phase were assessed based on the Practice Standards for Conservation Trust Funds,[29] a recommended standard to evaluate the fund administrator candidates (see Box 13). It is recommended to also consider whether candidate fund administrators are internationally accredited for managing multilateral funds—such as those coming from the GEF, GCF and the Adaptation Fund—whose fiduciary standards are highly demanding, if these are being considered as potential donors to the PFP.

The assessment of existing fund administrators should not overlook the history and institutional arrangements related to financing conservation areas in the country. This is because the assessment provides an opportunity to improve the institutional capacity of a CTF and, consequently, the capacity of the conservation area system to manage and absorb large amounts of resources.

This assessment should be independent and produce a set of recommendations to be analyzed by the fund and coalition members. Indispensable recommendations for PFP administration will be selected and included as part of the closing conditions (see section 2.4.8.). In addition, the financial systems of the relevant authority and those of the fund administrator must be coordinated to allow for proper financial monitoring.

29 The Practice Standards for Conservation Trust Funds are a set of good practices in financial resource management that are designed with "legally private and independent" entities in mind, but that can be applied to any type of institution or program that manages public or private resources. Representatives from major conservation donors and the conservation trust fund network participated in the design of these standards. (https://www.conservationfinancealliance.org/practice-standards-for-ctfs-update).

**Box 13.** Examples of practice standards for CTFs[30]

**"Governance Standard 10:** CTFs are established under the laws of a country that effectively ensures the CTF's independence from government, has clear and well enforced laws concerning private non-governmental organizations (including foundations or trusts), and that does not subject a CTF to paying substantial taxes."

**"Institutional Effectiveness Standard 2:** As public benefit organizations, CTFs actively pursue opportunities to collaborate with all relevant levels of national government(s) on achieving conservation and sustainable development priorities."

**"Program Standard 1:** CTFs design programs/projects to include monitoring and evaluation indicators that support evidence-based reporting of conservation, sustainable development, or climate action impacts."

**"Administrative Standard 6:** CTFs allocate their available resources to maximize funding for grant making and programs, while also setting an overhead rate sufficient to achieve institutional strategic objectives."

**"Asset Management Standard 9:** CTFs engage in regular reviews of investment management performance."

**"Resource Mobilization Standard 3**: CTFs have policies to screen and determine which donor contributions and conditions they will accept."

**"Risk Management and Safeguard Standard 7:** CTFs have a policy to protect whistleblowers"

### *B. Creation or capacity-building of fund administrator*

In the cases of Bhutan, Canada, and Costa Rica, it was deemed necessary to create a new conservation trust fund for the PFP. Those institutions are the Bhutan for Life Fund, Coast Funds, and the Forever Costa Rica Association.

The design and operations of the organization administering the PFP resources can also be based on the Practice Standards for Conservation Trust Funds—even though it may not be possible to implement all recommendations from the outset.

It is important to ensure the highest legal instruments are used to create a new trust fund. It is also critical to clearly establish the purpose and the most important aspects of the organization, such as the roles and composition of the governing

30 Bath et al, 2020.

board, provisions to protect funds from misuse (by the board or personnel) and avoid conflicts of interest, as well as what will happen to the donations in the unlikely event the fund is dissolved. For example, a Royal Charter[31] was issued to create the Bhutan for Life Fund, as that is the highest legal standard in the country (see Box 14).

**Box 14.** Articles of the Royal Charter that created the Bhutan for Life Fund

- Article 1: Establishment
- Article 2: Purpose
- Article 3: The Fund
- Article 4: Board of Trustees
- Article 5: Powers and Functions
- Article 6: Limitations on Powers
- Article 7: Tax Exemptions
- Article 8: Dissolution
- Article 9: Amendments

Creating a new organization to manage PFP donations has high transaction costs and significantly extends time and funds required for the design phase. This is particularly due to the amount of work required to negotiate the conservation trust fund's design, create it, and build staff capacity. Specific expenses associated with setting up a new conservation trust fund need to be incorporated into the PFP design costs. Working with an existing conservation trust fund requires less effort and expense, and the independent evaluation will provide timely recommendations to improve capabilities and better determine the costs associated with designing a PFP.

## 2.4.9. Defining disbursement conditions

In contrast with the closing conditions, which are one-time conditions that must be met before closing the design phase and launching the implementation phase, disbursement conditions are milestones that must be met during PFP implementation for donor funding to be disbursed in one or multiple tranches. They are an important way in which the donors and other key stakeholders ensure that the initiative stays true to its design over time during implementation. They are defined in the design phase by the coalition members, including donors, and always require the achievement of specific conservation results. They may include funding requirements from partners as well as other conditions (see Box 15).

31 http://www.bfl.org.bt/bflsite/public/app/about

Disbursement conditions help ensure that a PFP will continue to have the necessary funding, short-term planning, and reporting to keep implementation on track. Once the conservation plan and financial model are approved, the coalition begins negotiating the exact disbursement conditions that must be met during the implementation phase.

The program coordination unit and fund administrator are responsible for monitoring and reporting on compliance with the disbursement conditions. Both make their corresponding information available to the PFP steering committee. If the steering committee determines that disbursement conditions have indeed been met, it will authorize the fund administrator to disburse resources so that implementation of the PFP can continue.

Depending on the agreement, the steering committee reviews compliance with disbursement conditions at the same time it reviews short-term work plans, either on an annual or biennial basis (as for ARPA) to authorize funding needed for the next short-term period. In the event disbursement conditions are not met, the steering committee will assess the level of non-compliance to define whether:

- No disbursement is made until all conditions are met
- No disbursement is made until some conditions are met
- A partial disbursement is made, according to the level of compliance with the conditions

For this reason, it is extremely important to ensure the independence of the steering committee during the negotiation of implementation arrangements (see section 2.4.7.a.).

**Box 15.** Examples of disbursement conditions

- Creation of a certain number of hectares of new conservation areas
- A certain number of hectares of conservation areas reach a specific management standard
- A specific amount of new recurrent resources is allocated to PFP conservation goals by the corresponding authority each year
- Zero net loss of area under a specific level of protection
- Short-term program plans and budgets are consistent with the conservation plan and financial model
- Technical and financial reports presented in the appropriate manner
- Conservation goals are met and conservation activities are implemented on time, in accordance with the conservation plan
- The authority meets its funding commitments as defined in the financial model

A PFP's disbursement conditions are approved by coalition members and are one of the most important components of its operating manual. Chapter 3 of this guide presents the disbursement conditions for ARPA (see section 3.1.6.) and PdP (see section 3.3.6.).

## 2.4.10. Operating manual

A PFP operating manual is a document that includes many design phase components (conservation plan, a summary of the financial model, disbursement conditions, implementation arrangements, etc.) (see Box 16). It establishes the PFP's operating rules and specifies responsibilities and processes for implementation. The operating manual is often based on existing agreements and procedures of the relevant authority and fund administrator. However, where a new trust fund is established, or where gaps or opportunities for improvement exist, the manual should reflect new procedures.

Some donors interviewed expressly requested that the operating manual simplify and not bureaucratize implementation of a PFP. At the same time, it is necessary to respect requirements and restrictions of different coalition members, which may vary widely by funding source. The Practice Standards for Conservation Trust Funds[32] is a recommended resource for preparing the operating manual and could be complemented with other international standards (e.g., GCF and GEF fiduciary standards).

32 https://www.conservationfinancealliance.org/practice-standards-for-ctfs-update

The operating manual must be approved before implementation can begin and is usually part of the closing conditions. The coalition should not begin preparing the operating manual until governance of the initiative has been approved. The operating manual should be reviewed annually during implementation and updated if needed to facilitate adaptability of the program.

**Box 16.** Necessary contents of an operating manual

- Definitions
- Program partners
- Program objective
- Scope of action
- Conservation plan (annex)
- Summary of financial model (annex)
- Disbursement conditions
- Governance
- Implementation processes
- Program and financial planning
- Monitoring and evaluation
- Financial and administrative management
- Social and environmental safeguards
- Gender equity approach
- Information management and transparency
- Ethics, anti-corruption standards, and conflicts of interest
- Redress mechanism

## 2.4.11. Negotiations and closing

Coalition members are responsible for monitoring progress towards meeting the closing conditions. Nevertheless, daily monitoring of progress falls to the PFP coordinator.

When all closing conditions are met, the PFP can begin implementation. The single closing is usually marked by a ceremony in which all coalition members sign a legal agreement, for example an MoU that contains their agreement to the conservation plan, financial model, roles of the parties, funds committed by donors, and the operating manual. This closing agreement should ideally be legally binding on each of the parties. If it is not legally binding, bilateral agreements between parties to the agreement must bind them to all the key aspects of the initiative.

### *A. Closing agreement signatories*

The closing agreement must be signed by all coalition members: the relevant authority, fund administrator, donors, NGOs, etc. This document is complemented by bilateral agreements that are usually signed between the following:

- Authority and fund administrator: To support disbursements from the fund administrator to the authority.
- Donor and fund administrator: To support disbursements from a single donor to the fund administrator (for donations that flow through the fund administrator).
- Donors and the authority: To support disbursements from a single donor to the authority (for donations that flow directly to the authority).

The operating manual is an integral part of all agreements above.

### *B. Closing agreement content*

The content of the closing agreement depends on interests of the signatories, but usually includes the following:

- Roles of the parties
- Funding expectations
- Agreement that the closing conditions have been met
- Commitments of the relevant authority
- Terms and conditions for suspension of the PFP initiative
- Incorporation by reference to the conservation plan, financial model, and operating manual—including agreement on disbursement conditions.

### *C. Publicizing the closing agreement and launching the implementation phase*

Similar to the launch of a PFP's design phase, the closing ceremony has been a public event accompanied by a strong media presence. The closing ceremony is an opportunity for coalition partners to show their leadership in the conservation agenda on an international stage. The closing can occur or be announced at a major international event to garner more attention, but the most important priority is ensuring participation of the highest-level political representative possible from the PFP country. For example, Bhutan's Prime Minister attended the in-country Bhutan for Life closing ceremony and Peru's President attended the closing of Peru's Natural Legacy.

It is very important that the closing ceremony and related announcements highlight the:

- New public-private alliance
- Specific international and national organizations committed to achieving globally important goals through a joint vision
- Agreed upon goals and priorities in the conservation plan

## 2.5. Implementation

It is often thought that, after the closing, the development of a PFP is complete and execution becomes the exclusive focus of the team "on the ground".[33] Nevertheless, it is during the implementation phase that the actual initiative and its conservation activities start in accordance with the agreed conservation plan and financial model. Development of sustainable financing mechanisms and implementation of the communications strategy will continue and constitute ongoing processes during this phase.

Indeed, as is the case of any program, the management of a PFP must be based on adopted agreements and close monitoring to identify any necessity to make changes to its design due to the long implementation period of a PFP.

The most important aspect of the implementation phase is to demonstrate that outcomes and impacts can be achieved by working in a coordinated manner towards a common goal.

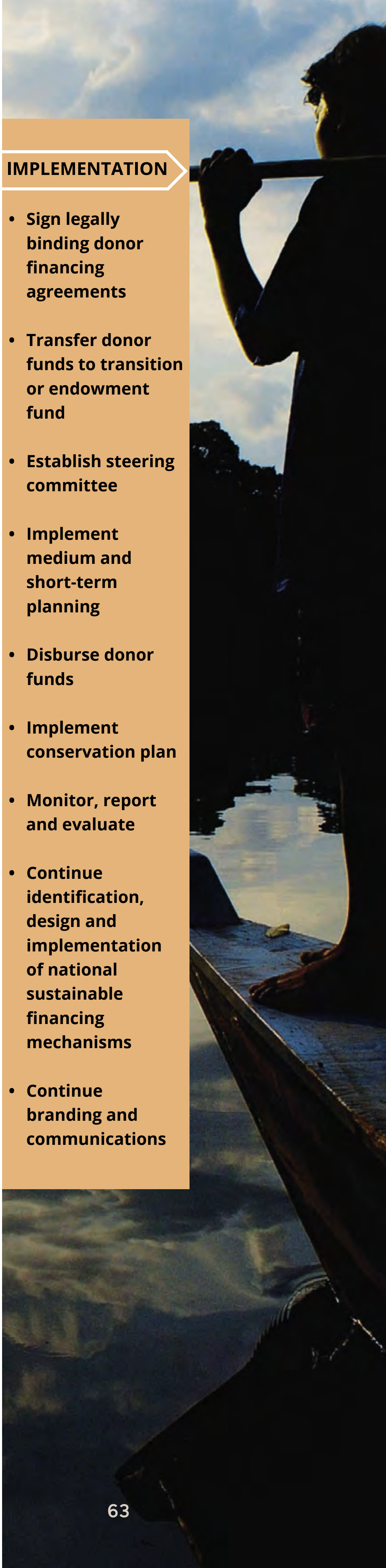
### 2.5.1. Interim period

A single closing means that sufficient funding necessary to achieve the conservation goals must be committed by the time of closing. However, some time may pass after the closing before donor funding is available for use in the PFP fund administrator's accounts, mainly due to the time needed to close bilateral agreements with donors, put a team in place, and open the dedicated accounts to manage funds. In particular, if the financial model includes the creation of an endowment fund it will require time to generate a return on investment.

The coalition should carefully estimate and plan for the time in between the single closing and when the funding will become available for implementation. During this interim period, the program coordination unit is established and, with the prior approval of the steering committee, can operate using remaining resources from the design phase.

An interim period is particularly necessary when one of the closing conditions is creation of a new conservation trust fund because the trust fund will take some time to become fully operational.

[33] Redstone Strategy Group, 2011a.



**IMPLEMENTATION**

- **Sign legally binding donor financing agreements**
- **Transfer donor funds to transition or endowment fund**
- **Establish steering committee**
- **Implement medium and short-term planning**
- **Disburse donor funds**
- **Implement conservation plan**
- **Monitor, report and evaluate**
- **Continue identification, design and implementation of national sustainable financing mechanisms**
- **Continue branding and communications**

For example, it took approximately one year for both the Forever Costa Rica Association and the Bhutan for Life Fund to become fully operational.

Should an interim period be necessary for a PFP, coalition members must understand any implementation period cited in the conservation plan will not begin until the first resources are available to be channeled to the program's implementing entities.

## 2.5.2. Steering committee establishment and operation

### *A. Establishment*

With signing the closing agreement, PFP partners adopt the operating manual and its rules of governance. As soon as possible afterward, the PFP steering committee should convene for its first meeting. The first steering committee meeting should:

- Formally install the steering committee
- Recognize the representatives (and alternates) of committee members
- Form the program coordination unit
- Approve the first work plan, for instance, for the interim period (see section 2.5.1.)
- Approve funding for the first work plan

### *B. Regular meetings*

Steering committee meetings are convened and conducted based on guidelines in the operating manual. A yearly plan or schedule of the steering committee meetings should be developed so members can plan accordingly and increase likelihood of a quorum. Based on cases analyzed, there are usually four to six regular steering committee meetings per year.

Each PFP's steering committee may organize meetings in ways beneficial and cost-effective to their particular context. For example, the Board of Directors of Coast Funds, which is the steering committee that oversees the Great Bear Rainforest PFP, holds one of its regular meetings in the field so directors can see "on-the-ground" progress firsthand.

## 2.5.3. Medium and short-term planning

PFP initiatives are results-based and disbursements are conditioned on meeting pre-defined conservation milestones (see section 2.4.6.). Medium- and short-term work plans and budgets should therefore be clearly aligned with the conservation plan and financial model.

### *A. Medium-term work plans and budgets*

The conservation plan includes long-term goals aimed at transforming conservation areas management. Intermediate planning processes then guide work over three- or five-year intervals. For example, Forever Costa Rica's overarching goal is to implement the Convention on Biological Diversity's Programme of Work on Protected Areas and the Forever Costa Rica Association regularly prepares five-year plans and budgets to contribute to that goal.

Medium-term plans and budgets are usually developed though participatory processes and must be closely linked to the PFP conservation plan and financial model. They must also be aligned with the corresponding authority's planning tools, and those of conservation areas in the PFP.

### *B. Short-term work plans and budgets*

PFP implementation also requires short-term plans and budgets that help organize activities and funding year-to-year.

Short-term plans must be consistent with operating plans of conservation areas in the PFP. They are designed in accordance with existing regulations of the corresponding authority, and often include participation by representatives of the local population. They include expected progress based on the conservation plan and financial model (considering both public and private funding), and main activities to be funded at the program and area-level for a particular period. This detail provides the steering committee with evidence of the complementarity of resources, and confirms that there is not duplicate funding for the same activities.

Short-terms plans and budgets are usually developed for one-year periods. However, ARPA's short-term planning covers a two-year period due to the large number of conservation units (117) in the PFP.

The authority decides which activities will be prioritized for each conservation area within parameters set by the PFP conservation plan and financial model (timing, funding, etc.). The authority and fund administrator must work very closely together when developing short-term work plans and budgets.

The steering committee reviews the contribution of activities in each work plan towards meeting conservation goals and relevant challenges.

## 2.5.4. Monitoring, reporting, and evaluation

It is essential that monitoring, reporting, and evaluation arrangements are clearly documented in the operating manual during a PFP's design phase. Timely and transparent reporting is necessary to measure progress against the conservation plan and financial model, incorporate lessons learned and facilitate adaptive management. PFP monitoring and reporting involves tracking the fulfillment of agreed disbursement conditions (see section 2.4.9.).

Monitoring, reporting, and evaluation of a PFP initiative should focus on:

- Progress towards the conservation goals defined in the conservation plan
- Planned increases in recurrent funding from all relevant sources (as prescribed by the financial model and specified in the disbursement conditions)
- Efficient and appropriate use of all PFP funding, including adherence to public or private fiduciary requirements of the donors or the corresponding authority, respectively
- Compliance with all disbursement conditions
- Compliance with environmental and social standards/safeguards
- Management activities by the PFP initiative coordination unit to support PFP goals
- Lessons learned, to adjust the conservation plan and financial model as needed (and in accordance with guidelines in the operating manual)

### *A. Monitoring*

Ultimate responsibility for reviewing PFP performance lies with the steering committee. Program and financial information are generally provided by the program coordination unit and the fund administrator.

The program coordination unit is responsible for measuring progress towards conservation goals and agreed indicators. This is based on information primarily generated by conservation area staff or other PFP implementers working in the field. The program coordination unit is also responsible for gathering information from monitoring systems at its disposal, interpreting the information in the PFP context and comparing it to information provided by conservation areas.

Technical support and field verification are supplied by the corresponding authority in accordance with existing policies and regulations. Additionally, other coalition members typically provide technical and financial advice and assistance based on their capacities.

### *B. Reporting*

The program coordination unit must report on progress towards conservation goals and those related to PFP management. It receives reports from conservation areas and analyzes and compiles them into a single programmatic report for the steering committee (usually twice annually).

The program coordination unit must also report on financial resources of the corresponding authority for the PFP as well as on PFP donor funding that flows directly to the authority. The fund administrator must prepare financial reports for the resources entrusted to them, including on performance of the PFP-related investment portfolio. Both the program coordination unit and the fund administrator typically consolidate financial reports from other entities before submitting them to the steering committee.

In the case of ARPA, which has a dual governance structure, the Program Committee and Transition Fund Committee each receive reports (generated by the program coordination unit and the fund administrator) on PFP progress and compliance with disbursement conditions. In contrast, the Bhutan PFP's steering committee receives reports mainly produced by Bhutan for Life Fund staff (that are based on programmatic and financial information provided by the coordination unit and on the fund's own activities).

### *C. Special reports*

PFP initiatives pooling resources for common goals from the relevant authority and funders should ideally incorporate a single standard implementation report. However, some donors, in particular multilateral funds, have their own reporting requirements and formats. Preparation of these specific reports can be the responsibility (subject to agreement of the donor) of either the program coordination unit (as for PdP), or of the fund administrator (as for ARPA). In either case, in terms of attribution it is important that the report acknowledges that the achievements are possible thanks to all PFP partners and funding. Likewise, these reports must specify what is being funded by each restricted funding source in accordance with restricted expenditure projections in the financial model and the agreements with each donor. This prevents duplicate reporting and minimizes the risk of double counting of, for instance, $CO_2$ emission reductions and PFP beneficiaries.

### *D. Field visits*

Field visits aim to provide those responsible for a PFP a closer understanding of the initiative's day-to-day operations, beneficiaries, achievements, and challenges. Visits are the responsibility of the corresponding authority as part of its regular duties. The frequency of field visits depends on the number of conservation areas involved and their accessibility. Donor requirements also influence the frequency since visits are usually part of their monitoring missions.

### *E. Evaluations*

PFP initiatives require independent evaluations to validate reported progress and achievements. The steering committee typically commissions these evaluations and the procurement procedures are included in the operating manual.

The frequency of evaluations depends on specific characteristics and needs of the PFP. The schedule often matches medium-term planning cycles, which for Bhutan for Life and Forever Costa Rica is every five years. In PdP's case, evaluations take place every three years. Donated public resources, whether from multilateral or bilateral sources, also usually require independent mid-term and final evaluations.

For the Bhutan and Peru PFPs, periodic performance reviews of the fund administrator take place every three and five years, respectively.

***F. Audits***

PFP steering committees must request that the PFP be audited on an annual basis by an external firm contracted by the fund administrator. The steering committee, including donors, should also have the power to request ad hoc external audits.

## 2.5.5. Lessons learned and knowledge sharing

PFP implementation should be continually strengthened and improved through good knowledge management. PFP partners should regularly reflect on lessons, clearly document them, and incorporate improvements as quickly and thoroughly as possible. This will help such inherently long-term initiatives adjust to the many changes that will inevitably arise during implementation.

Sharing lessons with other PFP initiatives is an excellent way for other countries in different phases of a PFP to speed up the learning process. ARPA, PdP, and HECO teams have participated in productive exchanges with one another, as have Forever Costa Rica and Bhutan for Life (when the latter was in its design phase).

## 2.5.6. Communications

A sound communications strategy plays a fundamental role in positioning the initiative and its conservation goals at the forefront, reinforcing trust from PFPs' social actors. This trust is key if the PFP is to be supported by these social actors when challenges arise. To achieve this, it is essential to be transparent and make available to the different stakeholders the technical documents prepared for the design and implementation of the PFP, work plans, reports, evaluations, and audits.

Coast Funds' website,[34] which contains extensive information on Great Bear Rainforest PFP governance and results achieved by First Nations, is an excellent example of clear, thorough, and transparent communication.

Although the website is one of the main communication tools, different tools (such as newsletters, webinars, and research papers, among others) should be used to promote internal and external communication. Internal communication tools will focus on keeping the steering committee, donors, or field staff informed of the program's progress, while external communication tools will focus on raising awareness of the program, its goals and implementation progress.

34 https://coastfunds.ca

## 2.6. Outlook

While the PFP approach has been adapted to fit the unique context of each country and conservation area system, there are key components that define it: a shared conservation vision, charismatic goals translated into a conservation plan and a robust financial model, upfront commitments for necessary funding, closing conditions, an independent steering committee to oversee donated funds, an independent fund administrator, and disbursement conditions for the implementation phase. Closing a PFP requires considerable time and effort accompanied by strong technical and diplomatic skills. It also requires close and sustained coordination and communication among coalition members. Development of a PFP requires that all partners maintain a relationship of trust and assure their commitment to achieve an ambitious shared vision.

It will soon be ten years since Linden et al. published "A Big Deal for Conservation" in 2012, an article that sought to present a new solution for building a path towards sustainability of conservation areas. At that time, the proposed approach was based on the experiences of ARPA, Forever Costa Rica, and the Great Bear Rainforest bringing together common elements that allowed their successful closing. Since then, other PFP deals have been closed, including Bhutan for Life and Peru's Natural Legacy. Together, all of these initiatives raised over $489 million in donor funds and more than $700 million in in-country financial commitments to preserve more than 80 million hectares of conservation areas.

These initiatives – and the fact that others like HECO are in development – show the potential of the PFP approach to achieve conservation at large scales by addressing elements of sustainability in a holistic manner and generating benefits for communities that depend on conservation areas and the services they provide.

The PFP approach is having a major impact on how different countries are making their vision for conserving their natural capital a reality. Raising significant amounts of funding from various diverse sources, and having many actors partner to fulfill a common conservation vision is a major success. It also represents a paradigm shift for how conservation at scale can be achieved in many more places around the globe.

# 3. CASE STUDIES: AMAZON SUSTAINABLE LANDSCAPES PFPs

## 3.1. Brazil: Amazon Region Protected Areas for Life (ARPA for Life)

### 3.1.1. Context

With its vast size both in terms of geographic area and funding, ARPA for Life is considered one of the largest programs, if not the largest, for the conservation and sustainable use of tropical forests in the world. Its mission is to consolidate a minimum of 60 million hectares of conservation units in the Amazon biome, thus guaranteeing the conservation of biodiversity and contributing to sustainable development in a decentralized and participatory manner.

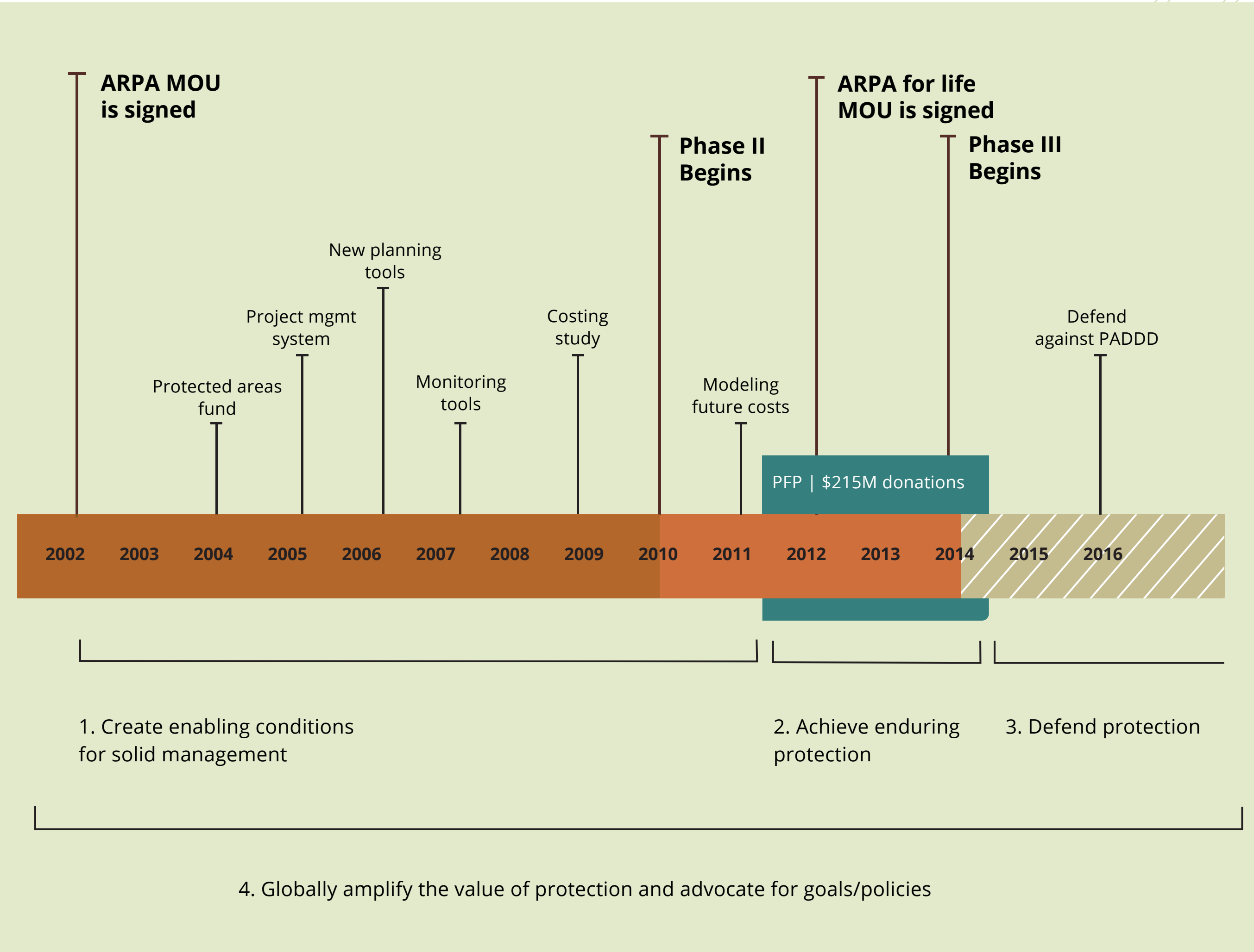
The program was launched in 2002 at the World Summit on Sustainable Development in Johannesburg, South Africa, where the MoU was signed by Brazil, the World Bank, and the GEF. From the beginning, it was structured to be implemented in three interdependent and consecutive phases.

Phase I covered the period from 2003 to 2010 and focused its conservation efforts on consolidating 64 conservation units (32.5 million hectares), the creation of an additional 46 conservation units (23.3 million hectares), and establishing a $24.8 million endowment fund called the Protected Areas Fund.

Phase II was scheduled to be implemented between 2010 and 2018. The updated financial model for Phase II set a new capitalization goal for the Protected Areas Fund of $380 million to be reached by 2016. However, changes in the political and economic context increased the challenges in meeting the expected capitalization targets and it became necessary to find an alternative mechanism in order to ensure the financial sustainability of the actions already underway. The program was thus restructured, giving rise to Phase III or ARPA for Life.

Phase III was the result of the program's restructuring and the signing of a new MoU in 2014. The MoU confirmed the signatories' interest in working together to develop and implement a new strategy that would allow the conservation objectives to be achieved (see section 3.1.3.). The program included a financial strategy that was centered around the conversion of the Protected Areas Fund into a sinking 25-year transition fund, expiring in 2039, that would allow the Brazilian public sector to gradually take over funding the maintenance of the conservation units.

FIGURE 3. **ARPA TIMELINE**




*PADD: Protected area downgrading, downsizing and degazettement

Together with the Great Bear Rainforest and Forever Costa Rica, ARPA is one of the experiences that formed the basis for the PFP approach. The design was completed in May 2014 and it is scheduled to be implemented over a 25-year period.

## 3.1.2. Closing agreement signatories

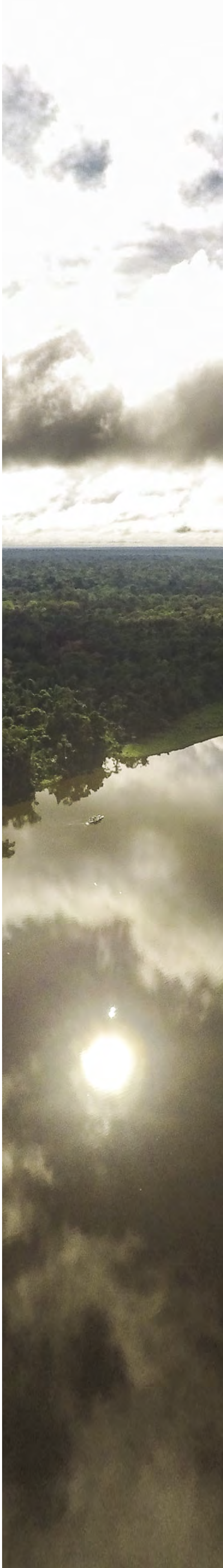
ARPA for Life brought together a diverse group of actors that signed the new MoU in May 2014:

- Ministry of Environment, Brazil (MMA)
- Chico Mendes Institute for Biodiversity Conservation (ICMBio)
- Ministry of Economy, Cooperation and Development of the Federal Republic of Germany
- GEF
- Inter-American Development Bank
- FUNBIO
- WWF
- Gordon and Betty Moore Foundation

## 3.1.3. Goals

ARPA for Life's ultimate goal is to consolidate at least 60 million hectares of conservation units including the creation of 6 million hectares of conservation units in the Amazon. According to its operating manual, "*consolidation presupposes the implementation of a minimum management structure that guarantees the integrity of conservation units in the short term, and allows for medium-term planning so that conservation units can meet the objectives for which they were created*".[35] The program was structured into the following four components: (a) creation of conservation units; (b) consolidation of conservation units; (c) maintenance of consolidated conservation units; and (d) coordination and management of the project. The level of consolidation is measured based on the classification of the conservation units into two categories: Grade I and Grade II. A Grade I classification implies that the conservation units have the minimum conditions for their management, such as: management plans, an officially constituted council, signs, procurement and maintenance of basic equipment, field operation, and a level of monitoring and evaluation, among others. Grade II classification provides conservation units with more elements to face threats and anthropic pressures, allowing an additional set of activities to be carried out. Once a conservation unit reaches one of these two levels of consolidation, the program will allocate resources that are necessary to maintain it.

ARPA for Life uses two forms of planning: (a) costing and (b) financial model. The former calculates the total cost requirements of conservation units over the length of the program, while the financial model predicts the amount of resources that will be allocated on a shared basis between the government and donors until



35 Translated from Portuguese.

the transition fund expires. The program coordination unit, in partnership with the fund administrator, updates these plans every two years with performance data, resources available from the transition fund, updated conservation units' costs, and further information. On this basis, the biennial strategic plans and specific goals are developed for each of the conservation units.

### 3.1.4. Committed resources

In terms of its financial resources, ARPA for Life is one of the largest conservation programs. Together with the government's contributions, the donors allocated $115 million to the project in Phase I, allowing for the creation of conservation units and consolidation goals to be surpassed. An additional $121 million was allocated in Phase II, prior to the restructuring.

It was calculated that the transition fund of ARPA for Life would require $215 million to be invested over 25 years from the date of the signing of the 2014 MoU. Commitment of financial resources for the transition fund come to $210 million, distributed as follows (in 2014 U.S. dollars):

- $60 million from the ARPA Endowment
- $35 million from the Amazon Fund[36]
- $35 million from Germany[37]
- $27 million from the GEF[38]
- $14 million from the Roger & Vicki Sant Trust (via WWF-US)
- $14 million from the Gordon & Betty Moore Foundation
- $7 million from Margaret A. Cargill Foundation
- $4.5 million from the company Anglo American
- $4 million from the Bobolink Foundation
- $3 million from the Inter-American Development Bank
- $1 million from Joseph Gleberman
- $1 million from the Linden Trust for Conservation
- $1 million from an anonymous donor
- $210,000 from Brazilian private donors

36 Request for 80 million Brazilian reais was presented to the Brazilian Development Bank (BNDES) in May 2014; Amazon Fund frozen as of 2018.

37 €31.7 million (disbursement completed December 2016).

38 MMA committed to request this amount for ARPA from GEF-6.

### 3.1.5. Implementation arrangements

The program is the responsibility of and led by the Brazilian government through the Ministry of Environment and its Program Coordination Unit, which is in charge of coordinating and monitoring the progress of the program. FUNBIO acts as the fund administrator responsible for managing the financial resources of the transition fund. Project implementation of the federal conservation units is the responsibility of ICMBio, and the state environmental authorities implement the state-run conservation units. Two decision making bodies with clearly differentiated powers were created for the implementation of ARPA for Life.

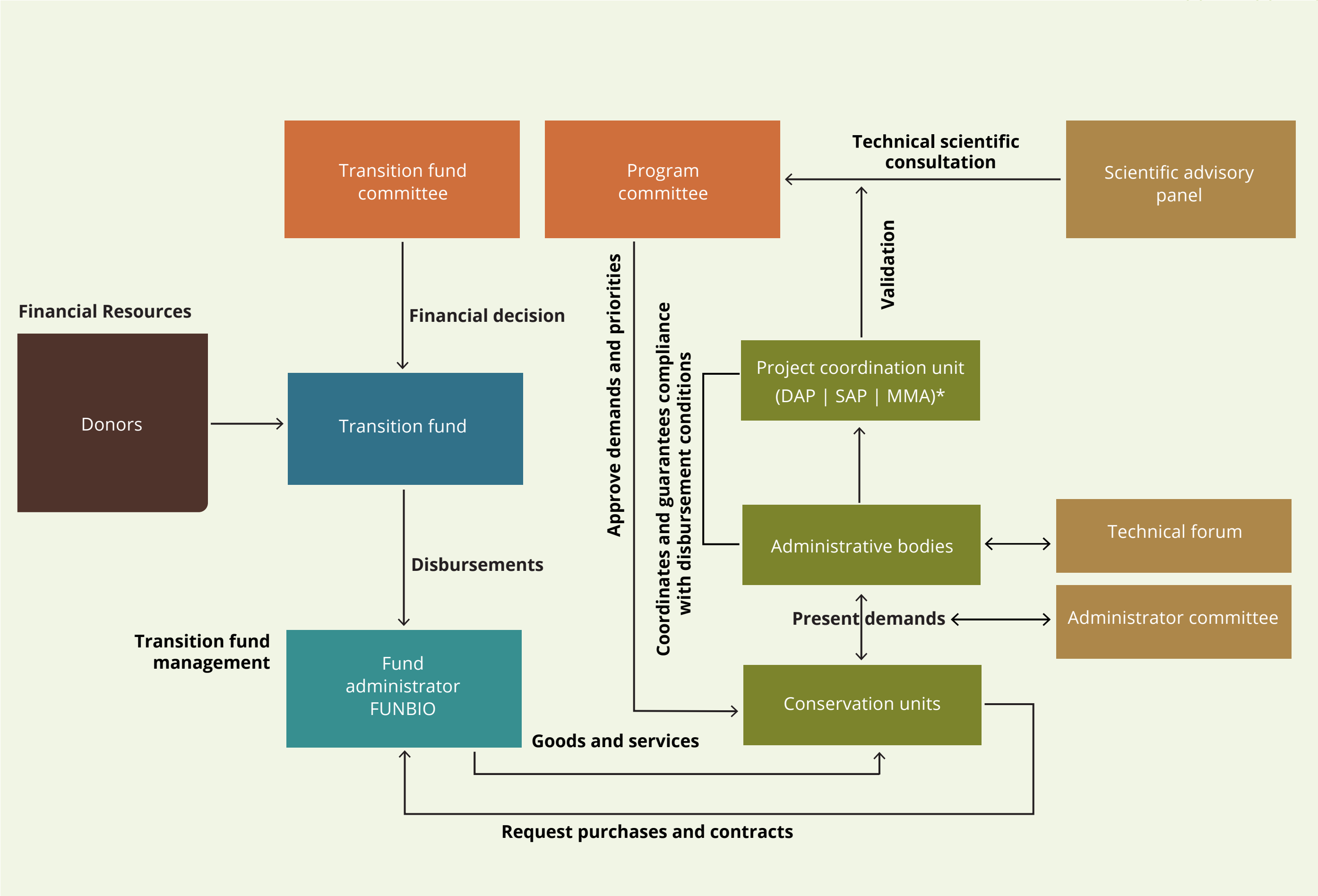
The Program Committee, with a majority of members from the public sector, functions as the steering committee. It focuses on the program implementation and is responsible for strategic planning, monitoring and evaluation of program activities, and the analysis and approval of the multi-year planning program, among other items. The committee is chaired by the Secretary of Biodiversity of MMA and is composed of the chair and six additional members: the Secretary of International Relations of MMA, the President of ICMBio, a representative from the Ministry of Economy, a representative of the State environmental authorities responsible for the conservation units, a representative of civil society, and a representative of the donors.

The Transition Fund Committee, with a majority of members drawn from the private sector, focuses on the program financing and is responsible for overseeing compliance with the objective of the transition fund. The committee has eight members, six of whom are appointed by the donors, and two others appointed by government of Brazil (MMA and the Ministry of Economy). The Transition Fund Committee has a series of responsibilities that include, among others: analyzing the technical and financial results, validating compliance with disbursement conditions on the basis of the information contained in the reports, defining the maximum volume of resources that can be allocated to the program's biannual strategic plans, approving the investment policy, and adjusting the disbursement conditions.

ARPA also has a Scientific Advisory Panel that functions as a technical-scientific advisory body that is composed of five specialists who have a deep knowledge of the dynamics of the Amazon biome. The panel is dependent on the Program Committee, which appoints its members according to its needs.

FUNBIO was appointed as fund administrator and carries out this responsibility according to the provisions of the operating manual and its investment policy.

FIGURE 4. **ARPA FOR LIFE GOVERNANCE MODEL**




*DAP: Department of Protected Areas; SAP: Secretariat of Protected Areas; MMA: Ministry of Environment

## 3.1.6. Disbursement conditions

The volume of resources from the transition fund that is allocated to the program's conservation units is defined according to their implementation progress. The Transition Fund Committee evaluate a set of 11 indicators established as disbursement conditions, according to the biennial strategic plans approved by the Program Committee. Each condition has a different weight in the evaluation of progress implementation.

Every two years, in accordance with the biennial strategic plans, MMA prepares a report verifying compliance with the conditions. FUNBIO also prepares and submits a report to the Transition Fund Committee evaluating program performance on the basis of each of the disbursement conditions. This evaluation is carried out according to the method described in the operating manual, which considers differentiated weights for each of the conditions. Based on the results of this evaluation, FUNBIO recommends what resources should be considered for disbursement during the next two-year period. The Transition Fund Committee bases its decision making on the information contained in both these reports.

The 11 disbursement conditions for ARPA for Life are as follows:

- ARPA Operating Manual aligned with Transition Fund goals
- No net loss of conservation units, either in terms of area, environmental quality, or social or ecological representativeness
- Annual financial reports submitted by each federal and state conservation unit's managing body
- Multi-year consolidation plan developed and submitted by each federal and state conservation unit's management bodies
- MMA requirement for additional resources to complement the Transition Fund is fulfilled in accordance with the commitments made in the 2014 MoU
- ICMBio non-salary budget increased in accordance with the commitments made in the 2014 MoU
- Biodiversity conservation monitoring implemented by each federal and state conservation unit's managing body.
- Conservation units increased by 6 million ha. by 2020
- Increase in non-salary government funding meets agreed-upon schedule for each federal and state conservation unit's managing body.
- Consolidation performance meets consolidation plan of each federal and state conservation unit.
- Staffing level meets consolidation plan of each federal and state conservation unit.

Each of these disbursement conditions includes a description of the institution responsible (ARPA or the managing body), the evaluation period, and the indicators used.

### 3.1.7. Current status (as of March 2020)

In its current phase, the ARPA Transition Fund supports 117 conservation units and several processes aimed at creating new conservation units. Today, about one-third have been consolidated, while another one-third are in the advanced stages of consolidation. Most of the consolidation has occurred in Grade I conservation units. Grade II conservation units present considerable challenges due to the complexity of tasks that must be achieved, such as territorial demarcation, research, and land regularization.

An additional objective of the program is the creation of 6 million hectares of new conservation units in the Amazon, more than half of which has been achieved. Today, the processes to support the creation of conservation units exceed the area in hectares required to achieve the goal.[39]

Conservation units supported by the program have benefited from the goods, sub-grants, and contracting of services required to carry out the integration activities with surrounding communities, the formation of conservation unit management councils, management plans, land studies, inspections, and other activities to strengthen and ensure their proper functioning. ARPA also seeks to develop and implement alternative financing mechanisms to support the transition from international donor funding to other sources.

The ARPA program has consolidated both the management tools and structures for its physical and financial implementation as well as, and most importantly, the operational and management development of the supported conservation units.

Based on the experience acquired throughout its execution, ARPA has developed a series of monitoring and management tools focused on specific components to benefit different implementing partners according to their respective spheres of activity.

Today, ARPA represents the main biodiversity conservation strategy for the Brazilian Amazon biome. Conservation units linked to ARPA have also proven to be more effectively managed than those areas located in the same biome that are not part of the program. ARPA guarantees the effective management of a significant percentage of the National System of Conservation Units and plays an important role in policies to prevent and combat illegal deforestation while seeking to maintain the ecological bases for the country's development.

39 For more details about the program goals, visit the ARPA program website at https://www.funbio.org.br/en/programas_e_projetos/arpa-program/

# 3.2. Colombia: Heritage Colombia[40] (HECO)

## 3.2.1. Context

At the United Nations Framework Convention on Climate Change COP 21, held in Paris in 2015 an MoU[41] was signed between the Colombian Ministry of Environment and Sustainable Development (Minambiente), National Natural Parks of Colombia (PNN),[42] the Gordon and Betty Moore Foundation, the Patrimonio Natural Fund (PNF), WWF, Wildlife Conservation Society, and Conservation International. The MoU committed partners to promote cooperation, ensure long-term financing, and increase the capacity of the National System of Protected Areas (SINAP)[43] and other conservation strategies through the implementation of a PFP.

With the leadership of Minambiente, PNN, and the support of several partners, a national program was established for Colombia with the purposes of: (a) increasing natural capital and the representation of Colombia's ecoregions in the SINAP; (b) improving the effectiveness of the management of protected areas, with climate change parameters; (c) strengthening governance and contributing to the improvement of population livelihoods; and d) developing a strategy to strengthen the financial sustainability of the SINAP and other conservation strategies.

Heritage Colombia (HECO) is one of the country's most ambitious programs to contribute to the implementation of Colombia's commitments to the Sustainable Development Goals, the post-2020 global biodiversity framework of the Convention on Biological Diversity, and its nationally determined contribution (NDC) as part of the Paris Agreement.

Likewise, the National Development Plan 2018–2022 recognizes biodiversity as a strategic national asset, designating HECO as strategic pillar to implement the SINAP 2020–2030 policy. HECO will also contribute to the implementation of the National Policy for the Integral Management of Biodiversity and Ecosystem Services, the National Climate Change Policy, the National Adaptation Plan, the Colombian Low Carbon Development Strategy, the Comprehensive Strategy for Control of Deforestation and Forest Management, the National Restoration Plan and other policies associated with sustainable tourism, hydrobiological and fisheries resources, sustainable productive systems and water resources.

40 Herencia Colombia in Spanish.

41 The MoU lasted five years. In September 2020, a new MoU was signed ratifying the commitment of HeCo's partners.

42 Its acronym in Spanish.

43 SINAP is composed of: (a) private, community and public protected areas, with local, regional or national management, (b) social and institutional actors, (c) governance arrangements and (d) management tools that, articulated with each other, are necessary for protected areas conservation. SINAP, together with other strategies, contributes to the fulfillment of the country's conservation objectives.

### 3.2.2. Coalition members

HECO is an alliance between public and private actors, led by Minambiente and PNN, and supported by those who signed the 2015 MoU that was renewed in 2020:

- Patrimonio Natural Fund
- Gordon and Betty Moore Foundation
- Conservation International
- Wildlife Conservation Society
- WWF

### 3.2.3. Goals

The goal of HECO is: *By year 20, the long-term conservation and financing of 20 million hectares, representing 10% of the country's territory, is ensured through increased coverage, effective management and governance of SINAP and other conservation strategies, in sustainable landscapes, such as spaces for inclusion and peacebuilding, generating opportunities for human well-being and development in the context of climate change.*

HECO is based on three strategic elements for which specific targets have been defined as follows:

- Increasing the conservation of natural capital through the expansion of the SINAP:

  - by year 4, 2.5 million new hectares incorporated into SINAP

  - by year 8, 3.5 million hectares have the conditions in place for their proper functioning

- Improving the effective management of SINAP areas:

  - by year 10, at least 14 million hectares of SINAP improve their effective management

- Improving governance and connectivity in 9 conservation landscapes:
  - by year 16, 9 conservation landscapes are managed in an integral and adaptive way, contributing to connectivity, preservation of biodiversity and the provision and use of ecosystem services for social welfare

### 3.2.4. Committed resources

HECO will mobilize funds from a variety of sources, including national and local governments, bilateral and multilateral international cooperation agencies, the private sector, civil society organizations, and philanthropic foundations.

As part of a large HECO program, a total of $200 million has been estimated for a PFP initiative, supporting seven priority corridors in four of HECO's prioritized conservation landscapes. The current financial plan includes raising $100 million from external sources, to be managed in a transition fund, while the remaining $100 million will come from the Colombian government through the development of new long-term sustainable financing mechanisms and the allocation of 5% of the national carbon tax.[44] According to projected estimates for a 10-year tax collection stream, this allocation would correspond to approximately $40 million. Through December 2020, $39 million in funding has been secured or pledged by the European Union, the GEF-7 Forest Conservation and Sustainability in the Heart of the Amazon Project, KfW, Wildlife Conservation Society, Andes Amazon Fund, WWF, and the Gordon and Betty Moore Foundation. Additional funding commitments are currently being explored and will be confirmed by the signing of the closing agreement.

### 3.2.5. Current status (as of March 2021)

Colombia is in the final design stage of the HECO PFP and is primarily focused on confirming the scope of implementation, the program's cost estimate, and financial gap. The team in charge of the design is in the process of identifying both public and private financing mechanisms and designing action plans for the development and/or implementation of such mechanisms.

The launch of the program's implementation is subject to finalizing the detailed design for HECO's PFP and meeting all closing conditions. However, the implementation of early actions will begin with the resources already available from the sub-account of 5% of the national carbon tax.

44 In 2016, under a tax reform (Law 1819), Colombia established a carbon tax on the sale of a list of fuels. Twenty-five percent of the revenues are dedicated to environmental activities and an additional 5% are earmarked for protected areas.

# 3.3. Peru: Peru's Natural Legacy (PdP)[45]

## 3.3.1. Context

Peru's Natural Legacy, or PdP, is the high-level commitment from Peru to create financial sustainability for its entire national protected areas system.

The overall aim of the initiative is to "*consolidate the effective management of SINANPE*[46] *and the natural protected areas, within a period of 20 years, of at least 19 million hectares, generating the enabling conditions for said management through the implementation of a coordinated fundraising strategy and the development and implementation of economic mechanisms for the sustainable financing of the system.*"[47]

The beginning of the design phase of PdP was announced at the end of 2014 at the World Parks Congress in Sydney, Australia, where an MoU was signed between the Ministry of Environment (MINAM), SERNANP,[48] Profonanpe, the Gordon and Betty Moore Foundation, WWF, the Blue Moon Foundation,[49] and the Peruvian Society for Environmental Law.

The PdP was designed in two phases: a first one focusing on the Amazon region, and a second which would extend interventions to the marine, coastal, and Andean natural protected areas, thus covering the entire SINANPE within a period of 20 years.

Following completion of the design of Phase I, a closing agreement in the form of an MoU was signed in May 2019 to mark the establishment of commitments for the implementation of PdP-Amazonia. This document was signed by MINAM and SERNANP on behalf of the government of Peru, by the donors, and Profonanpe—the chosen administrator of the transition fund. This MoU defines the objective of PdP-Amazonia as follows: "*To consolidate the effective management of 38 Natural Protected Areas of the Amazon biome, which represent approximately 17 million hectares of preserved areas in Peru, generating the enabling conditions for said management within a period of 11 years and ensuring its financial sustainability in perpetuity.*"[50]

With the implementation of PdP, the Peruvian government and its partners are contributing to the country's compliance with the following international commitments: the Sustainable Development Goals, the Aichi Targets of the Convention on Biological Diversity, the Paris Agreement, and the Promise of the Sydney World Parks Congress. It will also contribute to compliance with the

45 The official name is National Parks: Peru's Natural Legacy (*Parques Nacionales: Patrimonio del Perú or PdP for its Spanish acronym).*

46 Spanish acronym for National System of Natural Protected Areas of Peru (*Sistema Nacional de Áreas Naturales Protegidas por el Estado).*

47 *Resolución Presidencial* N.° 085-2019-SERNANP.

48 Spanish acronym for National Service of Protected Areas *(Servicio Nacional de Áreas Naturales Protegidas por el Estado).*

49 Now Andes Amazon Fund.

50 Clause 4.1. of the memorandum of understanding for Peru's natural heritage initiative for the 38 natural protected areas of the Amazon biome.

National Biodiversity Strategy to 2021 as well as the Action Plan for the Implementation of the Environmental Performance Assessment Recommendations, prepared for Peru by the Organization for Economic Co-operation and Development (OECD) and the Economic Commission for Latin America and the Caribbean.

### 3.3.2. Closing agreement signatories

The current partners of PdP and signatories of the 2019 MoU are:

- MINAM
- SERNANP
- Profonanpe
- WWF
- Gordon and Betty Moore Foundation
- Andes Amazon Fund

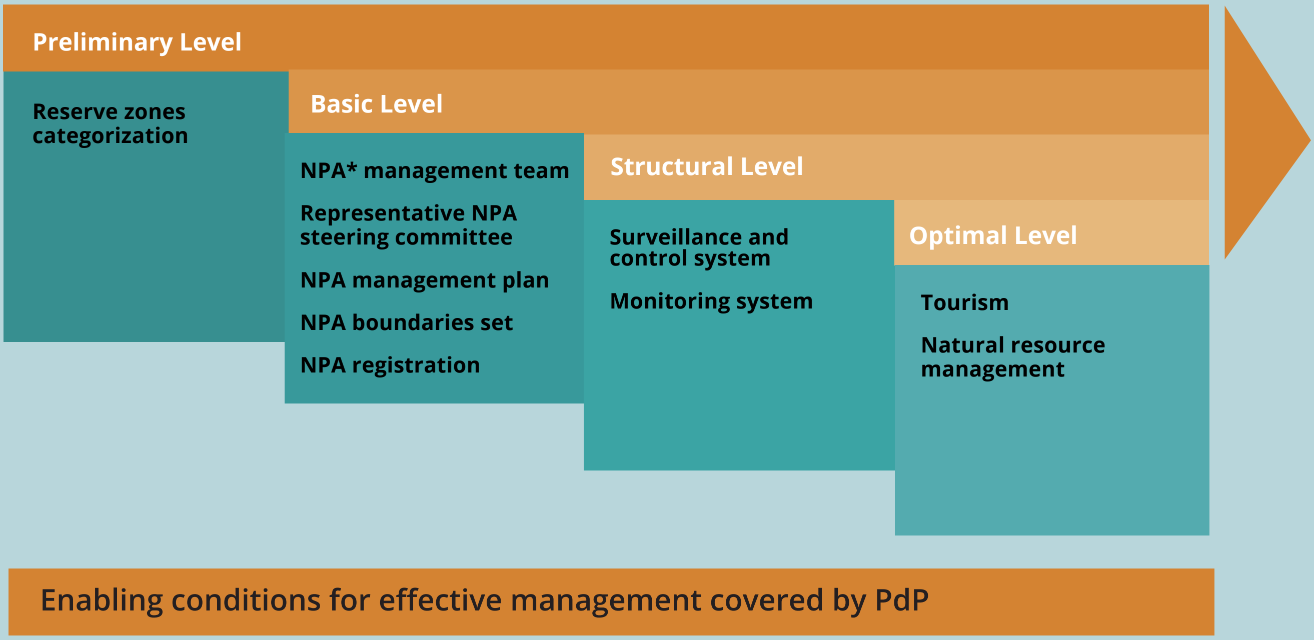
### 3.3.3. Goals

The goal of PdP is to generate the sustainable financing necessary to establish the enabling conditions for effective management of Peruvian natural protected areas and maintain them in perpetuity.[51] For the PdP initiative, protected area management activities have been standardized and grouped into four levels: preliminary, basic, structural, and optimal, which represent the management standards a natural protected area can achieve.[52]

51 Enabling conditions for Natural Protected Areas' effective management are those needed to reach the basic and structural levels, as well as prioritized investments that contribute to reach the optimal level.

52 SERNANP has established a set of enabling conditions to define the level of effective management of SINANPE's natural protected areas. At the preliminary management level, efforts are focused on financing activities to assign a definitive category to a Reserved Zone, a natural protected area with a transition category. At the basic management level, a natural protected area must have a designated head, an operating management committee, a master plan, demarcated and to be inscribed in the national registry. The structural management level also requires a surveillance and control system and an environmental monitoring system. The optimal management level requires that sustainable use of natural resources and sustainable use of landscapes (tourism) be carried out in the area.

FIGURE 5. **SINANPE'S PROTECTED AREAS MANAGEMENT LEVELS**




*NPA: Natural Protected Area, after figure 5, just like in figure 4

To facilitate the monitoring of compliance with PdP objectives, its implementation strategy is organized into five specific objectives:

- **Objective 1:** Increase the priority areas for the conservation of the Amazon biome in Peru, under a modality of conservation in perpetuity, through the classification of at least two reserved zones.
- **Objective 2:** Establish timely surveillance strategies that effectively mitigate threats to natural protected areas within the Amazon biome through strengthening their basic and structural management capacities.
- **Objective 3:** Strengthen the commitments between SERNANP and the local population by developing sustainable economic activities for the use of renewable natural and landscape resources (tourism).
- **Specific objective 4:** Cover the costs of basic and structural management completely and permanently, along with certain prioritized investments at the optimal level of management in the Amazon biome natural protected areas.
- **Specific objective 5:** Support and follow-up for the implementation of the PdP-Amazonia initiative.[53]

## 3.3.4. Committed resources

The financial gap that needs to be covered in order to meet the PdP-Amazonia goals has been estimated at $140 million—to be spent over 11 years and in accordance with the proposed financial model. SERNANP's strategy to cover the estimated

53 PdP operations manual.

financial gap is two-fold: (a) funds must be raised from several external sources to establish a $70 million sinking fund; and (b) economic mechanisms must be identified, designed, and implemented to contribute with the remaining $70 million that will progressively replace the sinking fund over the 11 years of Phase I and cover the financial gap in perpetuity.

In the 2019 MoU, the external donors committed resources as follows:

- $12 million from the Gordon and Betty Moore Foundation
- $5 million from WWF
- $2.3 million from the Andes Amazon Fund
- $5 million from the GEF

In addition, KfW contributed $25 million to PdP-Amazonia that is channeled through SERNANP instead of through the transition fund as is the case for other PdP funding.

### 3.3.5. Implementation arrangements

PdP-Amazonia has a dual governance arrangement: a public one and a public-private one. Public governance is focused on funds that are managed through the Public Treasury. Public-private governance is focused on the transition fund, whose operations are governed by the PdP-Amazonia operating manual. In both aforementioned cases, SERNANP will ensure resources are used to meet the program goals.

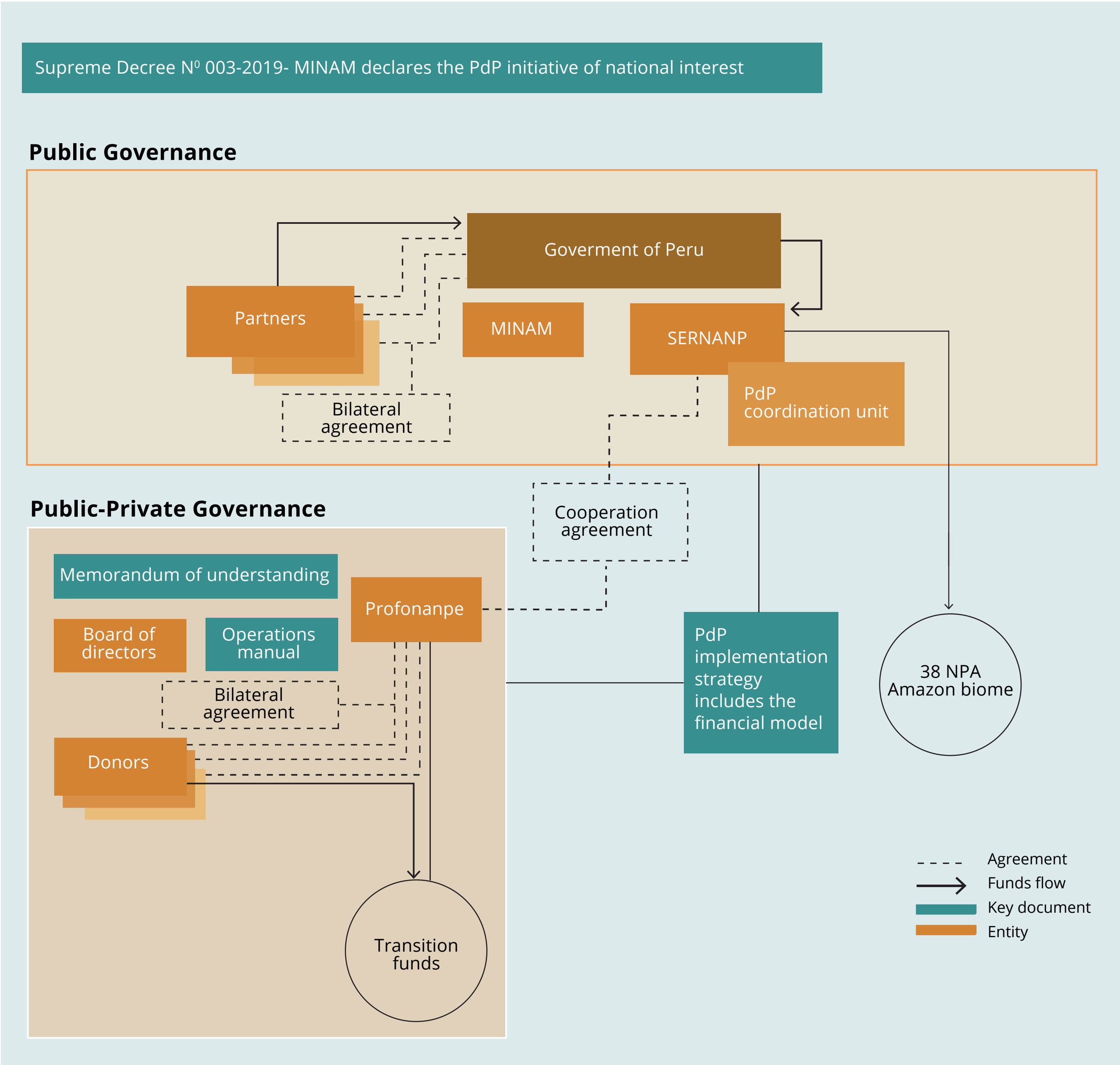
The initiative is governed by a Board of Directors[54] that is made up of seven members and is chaired by MINAM's Vice Minister for Strategic Development of Natural Resources. Other board members are the director of SERNANP, the executive director of Profonanpe, the representative of the regional governments of Profonanpe's Board of Directors, the representative of SINANPE's Coordination Committee (a member of the civil society organizations), and two representatives of the donors that signed the MoU who are selected by the donors themselves. As the highest decision making body, PdP-Amazonia's Board of Directors is responsible for monitoring compliance with the agreed upon objectives and goals and approving the disbursement of financial resources from the transition fund.

Profonanpe is the transition fund administrator and, as such, undertakes the following responsibilities, among others: ensures that the execution of the transition fund resources falls within the framework of the PdP-Amazonia Implementation Strategy and financial model, and ensures and confirms compliance with grant agreements signed with donors to the transition fund.

54 Formally, *Junta Directiva* in Spanish.

The PdP-Amazonia also has a coordination unit that guides implementation and reports to the director and the general manager of SERNANP. In addition, the directors of the different natural protected areas are responsible for the direct implementation of PdP-Amazonia, conducting the activities needed to achieve the agreed-upon goals in accordance with their annual operating plans.

FIGURE 6. **PdP-AMAZON GOVERNANCE MODEL**




* NPA: Natural Protected Areas

### 3.3.6. Disbursement conditions

The PdP-Amazonia operating manual includes the disbursement conditions agreed upon by the partners. These are as follows:

- **Year 1:** PdP-Amazonia Implementation Strategy approved by SERNANP; bilateral donation agreements for the transition fund signed with WWF and Andes Amazon Fund; and a Coordination Unit constituted and recognized by SERNANP.
- **Year 2:** At least 80% implementation of the Year 1 operating plan; a financial monitoring system in operation for SERNANP, and submission of a project proposal to GCF.
- **Year 3:** An operating technical monitoring system, and the GCF project underway.
- **Years 3–10:** Satisfactory achievement of the goals of the outcome indicators of the PdP-Amazonia Implementation Strategy.
- **Years 1–11:** Donor commitments for the PdP-Amazonia deposited in a timely manner and executed according to the financial model; financial reports produced by Profonanpe on the disbursements of the transition fund according to the MoU; the financial monitoring system and technical monitoring system properly implemented in the Amazon biome natural protected areas; and minutes from the Board of Directors meetings carried out as defined in the operations manual.

### 3.3.7. Current status (as of March 2021)

In the first year following the signing of the MoU and up to December 31, 2019, work was completed to comply with the PdP-Amazonia Year 1 disbursement conditions (2019) as established in its operating manual. The Board of Directors was installed and its members approved the annual operating plan for 2020. The agreed-upon donor resources were transferred for disbursement that year and earmarked to form the transition fund, administered by Profonanpe.

In 2020, it had been planned that PdP-Amazonia would be implemented in 11 natural protected areas. However, due to the Covid-19 pandemic, the planned activities were adjusted in coordination with the different technical and support areas of SERNANP and Profonanpe. Priority has been given to the following activities: field actions that allow for the incorporation of biosecurity measures for personnel; the activation of socio-environmental safeguards; the operation of funds for economic reactivation of activities using natural resources; actions for improving communications connectivity for the protected areas offices (including virtual media and internet and the purchase of computer equipment).

The economic crisis resulting from the Covid-19 pandemic has also drastically shifted the focus of the work PdP is doing to evaluate new sustainable financing mechanisms that, due to the pandemic, have become more viable when compared to other mechanisms that have traditionally generated revenue for the natural protected areas such as tourism and government budget increases. In 2021, PdP is exploring 16 different mechanisms to raise, generate, mobilize and/or transfer resources for financing biodiversity conservation. Some of these mechanisms are new to Peru (e.g., carbon tax, green bonds, conservation easements), while others such as environmental compensation and payment for ecosystem services are more traditional.

PdP-Amazonia will begin to support an additional 15 natural protected areas in 2021. To this end, a proposal to strengthen their management planning tools is being developed (including master plans, threat assessments, surveillance and control plans, monitoring protocols), as these are key inputs for proper intervention and future investment.

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# Annex 1: Definitions

## 1. Authority

Entity responsible for conservation areas. In general, it means public sector authorities (central or subnational government). For purposes of this guide, the role of authority can be applied to landowners or rightsholders when the PFP is applied to indigenous, communal, or private lands.

## 2. Coalition

An alliance of organizations working as equal partners to develop a PFP. These organizations may be public, private, national, or international.

## 3. Closing

The closing is the moment when PFP partners formally confirm that all necessary funding has been secured and all other closing conditions have been met. It is formalized with the signing of a legal document by all parties, which may or may not be binding. For PFPs, the closing is often referred to as the "single closing" to emphasize that all main aspects of the deal are agreed upon at that moment.

## 4. Closing conditions

Closing conditions are prerequisites of the program that PFP partners agree must be met before implementation can begin. They comprise elements considered critical to long-term success including approval of the conservation plan and financial model; definition of implementation arrangements and initiative governance; formal commitment of all resources necessary; completion of (or commitment to) institutional improvements needed for effective implementation; and others as needed.

## 5. Conservation area

For purposes of this guide, conservation areas refer to protected areas as well as Other Effective Area-Based Conservation Measures.

## 6. Conservation trust fund[1]

"CTFs are private, legally independent mission-driven institutions that provide sustainable financing for nature conservation. They operate as conservation financing institutions rather than institutions that directly implement biodiversity conservation projects. As such, their core business is to mobilize resources from diverse sources— including international donors, national governments, and the private sector—and to direct these resources, primarily through grants, to multiple programs and projects through NGOs, community-based organizations (CBOs), small and medium productive enterprises (SMEs), and government agencies (such as national protected areas agencies)." [2]

## 7. Deal broker

Person or group of persons charged with the task of linking the coalition with donors, overseeing PFP negotiations, solving problems, and pushing forward the development of a PFP until its closing. The deal broker must be well connected in the country, have excellent negotiating skills, and must be trusted by all coalition members.

## 8. Disbursement conditions

Disbursement conditions are milestones that must be met during implementation for donor funding to continue to be disbursed. These conditions act as an incentive for all partners to adhere to the PFP's mutually agreed vision and conservation plan over time. Disbursement conditions always include achievement of specific conservation results, and may include funding requirements from partners, and other conditions.

## 9. Endowment fund

An endowment fund is "a sum of money that is intended to exist in perpetuity or to preserve its capital over a long-term time frame; an endowment's capital is invested with a long-term horizon, and normally only the resulting investment income is spent, in order to finance particular grants and activities."[3]

## 10. Financial model

A financial model is a detailed analysis of the financial resources required to reach agreed upon conservation goals. It includes an assessment of existing available resources (funding baseline), anticipated costs to reach the agreed upon goals, and an estimate of the financial gap. The model is used to establish a fundraising target and helps define goals for the generation or allocation of in-country sustained funding. Where necessary, a financial model also indicates what restricted funding will be spent on.

1 "CTFs are also known as Environmental Funds, mainly in Spanish-speaking Latin America and francophone Africa, as most of the countries in these regions have a civil law system where trust funds must be established by specific laws and are not part of the legal tradition as they are in common-law countries." (Bath, P. et al 2020).

2 Bath et al, 2020.

3 Spergel & Mikitin, 2014.

## 11. Fundraising champion

The fundraising champion is a highly reputable person who is committed to the conservation vision of the country and who supports the coalition's fundraising efforts for the PFP. This person should have a good understanding of the country, and strong connections in-country and with the lead fundraising organizations. This person works in coordination with lead fundraisers and ensures that the message is consistent and meets the expectations of all its members. Rather than a public-facing role, the fundraising champion advises and encourages behind the scenes.

## 12. Other Effective Area-Based Conservation Measures

Defined by the Convention on Biological Diversity as: *"A geographically defined area other than a protected area, which is governed and managed in ways that achieve positive and sustained long-term outcomes for the in-situ conservation of biodiversity, with associated ecosystem functions and services and, where applicable, cultural, spiritual, socio–economic, and other locally relevant values."* [4]

## 13. Partners

A group of organizations that promote the development of a PFP and sign a Memorandum of Understanding (or other legal tool) for its design and implementation.

## 14. Permanence

Permanence is the ultimate aim of a PFP, namely, to establish long-term conditions for the adaptive and resilient management of conservation areas, based on the five elements of sustainability proposed by Linden et al. 2012. However, some stakeholders prefer the term "durability", which refers to conserving biodiversity and maintaining adopted measures over the long term, as part of an adaptive approach.

## 15. PFP components

PFP components are main deliverables associated with the PFP approach, and include the conservation plan, financial model, closing conditions, fundraising campaign, operating manual (with governance and institutional arrangements), and disbursement conditions.

4 Convention on Biological Diversity. Fourteenth meeting of the Conference of the Parties. Decision 14/8.

## 16. Project finance

Project finance draws on mainstream financial sector practices "for organizing and financing complex, expensive, and well-defined projects." [5] In conservation, this concept has translated into the establishment of public-private partnerships where PFP partners raise funds to jointly cover the costs of implementing a mutually agreed conservation plan.

## 17. Project Finance for Permanence

An approach or single initiative that secures important policy changes, and all funding necessary to meet specific conservation goals of a program over a defined long-term timeframe, with the ultimate aim of achieving the ecological, social, political, organizational, and financial sustainability of that program.

## 18. Protected Areas

"A geographically defined area, which is designated or regulated and managed to achieve specific conservation objectives." [6]

## 19. Single closing (see Closing)

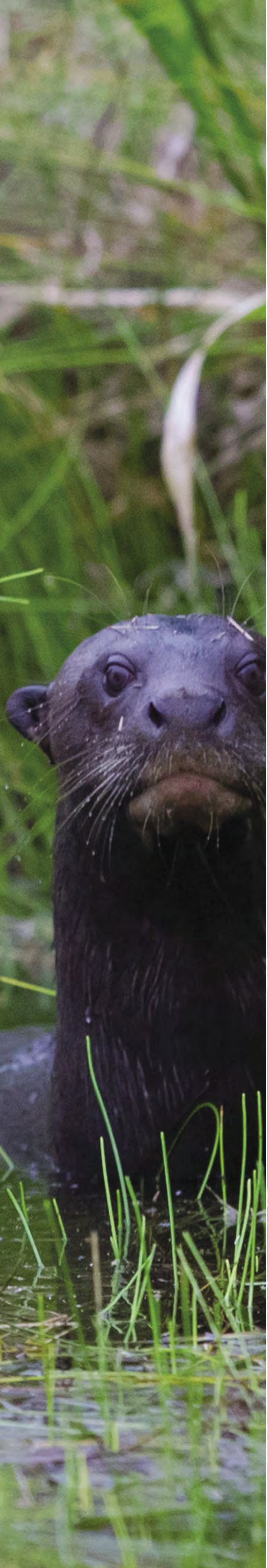
## 20. Sinking fund

A sinking fund is a type of fund from which capital is being spent down within a designated period of time (e.g., 5, 10, 20 years). A PFP initiative may employ a sinking fund that is not a transition fund when there are significant one-time costs that in-country sources are unable to cover.

## 21. Sustainable financing

Sustainable financing is "the ability to secure sufficient, stable, and long-term financial resources, and to allocate them in a timely manner and in an appropriate form to cover the full costs of protected areas and to ensure they are managed effectively and efficiently with respect to conservation and other objectives."[7] In 2011, Redstone Strategy Group wrote that, for the specific case of PFP, sustainable financing "signifies that sufficient funds management processes are in place so that the program does not expect to have to engage in future fundraising. This includes governmental and other funds secured through the deal." [8]

5 Linden et al, 2012.
6 Article 2 of the Convention on Biological Diversity.
7 Emerton et al, 2016.
8 Redstone Strategy Group, 2011a.



## 22. Sustainable financing mechanism

One of a variety of tools designed to generate or raise financial resources ideally from a diverse set of sources that are used to fund long-term needs to achieve and sustain conservation goals (e.g., payment for ecosystem services, carbon tax, fees, among others).

## 23. Transition fund

A transition fund is a pool of one-time funding (usually donations) held in a conservation trust fund that will be completely spent down over a defined long-term period (typically 10–25 years) as in-country sources of sustainable financing steadily increase to eventually cover all long-term recurring costs of a program. PFPs often employ transition funds to temporarily help developing countries cover costs of conservation area systems until those countries are able to fully cover those costs themselves. A transition fund is a specific type of sinking fund.

# Annex 2: List of interviewees

1. **Adriana Moreira,** Global Environment Facility (formerly with World Bank – Brazil)
2. **Aileen Lee,** Gordon and Betty Moore Foundation – USA
3. **Alan Holt,** Margaret A. Cargill Foundation – USA
4. **Alberto Cuba,** SERNANP – Peru
5. **Alberto Galán,** Patrimonio Natural Fund – Colombia
6. **Andrea Barrero,** Parques Nacionales Naturales – Colombia
7. **Avecita Chicchón,** Gordon and Betty Moore Foundation – USA
8. **Brodie Guy,** Coast Funds – Canada
9. **Camila Lobo,** Chico Mendes Institute for Biodiversity Conservation – Brazil
10. **Carolina Ortiz,** Patrimonio Natural Fund – Colombia
11. **Catalina Gutierrez,** Wildlife Conservation Society – Colombia
12. **Chris Holtz,** WWF – USA
13. **Cindy Vergel,** SERNANP/PdP – Peru
14. **Claudia Godfrey,** Profonanpe – Peru
15. **Dan Winterson,** Gordon and Betty Moore Foundation – USA
16. **Danielle Lien,** WWF – USA
17. **David Flickinger,** WWF – USA
18. **David McCauley,** WWF – USA
19. **Dechen Dorji,** WWF – Bhutan
20. **Enrique Ortiz,** Andes Amazon Fund – USA
21. **Esteban Brenes,** WWF – USA
22. **Felipe Avino,** WWF – Brazil
23. **Fernanda Marques,** FUNBIO – Brazil
24. **Ines Cavellier,** Patrimonio Natural Fund – Colombia
25. **Jenny Martinez,** Parques Nacionales Naturales – Colombia
26. **Jessica Villanueva,** Mennonite Economic Development Associates
27. **Jon Tua,** WWF – USA
28. **Justin Pepper,** Bobolink – USA
29. **Kathy Mikitin,** Consultant – USA
30. **Katie Zdilla,** WWF – USA
31. **Lorenzo Beck,** SERNANP – Peru
32. **Luis Felipe Huertas del Pino,** Lawyer – Peru
33. **Margo Burnham,** Forever Costa Rica Association – Costa Rica
34. **Maria Fernanda Cuartas,** Consultant – Colombia
35. **Meaghan Calcari,** Gordon and Betty Moore Foundation – USA
36. **Meg Symington,** WWF – USA
37. **Melissa Laverde,** Parques Nacionales Naturales/HECO – Colombia
38. **Melissa Moye,** WWF – USA
39. **Nery Londoño,** Parques Nacionales Naturales – Colombia
40. **Paulina Arroyo,** Gordon and Betty Moore Foundation – USA
41. **Pema Wangda,** Bhutan for Life Fund – Bhutan
42. **Rebecca Lake,** WWF – USA
43. **Renata Gatti,** Ministry of Environment – Brazil
44. **Rodolfo Valcarcel,** SERNANP – Peru
45. **Ross McMillan,** Coast Funds – Canada
46. **Sandra Chamorro,** WWF - Colombia
47. **Sasha Abrams,** Gordon and Betty Moore Foundation – USA
48. **Shubash Lohani,** The Pew Charitable Trust – USA
49. **Silvia Charpentier,** Forever Costa Rica Association – Costa Rica
50. **Tashi Jamtsho,** WWF – Bhutan
51. **Tim Sharpe,** WWF – USA
52. **Ximena Barrera,** WWF – Colombia
53. **Zdenka Piskulich,** Enduring Earth Partnership (formerly with Forever Costa Rica Association**)**

# Annex 3: PFP Selection Assessment Tool
## (August 27, 2021 version)

Project Finance for Permanence (PFP) is an approach or single initiative that secures important policy changes, and all funding necessary to meet specific conservation goals of a program over a defined long-term timeframe, with the ultimate aim of achieving the ecological, social, political, organizational and financial sustainability of that program.

## A- IMPACT

This section assesses the extent to which a potential PFP initiative can achieve conservation goals of global significance. It focuses on identifying areas of global significance within a given country, and in-country conservation programs that address management needs of those areas. It also highlights key challenges to effectively managing those conservation areas so they can achieve their environmental and social objectives.

| *CRITERIA* | *FACTORS TO CONSIDER* |
|---|---|
| **1.**<br>**Conservation priorities, programs, and challenges**<br><br>Will a PFP contribute significantly to goals for nature and nature's services to people over the long term? | **1.1.**<br>What are the **highest priority regions** of the country for nature and nature's services to people, and why? Does the country contain any G35[9] or CEPF Biodiversity Hotspot[10] areas?<br><br>**1.2.**<br>Which **organizations are primarily responsible** for managing and supporting conservation in those regions over the long term? What are the most important **permanent programs** through which they provide that management and support? (e.g., national PA network, etc.)<br><br>**1.3.**<br>What are the **biggest challenges** for those programs to achieve the desired social and ecological impacts? |

9 WWF's Global 35 Priority Ecoregions represent the most unique, irreplaceable, and biologically diverse regions. This analysis serves as a proxy for representativeness. The ecoregion map and additional background is available at https://wwf.panda.org/discover/knowledge_hub/where_we_work/.

10 The Critical Ecosystem Partnership Fund's (CEPF) biodiversity hotspots reflect the most biologically rich and threatened areas and hold especially high numbers of unique species. This analysis serves as a proxy for areas of high rarity. The hotspot map and additional background is available at https://www.arcgis.com/home/item.html?id=519061c776a14935ace5e17e5b-c3f32f, and http://www.cepf.net/resources/hotspots/Pages/default.aspx.

## B- VIABILITY

This section assesses the country's political stability, its legal and financial framework, risk of corruption, and commitment to conservation. These criteria must be in place to proceed with a PFP but are ones that a PFP would have virtually no ability to affect.

| *CRITERIA* | *FACTORS TO CONSIDER* |
|---|---|
| **2.**<br>**Political stability, legal and financial framework, and corruption**<br><br>Is the country politically stable, is there a limited risk of corruption, and is there a reliable in-country legal and financial framework (to implement terms of a PFP deal)? Is the economic structure risk acceptable? | **2.1.**<br>Is the country **politically stable**, and how does the country score on the Economist Intelligence Unit country risk rating?[11]<br><br>**2.2.**<br>Does the country have a **basic legal framework and banking system** (including a legal framework that allows for the creation and effectiveness of non-governmental institutions)? How does the country score on the World Bank "Ease of Doing Business" ranking?[12]<br><br>**2.3.**<br>Is there **limited risk of corruption**, and how does the country score on Transparency International's Corruption Perceptions Index? [13] |
| **3.**<br>**Meeting international commitments**<br><br>Does the in-country government have a good track record of keeping international commitments? | **3.1**<br>Does the government have a history of compliance with **international agreements and private sector contracts**? (e.g., commitments to protect World Heritage Sites) |

11 The Economist Intelligence Unit Country Risk Rating combines scores for sovereign risk, currency risk, banking risk, political risk, economic structure risk and a two-year forecast based on the political, economic, and external payments situation. AAA represents the lowest risk and D represents the highest risk. See: https://store.eiu.com/product/country-risk-service

12 World Bank rankings are from the "Doing Business 2018" report at doingbusiness.org. Lower values indicate that the country's regulatory environment is more conducive to starting and operating a local firm. Details on the ranking method can be found at https://www.doingbusiness.org/en/doingbusiness

13 Transparency International's Corruption Perceptions Index scores countries on how corrupt their public sector is seen to be. Details on the index can be found at: https://www.transparency.org/news/feature/corruption_perceptions_index_2017

## C- FEASIBILITY

This section assesses criteria that if not already in place, with a large, coordinated, and sustained effort, could be enhanced as part of PFP design. Topics include conflict in the conservation areas, the potential for sustainable funding, high-level political commitment and fundraising, and capacity for implementing institutions to design and implement a PFP.

| *CRITERIA* | *FACTORS TO CONSIDER* |
|---|---|
| **4.**<br>**History of conflict and existence of a complaint mechanism**<br><br>Are appropriate actions being taken and risks mitigated regarding existing or potential conflict with local communities? | **4.1.**<br>Is there a **history of significant conflict between local communities and/or indigenous peoples and conservation area staff** (e.g., rangers) or other law enforcement entities involved in conservation areas?<br><br>**4.2.**<br>Are there **mechanisms to report complaints from local communitie**s, and resolve conflicts equitably and transparently? Are these mechanisms being used and **officials involved in misconduct sanctioned**?<br><br>**4.3.**<br>Is there a **recent history of civil conflict or war** that directly impacts communities in or around conservation areas? |
| **5.**<br>**Long-term sustainable financing**<br><br>Is there sufficient potential to develop long-term, sustainable sources of funding? | **5.1**<br>Are there specific opportunities to create or expand long-term nonbudgetary government and private sector **sustainable financing mechanisms** (e.g., payment for ecosystem services, fees, taxes, etc.) and designate them to the conservation program?<br><br>**5.2**<br>How much potential is there to increase **government budget** allocations (given economic conditions, etc.) to the relevant conservation program over the short, medium, and long term? |

| | |
|---|---|
| **6.**<br>**Potential for high-level political commitment**<br><br>Is there potential for sustained in-country political commitment at the highest levels of government (e.g., to change necessary policies, financing, etc.)? | **6.1.**<br>Is the government **open to negotiating** with donors, NGOs, and other stakeholders to reach a PFP agreement?<br><br>**6.2.**<br>Can **political champions** for a PFP initiative be identified at the highest levels of government (including in traditionally powerful ministries e.g., Finance)? Will these champions be **in office for at least three years** (the minimum amount of time required to develop a PFP)? When are the next national elections?<br><br>**6.3.**<br>Are there opportunities to link a PFP initiative to important **government priorities** (e.g., peace process, recovery from natural disaster, poverty reduction)? Has technical work (e.g., natural capital analysis) been done to demonstrate the value of the area to high-level decision makers? |
| **7.**<br>**Fundraising potential**<br><br>Is there sufficient potential fundraising interest in the candidate PFP? | **7.1.**<br>Is there **current or historic experience** raising funds for work like the anticipated candidate PFP?<br><br>**7.2.**<br>Is the candidate PFP sufficiently attractive to a critical mass of potential **private donors** (including external and in-country individuals, foundations, and corporations)? Is there an **individual who could champion** and help raise funds for the PFP, particularly on the private side? (e.g., a board member of a main coalition partner, or a past PFP donor)<br><br>**7.3.**<br>Is the candidate PFP sufficiently attractive to a critical mass of potential **public donors** (including bilateral and multilateral institutions)? Does a member(s) of lead fundraising organizations have **strong relationships with the biggest potential public donors?**<br><br>**7.4.**<br>Are there specific donors who could be willing to fund **development costs** for the candidate PFP? |

| | |
|---|---|
| **8.**<br>**Capacity of implementing institutions to develop and implement a PFP**<br><br>Do relevant in-country implementing institutions (e.g., the protected area agency, Ministry of Environment, local fund, etc.) have sufficient capacity to successfully plan and implement a PFP initiative, and absorb large amounts of new funding? | **8.1.**<br>Are there **in-country institutions** (e.g., government, local fund, etc.) that are well positioned to **help implement** priority conservation activities; if yes, which institutions?<br><br>**8.2.**<br>Do those institutions have the **strategic vision and technical and management capacity to support ongoing, rigorous, multi-year conservation and financial planning?** Has any significant conservation and financial planning of the caliber necessary for a PFP already been completed?<br><br>**8.3.**<br>Do those institutions have **appropriate technical and project management capacity for implementation** (e.g., experience successfully leading large international projects)?<br><br>**8.4.**<br>Can those institutions **spend large amounts of new funding effectively** (on priority needs) and efficiently (without significant delays)?<br><br>**8.5.**<br>Does a **local conservation trust fund have the necessary legal standing and track record** to manage PFP funds, or is it feasible to create a new fund to manage PFP funds? |

## D- READINESS

This section assesses capacities that can be relatively easily enhanced as part of PFP design.

| *CRITERIA* | *FACTORS TO CONSIDER* |
|---|---|
| **9.**<br>**Capacity of in-country entities to assist design and coordination of a PFP**<br><br>Is there an in-country entity with the capacity and relationships to help develop the PFP initiative, and coordinate in-country negotiations leading up to a deal? | **9.1.**<br>Is there an **in-country NGO or well-recognized private organization** with the appropriate technical capacity, project management capacity (e.g., successful leadership of past large international projects), and strong enough relationships with key government and other local stakeholders **to help develop the PFP initiative**?<br><br>**9.2.**<br>Does this in-country NGO or private organization have at least one strong leader who can help coordinate negotiations, interface with stakeholders, and oversee an in-country project manager and technical staff who will help develop the PFP? |
| **10.**<br>**Deal broker**<br>Is/are there a trusted, independent deal broker(s) who can be a hard and effective negotiator(s)? | **10.1.**<br>Is there a person (or team of people) who is sufficiently trusted by all major stakeholders, is a champion of the PFP initiative, and can **lead the negotiation process**? Is this person (or team of people) independent enough from the government and relevant private sector and NGOs (including in-country NGOs) to be a hard and effective negotiator(s)? |

# Annex 4: Application of environmental and social safeguards in a PFP

Environmental and social safeguards consist of the following steps during the design and implementation phases:

## Design Phase

**Screening:** The first step of the safeguards process is to screen the conservation plan for potential adverse environmental and social impacts and categorize the initiative according to its risk level. This should be done once the initiative's location/s and indicative activities are determined, and should be done through desk research, field visits, and talking with project stakeholders. The screening determines which safeguards management plans are needed, or whether further environmental assessments are necessary.

**Developing safeguards management plans:** The safeguards management plans should be developed by an independent safeguards consultant, working closely with the coalition or the conservation plan working group. The coalition should facilitate access to a variety of stakeholders with whom the consultant can speak. The safeguards management plans will assess the government's policies, the socio-environmental context, the risks from the initiative, and any mitigation measures required to avoid, minimize, or mitigate such risks. They should also detail what personnel, budget, and activities are needed to execute the safeguards management plans, which in turn need to be incorporated into the financial model. Some types of safeguards management plans include Environmental and Social Management Framework, Indigenous Peoples Planning Framework, Process Framework for resettlement or a Livelihood Restoration Plan for access restriction, and a Stakeholder Engagement Plan.

**Grievance mechanism:** A grievance mechanism should be established to allow for the expression of and response to complaints related to the implementation of the PFP. The grievance mechanism is designed to enable the receipt of complaints of affected people and public concerns regarding the environmental and social performance of the initiative. The aim of the mechanism is to provide people fearing or suffering adverse impacts with the opportunity to be heard and assisted. It is designed to address the concerns of the community(ies), identify the root causes of the conflicts, and find options for the resolution of grievances.

**Disclosure:** Disclosure of the safeguards management plans and the Stakeholder Engagement Plan should be done prior to implementation in a language and format accessible to stakeholders. For example, if stakeholders cannot read, there should be a workshop to disclose the plans. If stakeholders do not have internet access, a

paper copy should be provided. At a minimum, the documents should be disclosed on the authority's websites. Best practice is to publicly disclose safeguards documents for comment at least a month prior to their finalization. Once the disclosure period is complete, the project can commence.

## Implementation Phase

**Compliance:** The PFP should comply with the safeguards management plans, the Stakeholder Engagement Plan, and provide a working grievance mechanism. A safeguards specialist should be hired, and capacity building on safeguards might be needed to ensure full compliance. Each year, the annual work plan and budget should be screened to see if additional or more-detailed safeguards plans are required. If so, these should be finalized before any disbursements are made for those activities.

**Engagement:** Stakeholders should continue to be engaged throughout the PFP implementation according to the methods set forth in the Stakeholder Engagement Plan. Stakeholders should be consulted to provide input on project activities that may affect them, or at a minimum be made aware of these activities.

**Monitoring:** Indicators for safeguards compliance should be incorporated into the monitoring framework, and the safeguards specialist should conduct field visits to ensure compliance with the safeguards management plans and Stakeholder Engagement Plan. The safeguards specialist shall determine whether or not the initiative is in compliance, and if not, how it can be brought back into compliance.

# Annex 5: PFP phases and main activities

## IDENTIFICATION PHASE

- Explore whether key criteria for PFP exist
- Determine if timing is appropriate to develop a PFP

## ASSESSMENT PHASE

- Explain the PFP approach to stakeholders
- Assess PFP viability, feasibility, and other criteria
- Start identification, design and implementation of national sustainable financing mechanisms
- Identify enabling conditions
- Determine if or when developing a PFP is suitable
- Start fundraising for design phase

## READINESS PHASE

- Establish a coalition
- Complete fundraising for design phase
- Train coalition members in PFP approach
- Negotiate a Memorandum of Understanding
- Define roles and agree on financial arrangements for the design phase
- Begin to address key recommendations identified during the assessment
- Continue identification, design and implementation of national sustainable financing mechanisms
- Start fundraising for implementation phase
- Start branding and communications

## DESIGN PHASE

- Develop a shared vision
- Develop conservation plan
- Develop financial model
- Continue identification, design and implementation of national sustainable financing mechanisms
- Define closing conditions
- Agree on institutional arrangements and governance
- Identify a fund administrator and provide capacity building
- Define disbursement conditions
- Negotiate single closing agreement
- Complete fundraising for implementation phase
- Confirm donor pledges
- Continue branding and communications

## IMPLEMENTATION PHASE

- Sign legally binding donor financing agreements
- Transfer donor funds to transition or endowment fund
- Establish steering committee
- Implement medium and short-term planning
- Disburse donor funds
- Implement conservation plan
- Monitor, report and evaluate
- Continue identification, design and implementation of national sustainable financing mechanisms
- Continue branding and communications

# Annex 6: List of additional reviewed documents

## Amazon Sustainable Landscapes Program

- *Conferencia Anual de Paisajes Sostenibles de la Amazonía* (ASL), 2018
- *Conferencia Anual de Paisajes Sostenibles de la Amazonía* (ASL), 2019
- GEF-6, PFD, Amazon Sustainable Landscapes Program

## ARPA

- ARPA for Life – Brochure, 2014
- ARPA for Life, Phase III report, 2016
- ARPA Presidential Decree, 2015
- *Reflexiones 15 años ARPA, 2018*

## Bhutan for Life

- Bhutan for Life, Closing Agreement, 2018
- Bhutan for Life, Conservation Plan, 2018
- Bhutan for Life, Prospectus, 2016
- Bhutan for Life, Royal Charter
- GCF, Funding Proposal, Bhutan for Life (FP050), 2017

## Great Bear Rainforest

- Coast Conservation Endowment Fund Foundation, Bylaws, 2017
- Coast Funds, Strengthening Community Well-Being: A Report on Outcomes from Coast Funds' Projects (2008–2015), 2016
- Coast Funds. Talking Stick. Reflecting on 10 years of conservation finance in the Great Bear Rainforest and Haida Gwaii. Special edition. 2019
- From Conflict to Collaboration: The Story of the Great Bear Rainforest
- Place of Power: Lessons from the Great Bear Rainforest, 2010

## Forever Costa Rica

- *Asociación Costa Rica por Siempre. Informe 2016–2017*
- *Costa Rica en Acción. Resultados 2010–2016*
- Forever Costa Rica. How Costa Rica will become the first developing country to permanently meet global protected area goals. 2011
- *República de Costa Rica. IV Informe de País al Convenio sobre la Diversidad Biológica. 2009*

### Heritage Colombia

- *Herencia Colombia. Brochure. 2019*
- *Herencia Colombia: Oportunidades para el financiamiento a largo plazo de las áreas protegidas y otras estrategias de conservación. 2019*

### Peru's Natural Legacy

- *Patrimonio del Perú. Decreto Supremo. 2019*
- GEF. Project Document. Securing the Future of Peru´s Natural Protected Areas. 2017
- *Patrimonio del Perú. Estrategia de Implementación. 2019*
- *Patrimonio del Perú. Manual Operativo. 2019*
- *Patrimonio del Perú. Memorandum de Entendimiento. 2014*
- *Patrimonio del Perú. Memorandum de Entendimiento. 2019*
- *Plan de Recaudación para la Sostenibilidad Financiera del SINANPE. 2018*

### Project Finance for Permanence

- Project Finance for Permanence. Key Outcomes and Lessons Learned. WWF. 2015

### Web pages:

#### Amazon Sustainable Landscapes Program:

https://www.worldbank.org/en/programs/amazon-sustainable-landscapes-program/overview

#### PFP initiatives:

**ARPA:** http://arpa.mma.gov.br/en/

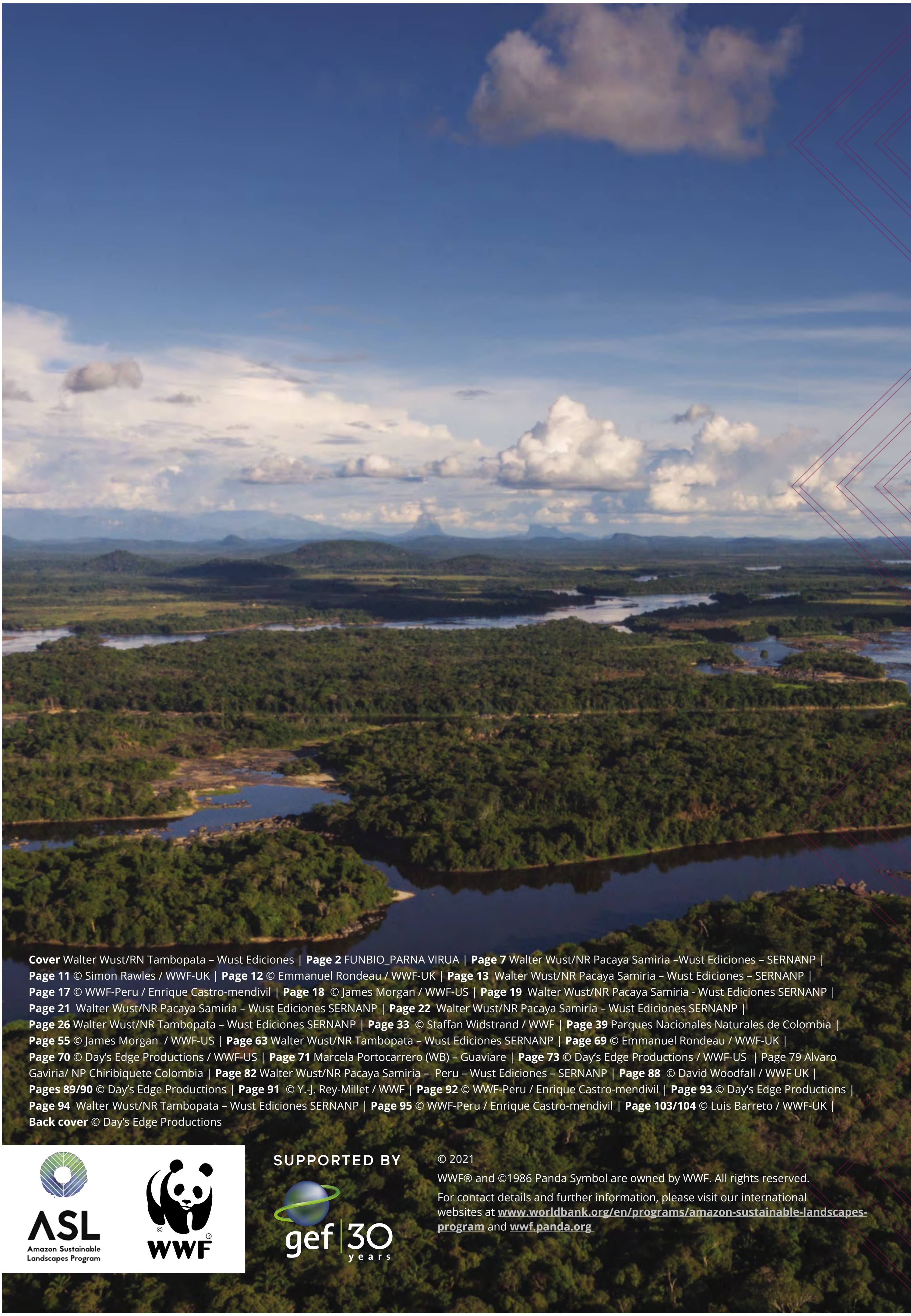
**Bhutan for Life:** https://www.bfl.org.bt/

**Forever Costa Rica:** https://costaricaporsiempre.org/

**Great Bear Rainforest:** https://coastfunds.ca/

**Heritage Colombia:** https://www.worldwildlife.org/magazine/issues/winter-2017/articles/heritage-colombia

**Peru's Natural Legacy:** https://www.sernanp.gob.pe/patrimoniodelperu



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