Summary

The Conservation Finance Alliance (CFA) is seeking a consulting team for two linked critical projects to advance the effectiveness of Conservation Trust Funds (CTFs) in the financing of biodiversity conservation. An update to the Review of Conservation Trust Funds will provide all actors with an improved understanding of the scope, effectiveness and impact of Conservation Trust Funds around the world. The expansion of the Practice Standards for Conservation Trust Funds will provide existing and new CTFs with additional evidence-based norms to guide their operations. By organizing these two projects with a joint task force and combined consultancy, we will achieve greater efficiency and benefit from the natural symbiosis of the two initiatives.

Introduction

Conservation Trust Funds, also known as Environmental Funds, have long been considered critical actors in the financing of biodiversity and habitat conservation. Conservation Trust Funds are private, legally independent institutions that provide sustainable financing for biodiversity conservation. The first CTFs were created in the 1990s. Since then, about 100 CTFs have been founded around the world, covering a wide range of geographic and thematic scopes. Some CTFs manage and disperse income from an endowment only, while others manage a mix of endowment and sinking funds, manage revolving funds, and/or act as implementing agencies for large grants or other funding streams. The investable assets of CTFs range from as little as 2 million USD to in excess of 140 million. Many CTFs aim to cover the core operations of a specific set of protected areas, but some also distribute project grants over a broader set of thematic areas, and some are experimenting with innovations such as results-based payments or provision of debt-based financing.

As CTFs have grown in complexity and number, they have organized into regional networks to share knowledge, build capacity and collaborate. The Latin American and Caribbean Network of Environmental Funds (RedLAC) was founded in 1999 and the Consortium of African Funds for the Environment (CAFÉ) was founded in 2011. Both networks hold annual assemblies and frequently host workshops. The newest network, the Asia-Pacific CTF Network (APNET) was founded in 2017. The RedLAC Capacity Building Project and its successor, Project K, provided critical resources to support knowledge sharing and education among the CTFs both regionally and in South-South formats.

CTFs play an important role of investing funds from long-term endowments and sinking funds that they manage or hold in custody (trust). Since 2006, the Conservation Trust Fund Investment Survey (CTIS), another collaborative initiative promoted by the CFA and carried out by the Wildlife Conservation Society, has collected institutional and financial information from CTFs around the globe. In aggregate, the world’s CTFs are estimated to hold and manage over USD 1 billion in endowments and sinking funds. In the CTIS report for calendar year 2017, participating funds ranged from less than $1 million USD up to 140 million. The CTIS also shows that 38% of the participants had investments of 0-10 million US dollars, 17% had
investments between 10 and 20 million US dollars, 38% had investments of 20-50 million US dollars while 17% had investments exceeding 50 million US dollars. On average, CTFs earned 5.4% returns (nominal) for the five-year period ending in 2017, and 2.2% in real returns (after inflation) for the same time period.

These Terms of Reference cover two related studies on CTFs: 1) a 10-Year Periodic Review of CTFs; and 2) an Update to the Practice Standards for CTFs. The two studies will operate in parallel and allow for combined interviews, assessments, and general data collection. Each study will result in a separate report that will be shared with stakeholders for feedback and then published to be freely available on the CFA website. The combined project will be implemented by a consortium or consulting group in collaboration with the CFA, CTF networks and individual CTFs.

**Context on the 10-Year Periodic Review of CTFs**

To better understand CTFs, their governance and impact, the Global Environment Facility commissioned an Evaluation of Experience with Conservation Trust Funds in 1998. A decade later, a Rapid Review of Conservation Trust Funds (2008) was commissioned by Conservation Finance Alliance (CFA) with funds from AFD, FFEM, KfW, WWF and Conservation International. The later work built on the former, using many of the same definitions and principles to understand the diversity and activities of CTFs. The 2008 Review also provided a snapshot of CTFs in the conservation finance context of that time, for example discussing their involvement in debt-for-nature swaps and their potential “in the future” to manage payments for ecosystem services and biodiversity offset schemes, both of which were fairly new at the time.

In the decade since, there have been a number of studies looking at a subset of CTFs or CTF issues. An annual CTF Investment Survey (CTIS) is produced by CFA and the Wildlife Conservation Society, in partnership with RedLAC, CAFÉ, and APNET, and A Review of CTFs for Sustainable Marine Resources Management was produced by IIED in 2014. In addition, CFA has produced guiding documents such as the Environmental Funds Toolkit and the 2014 Practice Standards for CTFs that distill lessons learned from decades of CTF experience and are widely used. The Practice Standards are the subject of the partner study to this 10-year review.

As our understanding of the drivers and dire implications of habitat and biodiversity loss become clearer, nature-based solutions to climate change have risen to the top of the policy agenda and the global community is increasing its commitment to meeting the Sustainable Development Goals. There are a growing number of governments and corporations making specific financial or policy commitments to achieve these goals, and a variety of funding mechanisms are in place or in development that seek to invest in transformative change at large scale. In addition to their core protected area support role, it is likely that CTFs, as independent financing institutions, could play and increasingly important role in this new wave of conservation-focused finance.

This third 10-year CTF review seeks to document the evolution of CTFs as conservation financing mechanisms and institutions, and to update global thinking around CTFs and the roles they have played and could play in today’s conservation finance context. The 2019 review will serve as a natural continuation of the series, building on the past documents and establishing a consistent structure that will serve as the basis for future reviews.

**Context on the update to the Practice Standards for CTFs**

In 2013 the Conservation Finance Alliance (CFA) collaborated with the networks of Conservation Trust Funds – RedLAC (the Latin American and Caribbean Network of Environmental Funds) and CAFÉ (the Consortium of African Funds for the Environment) – and
19 other organisations in order to elaborate the first version of the Practice Standards for Conservation Trust Funds (CTFs). The CFA member organisations who committed to making these Practice Standards a quality product included many of the leading actors and investors in CTFs. The aim of this collaboration was to develop useful evidence-based norms for CTFs, and the institutions and individuals providing financial and technical support to them. The initiative was a success and the current version of the Practice Standards for CTFs is widely used and consistently cited as an essential document for donors, the funds themselves, and those considering creating a new fund. During 2019 the CFA, with its original and new partners, are planning to develop a second edition of these voluntary standards, complementing the existing core areas with additional standards that were not included in the first version.

The Practice Standards for CTFs guide the CTFs to be more sustainable, efficient and effective tools for biodiversity conservation. To this end, the first edition of the Practice Standards covered six core areas:

1. **Governance**, such as the Board of Directors' composition, functions and responsibilities and the hierarchy of decision-making.
2. **Operations**, such as grant making (funding allocation criteria); procurement; government interaction; organizational structure / roles / responsibilities.
3. **Administration**: annual audit by independent external auditors; operations manuals; management expenses; clarity of roles and organization and adequate resources.
4. **Reporting, Monitoring and Evaluation**: conservation impact monitoring; frequency, format and content of technical and financial reports to donors; and results publication.
5. **Asset management**: fiduciary responsibilities, investment strategies and policies and relationships with asset managers and investment professionals.
6. **Sustainable Financial Resource Mobilization**: fundraising; innovative market-based financial mechanisms; mobilization and management of additional funding sources.

These standards were voluntarily used and adopted by CTFs, donor institutions and other partnering organizations. The idea of creating quality standards was not to replace the then-existing institutional guidelines on safeguards or fiduciary standards, but to fill specific gaps of donor policy harmonization in order to reduce transaction costs and to create transparent benchmarks for quality among CTFs. It also has become a powerful tool to streamline due diligence research of donors when considering design and investing in a new and/or specific trust fund.

**Objectives of the Consultancy**

The 2019 CTF Review would document the diversity, success, impacts, and challenges of CTFs over the past 30+ years, and examine the potential role of CTFs as localized delivery mechanisms for a variety of new funding types, and as brokers of public-private partnerships around specific landscapes and themes. Given the variety in the ages of the CTFs, it will also include a comparison of the approaches followed by those with greater longevity and those that were established more recently. See the detailed Terms of Reference below for detail.

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The aim of the update of the Practice Standards for CTFs is to complement the original set of standards, including new core areas that provide additional guidance to CTFs for issues not covered in the standards first edition. The project will also review and refine the original six standards when required. In this second edition of the Practice Standards for CTFs, four new core areas are being considered in addition to the six original areas and possible updates, for a total of ten core areas in this second edition. The four new areas being considered are:

7. **Human Resource Management**: Human capital management including staff recruitment; contracting and conditions of service; incentive schemes; staff administration systems, optimization through training; knowledge keeping, building and sharing; and effective internal communication systems between governance & staff, and amongst those levels.

8. **Organizational communication**: Institutional communication as a tool for information sharing, transparency, accountability and more dynamic decision-making - to support better organisation performance; protocols to share information to media and the public; logo and branding controls; use of effective communication media as a state of the art conservation tool; and the empowerment of conservation concepts and ideals through social media and digital tools. Guidance to social media use, skills and protocols.

9. **Safeguard and risk management policies**: Social & environmental safeguards; gender mainstreaming; climate resilience practices; financial inclusion, ethnicity, indigenous communities’ rights, prevention of land grab practices and child labour; minimization and prevention of negative impacts from financial, fiscal, legal, political, labour and technology risks. Adoption of organisational vulnerability assessments and risk minimisation strategies, with legal and insurance cover implications.

10. **Use of Technology & Data/Information**: Optimization of technology use to improve organizational effectiveness and efficiency; adoption of appropriate policies, practices and skills to use conservation technology, such as remote sensing, monitoring, biodiversity inventories, data acquisition, modelling and economic analysis of environmental services and goods. Institutional understanding of public information, data and photographic issues and adoption of protocols; and technology assets management.

**Tasks for the 10 Year Review**

The consultant will use the two previous reviews as a baseline, and build upon those reports to present an updated picture of CTFs in terms of governance, program management, adaptation to changes, and innovation. The work should take a similar approach to the 2008 review to provide consistency in the analysis, while incorporating new approaches that CTFs are exploring. Funds that were profiled in the 2008 study should be revisited to determine changes experienced by these Funds over time and gain an understanding of key issues arising for these CTFs. The study should also analyze CTFs that have been created since the last report to determine their status and approaches, and if they have benefitted from the experience of more established CTFs. A range of innovative approaches are being trialed at a range of funds and these should also be documented even if the funds were not part of the previous study.

The review and analysis will be broken into two general sections: 1) review of past activities and results, and 2) potential for future opportunities.

1. Conduct a detailed stock-take and assessment of CTFs today:
• Update the list and summary profiles of CTFs globally
• Prepare and present an overview of the variety of roles, types and governance structures of CTFs, including an assessment of how these align with CFA’s CTF Practice Standards
• Review the objectives and effectiveness of the operations of the regional organizations, RedLAC, CAFÉ, and APNET
• Present an overview of financial management in terms of investment management, administrative costs, and grants provided, drawing on the CTIS and an ongoing CTIS 10-year review. Consider a quantitative ROI analysis.
• Assess the impact of CTFs over the last 10 years, using both interviews and published evaluation documents. This should be done in collaboration with the CTF Networks and should reference the work products of Project K.
• Analyse the programmatic evolution of CTFs and the lessons learned from their operations over time – including partnerships with government, and other stakeholders in support of conservation programs
• Analyse trends in legal structuring of CTFs, particularly in jurisdictions with complex legal frameworks (e.g. London, Singapore). Include regulatory issues in the financial services industry that impact CTFs (e.g. more stringent/complex ‘Know Your Client’ regulations)
• Prepare and present 5-7 illustrative case studies with at least one per region (i.e. Africa, Asia-Pacific, Latin America-Caribbean) showing a diversity of structures and results. (It is recommended that a case study on FAN in Ecuador be included to illustrate challenges faced by CTFs and key elements of best practice to be included in founding documents and governance.)

2. Present an analysis of the potential role of CTFs in the current and emerging conservation finance sector:

• Enumerate and assess the types of financing mechanisms that CTFs are currently managing or otherwise involved with to identify emerging opportunities and challenges. This would likely include (among others):
  o Climate mitigation and adaptation finance at various scales (e.g. finance linked to Nationally Determined Contributions, results-based payments)
  o Private/impact investment, green bonds, etc., drawing on the update of the CFA Conservation Finance Guide, which is concurrently in development, and other related publications
  o Payments for Environmental Services
  o Management of biodiversity offset funds
• Assessment of CTFs revenue portfolio, including issues of diversification, current gaps in endowment capitalization of major funds, alternative sources of revolving capital, and clarity of CTFs conservation targets. Where CTFs are targeting specific protected areas or protected area systems, or other concrete targets, assess the gaps between revenue generation from investments and other sources in comparison to funding needs and review strategies for filling the gaps. The review
should also explore, in partnership with the CTIS, investment performance and opportunities for improved outcomes.

- A 'market analysis' that gauges the way and extent to which conservation funders are looking at CTFs as part of their strategies and investment options. Determine any key trends regarding how large conservation organizations and funders, which make up much of the ‘conservation mainstream,’ are approaching CTFs to deliver conservation and ecosystem services.

3. Communication and travel

- Conduct information-gathering workshops at the CAFÉ and RedLAC Assemblies in September and October 2019, respectively
- Participate in a launch event at the World Conservation Congress, June 2020, Marseilles, France

Tasks for the Update of the Practice Standards

1. Establish a clear consultation and feedback strategy with the CFA Task Force, the CTF networks (RedLAC, CAFÉ, and APNET), donors, and other key stakeholders to review the PS revision process and approve draft and final versions.

   - Establish a work plan and consultation schedule in collaboration with the Task Force that includes benefiting from combined interviews and scheduled meetings (RedLAC, CAFÉ, etc.).
   - Prepare a list of contacts and events from which to gather information
   - Prepare a bibliography or resources list for background review
   - Develop an initial outline for the entire revised Practice Standards

2. Gather detailed opinions on practice standards and main concepts defined by the context described above including but not limited to the existing core areas of the Practice Standards and the four (4) new proposed areas of work.

   - Gather data from CTFs and donors to understand how and to what extent the Practice Standards are currently being used, and to find out what users have identified as strengths and challenges of the existing Standards
   - Review the current Practice Standards for Conservation Trust Funds and identify areas of challenge, clarity, and opportunity for improvements
   - Review available literature on best practices for CTFs
   - Document a list of proposed amendments to the original subject areas to be reviewed by the Task Force and other stakeholders

3. Review, analyze and propose Practice Standards for the four additional areas (Human Resource Management, Organizational Communication, Safeguard and Risk Management Policies, Use of Technology & Data/Information)

   - Review the proposed four new areas and validate initial assumptions of their importance and value with the Task Force and other stakeholders
   - Conduct detailed interviews with CTFs and other relevant actors
   - Identity minimum requirements and top practice standards for each area
• Conduct an analysis of real cases for each new area
• Formulation of first draft of Practice Standards for the four new areas.

4. Prepare a complete first draft of the revised Practice Standards for consultation purposes
• Implement a peer review process with Task Force, the Environmental Funds Working Group and specific groups of stakeholders (such as government and private sector)
• Document feedback and propose revisions or deepen explanations
• Conduct information-gathering workshops

5. Revise and finalize Practice Standards based on the results of the review process
• Revised document circulated broadly for comment
• Final Revision and approval by the Task Force
• Oversee translation and publication (cost covered elsewhere).

6. Communication and travel
• Conduct information-gathering workshops at the CAFÉ and RedLAC Assemblies in September and October 2019, respectively
• Participate in a launch event at the World Conservation Congress, June 2020, Marseilles, France

Approach
The CFA has formed a CTF Study Task Force to oversee the work of a team of consultants who will be contracted to undertake this work. The Task Force will be made up of members of CFA's Environmental Funds Working Group and the study’s funders. The study will consist of a desk study and video conference interviews with Funds from around the world. Travel to meet with CTFs in support of specific case studies is recommended and should include a minimum of four CTFs. The consultants should also plan to travel to the CAFÉ Assembly in Ouidah, Benin in September 2019, the RedLAC Assembly in Merida, Mexico in October 2019, and the World Conservation Congress in Marseilles, France in June 2020. The budget and work plan should reflect this planned travel.

Timeline
The study is expected to take up to ten months, with a launch of the final documents by June 2020.

Specific Milestones that should be included in the proposal’s work plan include the following:
- Detailed Workplan (validated by the Task Force)
- Global Survey documents (questionnaire or interview guide, contact list, time table etc.)
- Information-gathering workshops at the 2019 CAFÉ and RedLAC Assemblies
- Choice of Case Studies for Review
- List of finance tools used by CTFs
- Initial Analysis (to be discussed with Task Force)
- Case Studies completed
First Draft of Review and Standards for review and validation by Task Force
- Final Draft of Review and Standards for approval
- Formatted Final Report and Standards.

The consultants can include in-person meetings of the Task Force or larger validator group, with appropriate timing and budget proposals, or can propose online meetings.

Level of Effort
It is anticipated that a team of three consultants will be required to undertake the proposed work with a combined level of effort of up to 120 days.

Proposals
Proposals for this work must include the CVs of the proposed consultants, a description of the division of tasks, a timeline for study elements and interim products (see milestone list above), a basic budget (fees, travel, other), and a letter explaining why the consultants or organization are appropriate for this work. The CV of each proposed consultant should include links to relevant writing samples.

Proposals should be submitted to secretariat@CFAlliance.org by 5 pm EDT on July 24, 2019 to be considered. Questions or clarifications on the ToR can be submitted to the above email.

Required profile for specialist consultants
The consultancy can be carried out by specialist consultants. The required profile is:

- Senior professionals with proven knowledge and experience on Conservation Trust Funds
- Expertise or access to experts in the original six core areas of the Practice Standards for CTFs (governance, operations, administration, reporting monitoring and evaluation, asset management and resources mobilization), plus experience or access to experts in human capital management, communication, safeguards and technology.
- Ability to facilitate group discussion, and collect and synthesize input from the Task Force and the Environmental Funds Working Group into the delivered products.
- High proficiency in spoken and written English language. Knowledge of Spanish or French is an asset.

The consultant(s) will be hired by WCS, on behalf of the Conservation Finance Alliance. Collaboration among independent consultants is encouraged, with one individual, firm or organization as the lead consultant and contracting entity, ensuring timeliness and quality of deliverables.

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2 At least two members of the consultant team should be very experienced with CTFs