



Feasibility Study on the Establishment of a Biodiversity Conservation Trust Fund in Central Africa

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Table of Contents

LIST OF ILLUSTRATIONS	6
ACRONYMS AND ABBREVIATIONS	7
EXECUTIVE SUMMARY: A SUB-REGIONAL CTF FOR A NEW VISION FOR CONSERVATION FINANCING IN CENTRAL AFRICA	8
1. INTRODUCTION	10
1.1 DEFINITION OF CTF	11
1.2 MAIN ADVANTAGES AND DISADVANTAGES OF CTFs	12
1.3 BRIEF INVENTORY OF CTFs IN CENTRAL AFRICA.....	14
1.4 ESTABLISHMENT OF A SUB-REGIONAL CTF: A PROPOSAL THAT IS CONSISTENT WITH REGIONAL POLICIES.....	15
1.5 ESTABLISHMENT OF A SUB-REGIONAL CTF: A PROPOSAL IN LINE WITH CURRENT GLOBAL TRENDS	16
2. PROFILE OF THE CTF FOR CENTRAL AFRICA	20
2.1 OBJECTIVE OF THE CTF: TO ESTABLISH A RELIABLE ENTITY FOR THE FINANCING OF CONSERVATION	20
2.2 SUGGESTED NAME FOR THE CTF FOR CENTRAL AFRICA	21
2.3 GEOGRAPHICAL DELIMITATION OF THE CTF	21
2.4 GENERAL STRUCTURE: A CTF AT THE DISPOSAL OF BENEFICIARY INSTITUTIONS	22
2.5 EXAMPLES OF POTENTIAL USES OF THE CTF FOR CENTRAL AFRICA	24
2.5.1 <i>Potential Support to National PA Networks</i>	24
2.5.2 <i>Hosting of National or Local REDD+ Funds</i>	26
2.5.3 <i>New Exit Strategies for Conservation Projects</i>	27
2.5.4 <i>Potential Support for Biodiversity Offsets and PES Mechanisms</i>	28
2.5.5 <i>Support to Sub-regional Organizations in charge of Environmental Protection (RAPAC, COMIFAC, OFAC)</i>	28
2.6 GOVERNANCE OF THE CTF FOR CENTRAL AFRICA.....	30
2.6.1 <i>General Principles of Governance and Transparency</i>	30
2.6.2 <i>Overall Governance of the CTF</i>	31
2.6.3 <i>Bylaws of the CTF</i>	32
2.6.4 <i>Role and Functions of the CTF Board of Directors</i>	32
2.6.5 <i>Composition of the Board of Directors</i>	33
2.6.6 <i>Investment Committee</i>	34
2.6.7 <i>Scientific and Technical Committee</i>	35
2.6.8 <i>Governance of Window</i>	35
2.7 CTF EXECUTIVE SECRETARIAT AND OPERATIONS	37
2.7.1 <i>Composition and Functions of the Executive Secretariat</i>	37
2.7.2 <i>Operations Manual</i>	38
2.7.3 <i>Location of CTF Executive Secretariat</i>	38
2.8 GENERAL PROCEDURES FOR THE ESTABLISHMENT OF WINDOWS.....	39
2.9 ELIGIBILITY CRITERIA FOR THE ESTABLISHMENT OF WINDOWS	41
2.10 LEGAL STRUCTURE OF THE CTF FOR CENTRAL AFRICA	42
2.10.1 <i>Country of Registration of the CTF</i>	42
2.10.2 <i>Regional Level</i>	43
2.10.3 <i>National Level</i>	43
2.10.4 <i>Recommendations on Legal Issues</i>	44
2.11 INVESTMENT POLICY OF THE CTF FOR CENTRAL AFRICAN	45
2.11.1 <i>General Investment Policy Principles</i>	45
2.11.2 <i>Role of Investments</i>	45
2.11.3 <i>Fund Manager</i>	46
2.12 PERIODIC FINANCIAL AUDITS AND TECHNICAL EVALUATION	47
3. SOURCES OF FINANCING	48
3.1 OBJECTIVES OF FINANCING	48
3.1.1 <i>Objective of Capitalization for the Entire CTF</i>	48
3.1.2 <i>Minimum Funding per Window</i>	49
3.2 MOBILIZATION OF RESOURCES BY TYPE OF WINDOW	50
3.3 MOBILIZATION OF COLLECTIVE RESOURCES FOR ALL WINDOWS	53
3.4 CURRENT ELEMENTS OF CTF GRANT AGREEMENTS	54
4. ACTION PLAN FOR THE ESTABLISHMENT OF THE CTF FOR CENTRAL AFRICA	55

4.1	DETAILED ACTION PLAN AND INDICATIVE SCHEDULE	55
4.2	IMPORTANT REMARKS ON THE ACTION PLAN	57
4.2.1	<i>Preparation for the Implementation of the Action Plan.....</i>	57
4.2.2	<i>Sub-regional Institution Responsible for the Implementation of the Action Plan</i>	57
4.2.3	<i>Team Responsible for the Implementation of the Action Plan.....</i>	58
4.2.4	<i>Composition of the Steering Committee.....</i>	58
4.2.5	<i>Technical Assistance Concerning Legal Aspects.....</i>	59
4.2.6	<i>Operational and Strategic Documents.....</i>	59
4.2.7	<i>Identification of the First Windows to be Established</i>	60
4.3	ESTIMATED BUDGET FOR THE IMPLEMENTATION OF THE ACTION PLAN	62
5.	RAPAC: AT THE CENTRE OF THE ESTABLISHMENT AND PIONEER BENEFICIARY INSTITUTION OF CTF 64	
5.1	A PROPOSAL IN LINE WITH RAPAC'S FRAMEWORK DOCUMENTS.....	64
5.2	A WINDOW FOR RAPAC WITHIN THE CTF?	66
5.3	SOURCES OF FINANCING FOR RAPAC'S WINDOW	69
6.	CONCLUSION	71
7.	RECOMMENDATIONS.....	72
7.1	GENERAL RECOMMENDATIONS.....	72
7.2	SUMMARY OF RECOMMENDATIONS ON THE PROFILE OF THE CTF FOR CENTRAL AFRICA	73
	ANNEX 1: DISCUSSION OF THE 2009 REPORT ON A SUSTAINABLE FINANCING STRATEGY FOR RAPAC	75
	ANNEX 2: FINANCING GAP OF THE EXECUTIVE SECRETARIAT OF RAPAC	77
1.	<i>Financial Requirements of the Executive Secretariat of RAPAC</i>	77
2.	<i>RAPAC's Sources of Financing in Accordance with its Constituent Instruments and Programming</i>	83
3.	<i>Summary: Determining the Financing Gap of RAPAC's Head Office</i>	84

List of Illustrations

Long-term Vision for a CTF for Central Africa	8
Comparison of Financing of Protected Areas (PAs) by Project and CTF	12
Advantages and Disadvantages of CTFs	12
Advantages and Disadvantages of Regional CTFs (compared with National CTFs)	13
Regional CTF Model: Example of the Caribbean Biodiversity Fund	17
Another regional CTF model: the example of the Mesoamerican Reef Fund (MAR Fund)	18
The Structure of the Fund in March	19
Member Countries of Major Sub-regional Institutions Involved in Conservation	21
General Architecture of the CTF for Central Africa	22
“Endowment Fund” Windows	22
“Sinking Fund”	22
Windows	22
“Revolving Fund”	22
Windows	22
Long-term Vision of a CTF for Central Africa	23
Long-term Vision of CTF: a Window for Each Network of PAs	25
Long-term Vision of CTF: Provision of Financial Solutions to Promote REDD+	27
Simplified Diagram of the Governance of the CTF for Central Africa	31
Simplified Diagram of Procedures for the Establishment of a Window	40
List of Eligibility Criteria for the Establishment of a Window	41
Estimate of Main CTF Management Costs	48
Main Sources of Financing by Window	50
Examples of National Green Taxes	51
ACTION PLAN FOR THE ESTABLISHMENT OF A CTF FOR CENTRAL AFRICA	55
Estimated Budget for the Launching of the CTF for Central Africa (EUR)	62
Extract of RAPAC’s Strategic Plan (2008-2017)	64
Extract of RAPAC’s Four-Year Plan (2010-2013)	64
Long-term Vision of the Financing of RAPAC	67
A RAPAC Window within the CTF?	68
Conditions for RAPAC to Spearhead the Establishment of the CTF	68
Number of Employees and Payroll of RAPAC’s Head Office	79
Investments Considered Necessary at RAPAC’s Head Office	79
RAPAC Operating Cost	81
Additional Costs for Implementing RAPAC’s Strategic Plan (per annum)	82
Situation of ECCAS’ Contributions as at April 2015 (CFAF)	83
Situation of Annual Contributions from 2004 to 2008	84
Situation of Contributions of Member Countries as at 31 December 2014	84
Summary of the Financial Requirements of RAPAC’s Head Office (2013-2019) - CFAF	85
Financing Expected from Contributions by Member Countries and ECCAS	86
RAPAC’s Financing Gap	86

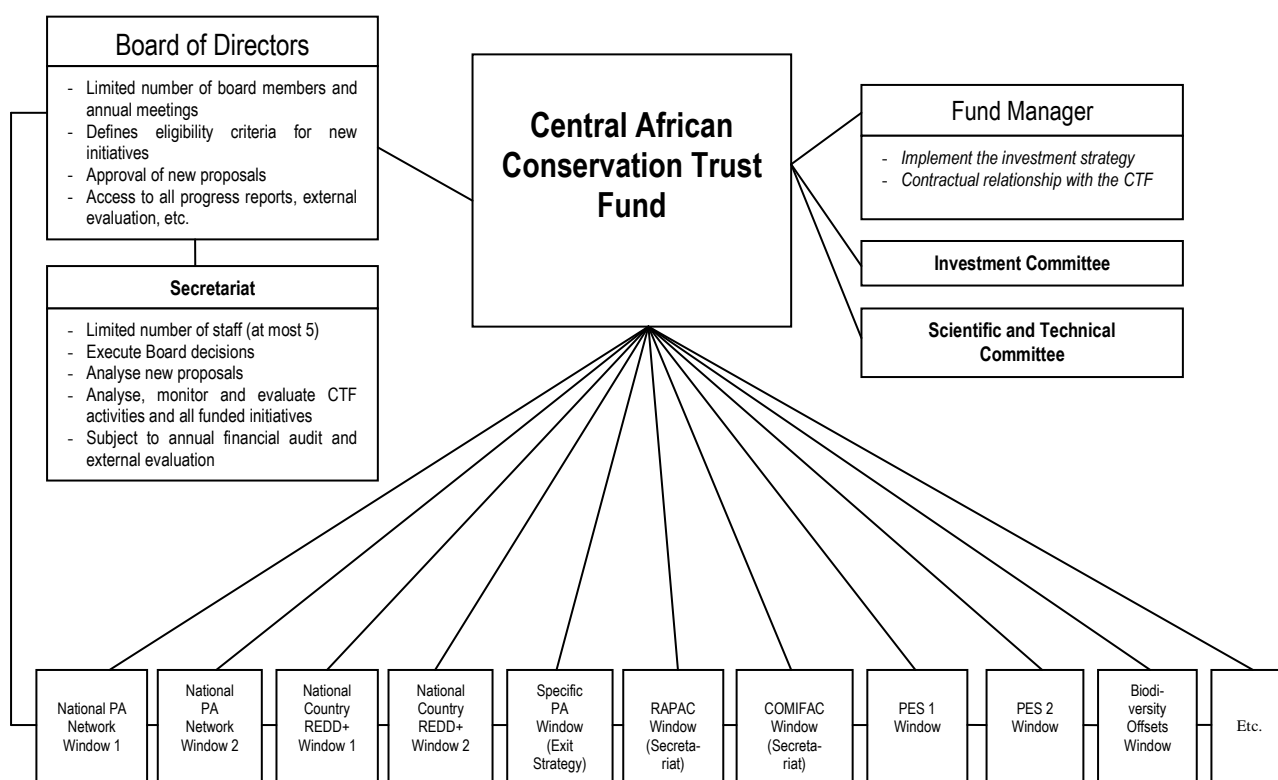
Acronyms and Abbreviations

AU	African Union
BD	Board of Directors
CAFE	Consortium of African Funds for the Environment
CARPE	Central Africa Regional Program for the Environment
CBFF	Congo Basin Forest Fund
CBFP	Congo Basin Forest Partnership
CEMAC	Central African Economic and Monetary Community
CFA	Conservation Finance Alliance
CFAF	CFA Francs
COMIFAC	Central African Forest Commission
CTF	Conservation Trust Fund
EAVAP	Protected Area Planning and Development Expert (ECOFAC)
ECCAS	Economic Community of Central African States
ECOFAC	Programme for the Conservation and Rational Use of Forest Ecosystems in Central Africa
EU	European Union
FEVAC	Central African Green Economy Fund
FGEF	French Global Environment Facility (FGEF)
FTNS	Sangha Tri-National Foundation
GCF	Green Climate Fund
GEF	Global Environment Facility
ICCN	Congolese Institute for Nature Conservation
IUCN	International Union for Conservation of Nature and Natural Resources
KfW	Kreditanstalt für Wiederaufbau (German Development Bank)
MPA	Marine Protected Area
OIFR	Organizational, Institutional and Financial Review
PA	Protected Area
PES	Payment for Ecosystem (or Environmental) Services
RAPAC	Central Africa Protected Areas Network
REDD	Reducing Emissions from Deforestation and Forest Degradation
SE	Executive Secretariat/Executive Secretary
STC	Scientific and Technical Council
TNC	The Nature Conservancy
UNFCCC	United Nations Framework Convention on Climate Change
WCS	Wildlife Conservation Society
WWF	World Wildlife Fund

Executive Summary: A Sub-regional CTF for a New Vision for Conservation Financing in Central Africa

Conservation Trust Funds (CTFs) are frequently cited as the most appropriate solution for the long-term financing of protected areas (PAs) or national networks of PAs. To date, very few CTFs have been established in Central Africa, except the notable exception of the Sangha Tri-National Foundation and the Okapi Foundation. A CTF for Central Africa would involve establishing a sub-regional entity that is flexible and meets the best international standards such as those proposed by the Conservation Finance Alliance (CFA)¹. The CTF should be independent and largely transparent to facilitate resource mobilization strategies and enable greater private sector participation in financing conservation. The CTF for Central Africa should be at the service of the sub-region and host local, national or regional initiatives that need a financial entity like CTF to emerge.

Long-term Vision for a CTF for Central Africa



Source: RAPAC, 2014

The diagram above presents a long-term vision of the future CTF for Central Africa. Each CTF window would be managed by a **beneficiary institution** which could, for example, take the form of foundations established in beneficiary countries. They will need to meet eligibility criteria which will be outlined in detail, but necessarily include guarantees of good governance (audits, monitoring and evaluation). Thus, resources could be mobilized at various levels (window level, thematic level or CTF level as a whole).

It should be stressed that the proposal for the establishment of a CTF for Central Africa is consistent with regional policies (notably the 1999 Yaoundé Declaration). It is also consistent

¹Conservation Finance Alliance (CFA) has established standards for CTFs which can be used as reference: <http://conservationfinance.org/library.php?categoria=9>

with the current global trends which increasingly focus on the establishment of regional environmental funds, notably to achieve economies of scale. It is also worth noting that the CTF for Central Africa should complement the Central African Green Economy Fund (FEVAC) which is currently promoted by ECCAS and BDEAC. The establishment of a sub-regional CTF requires the support of sub-regional institutions and organizations.

As one of the first sub-regions to adopt a CTF, Central Africa would become the flagship of environmental conservation at the international level and most certainly enjoy financial support from many donors interested in initiatives of such magnitude. A sub-regional CTF would enable the gradual development of a new paradigm for the financing of conservation in Central Africa which would complement existing sources of funding.

Lastly, a CTF for Central Africa would provide a true vision for the financing of conservation in this unique region. It is considered that the CTF for Central Africa could be established in less than three years provided that the proposal receives broad political support. The establishment of the CTF for Central Africa should include the establishment of one or more specific windows including, for example, a window for the RAPAC Executive Secretariat. RAPAC could benefit significantly from the existence of a CTF for PAs in Central Africa of which it could be the initiative and one of the pioneer beneficiaries. RAPAC has the fame and legitimacy to support the establishment of a sub-regional CTF, in collaboration and consultation with other regional bodies. This document presents an action plan for achieving these objectives.

1. Introduction

Studies carried out in Central Africa consistently indicate that its network of Protected Areas (PAs) is characterized by a big financing gap. This is due to several factors, notably very small national budgets devoted to conservation, insufficient private sector involvement to limit or offset its negative environmental impacts, very limited official development assistance to meet all needs, and very low self-financing of PAs. In parallel, pressure on the region's natural resources and biodiversity is increasing, driven particularly by growing global demand for raw materials, illegal ivory trade, expected and observed expansion of oil palm plantations and petroleum and mineral development. Though funding is not the only factor behind the weakness of the biodiversity conservation sector in Central Africa, it is a key variable for reversing the current trend in the depletion and degradation of natural resources and loss of biodiversity which is considered to be indispensable worldwide.

Despite ad hoc initiatives to develop innovative financing mechanisms for biodiversity conservation, major institutional constraints in countries characterized by high bureaucratic red tape, persistent governance issues, or the absence of stable financial entities capable of ensuring their development and channelling resources to them impede their generalization to a larger scale. Thus, Central Africa lacks a holistic vision for the financing of its network of protected areas. As an organization that is responsible for improving the state and management of PAs, as defined by COMIFAC's "Convergence Plan for the Conservation and Sustainable Management of Central African Forest Ecosystems", RAPAC could play a central role in formulating innovative proposals commensurate with the stakes. On this basis, it could enjoy greater support not only from traditional donors, but also from other sectors, particularly the private sector, which is not yet fully involved in this drive.

This report assesses the feasibility of establishing a sub-regional biodiversity conservation trust fund (CTF) in Central Africa. It falls within the framework of a global mission to design a strategy for mobilizing resources for RAPAC. However, the report's conclusions apply to all conservation stakeholders in the sub-region.

This report complements the "*Concept Note on the Establishment of a Biodiversity Conservation Trust Fund in Central Africa*" which was presented during the 14th CBFP Partners Meeting held in Brazzaville on 8 and 9 October 2014. The objective of this report is to enable sub-regional organizations, governments and key stakeholders that can support the establishment of a sub-regional CTF to better understand the role, significance and feasibility of such an initiative. Secondly, it seeks to develop a detailed action plan for the establishment of an institution that meets the needs of the sub-region. Thus, the report is a major step towards the sharing of ideas and more specifically for assessing the relevance of such a proposal.

1.1 Definition of CTF

Over the last 20 years, conservation trust funds (CTFs), environmental trust funds (ETFs) or environmental funds (EFs) – three terms that be used interchangeably – have been created in more than 50 developing countries or transition economies with the aim of providing a long-term sustainable source of financing for biodiversity conservation and for financing part of the management costs of the protected area (PA) systems of countries. Spergel and Taieb 2008² provide a widely accepted definition of CTFs as an effective means for mobilizing large amounts of additional funding for biodiversity conservation from international donors, national governments and the private sector. CTFs raise and invest funds to make grants to non-governmental organizations (NGOs), community-based organizations and governmental agencies (such as national parks). CTFs can be characterized as public-private partnerships, and in most cases at least half of the members of their boards of directors are from civil society. In addition to funding conservation projects, CTFs provide technical assistance and grants to strengthen the institutional capacity of grantees. CTFs have also served as catalysts for the establishment of new partnerships with private businesses for the conservation and sustainable use of biological resources. Many CTFs also reduce threats to biodiversity by financing projects that improve and promote sustainable livelihoods of poor communities living near PAs.

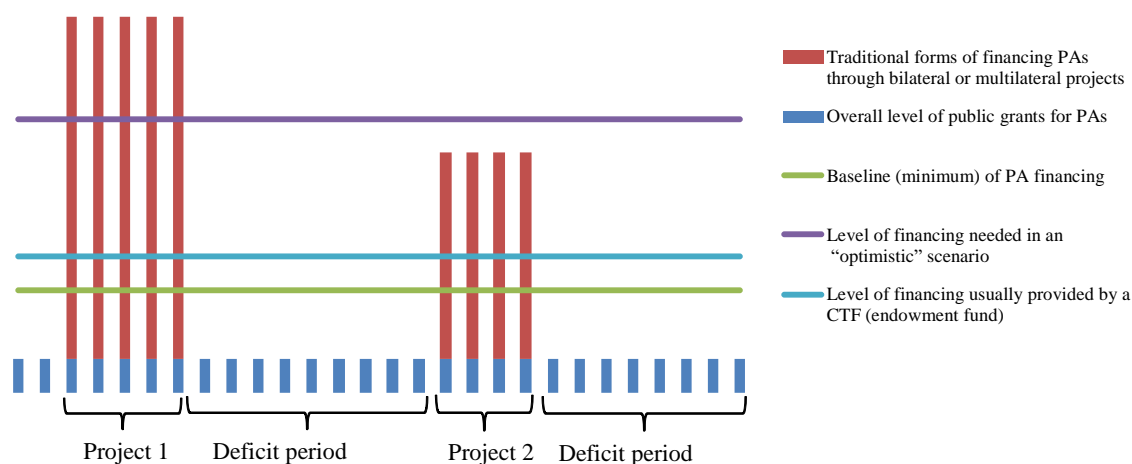
Financially, there are three types of conservation trust funds:

- Endowment Fund: an investment fund that uses only the capital income obtained (interest) to finance its activities. Thus, it helps to finance mechanisms or institutions in the very long term (in theory);
- Sinking fund: a fund that disburses all its capital and investment earnings over a specified and relatively long period (generally 10 years);
- Revolving Fund: a fund that regularly receives new contributions such as proceeds from green taxes to build up or increase the fund's initial capital.

The common thread between the three types of CTFs presented above is that the capital raised is systematically invested in financial markets. This role is performed by the “fund manager” who is, for example, recruited on an annual basis by the fund's administrators. These three types of funds are not exclusive. Donors generally prefer the endowment fund because it offers sustainable finance over the long term. Nevertheless, a given CTF may apply the three formulas, for example, by establishing several specific windows.

² Spergel and Taieb B. P., Rapid Review of Conservation Trust Funds, May 2008, Conservation Finance Alliance, Working Group on Environmental Funds.

Comparison of Financing of Protected Areas (PAs) by Project and CTF



Source: *Resource Mobilization Mechanisms for Environmental Funds, 2013*

As shown in the diagram above, the main advantage of CTFs is that they are a relatively stable source for the long-term financing of conservation. While project-based support for conservation provides limited financial support over time, CTFs, particularly endowment funds, provide a long-term financing mechanism that is more compatible with most biological time scales.

1.2 Main Advantages and Disadvantages of CTFs

After the introduction, it is necessary to briefly recall the advantages and disadvantages of CTFs.

Advantages and Disadvantages of CTFs

Advantages of CTFs	Disadvantages of CTFs
<ul style="list-style-type: none"> • Provides a long-term financing mechanism that is compatible with biological time scales; • Can facilitate long-term planning; • Helps to channel many sources of revenue, including those from the private sector; • Broad stakeholder participation and strengthens civil society; • Grants independence and autonomy regarding elected office; • Promotes micro-financing by redistributing assistance from major international donors among many beneficiaries; • Create better coordination between stakeholders (donors, government and civil society); • Leverage effect: the existence of a CTF attracts 	<ul style="list-style-type: none"> • Subject to the vagaries of international finance and the negative impacts of international financial crises; • Management costs may be considered as high (15% to 20%, sometimes up to 40%) compared to grants allocated; • Relatively low earnings compared to proceeds from endowment funds; • May be perceived as a substitute for public institutions (potential source of conflict); • May be used for political ends which is not line with CTF objectives; • May be used as a pretext for reducing other sources of financing for biodiversity protection; • Achieving the break-even point may be

Advantages of CTFs	Disadvantages of CTFs
<p>new donors;</p> <ul style="list-style-type: none"> • Tax privileges help to allocate available resources to beneficiaries; • Often more flexible than budgetary or project financing; suitable for customized services to protected areas; • Professionalization of the financial and accounting management of PAs by complementing existing traditional skills in the conservation sector; • Provides the ideal method for financing the operating expenditure and management costs of PAs; • Helps to conclude contracts in accordance with rules set by donors; • Reporting on the use of resources in accordance with international standards, guarantee of transparency and accountability in the use of resources (most CTFs are subject to an independent annual audit). 	<p>difficult and require the mobilization of huge amounts;</p> <ul style="list-style-type: none"> • It is not necessarily the best solution for financing the infrastructure of national parks or other major investments; • Difficulty in assessing impacts on biodiversity in view of their distance from the field; • Some donors are reluctant to finance trust funds; • The establishment of CTFs is complex and requires high expertise.

Source: Author, based on information obtained from the “Conservation Finance Guide, Comparative Advantages of Conservation Trust Funds and Project Approach to Support PA Systems”

Though CTFs were initially designed to cover the financial needs of a specific protected area, it quickly became obvious that they could significantly support national networks of PAs. Thus, many Latin American countries have established CTFs to support the financing of PAs. At present, regional CTFs are gaining ground and importance. Central Africa could also adopt a Regional CTF just like in the Caribbean or in Central America (see boxes at the end of this section). Regional CTFs have specific advantages and disadvantages.

Advantages and Disadvantages of Regional CTFs (compared with National CTFs)

Potential Advantages of Regional CTFs	Potential Disadvantages of Regional CTFs
<ul style="list-style-type: none"> • Can deal more effectively with cross-border conservation issues, including the most effective management of the conservation of migratory species • Can promote greater cooperation and better political relations between neighbouring countries • Can help to create or strengthen a regional environmental identity • Helps to pool the administrative costs of the CTF (the administrative costs of a single CTF will be reduced compared with those of a multitude of local and/or national CTFs) • Can attract more resources from international 	<ul style="list-style-type: none"> • May be less able to initiate changes in government policies • Their establishment may take a longer time due to their relative complexity • May slow down decision-making, especially if the board of directors (BD) includes representatives from the governments concerned • May incur higher costs from board meetings and follow-up of grants due to international missions allowances • May incur additional expenses if the CTF has staff in each country • May be more difficult to mobilize resources

<p>donors who prefer a regional approach, or who may be reluctant to support the endowment fund of a small country</p> <ul style="list-style-type: none"> • Can promote the sharing of experiences, successful models and lessons learned among countries • Can reduce administrative costs for donors 	<p>from some donors who provide almost all their development assistance on a bilateral basis (country-specific)</p> <ul style="list-style-type: none"> • More difficult to include larger representation of stakeholders in the BD (otherwise the BD would be too large)
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Source: Adapted from Barry Spergel

1.3 Brief Inventory of CTFs in Central Africa

Central Africa already has a number of institutions that comply fully or partially with the definition of CTF. Although it is capitalized by a single donor, Cameroon's Basket Fund, for example, has many of the features of a sinking fund. The Foundation for Environment and Development in Cameroon (FEDEC) has helped to finance two national parks (Mbam-Djerem and Campo-Ma'an) in compensation for the construction of an oil pipeline by ExxonMobil, Chevron and Petronas.

At the sub-regional level, the most successful model is undoubtedly the Sangha Tri-National Foundation (FTNS) which meets the key standards of modern CTFs. The establishment of a trust fund to finance the TNS was recommended by the "Feasibility Study on Funding Mechanisms for the Conservation and Sustainable Management of Central African Forests" designed at the request of COMIFAC and validated in 2002, as well as a priority of the sustainable financing component of COMIFAC's "Convergence Plan". The FTNS was designed with the support of international donors and was officially established on 9 March 2007 under British common law.

The "Okapi Fund for the Rehabilitation and Restoration of Parks and Protected Areas in DRC", which is inspired by this model and also based in the United Kingdom, launched its activities in February 2014 with strong support from the Minister of Environment. The Fund, which is already endowed with more than USD 32 million (GEF and the World Bank), is expected to experience resultant rapid growth in the coming years.

Other initiatives are also being implemented in the sub-region. Thus, the Tri-National Dja-Odzala-Minkebe (TRIDOM) plans to create a CTF to ensure its long-term financing. Through the National Parks Agency (ANPN), Gabon has also made an attempt to set up a national CTF which has, however, not seen the light of day due particularly to issues concerning the composition of its board of directors and degree of autonomy vis-à-vis the Government.

It is also necessary to mention unsuccessful attempts like the Cameroon Mountains Conservation Foundation (CAMCOF) whose main objective was to support the Mount Cameroon National Park after long-standing support from British cooperation, which experienced difficulties at the end of its establishment phase. Other initiatives for the establishment of CTFs covering PAs in the South-West Region of Cameroon could soon be launched as part of an exit strategy of the Programme for the Sustainable Management of Natural Resources – Phase 2 (PSMNR 2), supported particularly by KfW.

Lastly, a number of PAs in the sub-region are already covered or are likely to be covered by CTFs. Most policy makers involved in conservation are familiar with this instrument, which significantly facilitates the establishment of a sub-regional CTF.

1.4 Establishment of a Sub-regional CTF: a Proposal that is Consistent with Regional Policies

During the Central African Heads of State Summit on the Conservation and Sustainable Management of Tropical Forests held in March 1999, the Heads of States proclaimed “*their interest in the establishment by the international community, which is today increasingly aware of the ecological role of forests, of an international mechanism for the financing of a trust fund to lend sustainable support to the countries of the sub-region in their efforts to manage, conserve and conduct research on forest ecosystems*”³.

Strategic Thrust 9 of COMIFAC’s 2004 “Convergence Plan” prioritizes the development of innovative mechanisms for conservation. “*New mechanisms are examined, adopted and implemented to finance conservation and forest resource management operations: carbon sinks, debt-for-nature swap, trust funds, debt reduction programmes, deferred grazing compensation, private foundations, etc.*” The Convergence Plan seeks to:

- Activity 9.2: “*Create a sub-regional fund*”
- Activity 9.5: “*Promote the establishment of trust funds at the national and sub-regional levels*”.

Priority thrust 6 of COMIFAC’s new “Convergence Plan” (2015-2025)” concerning sustainable financing once more underscores the need to “*develop innovative financing mechanisms to ensure that “at least three countries in Central Africa have a functional trust fund and/or green fund by 2025” and that “at least 20% of funding for conservation is derived from debt conversion in three Central African countries by 2020.*”

Thus, it is obvious that the proposed establishment of a CTF for Central Africa is significantly in line with sub-regional policy guidelines and could help to achieve sub-regional objectives.

In the report of the sub-regional workshop on sustainable mechanisms for the financing of biodiversity conservation in the Congo Basin, the countries of the sub-region recognized that the establishment of a sub-regional conservation trust fund [...] would help to:

- Provide a relatively stable source for the long-term financing of conservation;
- Reduce dependence on short-term or irregular grants from donors;
- Complement governments’ budgetary allocations;
- Facilitate long-term planning;
- Promote dialogue between governments and civil society;
- Capture and distribute large amounts of international grants to local partners for the implementation of medium- or small-scale projects to ensure sustainable financing;
- Increase leverage effect to help to attract additional funding.

The countries of the sub-region also indicated that activities to be financed under a trust fund mainly concern protected areas, the establishment and consolidation of national foundations

³ The Yaounde Declaration, 17 March 1999.

or other sustainable national financing mechanisms. Ultimately, the proposal to set up a sub-regional CTF is consistent with the declarations and outcomes of previous works.

1.5 Establishment of a Sub-regional CTF: a Proposal in Line With Current Global Trends

The proposal to establish a sub-regional CTF for Central Africa is consistent with current global trends. Regional CTFs are gaining ground worldwide and have already proven that they are an efficient tool for improved conservation financing. The main regional CTFs that are currently operational are:

- The Caribbean Biodiversity Fund (CBF);
- The Caucasus Nature Fund;
- The Foundation for Eastern Carpathian Biodiversity Conservation;
- The West African Savannah Foundation;
- The Mesoamerican Reef Fund (MAR Fund);
- The Micronesia Conservation Trust.

The establishment of an environmental fund to cover marine protected areas in the Mediterranean⁴ is also being studied. It is expected that this CTF will help to establish in the Mediterranean an efficiently and equitably managed ecologically representative and well connected network of marine protected areas, thus achieving Aichi Target 11⁵.

By establishing a CTF that complies with best international standards, Central Africa will achieve greater visibility and worldwide recognition. In addition, although the establishment of many national CTFs seems rather difficult in the medium term, it is realistic to envisage a highly transparent and efficient regional entity that will support local or national initiatives for biodiversity protection.

Two regional CTF models are presented below to understand the most successful sub-regional CTFs in Latin American before proposing the profile of a specific CTF for Central Africa.

⁴Regarding the CTF for the Mediterranean sub-region, see: www.medpan.org/news/-/blogs/un-fonds-fiduciaire-pour-les-amp-de-mediterranee.

⁵By 2020, at least 17% of terrestrial and inland water areas and 10% of coastal and marine areas, especially areas of particular importance for biodiversity and ecosystem services, are conserved through effectively and equitably managed, ecologically representative and well-connected systems of protected areas and other effective area-based conservation measures, and integrated into the wider landscape and seascape.

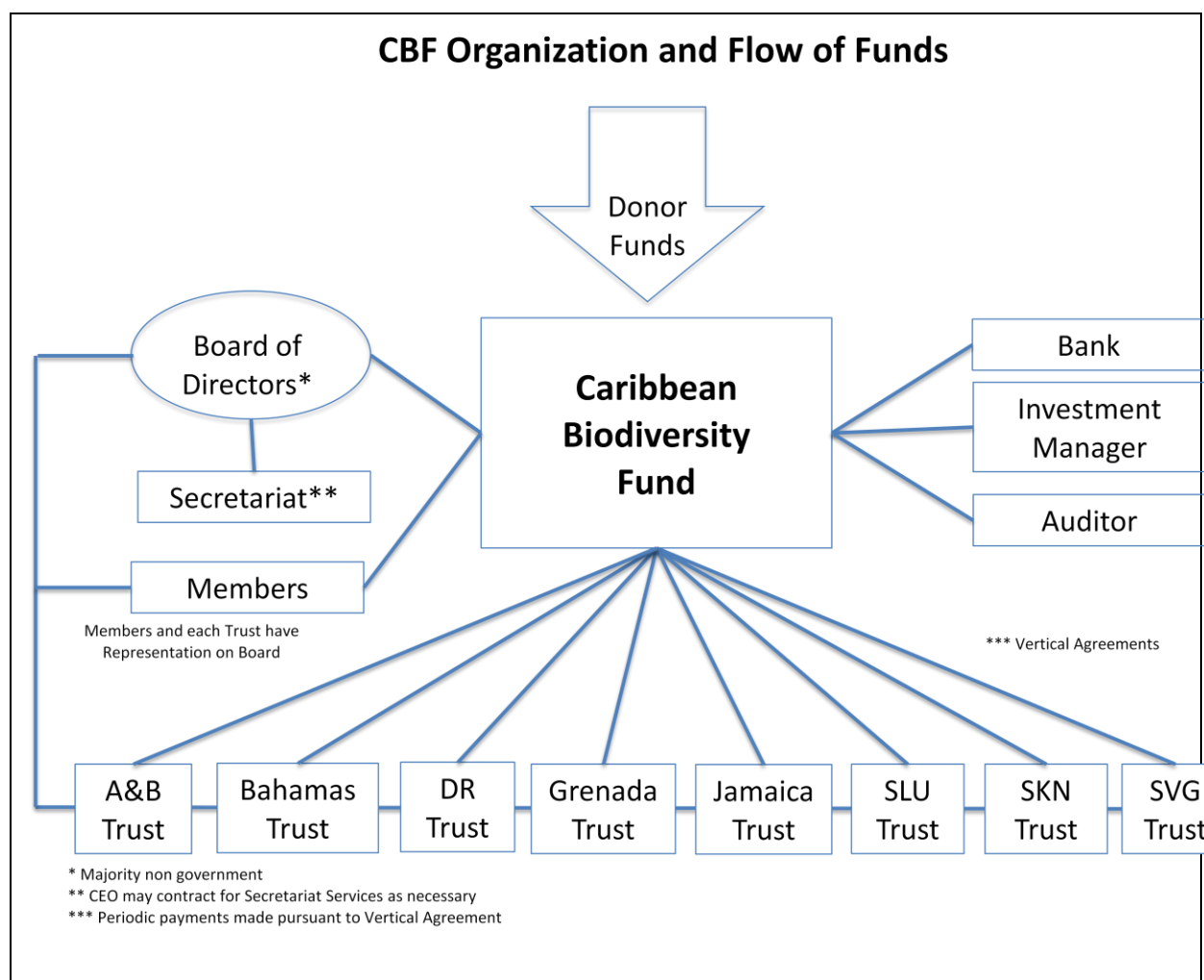
Regional CTF Model: Example of the Caribbean Biodiversity Fund

The Caribbean Biodiversity Fund (CBF) is a regional endowment fund established in September 2012 whose objective is to provide a sustainable flow of funds to support activities that contribute substantially to the conservation, protection and maintenance of biodiversity within the national protected areas systems or any other areas of environmental significance of its participating countries. The CBF is the first regional endowment that will channel support to multiple National Conservation Trust Funds (NCTFs) established in participating countries.

The participating countries are: Antigua and Barbuda, The Bahamas, Dominican Republic, Grenada, Jamaica, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines. These are countries which, individually, have only little leeway to provide funding for environmental protection, but which collectively represent a very large entity for global biodiversity. Each national fund wishing to participate in the CBF must meet the eligibility criteria: the purpose of the national entity should be aligned with the purpose of the CBF; the board composition of the national entity have majority civil society board membership; annual external audit requirements should be well-defined; ability of the national entity to provide grants to government and civil society bodies.

USD 42 million of initial financing commitments has been made to capitalize the CBF endowment, with plans to grow CBF capital over time. Donors to date include the Government of Germany (BMZ/KfW), the Global Environment Facility (GEF) – through the World Bank and the United Nations Development Programme (UNDP), and The Nature Conservancy (TNC). A portion of the CBF endowment is earmarked for each of the participating countries following the instructions contained in the financing agreements with each donor.

The CBF will channel funding each year to the NCTFs established in the participating countries. The amount of annual CBF funding available for disbursement to the participating NCTFs will be approximately 4.5% of the overall CBF endowment. As shown in the diagram below, the CBF has a window per country and each donor may, if it wishes, provide its grants to specific countries.



Source: CBF

Another regional CTF model: the example of the Mesoamerican Reef Fund (MAR Fund)

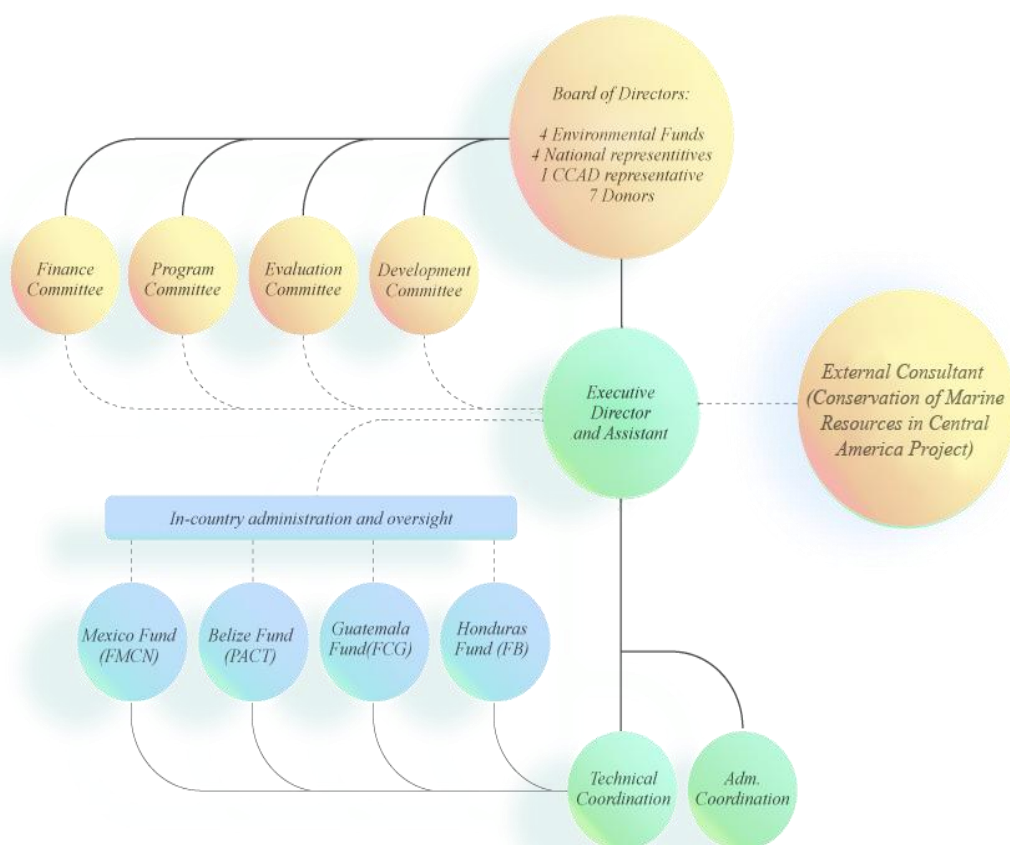
In early 2004, recognizing the need for a regional funding and coordination institution, representatives from conservation funds in each country of the MAR region (Belize, Guatemala, Honduras, and Mexico) initiated the Mesoamerican Reef Fund (MAR Fund).

The MAR Fund is a participatory, privately managed fund with a board of directors comprised of regional funders, experts, the Central American Commission on Environment and Development (CCAD), and the in-country funds from each of the Mesoamerican Reef countries. The Mission of the Mar Fund is to inspire innovative, transnational solutions to critical Mesoamerican reef issues by providing meaningful, long-term financial support and trustworthy reef management advice to enable future generations to enjoy and benefit from a thriving reef system.

The goals of the MAR Fund are: (1) to provide long-term financial sustainability for natural resources management and conservation initiatives in the MAR eco-region; (2) to strengthen the alliance among the four participating conservation funds; and (3) to consolidate and allocate donor contributions to common and strategic objectives in the eco-region.

At present, the MAR Fund has a capital of USD 28 million, derived mostly from grants from German cooperation and GEF.

The Structure of the Fund in March



Source: MAR Fund

2. Profile of the CTF for Central Africa

This section examines the proposed profile of a CTF for biodiversity conservation in Central Africa. Each of the sections proposed should be discussed and validated by the Steering Committee in charge of the establishment of the Fund. The CTF profile is presented here according to the following sections:

1. Objective of the CTF
2. Name of the CTF
3. Geographical Boundaries of the CTF
4. General Architecture of the CTF
5. Examples of the Use of the CTF
6. Governance of the CTF
7. Executive Secretariat and Functioning of the CTF
8. Procedures for the Establishment of Windows
9. Eligibility Criteria for the Establishment of Windows
10. Legal Structure of the CTF
11. CTF Investment Policy
12. Financial Audits and Technical Evaluation

2.1 Objective of the CTF: to Establish a Reliable Entity for the Financing of Conservation

The objective of the CTF could be formulated as follows:

“To provide long-term and transparent solutions to improve the financing of PAs in Central Africa by complementing government and donor contributions to PAs and promoting the establishment of innovative conservation mechanisms at the local, national, sub-regional or regional levels”.

It should be noted that the objective of the Fund, as formulated above, is to protect areas without shutting the door on other forms of biodiversity protection. It is possible to envisage a more restrictive formulation that is limited only to PAs, with the risk of not being able to later host, for example, REDD+ funds which would not be limited to PAs; or conversely, a slightly more general formulation that mentions conservation without explicitly referring to PAs. This last option would enable the CTF to have a wider scope of action with the risk of diluting some of its objectives.

The objective of the fund should be examined collectively, but the formulation proposed above, which defines a priority thrust for PAs in Central Africa, should be sufficiently flexible to capitalize on the CTF’s potential impact without significantly dispersing its action.

2.2 Suggested name for the CTF for Central Africa

This feasibility study focuses on the establishment of a Biodiversity Conservation Trust Fund in Central Africa. This name is provisional and could be changed, particularly to replace the term “Trust Fund”, which does not seem to be necessary. In English, the generic term “*environmental fund*” is increasingly used in place of “*conservation trust fund*”. In French, the term “*fonds environnemental*” (environmental fund) or “*fonds pour la conservation de la biodiversité*” (biodiversity conservation fund) is increasingly being used. Eventually, it may be preferable to settle on an appellation that is more accessible to the general public and less likely to become outmoded, for example:

Environmental Fund for the Conservation of Biodiversity in Central Africa (FECBAC or FECONBAC), or Fund for Protected Areas in Central Africa (FAPAC)

2.3 Geographical Delimitation of the CTF

The geographical delimitation of the CTF should also be examined. It is recommended that the Trust Fund (or Environmental Fund) for Central Africa should be as inclusive as possible, based on the countries participating in at least one of the sub-regional institutions involved in conservation.

Member Countries of Major Sub-regional Institutions Involved in Conservation

	ECCAS	COMIFAC	RAPAC
Angola	X		
Burundi	X	X	
Cameroon	X	X	X
CAR	X	X	X
Chad	X	X	X
Congo	X	X	X
DRC	X	X	X
Equatorial Guinea	X	X	X
Gabon	X	X	X
Rwanda		X	
Sao Tome and Principe	X	X	X

It is recommended that the CTF should be receptive to proposals from the eight RAPAC member countries, namely Cameroon, Central African Republic, Chad, Congo, Democratic Republic of Congo, Equatorial Guinea, Gabon, and Sao Tome and Principe. Angola and Burundi, which are ECCAS, but not RAPAC, member countries, could also participate in the initiative, just like Rwanda in view of its membership of COMIFAC.

Irrespective of the geographical area chosen, the importance is to propose a territorial unit that is sufficiently well documented and referenced to justify the negotiation for and obtaining of international financial support. Although some of the countries presented are not an integral part of the Congo Basin, their proximity is sufficiently acceptable for the CTF for Central Africa to focus a large part of its communication activities on the preservation of the biodiversity of the second largest block of tropical forest in the world and other nearby ecosystems that harbour a large number of endemic species, some of which are very symbolic worldwide.

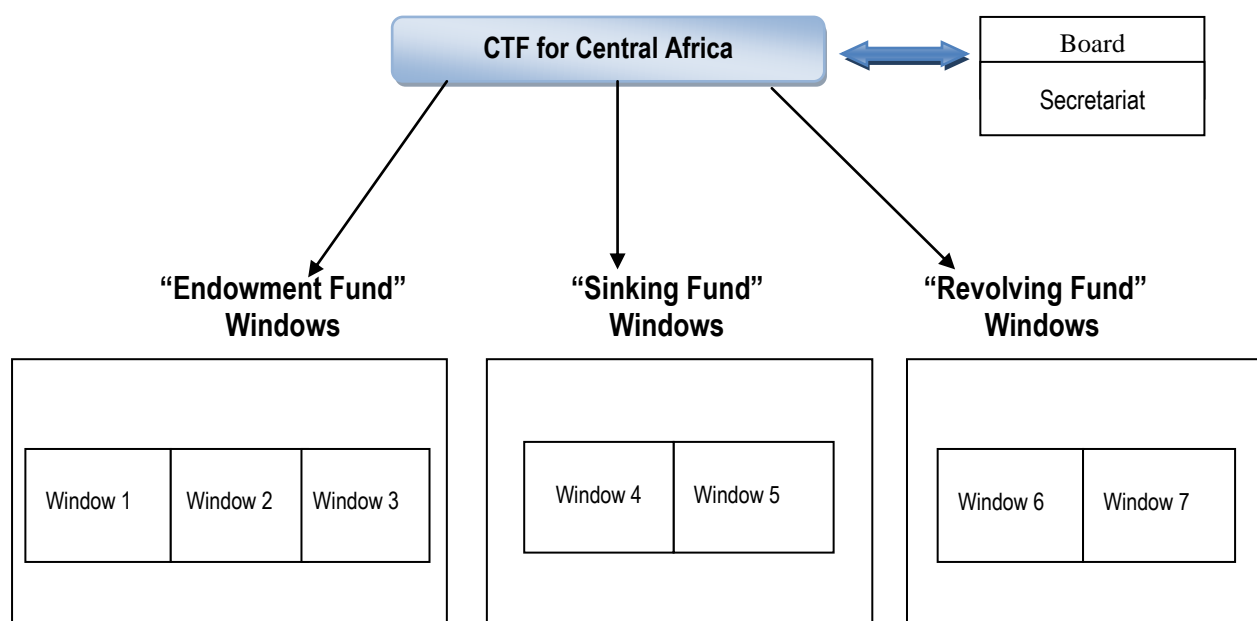
2.4 General Structure: a CTF at the Disposal of Beneficiary Institutions

The main purpose of a sub-regional CTF is to support local or national initiatives and to find sustainable solutions for the financing of conservation in the sub-region. The CTF will provide long-term support to a network of **beneficiary institutions** to which one or more **windows**⁶ will be assigned.

The CTF, as perceived in this feasibility study, will primarily be a financial institution that will initially host only a limited number of beneficiary institutions such as RAPAC and/or other institutions willing to participate in the initiative from the design phase. Beneficiary institutions would take the initiative and submit requests to the CTF for the setting up of specific windows that address their needs. The CTF will provide financial services that are difficult to develop and facilitate the establishment of innovative mechanisms for the financing of conservation. Windows opened for beneficiary institutions could be endowment funds, sinking funds or revolving funds.

Thus, the CTF could, as needs are expressed, progressively comprise a series of windows each having specific characteristics and objectives. The proposed general structure can be as follows:

General Architecture of the CTF for Central Africa

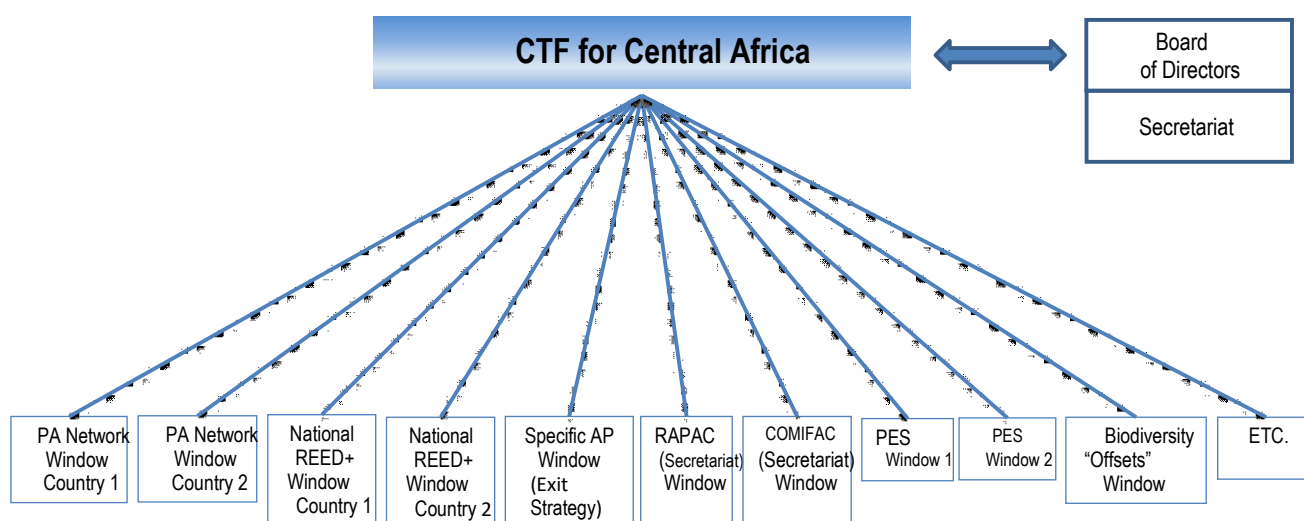


Source: RAPAC

Each window will serve a specific cause and be funded by involved stakeholders. Windows will be established progressively as need arises and as the CTF emerges as the most suitable solution for channelling and managing resources. Where necessary, it will be possible or even necessary, to provide for a governance entity in each window (see Section 2.6.8 on the governance of windows).

⁶ It should also be noted that a specific window may comprise several "**sub-windows**".

Long-term Vision of a CTF for Central Africa



Source: RAPAC, 2014

To be eligible for services provided by the sub-regional CTF, beneficiary institutions should fulfil the **eligibility criteria** established by the governing body whose list is proposed in Section 2.9. The key aspects should include:

- A government approval, for example, in the form of a no objection letter drafted by national authorities or a license authorizing the beneficiary institution to receive financial resource from the CTF;
- Guarantee of good governance by the beneficiary institution (particularly with the assurance that financial audits and external evaluation will be carried out at least once every two years);
- A business plan presenting the needs of the beneficiary institution to be met by the CTF. It should be noted that CTFs do not generally finance investments; they finance the functioning of PAs;
- The preparation and publication of final clear criteria for the selection of beneficiaries;
- Clear and transparent procedures for allocating funds to potential final beneficiaries.

2.5 Examples of Potential Uses of the CTF for Central Africa

Without constraining national dynamics in some of the countries in the sub-region like those proposed by the Caribbean Biodiversity Fund (CBF) or the MAR Fund, one of the primary objectives of the CTF in Central Africa should be to facilitate the establishment of a sub-regional network of transparent and dynamic institutions that depend on the CTF for Central Africa and can complement existing sources of financing in the sub-region. Eventually, the CTF for Central Africa would become the financial arm of various local, national or regional initiatives that have a permanent and direct link with biodiversity protection, or even exclusively with protected areas, if the scope of the CTF should be reduced somewhat (see section on the objectives of the CTF).

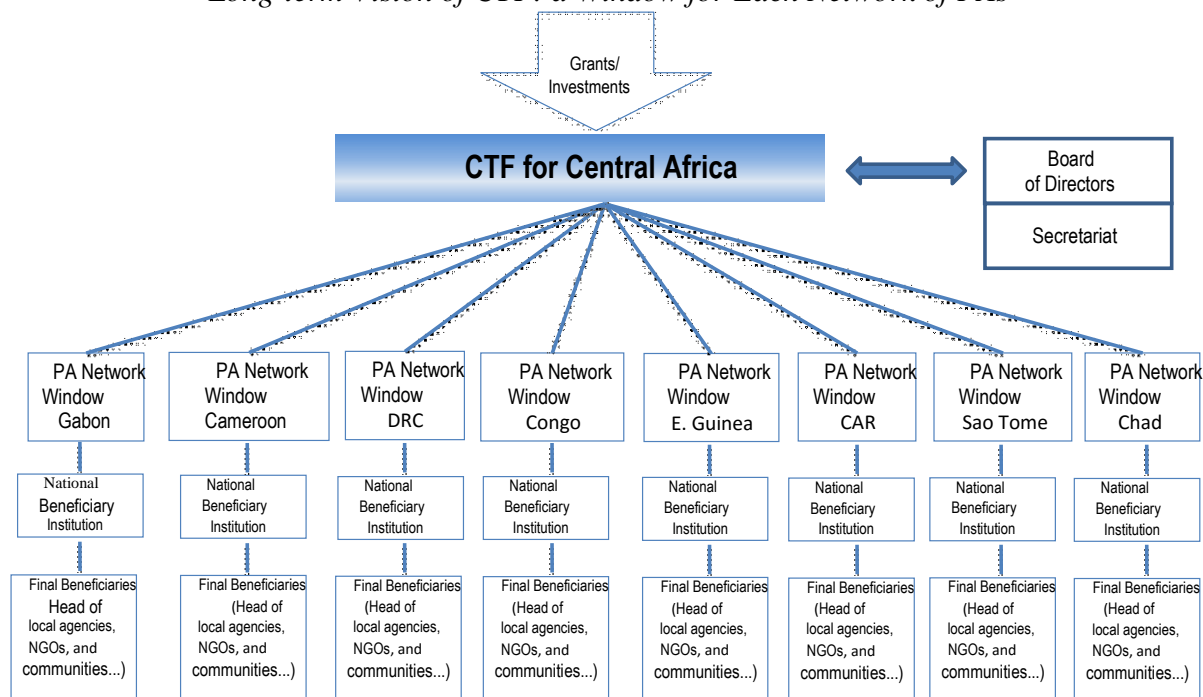
Some of the most prominent areas in which the CTF can play its full role are presented below.

2.5.1 Potential Support to National PA Networks

National PA networks in Central Africa are characterized by insufficient and short-term financing. Against this backdrop, most countries in the sub-region have at one time or another considered relying, at least partly, on a conservation trust fund, but the relative complexity of the process of establishing this type of institution, as well as with its duration and cost, still greatly limits the number of existing CTFs.

First, it should be underscored that the objective of CTFs is not to duplicate the functions of national agencies responsible for protected areas because they are not legally authorized to manage protected areas or apply rules and regulations related thereto. Rather, a CTF functions as a donor like an NGO which provides financial support to projects and activities that do not receive adequate financial support from public bodies.

As explained above, it is recommended that the CTF for Central Africa should comprise several windows, each with its specificities. Each window will finance (existing or future) institutions that support national networks of PAs. As shown in the diagram below, a window could be set up within the CTF for Central Africa for each country in the sub-region.

Long-term Vision of CTF: a Window for Each Network of PAs

Source: RAPAC

The diagram above is modeled on the Caribbean Biodiversity Fund (CBF) presented earlier. It is worth noting that the CBF only hosts national CTFs with very high levels of independence, transparency and good governance. In the CBF model, each national CTF is responsible for expenditure at the national level, but must submit all annual financial audits, evaluations and other reports to the CBF (the CBF is a very flexible entity run by two senior staff). Although the CBF can serve as a reference, it must, however, be tailored to the reality of Central Africa which is yet to have a national CTF network.

Ideally, each national PA network window should be run by an independent national foundation that is eligible for sub-regional CTF services. Similarly, local foundations could be established to support a single PA or group of PAs. Thus, the sub-regional CTF can in the long run rely on a network of local and national, flexible and dynamic foundations that provide financial support to PAs, in conjunction with national agencies in charge of PAs. Provided that they meet the minimum requirements of independence, good governance and transparency, national agencies in charge of PA networks may manage their national windows, although it may seem preferable for them to focus on technical and operational issues.

The initiative to set up a national window will be taken by civil society and national governments. Each beneficiary institution will have to systematically propose a convincing set-up involving public authorities to ensure the judicious use of resources and maximized impact on the ground.

Other key aspects should be considered. Preferably, the financial support secured by networks of PAs through the CTF should lead to an increase in national budgets in favour of conservation. Under no circumstances should the financial support received by networks of PAs through the sub-regional CTF replace existing government efforts. Solutions should be sought or negotiated to prevent national States from losing interest in and withdrawing its support from conservation activities. Conversely, the establishment of the CTF (and its

national windows) could help to develop revolving funds which are replenished by taxes or specific national fees for the financing of PAs.

2.5.2 Hosting of National or Local REDD+ Funds

As the second largest block of tropical forest in the world, the Congo Basin forest is at the heart of international issues on climate change mitigation. Globally, deforestation is indeed a major source of greenhouse gas emissions. The reduction in the rate of deforestation helps limit climate change and may be reflected in financial compensation, either through the market (for example, through carbon credits), or through international grants (for example, through the Green Climate Fund). Against this backdrop, some countries in the sub-region have initiated more or less successful local REDD+ projects and national REDD+ policies, referred to as “national REDD+”.

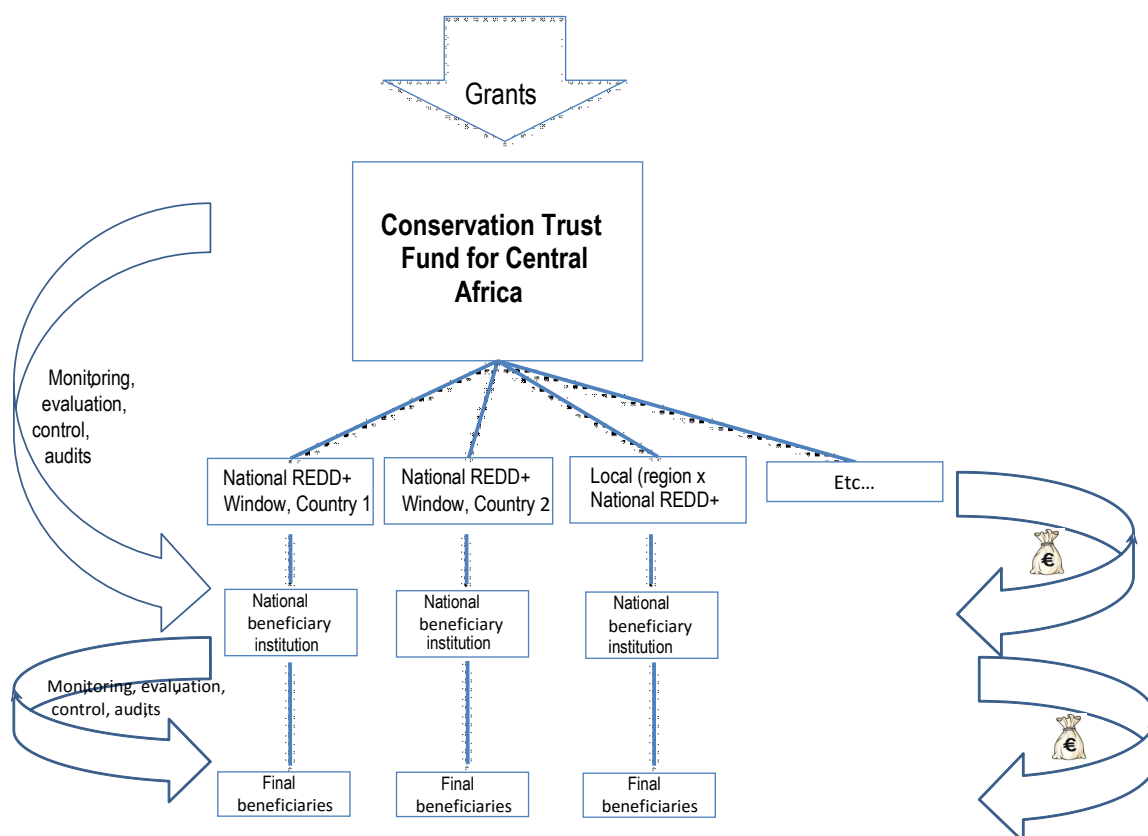
However, national REDD+, which can significantly support PAs and biodiversity protection in the sub-region, involves the establishment of a specialized national administration implying the establishment of a specific fund that is managed in a transparent manner to ensure the judicious management of resources obtained. Based on the practice in other countries (for example, Ecuador), a CTF can open a specific window endowed with a specific governance mechanism to host a REDD+ fund. The establishment of a sub-regional entity that can perform this role for the countries of the sub-region that so wish would significantly simplify the development of REDD+ in the Congo Basin.

Although DRC and, to a lesser extent, Cameroon, are already well advanced in the process of establishing their national REDD+ funds, the same does not apply to the other countries of the sub-region⁷. Hosting some national REDD+ funds in a sub-regional body would help to achieve many economies of scale and facilitate the participation of the largest number in the fight against deforestation. Besides, if the sub-regional CTF hosts several REDD+ funds, strategies to mobilize resources for all these windows may be jointly implemented.

Similarly, the development of REDD+ projects at the local level could take advantage of the existence of a sub-regional CTF with adequate headroom and credibility to manage and allocate the resources generated. Though this may function following requires specific arrangements on a case-by-case basis, it may take the following form:

⁷ However, the establishment of DRC’s REDD+ Fund is delayed due to diplomatic problems with one of the major donors.

Long-term Vision of CTF: Provision of Financial Solutions to Promote REDD+



Source: RAPAC

As noted above, the establishment of a window should be subject to negotiation with national authorities and give rise to a cooperation agreement with key stakeholders. The diagram is simplified, but helps to understand the major role of the CTF for Central Africa.

2.5.3 New Exit Strategies for Conservation Projects

The establishment of a CTF for Central Africa would also made available a new type of exit strategy to cooperation projects. Some donors occasionally invest on a long-term basis in specific regions, or on specific themes, and it is common for projects or programmes to become institutionalized, making withdrawal under good conditions increasingly complex. Though it is true that the cooperation projects or programmes generally have exit strategies, their implementation is often unsatisfactory, which is often reflected on the ground by setbacks, loss of know-how and poor environmental performance significantly reducing the impact of cooperation. Thus, it is quite realistic for the CTF for Central Africa to provide services to international cooperation agencies and NGOs to ensure the continuity of activities initiated by them. According to the diagram presented above, specific windows could be set up, with the potential support on the ground of flexible and transparent implementing agencies.

For instance, a cooperation agency intervening in a given PA over several years (even decades) could envisage capitalizing an endowment fund within the CTF (thus constituting a window), and ensuring the minimum funding of the specific PA over a specified period. As

noted above, this type of institutional arrangement would require the prior consent of public authorities and all stakeholders and the identification or establishment of an efficient and flexible beneficiary institution, and provide ample leeway for the transfer of funds and improvement of the level of financing of beneficiary PAs.

2.5.4 Potential Support for Biodiversity Offsets and PES Mechanisms

Whether they are voluntary or compulsory, biodiversity compensation mechanisms (also known as “biodiversity offsets”) are being established worldwide. Such mechanisms are sometimes criticized for the technical issues they may raise, but they may, however, be very useful, as a last resort, when, for example, an extractive company is authorized to explore or develop a natural resource in a given territory. To compensate for the environmental damage caused, it is quite possible to establish a compensation mechanism based on a “voluntary” or on “compulsory” basis to restore or preserve similar ecosystems in the very long term.

The adoption of a biodiversity offsets national policies in Central Africa would significantly help to improve collaboration with the extractive industry which is the dominant economic sector in the sub-region. Although biodiversity offsets mechanisms are promising for a number of reasons, in practice, their development is often hampered by purely institutional considerations, notably the existence of reliable financial institutions sufficiently transparent and credible to collect, manage and allocate private sector funds. If deemed appropriate, the CTF for Central Africa could play this role, while promoting innovative mechanisms for biodiversity financing.

Similarly, the CTF for Central Africa could support the establishment of Payments for Ecosystem Services (PES)⁸ schemes since their success also depends on the existence of an efficient financial institution such as a trust fund which can adequately manage and distribute the resources allocated. Here, once more, the rules may be general and the CTF will have to analyze proposals on a case-by-case basis as the expression PES has become a generic term for quite distinct realities, sometimes with individual or collective beneficiaries, at variable geographic scales (local or national), and final beneficiaries of environmental services which are also extremely variable.

2.5.5 Support to Sub-regional Organizations in charge of Environmental Protection (RAPAC, COMIFAC, OFAC)

The CTF for Central Africa could host specific windows for the sub-regional institutions that deems necessary. These windows, which will be established on a case-by-case basis at the request of beneficiaries, in compliance with eligibility criteria, will provide such institutions with new options to help to formulate strategies to mobilize and channel needed financial resources.

Part Five of this feasibility study presents, for example, the profile of a RAPAC window whose purpose will be to finance the functioning of its Executive Secretariat for an indefinite period.

⁸ There are several definitions of PES. The one retained here is that proposed by Alain Karsenty: “A PES is a remuneration of one or several agents for a service rendered to other agents (wherever they are) through an intentional action aiming at conserving, restoring or increasing an agreed environmental service.”

As discussed in Section 1.4, COMIFAC could also significantly benefit directly from the CTF by requesting that a specific window be established. Such a window may comprise several “sub-windows” to more specifically finance aspects considered essential and for which financing would have been secured.

To a large extent, OFAC could also design a long-term financial strategy based on the CTF to channel resources secured by the Observatory.

As discussed in Part Three concerning sources of financing, new forms of financing these institutions could be developed. For example, institutional investors increasingly concerned with environmental issues could be invited to capitalize all or part of the windows established in return for significant proceeds which are however less than those of the CTF and the difference used to finance conservation activities in Central Africa.

Ultimately, a CTF for Central Africa could perform multiple functions and satisfactorily and independently support many conservation initiatives. A key aspect of the concretization of this proposal is governance which is discussed in the next section.

2.6 Governance of the CTF for Central Africa

2.6.1 General Principles of Governance and Transparency

To be recognized, the establishment of the sub-regional CTF should be based on general principles that should be enshrined in its constituent instruments. It will be incumbent on the Steering Committee to clearly define such principles. However, the following points are essential:

✓ **Good governance**

The CTF's constituent bodies and staff comply with the highest rules of professional conduct and conflict of interest. Conflicts of interest should be scrupulously avoided. Stakeholders should ensure that the CTF complies with the principles listed below at every stage of its establishment and functioning.

✓ **Transparency**

The institution should demonstrate a high level of transparency. The institution's major decisions, all financial audit and evaluation reports should be regularly placed at the disposal of stakeholders, including governments and technical and financial partners (see Section 2.12 on auditing and evaluation). A website will be set up to regularly disseminate to the public information on the CTF's activities and outcomes, beginning with a comprehensive annual report.

✓ **Accountability**

The CTF will manage resources on behalf of the citizens of Central African countries, as well as donors and their stakeholders. Accordingly, it should be accountable to donors, stakeholders, sub-regional organizations as well governments and the people of Central Africa.

✓ **Governance entity: autonomy vis-à-vis major government participation**

Global experience concerning CTFs shows very clearly that the most successful ones are those that enjoy significant government support without any control by public authorities. The governance entity should therefore mainly comprise representatives of non-governmental bodies, but involve public authorities at every stage of its establishment and functioning.

✓ **No risk of interference**

It should be underscored that the CTF for Central Africa will collaborate with public authorities, particularly to help countries to better finance conservation by implementing innovative mechanisms and providing reliable financial services. The opening of a window for a local beneficiary institution should be accompanied by an official no objection letter from the authorities of the country in which activities will be carried out.

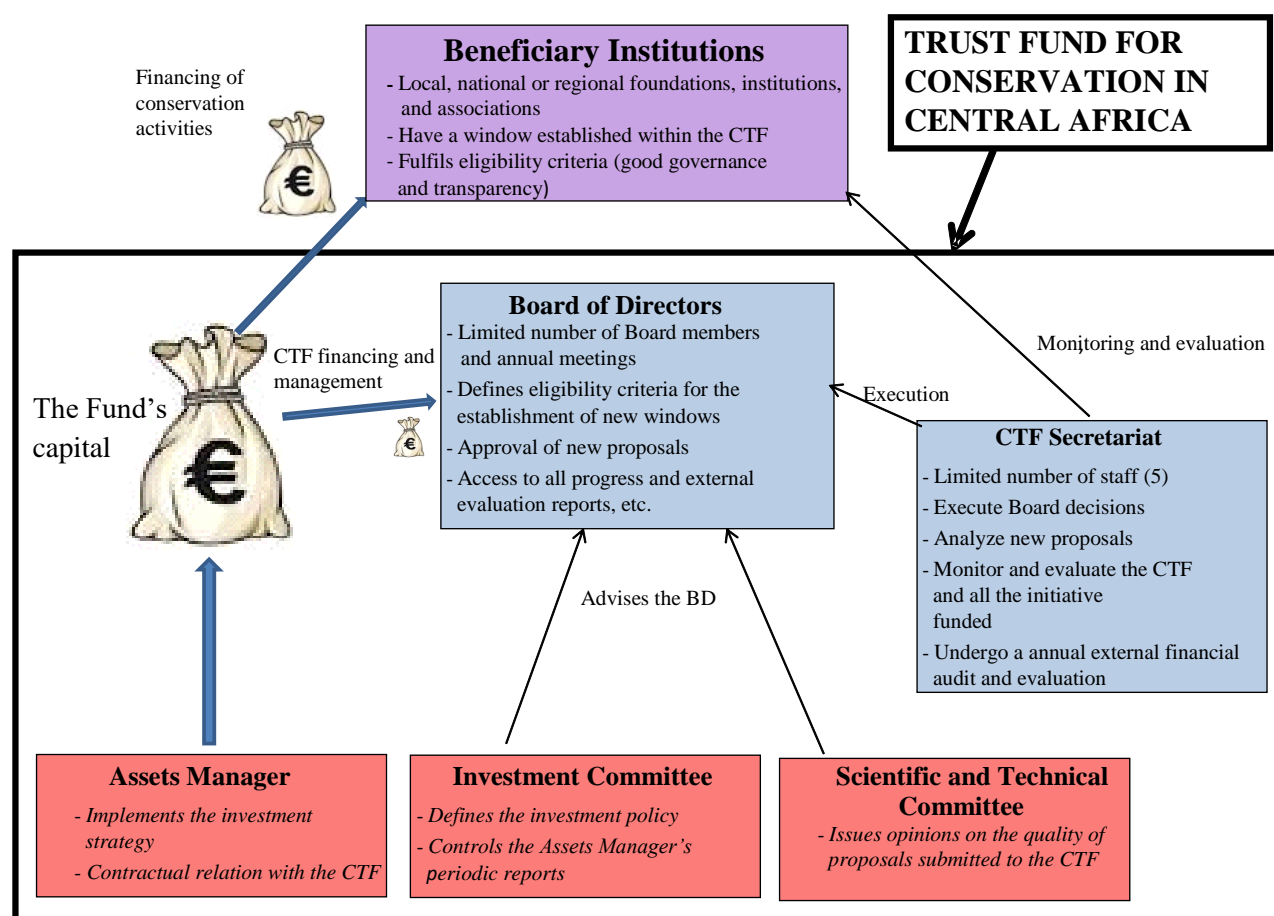
2.6.2 Overall Governance of the CTF

The general structure of the CTF may vary and there is no single applicable model. The trust fund may be in the form of a foundation (for example, governed by English common law). The CTF's governing bodies could be a single Board of Directors, or a General Assembly and a Board of Directors. It is also possible to designate honorary board members.

For purposes of simplicity and efficiency, it is recommended that a foundation that has a simple structure, that is, managed by a Board of Directors, should be established. This board will play a vital role. It is necessary to establish a BD that is sufficiently reliable to encourage all stakeholders, including the private sector, willing to work in partnership with the CTF build full confidence in the institution.

To support of the BD, a standard model for CTFs existing worldwide is proposed below. First, the BD should be supported by a Secretariat, a Scientific and Technical Committee, an Investment Committee and an independent Fund Manager. The following governance structure is recommended for the CTF for Central Africa:

Simplified Diagram of the Governance of the CTF for Central Africa



Source: RAPAC

2.6.3 Bylaws of the CTF

The Steering Committee will prepare and forward the bylaws of the CTF to the Board of Directors for consideration and adoption after the establishment of the Fund. The bylaws should define:

- The objectives of the CTF (see Section 2.1: Objectives of the CTF);
- The composition of the Board of Directors (see Section 2.6.5: Composition of the Board of Directors);
- Powers of the BD;
- Procedures for the appointment and replacement of board members;
- The responsibilities of board members and their term of office;
- The required frequency of Board meetings;
- The number of Board members whose presence is necessary to form a quorum;
- The number of board members whose vote is required to approve any proposed action;
- The responsibilities of the CTF Executive Director and other staff;
- Rules for the disclosure of all potential conflicts of interest by CTF board members or staff, and imposing abstention from voting on proposed grants or contracts involving their own organizations;
- Establishment and definition of the functions of the Scientific and Technical, and Investment Committees;
- Implementation of provisions to establish separate windows for specific purposes;
- The terms and procedures for the dissolution of the Fund and disposal of its assets, where necessary.

2.6.4 Role and Functions of the CTF Board of Directors

The Board of Directors proposed in this feasibility study is the governing body of the CTF. Its smooth functioning and transparency are essential for ensuring the institution's viability and legitimacy.

The responsibilities of the BD concern all decisions relating to the institution's strategic guidelines, specific functions of staff and the validation of all procedures, as well as:

- ensuring the overall good governance of the institution;
- approving all framework documents governing the institution (strategic plans, business plans, resource mobilization strategy, operations manual, regulations);
- analyze and approve annual work plans and operating budgets;

- drafting of job descriptions and appointment of the CTF Executive Director;
- electing the Executive Director of the institution;
- approving the Executive Director's annual progress report as well as the reports of each of the CTF-funded windows;
- identifying key eligibility criteria for beneficiaries such as outlined in Section 2.9;
- approving the establishment of a new window based on comprehensive requests provided by the Secretariat;
- signing financing agreements between the CTF, beneficiary public authorities, donors and beneficiary institutions;
- establishing Scientific and Technical, and Investment Committees to perform delegated tasks and review and approve their recommendations;
- considering and approving all audit and evaluation reports (of the CTF and beneficiary institutions);
- evaluating the Executive Secretary's performance on an annual basis and approving his remuneration;
- controlling the strategy implemented by the Executive Director;
- approving the investment policy proposed by the Investment Committee;
- determining reasonable levels of management costs and ensuring that they are complied with;
- helping to formulate the strategy with the Secretariat.

It is recommended that the number of regular BD meetings be limited and that use of ICT to conduct virtual meetings be promoted. Decisions should be taken electronically at the request of the Executive Director at short notice to ensure the dynamism of the CTF (for example, at most two weeks).

2.6.5 Composition of the Board of Directors

The composition of the Board of Directors should reflect various sectors and geographic regions, including the stakeholders who are actively involved in conservation in Central Africa. Board members should have the expertise to contribute to the effective management of the institution, including finance, law, conservation and resource mobilization.

To achieve real success and limit future management costs of a CTF, the Board of Directors should:

- be limited, at least initially, to a small number of members (for example, no more than 13);
- mainly comprise representatives of civil society, sub-regional organizations and donors.

It is recommended here that the BD should be composed of 13 members as follows:

- a college of national authorities in charge of PAs (2 rotating members);
- a college of sub-regional organizations (2 rotating members);
- a college of technical and financial partners (4 rotating members);
- 3 experts with good financial expertise, possibly having previously occupied senior positions in public or private organizations in Central Africa;
- 2 influential civil society personalities with an international reputation (artists, writers, scientists, association leaders).

The Board of Directors is responsible for the establishment of standing committees as necessary. It is recommended that the following two committees should be established:

- an Investment Committee
- a Scientific and Technical Committee (STC)

2.6.6 Investment Committee

The Board of Directors will take financial decisions concerning the CTF. Thus, Board members should include bankers or finance professionals. It is recommended that Board members should also serve in the Investment Committee which makes recommendations to the Board on financial aspects.

It should be noted that the Investment Committee will not be responsible for managing the CTF's assets. This task will be performed by the Fund Manager. The Fund Manager who will be an independent entity contractualized by the CTF will be responsible for the purchase and sale of assets to achieve the trust fund's general investment objectives.

The role of the Investment Committee is to support the BD in:

- formulating an investment policy based on the concepts of socially responsible investment (SRI);
- selecting the Fund Manager;
- monitoring the Fund Manager's performance, notably by reviewing his periodic reports.

In addition to board members with financial expertise, the Investment Committee could be strengthened by other people with a specific financial expertise, on a voluntary basis. Given the charitable nature of the CTF, some high-level financiers (or retired high-level financiers) may be willing to provide their services free of charge. Such support may be identified as the CTF develops.

2.6.7 Scientific and Technical Committee

The role of the STC, which comprises representatives of key stakeholders and scientists, will be to issue opinions to board members on the options or technical guidelines that could be taken by the BD. More specifically, the role of the STC should be to:

- Help the BD to set priorities;
- Issue opinions at the request of the BD or CTF Secretariat on the technical interest of establishing specific windows;
- Access all progress and evaluation reports;
- Make suggestions to the BD and the Executive Secretariat to improve the CTF's performance;
- Issue opinions on the quality of work done on the ground by beneficiary institutions (may access all progress reports and make recommendations).

STC members will freely choose the formal or informal procedures to be followed to successfully perform their duties. The budget of the STC will be negotiated with the BD, but will have to be maintained at very low levels in order to keep management costs down. Conversely, the STC will, with the consent of the BD, be authorized to mobilize funds to carry out major technical or scientific activities, in conjunction with the CTF. STC members will be appointed by the BD bearing in mind the need to streamline it and ensure its efficiency.

Initially, the BD could prefer to form a STC with only a few members, even if it means strengthening it subsequently depending on the specific needs expressed. The STC could be composed of the technical representatives of the following institutions:

- Environmental NGOs;
- Research institutes;
- Technical services of national agencies in charge of PAs;
- Rural development NGOs;
- IUCN World Commission on Protected Areas;
- Others (non-exhaustive list).

2.6.8 Governance of Window

At least, the beneficiary institution should have a governing body that meets transparency and good governance criteria. Ideally, it should include a representative of the beneficiary government as well as civil society.

It is also possible for an ad hoc decision-making body to take decisions concerning windows, particularly the management of the financial resources made available to beneficiary institutions by the CTF. These governance bodies should be established and financed by beneficiary institutions.

Each window committee will comprise several members according to the donor's specifications and may include:

- a representative appointed by the BD of the CTF;
- a representative of the Ministry of Environment of the beneficiary country (or sub-regional institution for a regional window);
- one or more representatives appointed by donor(s);
- a representative appointed by the main beneficiary;
- one or more representatives of final beneficiaries.

The governance body of the beneficiary institution or Window Committee should transmit all decisions concerning the window to the Executive Secretariat of the CTF, which should in turn inform the BD of the CTF of major decisions taken.

The adoption of major decisions concerning, for example, the in-depth modification of the objectives of a specific window will be subject to the approval of the BD of the CTF.

The other functions of the governing bodies of windows are:

- to prepare and publish clear criteria for the selection of final beneficiaries;
- to forward the list of final beneficiaries to the CTF Secretariat;
- to develop and approve clear and transparent procedures for allocating resources to final beneficiaries;
- to monitor the beneficiary institution (by ensuring in particular the conduct of financial audits and external evaluation carried out at least once every two years);
- to access the evaluation of operations implemented by the beneficiary institution and propose corrective measures.

2.7 CTF Executive Secretariat and Operations

2.7.1 Composition and Functions of the Executive Secretariat

The CTF Secretariat is an implementing structure composed of an Executive Director appointed by the BD and a qualified and very limited number of staff. The Secretariat will be subject to an annual financial audit and external evaluation. The Executive Director's duties will be defined in a job description and his/her performance will be evaluated on the basis of annual work plans.

The Secretariat of the CTF will implement all the phases of the institution's development as decided by the Board. The main duties of the Secretariat will be to:

- implement the institution's bylaws and objectives and Board decisions;
- manage the CTF;
- implement the institution's strategic plan;
- propose to the Board plans, programmes, policies or strategies for improving the efficiency of the institution;
- analyze requests for the establishment of widows to ensure that they meet the main eligibility criteria and forward them to the Board;
- prepare annual work plans and budgets;
- organize annual financial audits and evaluation of the CTF and ensure the sound communication of results;
- collect and disseminate the results of the financial audit and evaluation of each beneficiary institution (or each "window") carried out at least once every two years;
- implement the resource mobilization strategy (at the window and collective levels);
- lobby at the international level for the support of existing or future initiatives;
- organize regular Board and Technical Committee meetings of and communicate the results to relevant stakeholders;
- monitor the performance of the Investment Fund and communicate the results to relevant key stakeholders (BD and/or Investment Committee);
- prepare and submit regular financial and technical reports on CTF activities to the BD and donors, as well as all the beneficiary institutions financed through windows;
- analyze needs and develop capacity-building programmes;
- develop and implement a staff performance monitoring and evaluation system;
- develop and implement communication programmes involving stakeholders and the general public;
- communicate the results of CTF activities, particularly through the preparation and dissemination of an annual report to all stakeholders, including governments and the public.

To carry out its activities, the Secretariat will have an initial small team that will be strengthened as the needs increase. It is recommended that CTF should not have more than five senior staff who are very active worldwide. It is also recommended that the initial group should be limited to an Executive Director and an Administrative and Financial Director capable of understanding and assessing the quality of the work done by the Fund Manager and ensuring the smooth application of the CTF's financial procedures.

2.7.2 Operations Manual

To manage its resources and operations on a day-to-day basis, the Foundation should comply with the procedures contained in the operations manual which will be updated periodically. The operations manual will present the procedures, particularly:

- The role and functions of the Secretariat (see the previous section);
- The preparation of annual work plans;
- Rules concerning the evaluations and financial audits;
- Eligibility for grants, in terms of the general types of activities and categories of eligible beneficiaries (see Sections 2.8 and 2.9 on general procedures and criteria for the establishment of new windows);
- Rules for the transfer of funds to beneficiary institutions;
- Rules for procurement of goods and services by the CTF;
- Accounting standards to be met;
- List of all accounting, financial and monitoring documents to be drafted updated periodically by the CTF on the one hand, and beneficiary institutions on the other hand;
- List of all management costs and definition of affordable management costs;
- List of documents to be provided periodically to donors and disseminated to the general public;
- Terms of reference of the Directors, the Executive Director, other staff members, STC and Investment Committee members;
- CTF's investment policy.

2.7.3 Location of CTF Executive Secretariat

The CTF Executive Secretariat may be based in one of the beneficiary countries in Central Africa or out of Central Africa to facilitate access by international decision-making bodies, achieve better advocacy, and thus enhance the institution's impact. The CTF will have a greater impact if it is based in an international centre of finance and international environmental organizations. Given that it is the seat of many environmental organizations

(UNEP, UN-REDD, IUCN, WWF, etc) and a large number of multinational companies, Geneva offers for instance many advantages and a wide variety of opportunities for enhancing the visibility of and developing the CTF. Since Switzerland is essentially a neutral country, this will prevent any rivalry to host the Secretariat, and should, therefore, be convenient for all CTF stakeholders. Concretely, the head office of the CTF could be located at the International Environment House (IEH) in Geneva which houses United Nations agencies and environmental and sustainable development non-governmental organizations. The IEH seeks to build synergies and foster partnerships between organizations, secretariats and other environmental institutions housed in its two buildings. It also seeks to draw attention to Geneva's huge potential for international environmental cooperation⁹. Alternatively, the CTF Executive Secretariat can be hosted in the premises of the IUCN Headquarters, in the suburbs of Geneva.

It is also recommended that:

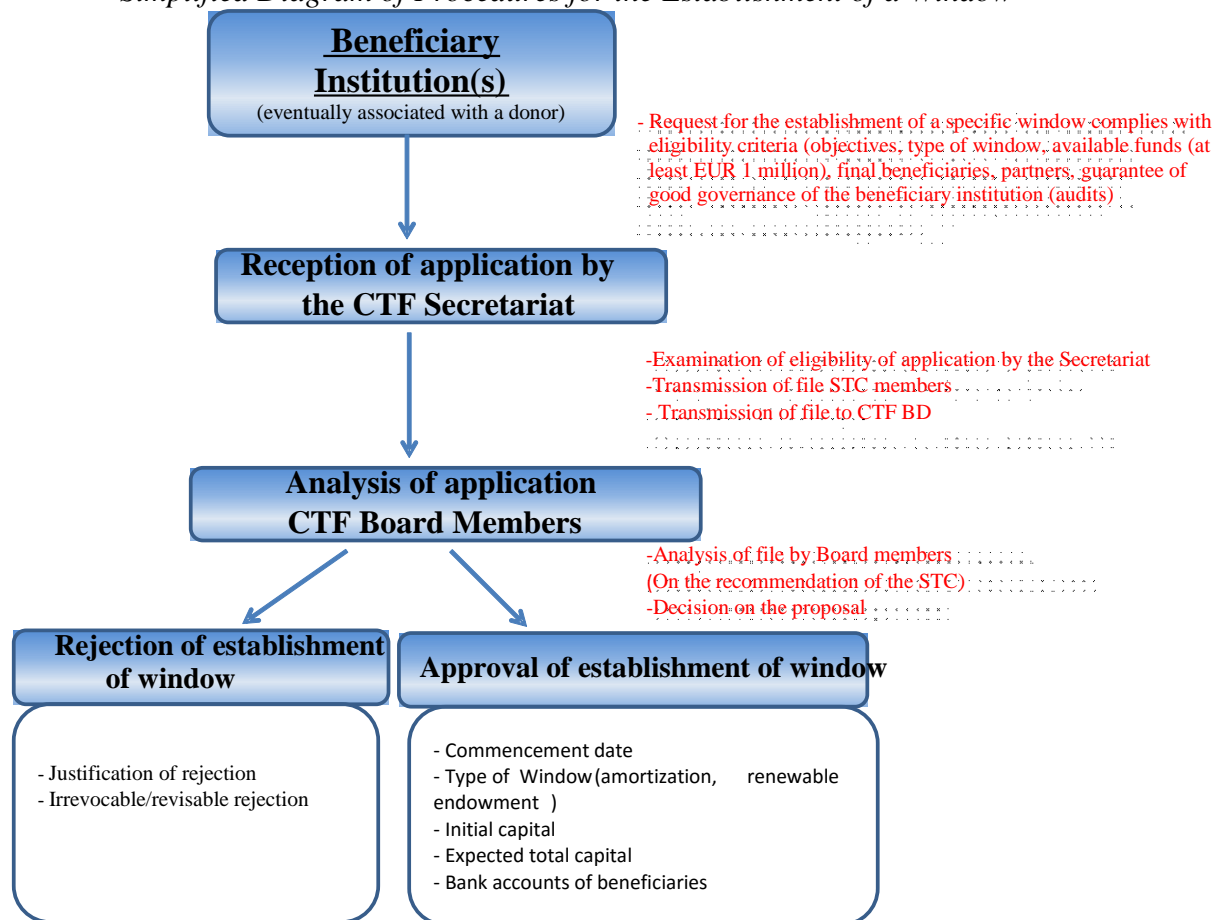
- Board meetings should be systematically held in the countries of the sub-region; For countries implementing numerous activities together with the CTF, a “CTF National Coordination Unit” could be established in the form of permanent post based in the beneficiary country, for example.

2.8 General Procedures for the Establishment of Windows

The diagram below shows the main steps to be considered in order to establish a new CTF window. A complete list of eligibility criteria is suggested in the following section.

⁹ The website of the International Environment House: <http://www.environmenthouse.ch/?q=fr/la-maison-internationale-de-l'environnement>.

Simplified Diagram of Procedures for the Establishment of a Window



The diagram above shows that the initiation for the establishment of a new window is taken by the beneficiary institution wishing to benefit from CTF services. In this regard, it should compile and submit all the necessary documents to the CTF Secretariat. The final decision whether or not to establish a window will be taken by the CTF Board of Directors, based on the technical opinion of the STC.

2.9 Eligibility Criteria for the Establishment of Windows

The initiative for the establishment of new windows should be taken by (existing or future) beneficiary institutions. It is recommended that all local, national, sub-regional or regional institutions that subject themselves to an annual independent financial audit and other eligibility criteria proposed by the CTF governing body should be eligible. The list below summarizes the main eligibility criteria. However, it is not exhaustive and should be completed by the CTF Steering Committee and validated by the CTF Board of Directors during the establishment phase.

List of Eligibility Criteria for the Establishment of a Window

- Window consistent with CTF strategy and objectives;
- Government approval, for example, in the form of a no objection letter drafted by national authorities or a license authorizing the beneficiary institution to receive CTF resources;
- The beneficiary institution must have a governing body that meets relevant standards (at least an annual progress report and independent financial audits); details concerning the governance body should be provided;
- To simplify the management of the Fund, a minimum capital should be fixed to be eligible for the opening of a window within the CTF. This amount should be at least EUR 1 million;
- Provide all the beneficiary institution's constituent instruments;
- Clearly define the form of window (endowment fund, sinking fund or revolving fund). It should be noted that sub-windows with specific characteristics may also be established;
- A business plan presenting the needs of the beneficiary institution to be met through the CTF. It should be noted that CTF financing do not generally target investments as it is limited to the functioning of PAs, for example;;
- Provide a preliminary analysis of the legal and fiscal framework applicable to the beneficiary institution at national level;
- Set and publicize clear criteria for the selection of final beneficiaries;
- Establish and approve clear and transparent procedures for allocating funds to potential final beneficiaries;
- Guarantee of good governance by the beneficiary institution (particularly the assurance that financial audits and external evaluation will be carried out at least once every two years);
- Though the opening of a window is not compulsory, government counterpart contributions, for example, on the basis of environmental taxes for conservation, will be very favourably received and greatly increase the chances approval by the BD for the opening of a window;
- Conversely, it should be demonstrated that any funding for conservation obtained through the CTF will not replace existing public funding. Annual evaluation of the activities of beneficiary institutions will systematically target this point.

2.10 Legal Structure of the CTF for Central Africa

For a long time, the complexity of CTFs has been a barrier to their development, but many models now exist which can significantly encourage the promoters of a CTF for the Conservation of Biodiversity in Central Africa. Legal issues should be carefully analyzed, but they should not prevent the establishment of the institution. It should be noted that there are several levels of competence: the international, regional and national levels.

2.10.1 Country of Registration of the CTF

The country of registration of the CTF is essential because it gives the institution strong legitimacy as well as exemption from taxes to maximize its efficiency. Generally, the three main options for the registration of the CTF for Central Africa are:

- Option 1: establish a legal entity in a Central African country with a foreign investment account;
- Option 2: establish a legal entity a Central African country as well as a foundation in the UK, the USA or the Netherlands, for example;
- Option 3: establish a foundation in the UK, the USA or the Netherlands, for example, whose beneficiaries are recognized by beneficiary countries as public utility institutions.

During the CTF establishment phase, it is possible to commission a detailed legal study on the three options presented above to help to take an informed decision. As standard practice in the registration of environmental funds, the findings of the study would most likely recommend the adoption of Option 3. In fact, it is difficult to apply Option 1 in Central Africa because the legal regimes of countries in the sub-region only partly meet the requirements for the registration of international foundations. Option 2 makes things more complex without increasing direct benefits to the institution, especially when CTF staff should be kept to a strict minimum.

Other arguments in favour of Option 3 are:

- An international foundation based in a neutral country outside Central Africa will prevent rivalry between the countries of the sub-region to domicile the institution. This option would also prevent ownership of the sub-regional CTF by one of the beneficiary countries and guarantee its sub-regional status.
- The registration of the CTF in a country that is familiar with such practices would increase the institution's legitimacy and credibility, while facilitating the participation of new stakeholders (particularly the private sector) in the financing of conservation in Central Africa.

A specific study on where to register the CTF could be commissioned. At this stage, it should be recalled that the United Kingdom offers conditions conducive to the establishment of charitable foundations such as exemption from taxes, as well as relevant competent and specialized staff. In addition, the CTF can be legally based in the United Kingdom while its staff or Board members do not necessarily need to be there. Registration in the United

Kingdom involves legal and administrative procedures that can be followed and completed on the spot by an adviser. Thus, it seems appropriate to register the CTF for Central Africa as a foundation for an indefinite period in the United Kingdom where it will be easy to obtain the public utility status so as to exempt it from taxes.

2.10.2 Regional Level

As discussed in Section 1.4, the establishment of a CTF is closely linked with the regional policies implemented in Central Africa, particularly the Yaounde Declaration of 17 March 1999 which calls for the establishment of an international mechanism for the financing of a trust fund to lend sustainable support to the countries of the sub-region in their efforts to manage, conserve and conduct research on forest ecosystems. COMIFAC's 2004 and 2015 "Convergence Plans" also underscore the need to develop global innovative mechanisms for conservation and explicitly mentions the establishment of Trust Funds.

ECCAS, COMIFAC or RAPAC have enough prerogatives to finance the establishment of the CTF. The form of support is yet to be determined, but it should not necessarily be the subject of a new specific declaration because these institutions can use existing instruments to legitimately support the establishment of a sub-regional trust fund.

It is therefore recommended that ECCAS, COMIFAC or RAPAC should take the initiative to initiate the establishment of a CTF by urging interested stakeholders to form a Steering Committee, and then to invite Member States to use the services of the sub-regional CTF to establish innovative mechanisms for conservation.

This initial impetus by ECCAS, COMIFAC or RAPAC is necessary for initiating the process for the establishment of the CTF for Central Africa.

2.10.3 National Level

The question is whether countries should give their formal approval for the establishment of the CTF for Central Africa. Although the formal support of potential beneficiary countries during the CTF establishment phase could help speed up the adoption of the proposal, this does not seem indispensable. In fact:

- Regional declarations of support for the establishment of a CTF have already been issued. It is therefore unnecessary to seek new authorizations at national level;
- The CTF will be at the service of national or local initiatives and will not impose anything on States. Basically, it will provide supplemental solutions to improve the financing of conservation in Central Africa;
- National authorizations will be issued mainly during the establishment of windows. The establishment of windows will require that the beneficiary institution should obtain a "no objection" opinion or a "license" by national authorities (see section on eligibility criteria for the establishment of a window). Thus, beneficiary countries will control CTF activities;

- During the capitalization of windows by donors or other investors, “cooperation agreements” will be concluded. It is recommended that the Ministry of Environment should be systematically involved in such agreements;
- Lastly, the governing bodies of beneficiary institutions or “Window Committees” should, as much as possible, include a representative of the Ministry of Environment of the beneficiary country.

2.10.4 Recommendations on Legal Issues

Based on the experience of existing CTFs, and as long as there is political will, legal issues should not be a barrier to the establishment of a regional CTF, especially as legal constraints at the sub-regional level are limited. Potential legal issues may be rife at national level, for example, during the establishment of specific windows to support local and national institutions, whose creation is subject to prior official approval and a favourable tax regime, which are difficult to achieve. However, it is hoped that a sub-regional impetus by interested stakeholders, local or national beneficiary institutions will enhance the adoption of necessary instruments on a case-by-case basis, according to the model of countries that already have the required legislation.

In conclusion, the main recommendations are:

- To establish a Foundation under English Law that is based in England;
- To invite ECCAS, COMIFAC or RAPAC to launch the initiative, starting with the setting up of the Steering Committee;
- The CTF will have to solicit the services of a legal adviser based in the United Kingdom throughout the CTF establishment process. The latter will ensure that all the rules applicable to foundations are complied with over time. During the operational phase, this is only an ad-hoc support lasting a few days a year¹⁰ ;
- Build on legal models of CTFs already existing in Central Africa (particularly FTNS and the Okapi Foundation);
- Analyse regional CTF models like the Caribbean Biodiversity Fund (CBF) and the Mesoamerican Reef Fund (MAR Fund).

¹⁰ The document “UK-registered African Environmental Fund meeting,” EDG, 2012, provides notably the addresses of legal advisers who provide counselling on the establishment of foundations in the United Kingdom: [http://conservationfinance.org/upload/about/UK-Registered%20African%20Environmental%20Funds Meeting Report.pdf](http://conservationfinance.org/upload/about/UK-Registered%20African%20Environmental%20Funds%20Meeting%20Report.pdf)

2.11 Investment Policy of the CTF for Central African

2.11.1 General Investment Policy Principles

The capital of the CTF will be invested by independent professional managers rather than by the Board of Directors or the Investment Committee to prevent conflict of interest. The Fund Manager will manage the entire CTF endowment, that is manage assets in a single CTF investment account, unless the grant agreements concluded with individual donors provide for other arrangements acceptable to all the parties. Annual investment earnings will be shared between the different windows in proportion to their respective shares in total capital. For windows operating as sinking funds, the CTF will, in addition to investment earnings, transfer a portion of the capital outstanding in those specific windows.

The role of the BD and/or Investment Committee in asset management will be to:

- Formulate an investment policy that is:
 - based on the concepts of socially responsible investment (SRI)¹¹ to ensure that the CTF will not invest in financial sectors that are harmful to the environment;
 - prudent with moderate risk taking like that of other CTFs, which, in most cases, lasted through the 2009 financial crisis;
- Select the fund manager whose responsibility is to implement the investment policy;
- Monitor the fund manager's performance on the basis of financial indices and set objectives, and replace any asset manager that does not attain set objectives.

In some cases, an independent international consultant is hired for one to two weeks each year to assist the Investment Committee in evaluating the performance of the investment company and recommending changes in investment objectives and guidelines.

2.11.2 Role of Investments

It should be recalled that the place where the CTF is legally established may be quite different from that where its funds are invested. A CTF that is legally established in the United Kingdom may well decide to hire an asset manager based in Switzerland, the USA or elsewhere and to entrust it with the responsibility of investing its capital in different parts of the world and in different currencies, depending on the investment policy adopted by the CTF.

¹¹ One of the most widely accepted definitions of SRI is that provided by the French Banking Federation according to which “SRI is a form of investment that consists in taking systematically into account environmental, social and governance (also known as ESG) criteria, in addition to financial criteria”.

2.11.3 Fund Manager

The Fund Manager will implement its proposed investment policy. The policy will be regularly updated by the Investment Committee. Generally, the managers of African trust funds are based in London or Geneva. They are recruited on a renewable contract basis and are paid a small commission based on performance.

The criteria for selecting a financial institution to serve as Fund Manager are:

- Renowned expertise and past performance compared to other asset managers;
- Capacity to provide a customized services to the CTF;
- Provide the services for a fee;
- Capacity to invest worldwide.

It should be noted that the CTF for Central Africa could, at least, during the start-up phase, and for purposes of efficiency, partner with an existing CTF, apply its investment policy and use the same Fund Manager's services. Some existing CTFs are willing to achieve these services in order to achieve economies of scale and reduce fixed costs.

2.12 Periodic Financial Audits and Technical Evaluation

The CTF for Central Africa and its Executive Secretariat should be audited and evaluated every year by reputable audit firms and international experts. The CTF Executive Secretariat will finance the auditing and evaluation of the CTF while the Board of Directors will analyze and validate the audit and evaluation results, with the support of the Investment Committee and the STC.

The Board of Directors will, in conjunction with the legal adviser, also ensure that the foundation complies with the applicable laws and regulations in the country of registration (for example, the United Kingdom).

Lastly, each beneficiary institution (with a “window”) should be subject to an independent financial audit and evaluation at least once every two years. The auditing of beneficiary institutions will focus on the funding obtained by the CTF, but could also cover all the activities of beneficiary institutions. The conduct of audits and evaluation will be a condition precedent to the disbursement of grants. Where audits or evaluations raise major issues, the beneficiary institution should take appropriate corrective measures to resolve the problems within a reasonable timeframe. Before continuing the regular disbursement of grants, the CTF Board of Directors will determine the relevance of the proposed measures. The implementation of such measures should be subject to specific audits within one year following their approval by the CTF Board of Directors.

To ensure financial accountability and transparency, the CTF Executive Secretariat will prepare periodic progress reports, particularly an annual report presenting the Foundation’s detailed financial statements, operations and funding programme. The information will be posted on its website for public consultation.

3. Sources of Financing

3.1 Objectives of Financing

Different funding thresholds must be met, namely the funding of the entire CTF and minimum funding per window.

3.1.1 Objective of Capitalization for the Entire CTF

The management costs of CTFs are often high. The management costs of underfunded CTFs are relatively higher than those of large CTFs. Many small CTFs, especially those in Africa, are underfunded, which increases their management cost. This is one of the reasons why a CTF for Central Africa should be funded by many actors involved in biodiversity conservation in Central Africa: the minimum funding threshold should be quickly reached and the management costs should be affordable, preferably, at less than 20% of the capital income generated by the Fund, in keeping with international standards¹².

Estimate of Main CTF Management Costs

Main Items Considered	EUR/Year	Remarks
o Salaries of secretariat staff. The initial team includes:		The amounts are indicative as salaries will largely depend on the location of the Secretariat
* An Executive Director	84 000	
* A Director of Administration and Finance	63 000	
o Mission expenses for Secretariat staff	20 000	10 missions each year at EUR 2 000 per mission
o Possible Secretariat occupancy expenses	12 000	EUR 1 000 per month. The Secretariat could be hosted by a partner institution.
o Consulting fees	60 000	For the auditing and evaluation of the CTF
o Organization of annual board meetings	15 000	Board members should also telework
o Training, sharing of experiences with other CTFs	3 000	At least one mission a year to share experiences with other CTFs
o Communication	3 000	
o Commission charged by the Fund Manager	0	The 5% target is net of commission charged by the Fund Manager
o It should be noted that there is need to provide CTF staff with service vehicles.	0	
Contingencies (15%)	39 000	
Total	299 000	

The list of management costs proposed above is not exhaustive and should be fine-tuned after the CTF's business plan is prepared. However, it helps to make useful estimates. It should be noted that CTF staff would provide real value added for conservation in Central Africa. In this respect, it is rather simplistic to consider payroll expenditure as mere management cost. The fact remains that the FFC's operating cost in the early years following its establishment should be about EUR 300 000 per annum¹³.

On this basis and on the assumption that the management cost is less than 20% of the income generated by the entire CTF, the latter should generate at least EUR 1.5 million per annum.

¹² For example, where a CTF financed to the tune of EUR 50 million generates 5%, the capital income will be EUR 2.5 million per annum. Where the upper limit for management cost is 20% of capital income, the institution will have EUR 500 000 per annum for its functioning.

¹³ To reduce these costs, it will be necessary to enhance the institution's efficiency and set rules to ensure that per diems, consulting fees and mission allowances are proportionate. Such rules should be included in the operating procedures manual.

If the Fund generates an income of 5%, it would be capitalized at EUR 30 million, which would be distributed among all the windows hosted by CTF¹⁴. If the CTF is a regional institution that can provide various services to many stakeholders (governments, private sector, and international cooperation agencies), that target can be attained within a reasonable timeframe.

In addition, it is possible for the needs of the CTF Executive Secretariat, particularly staff needs, to increase gradually as the CTF's activities are deployed. It is recommended that the CTF's management cost should remain below 20% of the income generated by the CTF, and to 10% in the long run.¹⁵

3.1.2 Minimum Funding per Window

To make the CTF sufficiently effective and its management less complex, new windows could be established provided that the beneficiary institutions manage to mobilize minimum initial capital which could, for example, be EUR 1 million. This threshold could, however, be revised upwards by beneficiary institutions themselves, depending on the stated objectives of the window. Thus, it is necessary to prepare a simplified business plan during the window establishment phase to ensure the economic viability of the proposed arrangement.

The Secretariat can support national and local initiatives in designing their strategies to mobilize resources in order to meet the minimum threshold envisaged for each window. Each window should therefore mobilize its own resources with the possible technical support of the CTF Executive Secretariat.

¹⁴ 30 million x 5% = 1.5 million; 1.5 million x 20% = 300 000

¹⁵For example, if in 2020 the CTF achieves a total capitalization of EUR 300 million, generating EUR 15 million per annum (5%), the management cost should be EUR 1.5 million per annum.

3.2 Mobilization of Resources by Type of Window

Resources will be mobilized at two levels:

- by beneficiary institutions for the establishment of a window, by ensuring that the minimum threshold for the capitalization of their window is attained;
- by the CTF Secretariat which will lobby worldwide for the support of existing or future initiatives.

Public or private sources of funding will be identified by window. Strategies for the mobilization of resources should be implemented on a case-by-case basis. However, funding to replenish specific windows could be obtained from the following main sources:

Main Sources of Financing by Window

Source: Author

Among the most promising options, emphasis should be laid on the establishment of national green taxes (or “green contributions”). Like Cameroon, some Central African countries are planning to introduce green taxes to finance their network of protected areas. This drive is promising and should be encouraged, given that the existence of a sub-regional CTF can significantly help to channel and manage the resources generated.

Countries should initiate studies to that end. The table below presents some of the main environmental taxes generally imposed to finance conservation.

Examples of National Green Taxes

Proposal	Details	Advantages/Disadvantages	Potential	Steps to be Followed
Taxes at airports	For example, an environmental tax of EUR 10 for international flights and EUR 5 for domestic flights	<ul style="list-style-type: none"> - Polluter pays principle - Does not affect the most disadvantaged populations - Airport taxes already exist, adding some is easy from the technical standpoint - Could hinder tourism development 	HIGH	<ul style="list-style-type: none"> - Analyze the potential revenue that such a proposal could generate (find out the number of passengers per annum) - Examine the feasibility of the proposal with airport authorities
Green Vehicle Tax	Annual tax depending on the engine power and/or year of first entry into service	<ul style="list-style-type: none"> - Polluter pays principle - Tax exemptions could be envisaged to reduce negative impact on the disadvantaged populations 	HIGH	<ul style="list-style-type: none"> - Analyze the potential revenue that such a proposal could generate (number of vehicles) - Examine the feasibility of the proposal
Hotel Tax	Environmental contribution paid for each night spent in a hotel, variable depending on the category	<ul style="list-style-type: none"> - Practice is common worldwide (generally well accepted) - May not generate substantial revenue 	LOW	<ul style="list-style-type: none"> - Determine the number of overnights stays per annum - Study the technical feasibility of the proposal with the Ministry of Tourism
Fuel Tax (“at the pump”)	For example, 10% of the amount paid in service stations	<ul style="list-style-type: none"> - Polluter pays principle - Fuel is already costly - Risk of rejection by the population (consider exemption for taxis) 	HIGH	<ul style="list-style-type: none"> - Examine whether Costa Rica’s model could be adapted

It is necessary to also underscore the possibilities offered by debt-for-nature swap which has always been an important source for the financing of CTFs. Some countries in Central Africa could take advantage of the existence of the CTF to implement environmental protection operations. The CTF Secretariat could play a key role in analyzing the debt structure of each of the countries of the sub-region and support eligible countries in this process.

A good example at the sub-regional level is the Community Integration Contribution (CIC). Similar contributions could be established, although the difficulties faced in the application of the Community Integration Contribution (CIC) are suggestive of the difficulties faced in operationalizing such sub-regional mechanisms. In fact, over time, it is quite possible to establish new sub-regional contributions to replenish one or more CTF windows so as to ensure the sustainable financing of institutions in charge of conservation.

The Green Climate Fund (GCF) should also provide many opportunities in years to come. The CTF should have all the necessary guarantees to help the countries of the sub-region that so wish to channel the resources allocated to Central Africa. The Green Climate Fund (GCF) is a new financial mechanism of the UN Framework Convention on Climate Change (UNFCCC) adopted in December 2011 during the UNFCCC Conference in Durban to finance climate change adaptation and mitigation in developing countries. Its stated goal is to mobilize USD 100 billion per year by 2020 to address the needs of developing countries. The issue of whether or not such funding will be derived exclusively from public or diverse sources has not yet been resolved. To date, only a fraction of this amount has been committed mainly to cover REDD+ project start-up costs. Many developing countries have criticized timid commitments and possible recourse to private sector financing. Three short declarations by the UNFCCC summarize the situation of the mobilization of funds for the GCF:

- A significant share of new multilateral funding for adaptation should flow through the Green Climate Fund (COP 16, Cancun).
- The Fund will receive financial inputs from developed country Parties to the Convention (COP 17, Durban).
- The Fund may also receive financial inputs from a variety of other sources, public and private, including alternative sources (COP 17, Durban).

The GCF currently complements many of the existing multilateral climate change funds (for example, the Global Environment Facility, Climate Investment Funds, and the Adaptation Fund). However, as the official financial mechanism of the UNFCCC, some Parties believe that it may eventually replace or subsume the other funds. Beneficiary countries are expected to establish entities that will help to access funds once the GCF becomes operational. Countries that have already embarked on a national REDD+ process are facing challenges in establishing sufficiently reliable REDD+ funds to channel international financial resources on this theme.

If it can ensure transparency and efficiency, the CTF for Central Africa could provide numerous services and help countries in the sub-region to channel resources from the GCF. For example, the countries in the sub-region may establish “National Climate Funds” or “REDD+ Funds” or “Climate Funds” which will be housed in the CTF for Central Africa. Such arrangements will simplify the establishment of climate funds in countries in the sub-region and increase the possibility of benefitting from the financial resources provided by the international community to deal with climate change.

The support of extractive companies to the financing of conservation is another prime issue concerning the long-term conservation financing in Central Africa. If their participation remains very limited in central Africa, successful models based on Conservation Trust Funds exist and could be replicated in Central Africa. Although their participation is very limited in Central Africa, successful models based on Conservation Trust Funds exist and could be replicated in Central Africa. The existence of a CTF for Central Africa will significantly facilitate the voluntary or mandatory participation of extractive companies. In fact, the channelling of resources is crucial for putting in place, for example, biodiversity offsets such as Funbio, the Brazilian CTF.

The existence of a sub-regional CTF should also significantly facilitate the financial support of bilateral or multilateral cooperation agencies, or by international NGOs. Cooperation agencies or international NGOs could use the CTF to:

- provide budget support to existing windows: cooperation agencies could identify a range of causes to support financially through the CTF, with negotiable terms depending on each stakeholder’s requirements;
- establish new specific windows, for example, to facilitate the design of local REDD+ projects, ecosystem service payment projects, or cooperation project exit strategies.

3.3 Mobilization of Collective Resources for All Windows

Though it has been established that resource mobilization should mainly be the responsibility of beneficiary institutions with possible technical support and lobbying by the CTF Secretariat, it is possible to envisage resource mobilization in the CTF as a whole, particularly on the basis of new financial products proposed to private international investors by the CTF.

Besides the traditional actors of international cooperation that could be interested in the regional approach to conservation financing offered by the CTF, some promising avenues for mobilizing resources for conservation have a high chance of success if they are carried out at sub-regional level. In fact, some institutional investors (for example, European or American pension funds which are increasingly interested in socially responsible investment) would be more interested in the idea of supporting the Congo Basin as a whole rather than a specific country. The CTF will also help to develop a new range of tools for mobilizing additional resources. By partnering with other conservation trust funds, the CTF for Central Africa could offer solutions for involving international institutional investors in conservation financing. New tools are being developed and may soon materialize. These include:

- New type sponsorship: CTFs may be used as a receptacle for ethical investors with a vision for international finance. The idea is not to obtain grants which is merely capital that can be repaid to the lenders upon request.
- The CTF for Central Africa could also attract private investors by offering an interest rate of about 2% per annum. Considering that CTFs yield 5% per annum, the difference would be invested for conservation activities in Central Africa. As before, the investment could be repaid to the investor upon request.
- Park Bonds¹⁶ could be issued for all PAs in the Congo Basin, which would be much less feasible over a small geographical scale.

These proposals will help to mobilize huge sums that might, however, be harnessed only when the CTF has acquired adequate longevity and reputation. It should also be underscored that such innovative solutions require the introduction of safeguards to prevent international financial sector interference in conservation: financial support will remain strictly financial and not affect the operations of beneficiary CTF or CTFs.

To function properly, any resource mobilization strategy involving several windows would require that the different beneficiaries initially establish rules for distributing the resources mobilized. Depending on the needs and dynamics that may develop between various windows, many opportunities resource mobilization could be created. Thus, it is recommended that the CTF Executive Secretariat should stay abreast of and participate in initiatives so as to explore new ways of mobilizing resources for conservation, as a complement to existing sources.

¹⁶ For more information on Park Bonds: [Http://greeneco-land.com/index.php/fr/initiative-park-bonds](http://greeneco-land.com/index.php/fr/initiative-park-bonds).

3.4 Current Elements of CTF Grant Agreements

It should also be noted that in keeping with standard practice in CTFs worldwide, each grant will certainly be subject to an agreement concluded between the main stakeholders, namely:

- ✓ Beneficiary government authorities (the Ministry of Environment);
- ✓ Sub-regional CTF;
- ✓ The beneficiary institution (in charge of the window);
- ✓ The donor investor.

These agreements help to introduce safeguards, particularly withdrawal clauses, if the resources granted to the CTF for Central Africa were to be used for purposes other than those initially agreed upon within the framework of the grant (or investment).

Thus, a large portion of CTF funding will be done within the framework of specific grant agreements concluded in compliance with the CTF's bylaws and the consent of its board of directors. Such agreements generally include the following elements:

- Reference to the CTF's bylaws and regulations;
- Additional governance structure which specifically applies to the grant, and its relationship with the Board (see Section 2.6.8 on Window Governance);
- Any specific provision concerning voting rules, and the donor's veto or approval power;
- Specific provisions concerning the eligibility of operations or expenditure items, including the key for distribution of resources put at the disposal of final beneficiaries;
- Specific provisions concerning bank accounts and asset management;
- Procedures concerning grant reallocation, for example, in the event of the dissolution of the CTF, or in the event of the use of funds for purposes that are not consistent with the terms of the grant agreement (for example, the right of reversion of funds);
- Specific arrangements and guidelines that apply to the grant;
- Additional detailed information;
- Specific provisions on transparency (for example, access to information) and accountability (for example, separate external evaluations);
- Specific provisions relating to the dissolution of the CTF of window.

4. Action Plan for the Establishment of the CTF for Central Africa

4.1 Detailed Action Plan and Indicative Schedule

ACTION PLAN FOR THE ESTABLISHMENT OF A CTF FOR CENTRAL AFRICA												
Activities	Year 1				Year 2				Year 3			
	1	2	3	4	1	2	3	4	1	2	3	4
1. Establishment of the CTF for Central Africa												
1.1 Formation of the technical team in charge of implementation of the Action Plan												
Drafting of ToR of:												
- A coordinator who is familiar with the stakeholders involved in environmental protection in the sub-region												
- An institutional/international law expert												
- Subsequently a regional expert in sustainable conservation financing mechanisms												
Recruitment of team to implement the Action Plan												
Work of the Technical Team for the implementation of the Action Plan												
1.2 Identification of the first windows to be set up												
- High-level diplomatic actions to disseminate the concept of CTF												
- Organization of a sub-regional workshop to present the CTF to national authorities in charge of PAs, as well as major donors												
- Identification of interested stakeholders among key potential beneficiaries (national authorities in charge of PA, ministries in charge of environment, sub-regional institutions in charge of the environment (RAPAC and COMIFAC))												
- Identification of potential sources of financing for each proposed window:												
• traditional donors (EU, GEF, AFD, KfW, etc.)												
• governments (green taxes and debt-for-nature swaps)												
• private sector (extractive companies, etc.)												
- Preparation of a report summarizing all proposed initiatives and their feasibility (using eligibility criteria)												
1.3 The Steering Committee supports the establishment of the CTF												
Drafting of ToR of the Steering Committee for the establishment of the CTF												
Establishment of the Steering Committee												
Periodic meetings of Steering Committee members to further the implementation of the Action Plan pending the legal establishment of the CTF and establishment of the BD												
1.4 Preparation of the profile of the CTF for Central Africa approved by the Steering Committee and shared with donors												
Finalization of the profile of the CTF for Central Africa												
Adjustment of the profile of the CTF based on comments made by stakeholders												
1.5 Registration of CTF for Central Africa												
Preparation of the articles of incorporation of the CTF based on international good practices with specialized legal aid												
Presentation and submission of the draft articles of incorporation and bylaws of the CTF to the Steering Committee and other stakeholders for approval												
Finalization of the articles of incorporation of the CTF with legal aid (ensuring particularly the CTF's public interest status in its country of registration)												
Validation of the articles of incorporation by the pioneer BD												
Registration of the CTF by its founders using appropriate documents and legal aid												
2. Operationalization of the CTF for Central Africa												
2.1 Finalization of strategic and operational documents												
Strategic planning												
Definition of the strategic priorities of the CTF												
Preparation of the CTF Strategic Plan (with the assistance of a consultant)												
Validation of the Strategic Plan by the BD (during the first meeting of the BD)												
Implementation of Strategic Plan												
Operations Manual												
Drafting of ToR and recruitment of a short-term expert												
Preparation of the Operations Manual												
Validation of Operations Manual by the BD												

<i>ACTION PLAN FOR THE ESTABLISHMENT OF A CTF FOR CENTRAL AFRICA</i>												
Activities	Year 1				Year 2				Year 3			
	1	2	3	4	1	2	3	4	1	2	3	4
Business Plan / Resource Mobilization Strategy												
Drafting of ToR and recruitment of a short-term expert												
Design of the resource mobilization strategy (for the entire CTF)												
Validation of the Business Plan / Resource Mobilization Strategy by the BD												
Implementation of the Resource Mobilization Strategy												
Investment Policy (on financial markets)												
Recruitment of an ethical investment policy consultant												
Design the CTF's investment policy												
Recruitment of a fund manager												
Implementation of the Investment Policy												
2.2 Launching of the CTF												
Selection of board members												
Convening of the first CTF Board meeting												
Approval of all strategic documents by the Board												
Establishment of the Investment Committee and the SCT												
Selection and recruitment of the Executive Director												
- Drafting of job description												
- International call for nominations												
- Selection, interview and recruitment												
- Assumption of duties												
Selection and recruitment of the Director of Administration and Finance												
- Drafting of job description												
- International call for nominations												
- Selection, interview and recruitment												
- Assumption of duties												
Continuous professional training of the Executive Director												
Opening of CTF office												
- Procurement of offices												
- Opening of bank account												
- Furnishing and organization of the office												
3. Development of the CTF for Central Africa												
3.1 Preparation and dissemination of communication material												
Preparation of communication material (presentation brochures)												
Updating of communication material as may be required and according to new developments												
3.2 Exchange of ideas with other CTFs												
Sharing of experiences with regional CTFs (FTNS, Okapi Foundation)												
Achieving membership of the Consortium of African Funds for the Environment (CAFE), particularly participation in the AGM												
Sharing experiences with the Latin American and Caribbean Network of Environmental Funds (RedLAC), particularly participation in the AGM												
Achieve membership of Conservation Finance Alliance												
3.3 Establishment and capitalization of windows												
Support to beneficiary institutions to formulate proposals for the establishment of windows												
Support to beneficiary institutions to foster relations with interested donors												
Support to beneficiary institutions to obtain letters of intent from donors												
Negotiation and signing of Grant Agreement												
Support to States wishing to establish national PES, green taxes for a particular window, etc.												
3.4 Capitalization of the windows established												
3.5 Allocation of the first grants to beneficiary institutions												

4.2 Important Remarks on the Action Plan

4.2.1 Preparation for the Implementation of the Action Plan

The Action Plan could be implemented as soon as the necessary budget is prepared. The budget preparation phase is expected to last about one year after which the Action Plan will be implemented in 2016.

Before carrying out initial activities to launch the Action Plan, two ambassadors should be selected to lobby on behalf of the CTF. These goodwill ambassadors should have international charisma and an excellent reputation. Specifically, their role will be to:

- lobby stakeholders (technical and financial partners on the one hand, beneficiaries on the other);
- produce a sufficient critical mass of interest in the establishment of the CTF to facilitate the process;
- mobilize funds to implement the Action Plan.

Workers may also be recruited on a part-time basis to:

- support goodwill ambassadors in their efforts;
- organize at least two CTF information workshops;
- establish the Steering Committee;
- mobilize funds to implement the Action Plan.

About EUR 150 000 should be allocated as soon as possible in order to carry out these preparatory activities.

4.2.2 Sub-regional Institution Responsible for the Implementation of the Action Plan

It is necessary for a sub-regional institution to oversee the implementation of the Action Plan so as to legitimize it, recruit a project team and support the establishment of the Steering Committee. As discussed earlier, the three main institutions that seem to meet the required profile are ECCAS, COMIFAC or RAPAC.

Inasmuch as the proposal for the establishment of the CTF emerged within RAPAC and considering that it has a good mastery of the file, RAPAC is perhaps in a better position to spearhead this process. Part Five of the document focuses on this option.

It should be underscored that ECCAS and/or COMIFAC must play a key role by backing and supporting this initiative until its completion, particularly by participating actively in the Steering Committee and by becoming a CTF board member.

4.2.3 Team Responsible for the Implementation of the Action Plan

A project team should be set up to support the Steering Committee and the institution in charge of implementing the Action Plan. It is recommended in the Action Plan that this team should be recruited for a two-year period and composed as follows:

- A coordinator who is familiar with the stakeholders involved in environmental protection in the sub-region;
- An institutional/international law expert;
- Subsequently, a regional expert in sustainable conservation financing mechanisms.

The project team will be responsible for all the activities to be implemented during the first two years, initially under the responsibility of the Steering Committee, then under the CTF's Board of Directors. Ideally, the project team should be housed in the premises of the sub-regional institution spearheading the process. This will enable it to ensure the smooth implementation of operations.

Once the CTF is established, the project team will be gradually replaced by the staff of the CTF Executive Secretariat recruited during the 18th month. There will be a six-month overlap during which the project team and CTF staff will work in collaboration to ensure smooth transition.

It is also expected that the first meeting of the Board of Directors will be held a year after the launching of the Action Plan. During the first year, the Steering Committee will be the decision-making body. Thus, its composition should be well planned.

4.2.4 Composition of the Steering Committee

The composition of the Steering Committee is the first major step of ensuring the smooth launching of the CTF. Several options could be considered:

- Option 1: RAPAC-centred

Some RAPAC Board members would be members of the CTF Steering Committee. This option is justified if RAPAC initiates the process for the establishment of the CTF.

- Option 2: some key RAPAC Board members and donors

Four or five key RAPAC Board members, including some representatives of donors. This solution is advantageous because it is relatively simple and involves donors.

- Option 3: draw inspiration from the proposed composition of the Board

Draw inspiration from the proposed composition of the Board and ensure that the Steering Committee resembles as much as possible the final composition of the BD. This solution has the advantage of ensuring continuity upon the assumption of duty of

Board members. As a reminder, the proposed composition of the BD of CTF is as follows:

- *a college of national authorities in charge of PAs (2 rotating members);*
- *a college of sub-regional organizations (2 rotating members);*
- *a college of technical and financial partners (4 rotating members);*
- *3 experts with significant financial expertise, possibly having previously held senior positions in public or private organizations in Central Africa;*
- *2 influential civil society personalities with an international reputation (artists, writers, internationally renowned scientists, leaders of associations).*

○ Option 4: vibrant Steering Committee

An initially relatively small Steering Committee on sub-regional organizations could be established and major donors subsequently invited to join it. This option has the advantage of being flexible and open to new members.

The final decision on the composition of the Steering Committee should be taken by the regional institutions spearheading the establishment of the CTF, together with the donors financing the implementation of the Action Plan. At any rate, the aim should be to disseminate information as much as possible on the initiative to establish the CTF, particularly by ensuring that all organizations wishing to participate in the development process express their intention. It is also recommended that the Steering Committee should not have more than 13 members.

4.2.5 Technical Assistance Concerning Legal Aspects

As outlined in the Action Plan, the legal documents drafted as well as the steps taken in the CTF's country of registration will be sponsored by the Steering Committee and the project team and carried out by experienced international lawyers. Technical assistance will be essential to ensure that the process is in compliance with various legal provisions and help to identify and find solutions to any shortcomings in the establishment of the CTF.

4.2.6 Operational and Strategic Documents

The main strategic documents to be prepared are:

○ The CTF Strategic Plan

This document is essential for guiding CTF action. It should be concise and incisive, and present the roadmap for CTF activities for the next five years. The CTF Strategic Plan should provide a framework for monitoring and evaluating the impact of its progress and conservation activities.

○ CTF Operations Manual

The manual seeks to accurately present:

- The role and functions of the Secretariat;
 - Annual work plans;
 - The rules governing financial assessment and audits;
 - Conditions of eligibility to grants, in terms of the general types of activities and categories of eligible beneficiaries (see Sections 2.7 and 2.8 on general procedures and conditions for the establishment of new windows);
 - The rules governing the transfer of resources to beneficiary institutions;
 - The rules for procurement of goods and services by the CTF;
 - Accounting standards;
 - The list of all accounting, financial and assessment documents to be drafted periodically by the CTF and by beneficiary institutions;
 - The list of all administrative expenses and definition of reasonable administrative expenses;
 - The list of documents to be provided periodically to donors and disseminated to the general public;
 - Terms of reference of Board Members, the Executive Director, other staff members, and STC and Investment Committee members;
 - The CTF Investment Policy.
- Business Plan / Resource Mobilization Strategy

As explained in Part Three of this feasibility study, the Resource Mobilization Strategy should be implemented mainly on a window-by-window basis. However, the CTF Secretariat should prepare its own business plan to ensure that the capitalization threshold of EUR 30 million is attained within a reasonable time. The CTF Executive Secretariat may also assist entities requesting the opening of a window in preparing their business plans.

- Investment Policy

The Board of Directors will be responsible for defining the investment policy (based on global markets) which will be implemented by the Fund Manager. Much inspiration should be drawn from the investment policies of existing CTFs while taking into account the relevant conclusions contained in the 2013 CTIS report published in 2014 and presented to the World Park Congress held in Sydney¹⁷. This investment policy should comply with the general principles presented in Section 2.11.1 of this feasibility study.

4.2.7 Identification of the First Windows to be Established

It is necessary to present the first windows to be established during the CTF design phase. First, it is theoretically possible to establish the CTF during the design phase without a window. As presented earlier, the CTF should however be capitalized to at least EUR 30 million to reach its economic break-even point. It is advisable to reach this level of

¹⁷ The document is available on the website of the Conservation Finance Alliance: www.conservationfinance.org/library.php?categoria=10

capitalization as soon as possible to ensure that the CTF is fully autonomous within a reasonable time, which can be three to five years.

Thus, it is proposed that one or more windows should be established at the initiative of beneficiaries during the CTF design phase. As suggested in the last chapter of this report, the first window should be assigned to the institution responsible for the implementation of the Action Plan, for example, RAPAC, provided it complies with eligibility criteria.

Other windows besides the pioneer window may be established during the CTF design phase. Thus, the Action Plan envisages the conduct of diplomatic actions and organization of sub-regional workshops to present this new opportunity to key stakeholders, notably national authorities in charge of PAs and donors.

4.3 Estimated Budget for the Implementation of the Action Plan

Estimated Budget for the Launching of the CTF for Central Africa (EUR)

1. Human Resources	Year 1	Year 2	Year 3	Year 4	Year 5
Coordinator (recruited for a two-year period)	84 000	84 000	0	0	0
Institutional / International Law Expert (recruited for a two-year term)	72 000	72 000	0	0	0
Regional Financing Mechanism Expert (recruited for a two-year term)	50 000	50 000		0	0
Director of the CTF Executive Secretariat (recruited as from the 18 th month)	0	42 000	84 000	84 000	84 000
Director of Administration and Finance (recruited as from the 18th month)	0	31 500	63 000	63 000	63 000
Mission allowances of the project team and CTF staff (transport and per diem allowances)	20 000	30 000	20 000	20 000	20 000
2. Activities that require a budget heading					
Organization of a sub-regional workshop to present the CTF to national authorities in charge of PAs, as well as major donors	40 000				
Organization of periodic Steering Committee meetings to enhance the implementation of the Action Plan pending the formal establishment of the CTF (3 meetings per year)	30 000	20 000			
Preparation of the articles of incorporation of the CTF based on international good practices with specialized legal aid	50 000				
Finalization of the articles of incorporation of the CTF with legal aid (ensuring particularly the CTF's public interest status in its country of registration)	20 000				
Registration of the CTF by its founders using appropriate documents and legal aid	20 000				
Preparation of the CTF Strategic Plan (with the assistance of a consultant)	12 000				
Preparation of the Operations Manual (with the assistance of a consultant)	30 000				
Design of the Resource Mobilization Strategy (for the entire CTF)	30 000				
Recruitment of an ethical investment policy consultant	20 000				
Fees of consultants and consulting firms (evaluation and audits)			60 000	60 000	60 000
Preparation of communication material (presentation and brochures)	5 000	5 000	3 000	3 000	3 000
Organization of an annual meeting of the BD of the CTF		15 000	15 000	15 000	15 000
Sharing of experiences with regional CTFs (FTNS, Okapi Foundation)	2 000				
Continuous professional training of the Executive Director, the project team and staff of the CTF		3 000	3 000	3 000	3 000
3. Functioning					
Occupancy expenses (for the project team and CTF)	12 000	18 000	12 000	12 000	12 000
Furniture and computer hardware (for the project team and CTF)	5 000	5 000			
3.4 Capitalization of the Windows established					
3.5 Allocation of the first grants to beneficiary institutions					
Sub-Total	502 000	375 500	260 000	260 000	260 000
Contingencies (15%)	75 300	56 325	39 000	39 000	39 000
Total	577 300	431 825	299 000	299 000	299 000
Total Years 1 + 2 + 3	1 308 125				
Total Years 1 + 2 + 3 + 4 + 5	1 906 125				

The Action Plan will be implemented over a three-year period and the budget over a five year-period. This difference stems from the fact that the CTF might not be able to cover its

operating costs before the 5th year (when it is expected to achieve the required capitalization threshold).

As a result, two options are proposed in the budget presented:

- A budget executed over a three-year period amounting to EUR 1.3 million;
- A budget executed over a five-year period amounting to EUR 1.9 million.

The second option will enable the CTF to focus on its core activities until when it is fully operational.

The issue of securing financing for the implementation of this action plan is still pending. The EU, which had distanced itself from trust funds for several years, now seems to want to further their development. At the very least, the EU could contribute to the establishment of a sub-regional CTF by financing part of the establishment phase. The issue of capitalizing the CTF by the EU does not seem to be closed. In addition, other donors who play a key role in the financing of conservation in Central Africa (GEF, KfW, TNC, WCS, WWF, AFD/FFEM) might be interested in the establishment of such an innovative instrument.

Administrative costs generally make up a much higher percentage of total earnings during the first year or two years after the establishment of a conservation trust fund because “start-up costs” include high one-off expenditure. Some international donors whose regulations bar them from contributing to endowment funds may nevertheless award grants for institutional capacity building which will support the conservation trust fund’s administrative costs for five years. They may also contribute to the trust fund for a period of five year before the award of grants.

Lastly, it should be noted that the budget presented does not include preparatory activities for the implementation of the Action Plan which is expected to last a year and cost about EUR 150 000 (see Section 4.2.1).

5. RAPAC: At the Centre of the Establishment and Pioneer Beneficiary Institution of CTF

5.1 A Proposal in Line With RAPAC's Framework Documents

RAPAC's programming, which is based on its constituent documents (Articles of Incorporation and Bylaws), is mainly guided by its Strategic Plan (2008-2017). According to this plan, RAPAC's financing is largely based on the establishment of a CTF:

Extract of RAPAC's Strategic Plan (2008-2017)

Objective	Expected Outcomes	Indicators	Sources of Verification	Assumptions
Cross-cutting Strategy 3: <i>Explore and determine suitable mechanisms for the sustainable financing of the functioning and implementation of the network's action plan and its protected areas</i>	<ul style="list-style-type: none"> - The financing of RAPAC's functioning and operating plan for 2010-2013 is assured in 2009; - <u>A trust fund covering RAPAC's operating costs and supporting its activities in pilot sites is functional in 2014.</u> 	<ul style="list-style-type: none"> - One or more sources of financing are secured for 2010-2013; - Partnerships for the development of the <u>trust fund</u> are concluded with specialized actors; - In 2013, one or more sources of financing are secured to capitalize the fund. 	<ul style="list-style-type: none"> - Grant agreements; - Partnership agreements; - Minutes of RAPAC's Board meetings. 	<ul style="list-style-type: none"> - Expertise in the development of the trust fund is mobilized and finances

Source: RAPAC's Strategic Plan

It should be noted that Cross-cutting Strategy 3, which seeks to strengthen RAPAC's resource base and establish sustainable financing mechanisms, is well positioned in the programming. To make it fully operational, RAPAC's Strategic Plan was supplemented by the Four-Year Plan (2010-2013). This plan is included in the budget and should serve as a guide for the implementation of RAPAC's activities during the period in question. The Four-Year Plan (2010-2013) reformulated ST3 as follows:

Extract of RAPAC's Four-Year Plan (2010-2013)

Objective	Expected Outcomes	Activities
Cross-cutting Strategy 3: <i>Explore and determine suitable mechanisms for the sustainable financing of the functioning and implementation of the network's action plan and its protected areas</i>	<ul style="list-style-type: none"> o A plan to develop a mechanism for the sustainable financing of the Secretariat was adopted and implemented in 2010; o A <u>trust fund</u> to support RAPAC is operational in 2013. 	<ol style="list-style-type: none"> 1. Ensure the validation of the study on the development of a sustainable financing mechanism, the selection of a proposed option, and the formulation of an implementation plan in 2010; 2. Formulate a detailed project proposal based on the implementation plan; meet various donors to identify those that are most likely to support development costs and the establishment of a trust fund whose capital should cover the operating cost of RAPAC's Secretariat and support some priority actions in/around the network's pilot sites in 2010,; 3. Implement each of the stages of the plan, especially the establishment of an ad hoc committee and a legal entity, design appropriate arrangements for the management of the fund, and secure targeted capital between 2010 and 2013.

Source: 2010-2013 Four-Year Plan

It can be affirmed that the expected outcomes were not achieved in April 2015. Though it is at the heart of the strategy initially envisaged for RAPAC, the experts entrusted with the task of designing a "*Sustainable Financing Strategy for RAPAC*"¹⁸ rejected the proposal for the

¹⁸ "Strategy for the Sustainable Financing of RAPAC, Strategy and Financing Plan"; Final Report; November 2009

establishment of a trust fund in 2009. The report concluded as follows: “*The consultants advise against the establishment of a trust fund to meet RAPAC’s financial requirements. A trust fund would be very difficult to capitalize and require the establishment of an administrative entity whose management is cumbersome*”. The arguments for this decision are presented and discussed in Annex 1 of this document.

5.2 A Window for RAPAC within the CTF?

The establishment of a CTF will take several years and should be spearheaded by an institution with a solid base and adequate legitimacy in the form of support by key stakeholders. RAPAC, which is in its programming phase, could give fresh impetus to its action by emerging as a leading institution, for example, within the framework of a new cooperation programme concluded with the European Union or by winning the support of sub-regional partners willing to sponsor this initiative in the short term. As discussed earlier, the establishment of a CTF is consistent with RAPAC's framework documents, notably the Strategic Plan (2008-2017) which recommends the establishment of a trust fund to cover the institution's operating costs.

Through its BD which includes all national authorities in charge of PAs and its collaboration with COMIFAC, RAPAC enjoys a good reputation and adequate legitimacy to spearhead the establishment of a sub-regional CTF that would benefit other institutions and various protected areas in the long term. Incidentally, the proposal to designate RAPAC as the main supervisor of the creation of a CTF for Central Africa and the first beneficiary is advantageous because the institution will be highly motivated by the smooth implementation of this project.

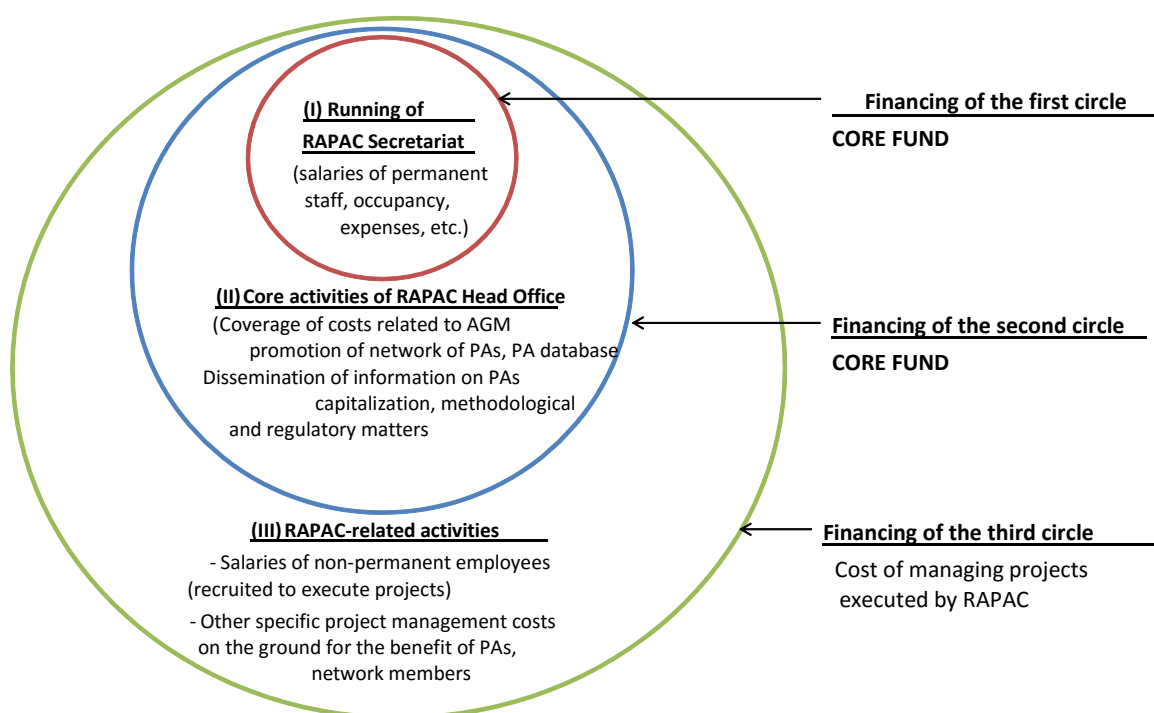
In recent years, RAPAC has been financed mainly through administrative fees paid for the programmes implemented by the institution. The main disadvantage of this method of financing is that it does not guarantee continuity over time because, when projects come to an end, like in 2015, the Executive Secretariat is no longer in a position to ensure its functioning. This method of financing does not enable the proper prioritization of its activities.

To remedy this shortcoming, RAPAC's long-term financing is theoretically based on the concept of a "core fund" evoked by its organizational, institutional and financial (OIFR) review in 2012 and reiterated by its Board of Directors and General Assembly in February 2013. This "core fund" was expected to be set up within two years, that is before the end of the ongoing key programmes/projects of RAPAC (mid-2015). Given that the concept of "core fund" had not yet obtained consensus, RAPAC recently proposed a schematic representation to facilitate discussions. The "core fund" appears as a flow of funds to ensure:

- The running of the RAPAC Head Office (salaries of permanent staff, occupancy expenses, etc.);
- The implementation of the core activities of RAPAC's Head Office (coverage of costs related to AGM and BD meetings, promotion of the network of PAs, observatory, PA database, dissemination of information on PAs, capitalization, methodological and regulatory matters, etc.).

The diagram below obtains unanimity within the institution:

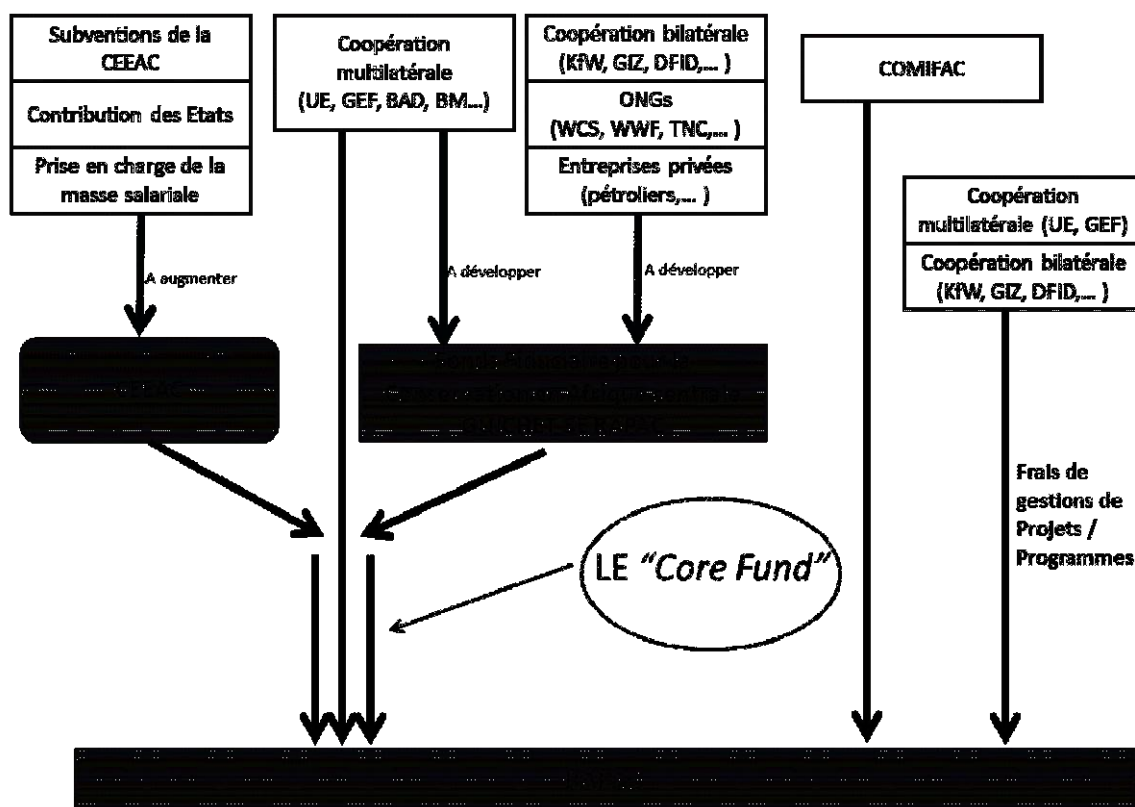
Long-term Vision of the Financing of RAPAC



Source: RAPAC

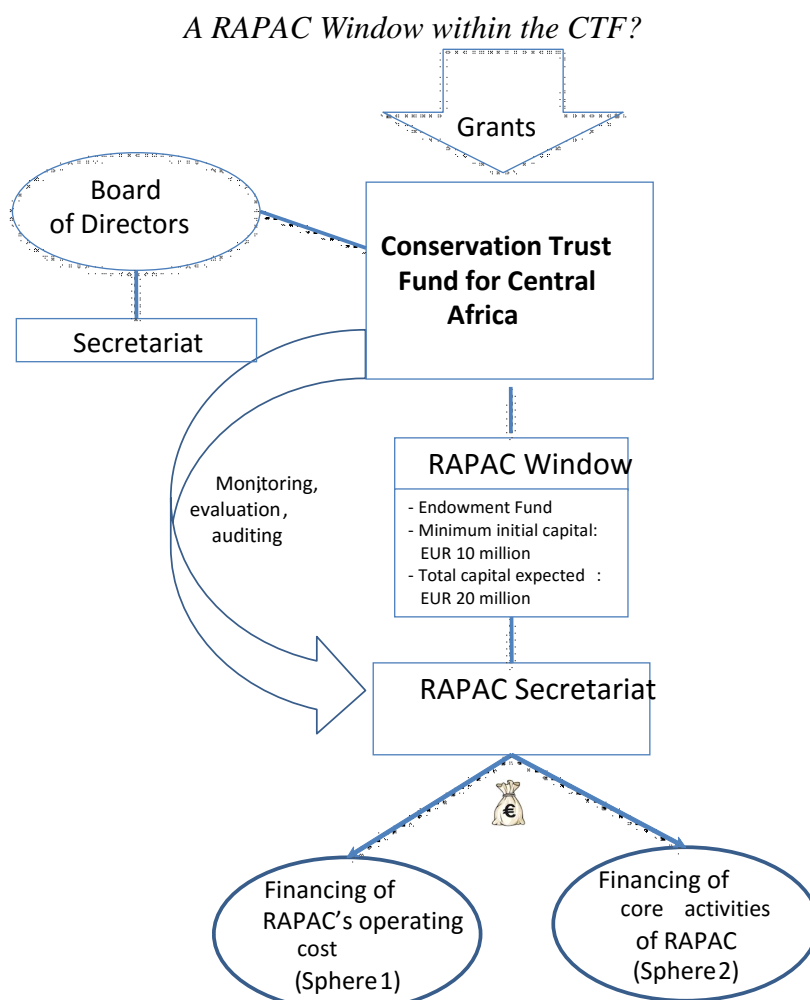
The overall financing of RAPAC can be summarized as follows:

Long-term Vision of the Financing of RAPAC



Source: RAPAC

As shown in the diagrams above, the CTF for Central Africa could be the linchpin of the long-term financing of RAPAC by becoming its autonomous financial arm by supporting its Executive Secretariat (through the establishment of a specific window) mainly capitalized by the CTF for Central Africa.



Source: Author

The RAPAC Window could serve as a laboratory and a model for the establishment of other windows to complement the future activities of the CTF for Central Africa. Although it appears as the RAPAC Executive Secretariat could be the first institution to benefit from the CTF for Central Africa, through the establishment of a window with a capital endowment of about EUR 20 million to meet the institution's long-term financial requirements, the sub-regional CTF could also provide many other services that would be beneficial to the conservation of Central Africa's biodiversity.

Conditions for RAPAC to Spearhead the Establishment of the CTF

- ✓ Payment of annual contributions by RAPAC member countries;
- ✓ Successful implementation of the RAPAC Reform Programme.

The amount of EUR 20 million is based on the study on the financing gap of RAPAC Secretariat. It is presented in Annex 2 of this document.

5.3 Sources of Financing for RAPAC's Window

The financial requirements of the Executive Secretariat of RAPAC were estimated at EUR 1.2 million per annum with a coverage rate of about 20%, notably through grants from ECCAS. Thus, the financing gap of the Executive Secretariat of RAPAC is about EU 1 million per annum¹⁹. If the CTF generates an average interest of about 5% per annum, EUR 20 million will be needed to capitalize the CTF's endowment fund to cover the operating cost of the Head Office (first circle) and the core activities of RAPAC's Head Office (second circle).

Although the amount of EUR 20 million is high, it is, however, an achievable target that would not only guarantee the institution's future, but also create a window of opportunity for conservation in the sub-region. To increase its chances of success, a RAPAC Window should be set up with no less than EUR 10 million, although the target should be EUR 20 million.

Obviously, the capitalization of the RAPAC Window is still to be addressed and could slow down the initiative on the establishment of a CTF. The interest aroused by the establishment of a CTF for Central Africa and, hence, the possible support of traditional donors can be relied on. Several elements can help to make this initiative quite feasible:

- The establishment of the CTF for Central Africa will help to implement a private sector-based resource mobilization strategy to complement current institutional donors;
- The establishment of the CTF will take several years, which will give RAPAC time to perform its role in coordinating the network of PAs in the sub-region and identifying partners willing to back the initiative to establish a CTF;
- The European Union, which is RAPAC's main sponsor, is more and more inclined to support CTFs;
- Efficient instruments such as *project finance for permanence*²⁰, which have already been successfully used in Latin America, or other types of "*matching funds*" can be proposed;
- Lastly, innovative tools for conservation financing can be used to capitalize the CTF, particularly by obtaining capital from financial markets.

Though these amounts appear to be high at the level of the sub-region, they should be put into perspective. By adopting an ambitious vision for the CTF which consists in meeting the financial needs of all the PAs of the sub-region, and assuming that RAPAC's network of PAs has an annual financing gap of about EUR 50 million, an endowment fund that generates 5% income per annum should be capitalized to the tune of EUR 1 billion. Although this order of magnitude seemed to be unrealistic in 2014, and the aim here is not to propose such objectives, the fact remains that even EUR 1 billion will not be sufficient, especially given that new tools are being developed to ensure that CTFs are no longer capitalized exclusively by cooperation agencies and debt-for-nature swaps, but also by the private sector

¹⁹ It should be noted that RAPAC's financing gap can be reduced (for example, by increasing the contribution of ECCAS and/or beneficiary governments, thus reducing proportionately the initial capital requirements of the RAPAC Window).

²⁰ Inspiration for the *project finance for permanence* (PFP) concept is derived from "finance-project" practices often used in the corporate world to organize and finance complex projects such as power stations or airports – where no one is ready to embark into without making sure that the necessary conditions for project completion have been met. The difference between PFP and other approaches is that it is an "all or nothing" project. Nothing is initiated except all the required funds have been mobilized.

(compensation for damages by extractive companies, “Park Bonds” and other instruments). Once the CTF has proven its worth, all the necessary amounts can be mobilized in financial markets. Although this new era of conservation financing through financial markets entails risks that should be addressed, it also presents genuine opportunities for future conservation in Central Africa.

6. Conclusion

Conservation trust funds play a key role in biodiversity conservation by mobilizing and ensuring the transparent allocation of funds. In fact, many sustainable financial mechanisms for biodiversity conservation can only be launched if they have a reliable and independent mechanism for channelling funds. CTFs fulfil these conditions and can maximize their impact on the ground. As described in this document, the CTF for Central Africa can host several windows corresponding to specific initiatives to improve conservation financing.

Although it is illusory to think that viable national CTFs can be created in each country in Central Africa, it is however possible to create a very efficient sub-regional CTF that would offer financial services to local or national initiatives. This would save time and energy. This sub-regional CTF should be a small, flexible and very efficient entity. A CTF covering the Central African sub-region at the service of the most promising local institutions could play a vital role in promoting a number of initiatives that can make a difference to better preserve Central Africa's rich biodiversity.

Although the difficulties encountered during this process should not be minimized, it is possible to set up a CTF for Central Africa that would provide financial services to existing or future national and local institutions. This would bring about genuine economies of scale and increase the international visibility of the sub-region. This proposal will also enable countries facing serious political crisis to profit from an entity like the CTF on which to rely where necessary. Although the sub-regional CTF should be fully autonomous, emphasis should be laid on the fact that its actions will be at the service of the public and cannot be carried out without the prior approval and political support of local authorities.

With the multiplicity of regional initiatives, the number of regional CTFs is bound to increase in the coming years. As one of the first sub-regions to establish a sub-regional CTF, Central Africa will become the flagship of global conservation and certainly obtain financial support from donors interested in initiatives of such scale. A sub-regional CTF will enable the gradually development of a new paradigm for conservation financing in Central Africa, particularly with the greater financial participation of the private sector.

Although the establishment of the first CTFs lasted more than 10 years, the process is henceforth better understood. The period can be reduced to three years provided the project rapidly attracts wide political support and is closely monitored.

Ultimately, a CTF for Central Africa would provide a genuine vision for the future financing of the conservation of this unique region. Strategies to mobilize resources could be implemented for protected areas, in conjunction with national initiatives. Considering its history and strategic orientations, RAPAC has adequate legitimacy to spearhead the CTF establishment process. The idea to place it at the centre of this initiative is reasonable and should be supported by stakeholders. Establishing a CTF the first pilot window of which the Executive Secretariat of RAPAC is the beneficiary could be an excellent springboard for this proposed vision.

7. Recommendations

7.1 General Recommendations

- ➔ ECCAS, COMIFAC or RAPAC should launch the initiative, beginning with the establishment of a Steering Committee;
- ➔ Where RAPAC spearheads the establishment of the CTF, this objective should be included in its programming;
- ➔ Carry out sensitization on the proposal and obtain the consent of key stakeholders

The Executive Secretariat of RAPAC should own and promote the idea among sub-regional and governmental bodies.

- Appeal to sub-regional institutions to support the initiative:

As potential CTF stakeholders, specific communications in this regard should target ECCAS, COMIFAC, PFBC, and CBFP;

- Present the project to national authorities in charge of PAs;

- Appeal to donors to finance the establishment of the CTF for Central Africa:

Although it is necessary to make an explicit appeal to institutions that usually support the establishment of CTFs worldwide (GEF, KfW, TNC, WCS, WWF, AFD/FFEM), special arrangements should be made with the EU because it is RAPAC's historic and ideal partner for providing financial support for the establishment of the CTF for Central Africa. The exact form of this support should be the subject of specific discussions.

- ➔ Identify sources of financing for the establishment of the CTF

The last point is to consider possibilities for capitalizing the sub-regional CTF by examining donor and private sector interests. However, it should be noted that once the entity is established, stakeholders' interests will increase sharply.

- ➔ Envisage complementarity between FEVAC and CTF.

7.2 Summary of Recommendations on the Profile of the CTF for Central Africa

- The CTF should be a foundation incorporated under English law and based in England;
- The CTF should be as inclusive as possible and involve all the countries belonging to at least one of the sub-regional institutions in charge of conservation;
- The CTF's head office could be based in Geneva which is a major centre of finance, international organizations and environmental NGOs, and home to many multinational companies;
- The CTF's staff should not exceed 5 senior officers who are very active on the world scene;
- The CTF's administrative costs must be maintained strictly below 20% of the income generated by the CTF, and progress to below 10% in the long term;
- The Steering Committee should not have more than 13 members;
- The Board of Directors could be made up of 13 members:
 - *A panel of national authorities in charge of PAs (2 rotating members);*
 - *A college of sub-regional organizations (2 rotating members);*
 - *A college of technical and financial partners (4 rotating members);*
 - *Renowned financial experts who might have previously occupied senior positions in public or private organizations in Central Africa;*
 - *Prominent civil society personalities with an international reputation (artists, writers, internationally renowned scientists, and leaders of associations).*
- Limit the number of ordinary board meetings and promote the use of new means of communication to hold virtual meetings. Decisions should be taken by electronic means, at the request of the Executive Director, within a short time to guarantee the vitality of the CTF;
- During the design phase, one or more windows should be created on the initiative of beneficiaries. It is necessary for the institution to support the implementation of the Action Plan. For example, as suggested in the last chapter of this report, RAPAC could host the first window, provided it complies with eligibility criteria;
- The list of eligibility criteria for the establishment of a window within the CTF presented in Section 2.9 is not exhaustive. It should be completed by the Steering Committee and validated by the BD of the CTF during its establishment phase;
- Decisions concerning windows, in particular the management of financial resources made available to beneficiary institutions by the CTF will be taken by the beneficiary institution's governing body or by a window committee;

- The CTF's investment policy should be based on concepts of socially responsible (SRI) and prudent investment with moderate risk taking.
- To carry out the initial activities in order to implement the entire Action Plan, two goodwill ambassadors should be designated to lobby for the CTF.

Annex 1: Discussion of the 2009 Report on a Sustainable Financing Strategy for RAPAC

The proposal for the establishment of a trust fund was rejected by the experts entrusted with the task of designing a “*Sustainable Financing Strategy for RAPAC*”²¹. The report concluded as follows: “*The consultants advise against the establishment of a trust fund to meet RAPAC’s financial requirements. A trust fund would be very difficult to capitalize and require the establishment of an administrative entity whose management is cumbersome.*” The following are the main reasons for rejecting the proposal for the establishment of a CTF (for each of them, counter-arguments are presented):

✓ “*The administrative cost of small trust funds is very high*”

Counter-argument: the administrative costs of CTFs may be high, especially poorly capitalized CTFs whose administrative costs are relatively higher than those of major CTFs. This argument is consistent with the establishment of a major CTF whose capitalization could rapidly attain levels that make the fixed costs of a CTF tolerable.

✓ “*Many donors are reluctant to finance trust funds*”

Counter-argument: this statement certainly makes reference to the European Union which has not directly capitalized CTFs. Although this statement was totally justified in 2009, EU policy is changing as it now seems to be willing to promote the development of trust funds. The EU could contribute to the establishment of a sub-regional CTF by financing at least part of the establishment phase. Besides, the capitalization of the CTF by the EU does not seem to have been closed. In addition, other donors who play a key role in the financing of conservation in Central Africa (GEF, KfW, TNC, WCS, WWF, AFD/FFEM) might be interested in the establishment of such an innovative instrument.

✓ “*Since [RAPAC] is a regional association, the Debt Relief Mechanism cannot be applied*”.

Counter-argument: although CTFs worldwide have largely been capitalized through debt-for-nature swaps, their importance should somewhat be relativized in the case of Africa²². In addition, as explained in detail in the second part of this feasibility study, a sub-regional CTF can support national initiatives and, hence, promote debt swaps. Although RAPAC’s regional status does not enable it to directly profit from debt swaps (as Central Africa is not indebted to the same degree as individual States), a regional CTF could be quite prepared to host national “windows”, thus facilitating national debt swaps by providing a reliable and transparent financial entity that is capable of hosting the resources generated.

²¹ “Strategy for the Sustainable Financing of RAPAC, Strategy and Financing Plan”; Final Report; November 2009

²² According to the *Rapid Review of Conservation Trust Funds*, 56% of the capital received by the top 40 CTFs is derived from bilateral debt relief programmes. Through the *Tropical Forest Conservation Act (TFCA)* and programmes of the *Enterprise for the Americas Initiative (EAI)*, the United States is the leading source of debt-for-nature swap (with nearly two-thirds of such transactions), followed by Germany. The sources of funds vary according to region. In the Latin America-Caribbean region, 70% of the 20 CTFs surveyed had obtained funds from debt-for-nature swaps, and proceeds from such funds represented at least 60% of the capital of CTFs. In Asia, Europe and Africa, the situation is quite different: only 30% of the capital (and seed capital) is derived from debt-for-nature swaps and only 25% to 30% of CTFs received money from such swaps.

- ✓ *“The amount of capital required to adequately equip a support fund like RAPAC for an indefinite period is very high”*

Counter-argument: by banking on a 5 return % per annum, the authors of the study concluded that the CTF should be capitalized to the tune of EUR 75 million in order to meet the financial requirements outlined in RAPAC’s Strategic Plan for the 2010-2013 period. As will be examined in detail in the next section, distinction should be made between the financial requirements of RAPAC, the core activities of its Head Office and its related activities. Although the CTF should only cover the functioning of RAPAC’s Head Office and core activities, the provision of about EUR 20 million in an endowment fund could be sufficient. Though this amount is high, it is attainable and would not only guarantee the institution’s future, but also create a window of opportunity for conservation in the sub-region.

- ✓ *“It is possible for a trust fund established to financially support RAPAC to be in direct competition with the trust funds of national authorities and protected areas”.*

Counter-argument: although the risk of competition mentioned above cannot be excluded, it should be pointed out that a sub-regional CTF would hardly go into fierce competition with national trust funds since the latter are still very embryonic or nonexistent. However, a sub-regional CTF could provide financial services and significantly simplify the establishment of national trust funds (or other beneficiary institutions) depending on the services of the regional CTF. In a nutshell, although it is unrealistic to envisage the establishment of a CTF for each of the countries of the sub-region in the coming years, it is however possible to envision the establishment of a sub-regional CTF and a series of local and national institutions based on the sub-regional CTF to successfully implement their PA support activities.

- ✓ *“As a sub-regional network, RAPAC does not have the same “charisma” that a site or group of sites might have”.*

Counter-argument: globally, the Congo Basin as a whole enjoys an unequalled reputation in the sub-region, and, with some exceptions, very few protected areas in Central Africa have a global reputation that can guarantee their sustainable and adequate financing. On the other hand, the international community is quite ready to consider any discourse on all Central Africa’s PAs. A sub-regional CTF like the Congo Basin Forest Fund can significantly build on the image of the sub-region as a whole.

- ✓ *“Existing and planned trust funds in the sub-region are direct competitors for the same capital”.*

Counter-argument: competition with existing CTFs (mainly FTNS and the Okapi Foundation) should be considered in context given that the latter have already established their own support networks. Rather, synergies could be envisaged, particularly to enable existing CTFs to take advantage of a sub-regional entity and the mobilization of a specific resource that would not go into competition with that of existing CTFs. In fact, some aspects of a resource mobilization strategy would be more effective if they are implemented at sub-regional level. For example, some sponsors are more interested in supporting the Congo Basin as a whole than a specific country; park bonds could be issued for all PAs in the Congo Basin, which would be much less feasible at a small geographic scale.

Annex 2: Financing Gap of the Executive Secretariat of RAPAC

1. Financial Requirements of the Executive Secretariat of RAPAC

In May 2015, RAPAC will undergo restructuring and prepare its new Four-Year Plan as a continuation of the 2010-2013 Four-Year Plan. The financial requirements of RAPAC's Head Office for the 2013-2019 period were, however, determined on the basis of the organization's Strategic Plan. The data presented below should be revised on the basis of the new Four-Year Plan. However, it provides a clear picture of the organization's financial requirements and could be used to mobilize resources.

It is also worth noting that the financial requirements of RAPAC's Head Office were determined based on a minimalist scenario covering the financial requirements of RAPAC's first two phases, namely the functioning of its Head Office and the Head Office's core activities.

(a) Staff of RAPAC's Head Office

In June 2014, RAPAC had the following staff:

- An Executive Secretary (ES);
- A Director of Administration and Finance (DAF);
- A Monitoring and Evaluation Officer (MEO);
- Chief Accountant;
- An Accountant;
- An Executive Assistant;
- A Driver-Logistician;
- A Driver Mechanic;
- A Process Server;
- A Housekeeper;
- An Information Officer.

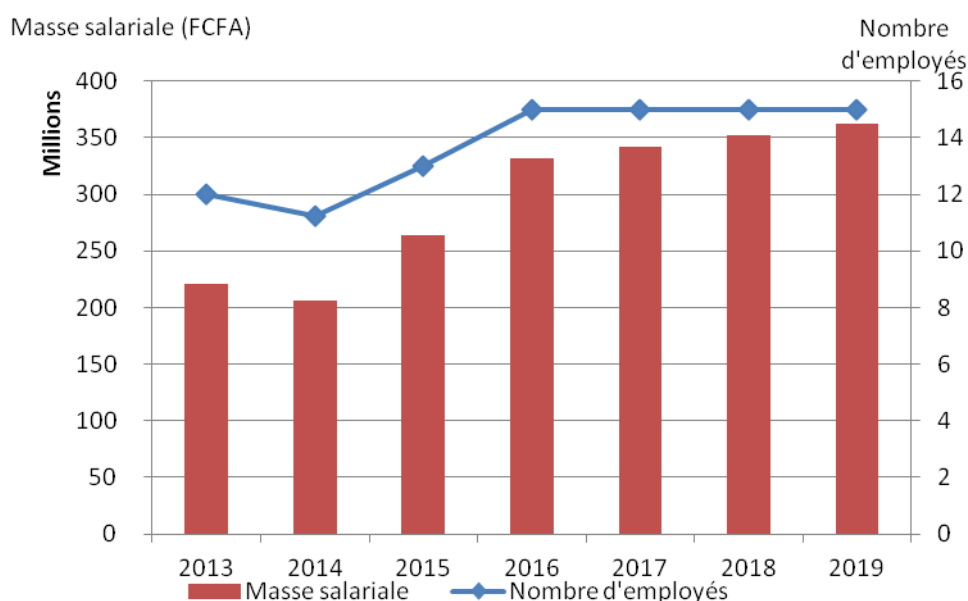
It should be noted that since May 2014, the position of Protected Area Planning and Development Officer (RAVAP) is vacant. Furthermore, three other senior positions earmarked since OIFR 2008 is still vacant. It should also be noted that the ECOFAC V programme will end in June 2015, which will greatly reduce the technical assistance currently provided to the institution.

Considering the following assumptions, the payroll of the Executive Secretariat of RAPAC was prepared for the 2013-2019 period:

- The position of RAVAP will once more be filled in 2015;

- In 2015, one of the three senior positions provided for by the 2009 organizational audit will be filled;
- From 2016, the RAPAC team will be complete with the recruitment of two new senior staff;
- A 3% annual salary increase.

Number of Employees and Payroll of RAPAC's Head Office

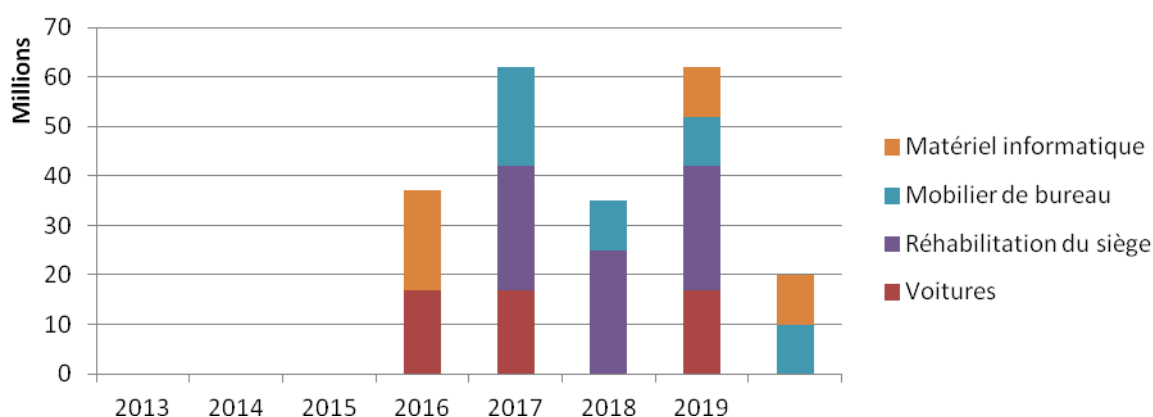


Source: RAPAC, 2014

This minimalist scenario shows that RAPAC should have 15 permanent positions (of which 7 senior positions) for about CFAF 350 million per annum.

(b) Investments required at the Executive Secretariat of RAPAC

Investments Considered Necessary at RAPAC's Head Office



Source: RAPAC, 2014

Given RAPAC's present financial situation, all investments have been earmarked as from 2016. The main investments considered indispensable for RAPAC's smooth functioning are:

- Vehicles: presently, RAPAC has 2 vehicles. It was considered that the institution needed 4 vehicles to function properly. Given the dilapidated state of existing vehicles, the need to procure new ones periodically was considered (that is, in 2016, 2017 and 2019). Of course, this number can be discussed, especially given the likelihood that vehicles used by the ECOFAC V programme will be allocated to

RAPAC when the programme comes to an end. The number may therefore be subject to review.

- Rehabilitation of the Head Office: restoration and painting works are considered necessary. These works, which will be carried out over a three-year period from 2016 to 2018, was estimated to cost about CFAF 75 million.
- Office furniture and computer hardware: RAPAC's computer population, as well as office furniture should be renewed.

(c) RAPAC's operating cost

The table below presents the main headings related to RAPAC's functioning. These are notably the cost of organizing annual Board meetings, the AGM and annual meetings of the Scientific and Technical Committee, the conduct of an external evaluation once every two years, and annual financial audits, considering that such expenditure are an integral part of RAPAC's functioning. Mission, as well as vehicle, communication, building occupancy and maintenance expenses have also been included in this category.

The assumptions used (for example, cost of Board meeting and number of regional and international missions to be carried out by RAPAC's senior staff) can still be reviewed and adjusted based on the needs expressed in the institution's programming.

RAPAC Operating Cost

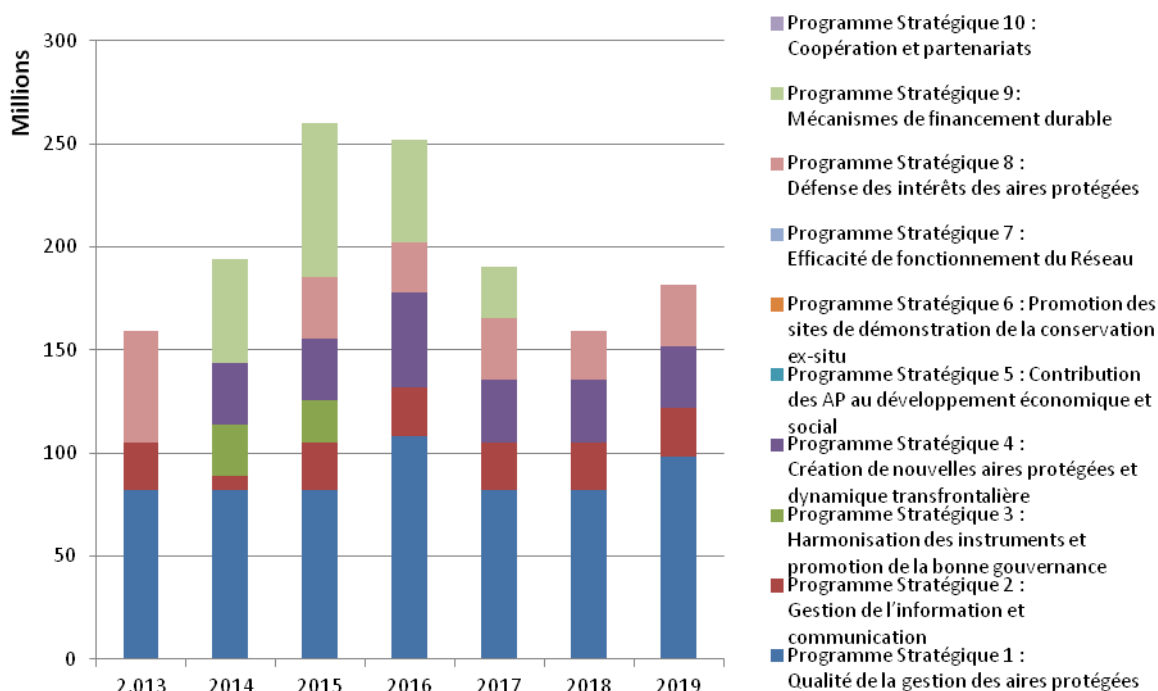
Categories	Assumptions	2013	2014	2015	2016	2017	2018	2019
Organization of BD meeting and AGM	Assumption: the organization of BD and AGM costs a total of CFAF 50 million	50 000 000	50 000 000	50 000 000	50 000 000	50 000 000	50 000 000	50 000 000
Annual STC meeting	Assumption: the organization of annual STC meeting costs CFAF 7 million	7 000 000	7 000 000	7 000 000	7 000 000	7 000 000	7 000 000	7 000 000
Monitoring, evaluation and financial auditing of RAPAC	Assumption: short-term experts supporting RAPAC in its programming (CFAF 10 million every 3 years)		10 000 000			10 000 000		
	Assumption: external evaluation carried out every 2 years (CFAF 10 million)		10 000 000		10 000 000		10 000 000	
	Assumption: financial audit carried out every year by an international firm (CFAF 15 million)		15 000 000	15 000 000	15 000 000	15 000 000	15 000 000	15 000 000
Sub-regional mission expenses (perdiem, flight, visa, etc.)	Assumption: each RAPAC senior staff undertakes 18 six-day missions per annum on average; perdiem: EUR 180 per day; average plane fare: CFAF 400 000	50 000 000	50 000 000	55 952 640	55 952 640	55 952 640	55 952 640	55 952 640
International mission expenses (perdiem, flight, visa, etc.)	Assumption: each RAPAC senior staff involved in field work undertakes 2 six-day international missions per annum on average; perdiem: EUR 180 per day; average plane fare: EUR 1 500	10 000 000	10 000 000	13539840	13539840	13 539 840	13 539 840	13 539 840
Internet charges		3 600 000	3 600 000	3 600 000	3 600 000	3 600 000	3 600 000	3 600 000
Telecommunication charges		7 200 000	7 200 000	7 200 000	7 200 000	7 200 000	7 200 000	7 200 000
Car expenses (gasoline)	Assumption: CFAF 1000 000 per annum per car	2 500 000	2 500 000	3 000 000	4 000 000	4 000 000	4 000 000	4 000 000
Car expenses (maintenance)	Assumption: EUR 200 per month per car		3936000	4723200	4723200	4723200	4723200	4723200
Rent and other occupancy expenses		300 000	300 000	300 000	300 000	300 000	300 000	300 000
Office upkeep and maintenance		3 000 000	3 000 000	3 000 000	3 000 000	3 000 000	3 000 000	3 000 000
Electricity and water bills		300 000	300 000	300 000	300 000	300 000	300 000	300 000
Office Supplies		12 000 000	12 000 000	12 000 000	12 000 000	12 000 000	12 000 000	12 000 000
Total		145 900 000	184 836 000	175 615 680	186 615 680	186 615 680	186 615 680	176 615 680

Source: RAPAC, 2014

(d) Additional costs of implementing RAPAC's Strategic Plan

“Additional cost” denotes the extra resources required to implement RAPAC's Strategic Plan when its team, major investments and functioning are assured. Since the exercise is provisionally based on the Strategic Plan, it is advised that the results below should be reviewed based on the next Four-Year Plan which presents full details of the activities to be implemented in the coming years and helps to enhance efficiency.

Additional Costs for Implementing RAPAC's Strategic Plan (per annum)



Source: RAPAC, 2014

Details of the financial requirements presented in this section are outlined in the Spreadsheet document titled “Business Plan of RAPAC's Head Office”. For example, the “additional costs” considered necessary for implementing the Strategic Programme 1 on “Protected Area Management Quality” are as follows:

- To achieve Activity 5 (agree, after prior consultation with WCPA-IUCN, on the international standards to be met in order to attach the “centre of excellence” label to a pilot site), external support in the form of consultation amounting to CFAF 10 million was deemed necessary in 2016;
- To achieve Activity 7 (explore and finance the technical support necessary for implementing the Capacity Building Plan (training, development of management and business plans, monitoring methodologies, community conservation, development, etc.), the assumption was the organization of a sub-regional workshop per annum year (EUR 25 000) and a workshop per country per annum (EUR 10 000) for a total amount of CFAF 82 million per annum²³.

²³ It should be noted that this amount may change if Rwanda and Burundi become RAPAC members, as being discussed.

- To achieve Activity 10 (organize the evaluation of selected sites by independent evaluators of WCPA-IUCN), it was deemed necessary to programme an evaluation workshop amounting to EUR 25 000 every three years (as from 2016).

2. RAPAC's Sources of Financing in Accordance with its Constituent Instruments and Programming

In accordance with its bylaws, RAPAC's resources are derived from:

- Contributions by its members;
- Counterpart contributions to finance specific projects implemented in Member States;
- Proceeds from its activities;
- Grants provided by ECCAS;
- Other public and private grants;
- Gifts and legacies;
- Sponsorship;
- Any other resource authorized by the national laws of Member States.

ECCAS Grant

The grant provided by ECCAS is the main source of income on the list presented above. In accordance with RAPAC's instruments, the grant, which was instituted in 2008, is intended to cover:

- ✓ the operating costs of RAPAC's Executive Secretariat and network;
- ✓ RAPAC's mandated activities which are not covered by funding for specific projects and programmes;
- ✓ the implementation of projects entrusted by ECCAS or a member country.

Situation of ECCAS' Contributions as at April 2015 (CFAF)

Year	Amount Budgeted	Amount Mobilized	Gap
2008	61 000 000	61 000 000	0
2009	77 000 000	38 500 000	38 500 000
2010	77 000 000	38 500 000	38 500 000
2011	77 000 000	45 000 000	32 000 000
2012	165 000 000	44 250 000	120 750 000
2013	160 000 000	100 000 000	60 000 000
2014	100 000 000	30 604 000	69 396 000
Total (CFAF)	717 000 000	357 854 000	359 146 000

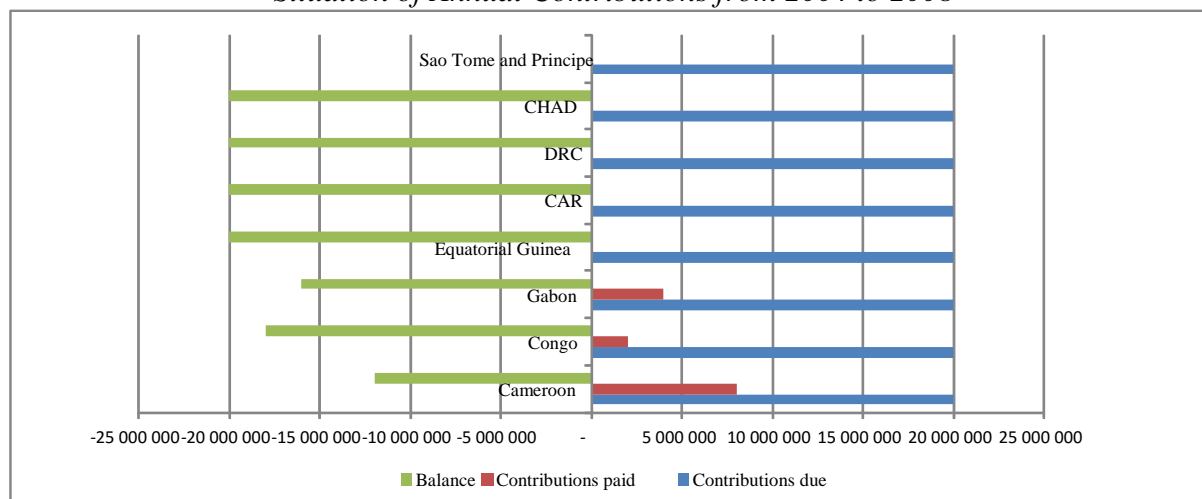
Source: RAPAC, 2015

On 30 June 2013, ECCAS showed a payment gap of CFAF 359 146 000. It is worth noting that although this is a vital source of income, it is uncertain and irregular. In addition, it is relatively marginal when the institution's grant resources are compared with its expressed such as the implementation of the Four-Year Plan 2010-2013.

Contributions by Member States

First, it should be noted that according to a decision of the BD meeting held in Libreville in March 2008, ECCAS' grants have replaced Member States' contributions to RAPAC. The fact remains that before 2008, Member States' contributions amounting to CFAF 4 000 000 per country per annum, have almost never been paid.

Situation of Annual Contributions from 2004 to 2008



Source: RAPAC

Apart from CFAF 64 million paid in April 2014 by Equatorial Guinea, no Member State has paid any contribution to RAPAC since 2009.

Situation of Contributions of Member Countries as at 31 December 2014

Country	Balance as at 31/12/2014	Contributions for 2014	Balance as at 31/12/2014
Cameroon	36 000 000		- 36 000 000
Congo	42 000 000		- 42 000 000
Gabon	40 000 000		- 40 000 000
CAR	44 000 000		- 44 000 000
Equatorial Guinea	44 000 000	64 000 000	+ 20 000 000
DRC	44 000 000		- 44 000 000
Chad	44 000 000		- 44 000 000
Sao Tome and Principe	44 000 000		- 44 000 000
Total	338 000 000	64 000 000	- 274 000 000

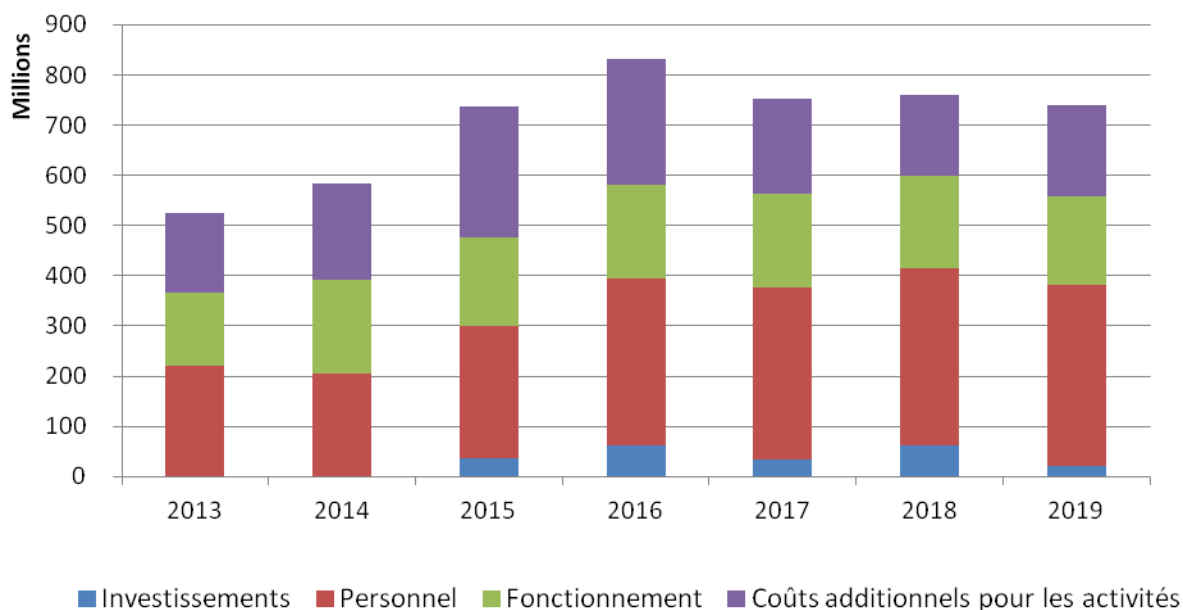
Source: RAPAC

Lastly, although the principle of payment of annual contributions by Member States has been superseded, it should however be noted that RAPAC's Board of Directors amended the institution's bylaws in 2013 without deleting the reference to this annual contribution, implying that the provision is still in force, in keeping with RAPAC's constituent instruments. This ambiguous situation, which has gone on for many years, should be clarified once and for all to improve RAPAC's financial visibility.

3. Summary: Determining the Financing Gap of RAPAC's Head Office

According to the estimates in the preceding sections, RAPAC requires about CFAF 750 million per annum to implement its core activities from 2015-2019.

Summary of the Financial Requirements of RAPAC's Head Office (2013-2019) - CFAF

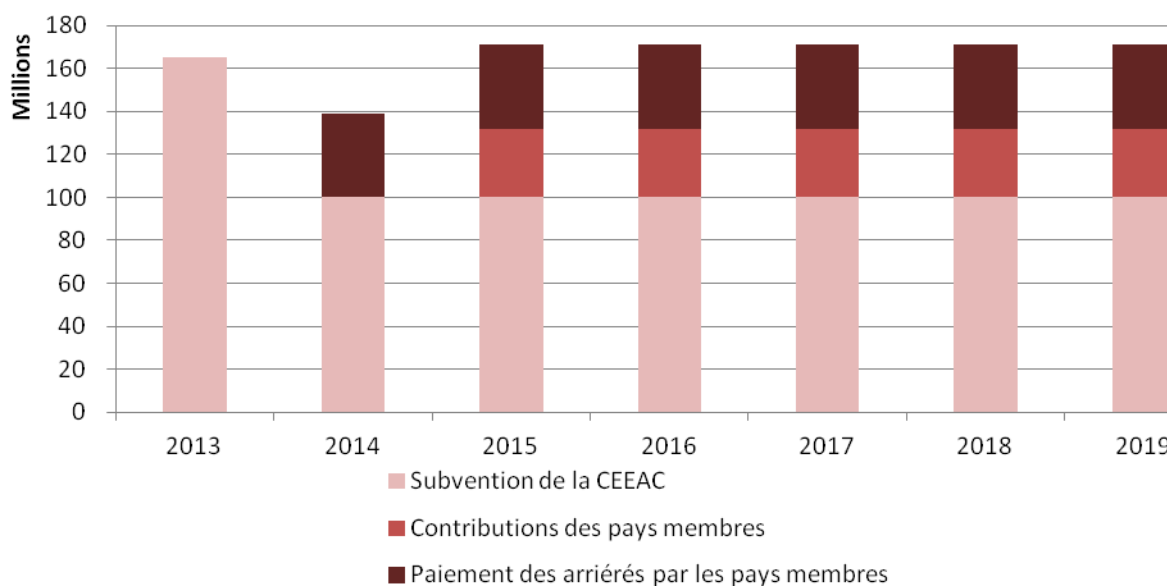


Source: RAPAC, 2014

These financial requirements should be compared with existing sources of financing. The following three assumptions were considered:

- CFAF 100 million ECCAS grant allocated each year. It should be noted that assumptions about ECCAS's assistance is very small. This assistance would be more significant, particularly if ECCAS supported part of RAPAC's payroll.
- Member countries henceforth pay their annual contributions of CFAF 4 000 000 per country per annum. Although RAPAC's new bylaws still provide for the payment of annual contributions by member countries, it is not certain that countries will accept to pay the contribution, especially if ECCAS provides its grant regularly. The materialization of this assumption might require the adoption of a new decision by the BD to firmly commit member countries.
- Lastly, a country pays off its arrears (that is CFAF 32 million per annum). Once more, some estimates indicate that this amount is about CFAF 28 million, on average.

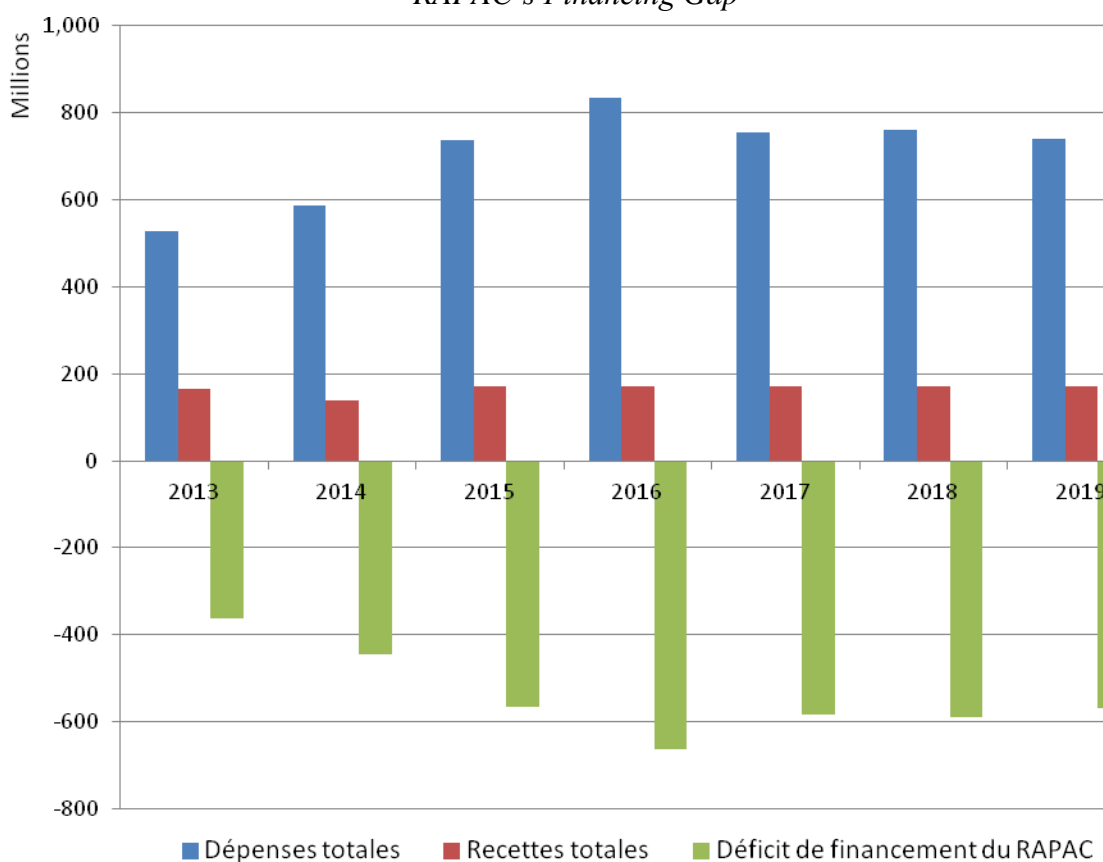
Financing Expected from Contributions by Member Countries and ECCAS



Source: RAPAC, 2014

As things stand at present, RAPAC hopes that ECCAS and contributions by member countries would cover about **20%** its financial requirements, which leaves a huge financing gap of about CFAF 600 million per annum:

RAPAC's Financing Gap



Source: RAPAC, 2014