



PROJECT IDENTIFICATION FORM (PIF)

PROJECT TYPE: Medium-sized Project

TYPE OF TRUST FUND: GEF Trust Fund

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PART I: PROJECT INFORMATION

Project Title:	Knowledge for Action: Promoting Innovation among Environmental Funds		
Country(ies):	Global [Belize, Bolivia, Brazil, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Panamá, Paraguay, Peru, Suriname and Botswana, Cameroon, Ivory Coast, Guine Bissau, Kenya, Madagascar, Malawi, Mauritania, Mozambique, South Africa, Tanzania, and Uganda].	GEF Project ID: ¹	
GEF Agency(ies):	UNEP (select) (select)	GEF Agency Project ID:	01312
Other Executing Partner(s):	RedLAC and CAFÉ networks	Submission Date:	June 10, 2014
GEF Focal Area (s):	Biodiversity	Project Duration (Months)	36 months
Name of parent program (if applicable):		Project Agency Fee (\$):	86,758
<ul style="list-style-type: none"> • For SFM/REDD+ <input type="checkbox"/> • For SGP <input type="checkbox"/> • For PPP <input type="checkbox"/> 			

A. INDICATIVE FOCAL AREA STRATEGY FRAMEWORK²:

Focal Area Objectives	Trust Fund	Indicative Grant Amount (\$)	Indicative Co-financing (\$)
(select) (select)BD1-GEF5	GEFTF	913,240	2,522,800
(select) (select)	(select)		
Total Project Cost	3,522,800	913,240	2,522,800

B. INDICATIVE PROJECT DESCRIPTION SUMMARY

Project Objective: to enhance EFs portfolio of innovation and diversify their resources base to address environmental challenges, including climate change, and to promote knowledge and best practices transfer through peer-to-peer learning and through online tools.						
Project Component	Grant Type ³	Expected Outcomes	Expected Outputs	Trust Fund	Indicative Grant Amount (\$)	Indicative Cofinancing (\$)
Component 1: Innovation Seed Fund	TA	1.1 Diversified and increased finance for biodiversity conservation	1.1.1 At least 30% of the EFs in RedLAC and CAFÉ will have an innovation in their	(select)	552,740	1,577,500

¹ Project ID number will be assigned by GEFSEC.

² Refer to the reference attached on the [Focal Area Results Framework and LDCF/SCCF Framework](#) when completing Table A.

³ TA includes capacity building, and research and development.

			project portfolio that will support them in achieving financial results or programmatic and management standards. 1.1.2 At least 15% of the EFs in RedLAC and CAFÉ will have diversified their funding sources or revenue generation.			
Component 2: Peer-to-Peer Mentorship Program	TA	2.1 Enhanced capacity of RedLAC and CAFE Environmental Funds	2.1.1 At least 16 EFs involved in mentorship program starting from Year 2. 2.1.2 By the end of Year 3, targeted EFs have improved their capacities to achieve the CFA Practice Standards. 2.1.3 RedLAC methodology for impact monitoring is applied by EFs and keeps being discussed and developed.	(select)	190,000	695,300
Component 3: A-Z Environmental Funds Solutions Database	TA	3.1 Documented learning and knowledge shared	3.1.1 EFs database is operational by the end of Year 2, building on the contents developed under the current Capacity Building project and identifying new contents. 3.1.2 EFs contribution to conservation finance are communicated worldwide	(select)	75,000	76,000
Component 4: Project monitoring and evaluation		4.1 Demonstrated concrete results and progress of project interventions	Program evaluated		50,000	54,000
Subtotal					867,740	2,402,800
Project Management Cost (PMC) ⁴				(select)	45,500	120,000
Total Project Cost					913,240	2,522,800

C. INDICATIVE CO-FINANCING FOR THE PROJECT BY SOURCE AND BY NAME IF AVAILABLE, (\$)

Sources of Cofinancing	Name of Cofinancier	Type of Cofinancing	Amount (\$)
Bilateral Aid Agency (ies)	FFEM	Cash	1,007,500

⁴ To be calculated as percent of subtotal.

CSO	Environmental Funds – RedLAC members (22 EFs in Latin America and the Caribbean) and CAFE members (16 EFs in Africa)	In-kind	515,300
CSO	Environmental Funds – RedLAC members (22 EFs in Latin America and the Caribbean) and CAFE members (16 EFs in Africa)	Cash	1,000,000
Total Cofinancing			2,522,800

D. INDICATIVE TRUST FUND RESOURCES (\$) REQUESTED BY AGENCY, FOCAL AREA AND COUNTRY¹

GEF Agency	Type of Trust Fund	Focal Area	Country Name/Global	Grant Amount (\$) (a)	Agency Fee (\$) (b) ²	Total (\$) c=a+b
UNEP	GEFTF	Biodiversity	Global	913,240	86,758	999,998
(select)	(select)	(select)				
Total Grant Resources				913,240	86,758	999,998

¹ In case of a single focal area, single country, single GEF Agency project, and single trust fund project, no need to provide information for this table. PMC amount from Table B should be included proportionately to the focal area amount in this table.

² Indicate fees related to this project.

E. PROJECT PREPARATION GRANT (PPG)⁵

Please check on the appropriate box for PPG as needed for the project according to the GEF Project Grant:

	<u>Amount Requested (\$)</u>	<u>Agency Fee for PPG (\$)⁶</u>
• No PPG required.	-- 0--	--0--
• (upto) \$50k for projects up to & including \$1 million	_____	_____
• (upto)\$100k for projects up to & including \$3 million	_____	_____

PPG AMOUNT REQUESTED BY AGENCY(IES), FOCAL AREA(S) AND COUNTRY(IES) FOR MFA AND/OR MTF PROJECT ONLY

Trust Fund	GEF Agency	Focal Area	Country Name/Global	(in \$)		
				PPG (a)	Agency Fee (b)	Total c = a + b
(select)	(select)	(select)				,
(select)	(select)	(select)				,
Total PPG Amount						

MFA: Multi-focal area projects; MTF: Multi-Trust Fund projects.

PART II: PROJECT JUSTIFICATION⁷

A. PROJECT OVERVIEW

A.1. PROJECT DESCRIPTION. BRIEFLY DESCRIBE THE PROJECT, INCLUDING ; 1) THE GLOBAL ENVIRONMENTAL PROBLEMS, ROOT CAUSES AND BARRIERS THAT NEED TO BE ADDRESSED; 2) THE BASELINE SCENARIO AND ANY ASSOCIATED BASELINE PROJECTS, 3) THE PROPOSED ALTERNATIVE SCENARIO, WITH A BRIEF DESCRIPTION OF EXPECTED OUTCOMES AND

⁵ On an exceptional basis, PPG amount may differ upon detailed discussion and justification with the GEFSEC.

⁶ PPG fee percentage follows the percentage of the GEF Project Grant amount requested.

⁷ Part II should not be longer than 5 pages.

COMPONENTS OF THE PROJECT, 4) INCREMENTAL/ADDITIONAL COST REASONING AND EXPECTED CONTRIBUTIONS FROM THE BASELINE , THE GEFTF, LDCF/SCCF AND CO-FINANCING; 5) GLOBAL ENVIRONMENTAL BENEFITS (GEFTF, NPIF) AND/OR ADAPTATION BENEFITS (LDCF/SCCF); 6) INNOVATIVENESS, SUSTAINABILITY AND POTENTIAL FOR SCALING UP

A.1 Project Description

A.1.1. The Global Environmental problems, root causes and barriers that need to be addressed

The world is on the brink of a potential crisis due to the combined effects of ecological degradation, climate change, and population growth. Natural resources on which human wellbeing depends are being lost at an unprecedented rate impacting all sectors of society, posing new risks ranging from increasing the competition for access to resources, to tightening regulation, creating greater and more costly hurdles to access finance. At the same time, two global trends are emerging: the first is recognition of the need for better understanding of the implications of the loss of natural capital by governments, business, and society; the second is a clear and pressing need to escalate funding for the conservation of natural capital.

A global consensus has emerged on the importance of critical ecosystems in delivering services essential to humanity, including climate change mitigation and adaptation. At the same time, there is increasing consensus on the global funding gap for addressing these issues and, consequently, for achieving the shared targets established by the Convention on Biological Diversity (CBD). If the CBD's Strategic Plan 2002–2010 has helped mobilize resources for biodiversity, it has failed to deliver on its stated target 'to achieve by 2010 a significant reduction of the current rate of biodiversity loss at the global, regional and national level'. This failure is frequently attributed to insufficient financial resources.

Although the Convention explicitly calls for substantial financial support from country Parties, it has struggled to bring in the resources it needs to achieve its goals. COP 9 came up with a 'Review of implementation of Articles 20 and 21', presenting a Strategy for Resource Mobilization, sought to obtain a substantial increase in international and domestic funding for biological diversity and reduce the existing funding gap. The Strategy for Resource Mobilization goals include: to strengthen national capacity for resource utilization and to mobilize domestic financial resources; to strengthen existing financial institutions and promote replication and scaling-up of successful financial mechanisms and instruments; explore new and innovative financial mechanisms at all levels with a view to increasing funding; and build capacity for resource mobilization and utilization and promote South-South cooperation. All the above mentioned objectives relate to the current work of Environmental Funds (EFs). Environmental Funds (EFs) are private, legally independent grant-making institutions that provide stable, sustainable, long-term sources of funding for the protection and sustainable management of natural resources in areas of high biodiversity. Most commonly taking the shape of endowments or sinking funds, EFs are able to use income from investments to provide a reliable source of support for management of protected areas (PAs), long-term investment in conservation programs and projects and financing for indigenous and local communities. With a stable source of operational funding from investment returns, these trusts are also effective in managing and disbursing funds from a variety of sources to support conservation and sustainable livelihood projects.

Since the establishment of the first EF in the early 1990s, EFs Funds have proven to be highly successful in providing stable funding sources by effectively managing income from investments and leveraging those monies to secure grants and other funds for conservation projects. Over 70 Funds have been established or are in active development, in Africa, Latin America and the Caribbean, Asia, Eastern Europe and Oceania, building on the structure and functional example of the early EFs. Recent years have seen growth in the number of regional Trust Funds, established to support protected areas or conservation goals that cross national

boundaries. EFs have been able to use the income from endowment and sinking fund investments to fund their administrative and operational needs, and provide project financing aimed at meeting their mission and objectives. Moreover, the EFs have been able to leverage their finance and administrative capability to raise additional funding for projects. While most EFs were originally established to provide a source of funding for managing protected areas, many have become effective mechanisms to manage and disburse funds to support a variety of conservation activities. In addition to the traditional sources, such as bi and multilateral agreements, EFs managing large funds have mobilized resources through successful public-private partnerships and have demonstrated financial management capability to expand as institutions and to attract additional contributions. Besides market-based instruments, such as PES, EFs that have expanded their funding sources are working with the private sector not only managing the Corporate Social Responsibility (CSR) investments, but also providing solutions to the companies' liabilities. Both voluntary adoption of sustainable practices and compliance with environmental obligations represent an important funding opportunity for EFs, as companies increasingly incorporate them in their strategic decisions to be fully compliant and competitive in the markets.

It is also increasingly clear that the international donor community is more and more interested to invest in EFs in order for them to act as financial intermediaries helping to make the connection between biodiversity conservation, climate change mitigation, and human well-being. EFs can integrate the main provisions of the Convention on Biological Diversity (CBD) and the Convention on Climate Change (UNFCCC) into actual projects and at the same time rely on their ability to manage biodiversity conservation strategies, projects, and financial assets that are necessary to put these concepts in practice. EFs provide fiduciary services, a good governance base and long term funding, which can address permanence issues within climate change projects. As intermediaries, EFs can act as a network node, linking the necessary different actors for a climate change projects, such as REDD+ projects that involve communities, project developers, verifiers, credit issuers, credit buyers (commonly the private sector that wants to neutralize CO2 emissions) and resources managers.

Several Funds operating since the nineties are congregated in RedLAC , the Latin American and Caribbean Network of Environmental Funds, created in 1999 and currently including 22 Funds from 16 countries. Its mission is to set up an effective system of learning, capacity building and cooperation through a network of EFs aimed at contributing to the conservation and sustainable use of natural resources in the region. In 2010, RedLAC, with the support of the Gordon & Betty Moore Foundation and FFEM, launched a Capacity Building Project with the objective of strengthening EFs to develop innovative financial mechanisms for biodiversity conservation, reducing their dependence on traditional funding sources, and supporting institutional strengthening for new EFs, by systematizing and sharing best practices. The program is coordinated by the Brazilian Biodiversity Fund (Funbio), on behalf of RedLAC, and included participation of EFs from Africa, which later created CAFÉ, the Consortium of African Funds for the Environment. With the support of the Conservation Finance Alliance - the CFA - the CAFÉ network was formed in 2010 and currently includes 16 members from 12 countries. In November 2013, RedLAC and CAFÉ networks came together in Costa Rica to discuss the joint proposal described in this project document, building on the previous networks' experience. EFs feel that having learning opportunities and innovation conditions is deemed critical. Both RedLAC and CAFÉ have learning and knowledge exchange at the core of their missions and identifying ways to build on these original goals, in addition improving individual EFs' ability to deliver on their missions, is key for continuously improving EFs' capacity to address current funding gaps for environmental conservation programs.

Innovative solutions for resources mobilization are as important as institutional capacity. Besides having the basic operational practices in place, many new challenges are posed to EFs. To add value, they need to continuously enhance their services while keeping their administrative costs at a minimum. They also have to deal more and more with impact

evaluation, providing not only fiduciary services, but also assessing and aggregating conservation results reported by diverse partners in the field.

Currently, most EFs operate in a restricted context that does not allow them to have the basic conditions to innovate. Innovation requires investments, time and tolerance to failures. An institution is only able to create an innovation culture if it can invest in its human capital and if it has the minimum resources to take risks. The traditional model that most EFs follow today does not provide this. Most resources managed by EFs are earmarked for specific uses defined in strict contracts, covering only the institutional costs relating to the operation of the conservation programs. In this context, most EFs don't have free resources to invest in new tools or in new capacities to strengthen their human capital. Thus, most EFs cannot take the risks involved in trying an innovative mechanism. An innovative financial mechanism is considered a new financial mechanism within the EF current structure that creates a revenue stream for conservation, bringing additional funding for the EF to work with. Additional funding normally means private sector funding, as this sector has increasingly recognized its impact and its dependence on biodiversity and ecosystem services and has increased its funding for conservation gradually in the last decade. Innovative financial mechanisms are commonly related to unlocking private sector support to conservation. Another aspect that fosters innovation and replication is learning from the others. Interactive peer-to-peer learning is the most effective way for transferring knowledge and skills to one another but the method also proved to be most efficient, since learning is targeted to an individual Fund's needs and interests. EFs rarely have institutional or project resources to dedicate to this type of activity and online well documented material is still insufficient. EFs have a variety of innovations, but they have not adopted a systematic mechanism to document their experiences. The GEF support is critical to give EFs the conditions to innovate in the design, test and adoption of new financial mechanisms, increasingly working with private sector funding to conservation. The project will help to set up new financial mechanisms by providing small grants for feasibility studies and co-funding for the most feasible mechanisms to be implemented. It will also enhance documentation, knowledge sharing and collective learning through the south-south collaboration of their networks.

A.1.2 The baseline scenario and associated baseline projects

Although a formal evaluation of the RedLAC Capacity Building project will not be completed until the end of 2014, it is clear that RedLAC has made important progress in raising the standard of practice of individual Funds in both LAC and Africa, in addition to having been extremely valuable in building greater cohesiveness within the networks and member EFs. The project has strengthened the capacity of both networks of Knowledge management, by documenting over 30 cases with the aim of replication, which were illustrated in nine handbooks prepared for the workshops organized in LAC and Africa. Half of these cases are focused on mechanisms implemented by EFs to mobilize additional funding for conservation and the other half are focused on operational practices. The workshops counted with the participation of experts and were attended by staff, directors and board members of 54 different EFs. Through the networks (RedLAC and CAFÉ), EFs are working together through peer-to-peer learning, which is a more focused way to share knowledge on a specific need. Two experiences, named EF to EF Mentoring, were formally carried out in 2013/2014, with specific learning objectives: Fondo Acción from Colombia with FUNDESNAP from Bolivia; Funbio in Brazil with Biofund in Mozambique. Both mentoring experiences are to be finalized in July 2014 and report on results in the next networks assemblies. The demand for this type of support is crescent, as EFs see that a more focused approach generates results that are more concrete.

The networks are also tackling impact monitoring. A collectively created methodology on impact monitoring was developed by a working group of RedLAC, which was tested in seven different PAs in different countries, covering various types of ecosystems and areas sizes. It

considers that Funds are intermediaries, with limited staff and limited access to field data, so a premise is that Funds use biodiversity information provided by the partners in the field (PA agencies, park staff, managing councils, surrounding communities, etc). The RedLAC system combines three proven methods of monitoring: threats reduction, species monitoring and deforestation monitoring through satellite images. Systematized in indexes the different data entries may be used separately or partially, so that EFs are able to use the available data in each country. Progress need to be made in implementing the methodology and in adapting it to marine areas.

Maybe the most relevant aspect of the networks is innovation. EFs need to constantly pursue innovative mechanisms for mobilizing resources for conservation, but innovation requires investments. This involves building organizational capability to support innovation which may involve both direct costs (for example on training, information gathering, support systems) and opportunity costs (such as in making time available). To help establishing the enabling conditions for EFs to innovate and try out new financial mechanisms, RedLAC (through the Capacity Building Project) co-financed five pilot experiences. These pilot projects were selected in a competitive process and had the objective of studying, building the base and/or implementing innovative financial mechanisms. These studied/tested innovative mechanisms and other financial mechanisms considered innovative that were identified among the Funds community were the initial step for the networks' current proposal on financing innovation among EFs.

One of this mechanisms is the Atlantic Forest Fund (FMA/RJ) was designed by Funbio to operate environmental investments in the State of Rio de Janeiro (RJ) while offering support to its Protected Areas. A strategic partnership with the State Environment Secretariat (Secretaria do Ambiente - SEA-RJ) enabled Funbio to manage the FMA/RJ. The Fund is maintained by mandatory compensation payments generated by operational licenses issued by the State to infrastructure developers in RJ. In the first two years of operation, USD 89 million from over 40 infrastructure projects were deposited into the FMA/RJ as compensation payments. These funds supported 39 conservation projects in RJ. The FMA/RJ is currently providing equipment, infrastructure, vehicles and co-financing the implementation of management plans for 29 Protected Areas (18 in RJ State, 2 federal and 9 municipal). Recently, a USD 10 million endowment account was created to cover recurring costs of state PAs. Before the mechanism, these resources were not being used as the state lacks sufficient staff to receive and execute them. Other state compensation funds are under development now in Brazil following this first experiment in RJ.

Another mechanism is Donacion project. Fondo Acción designed and implemented Donacion.org, a crowdfunding platform to raise funds for community based social environmental projects in Colombia. The project created new capacities within the Fund staff, and brought new partnerships to the EFs network, including private sector partners from the media sector. This mechanism is operational since 2013 and received additional funding, from the RedLAC project and from the EF, to expand its donor base to private companies besides individuals. The challenge, besides scaling up to reach financial sustainability, is to monitor the financed projects and report back to donors. The platform has the potential to showcase causes from other EFs in other countries. Fondo Acción has also engaged in an offset project with the gold company AngloGold Ashanti. In this project, they are managing the company's investments in the offset technical development, by providing methodologies and bringing in experts to design the different initiatives included in the offset plan.

In Mexico, the Mexican Fund for Nature Conservation (FMCN) manages a fund for conserving the habitat of the Monarch butterfly, an endangered species. The "Flight of the Butterflies" (IMAX 2D/3D film) was financed with capital provided by the US National Science Foundation, the Smithsonian Institution, Mexico's Tourism Secretariat, Mexico's Environment and Natural Resources Secretariat, Mexico's National Commission for Natural Protected Areas, the Mexican States of Mexico and Michoacán, and the private companies BIMBO and

FEMSA. In-kind support was provided by the fundraising consultant Chora, SK Films and Sin Sentido Films (the film's producers), Shearman & Sterling LLP, and FMCN. Additional funding will be raised through special events, balls and online donations. The film is an educational project aimed at people of all ages about the biology, life cycle, migration and habitat of the monarch butterflies and the promotion of Mexico. It will be presented in more than 40 countries and 150 cities around the world. Net revenues will be administered by FMCN to fund conservation projects in the Monarch Butterfly Biosphere Reserve in Mexico. Besides this specific partnership, the Mexican Fund manages one of the largest endowments for PAs, having received contributions from the private sector to complement the bi and multilateral sources, reaching over 100 million dollars.

In Bolivia, PUMA Fondo Ambiental is fostering community-based businesses. A CONFOR is an independent forestry enterprise created for the conservation and sustainable use of forests. CONFOR seeks to contribute to poverty reduction, adding value and selling wood products in domestic and international conservation markets. In 2010, PUMA allocated capital to establish three CONFOR Centers. The operational revenues are equally shared by PUMA and the communities that sell the wood to the CONFOR. PUMA reinvests its earnings in the same CONFOR.

A 2007 survey of EAI/ TFCA funds (both debt-for-nature swaps acts) found that seven EFs (Fondo Acción, Profonampe, Peru's FONDAM, Environmental Foundation of Jamaica - EFJ, FIAES and PUMA) had engaged in a total of 72 private sector partnerships that raised 40 million dollars. These are only some examples on how EFs in LAC have mobilized important amounts of resources and have engaged their countries' private sector in financing conservation and sustainable development.

In Africa, Funds have also been mainly capitalized by debt-for-nature swaps and traditional bi and multilateral funding agreements. Although African EFs, in general, have mobilized smaller complementary amounts than LAC Funds, they have engaged in creative alliances with the private sector, focusing on their CSR actions. The Fondation Tri-National de la Sangha (FTNS), based in Cameroon, has partnered with the brewery Krombacher in a marketing campaign for a rainforest beer that raised over three million Euros for tropical forest conservation in Central Africa. The Bwindi Mgahinga Conservation Trust (BMCT) in Uganda has received donations from the Swarovski Crystal company, which funded sustainable water management around the Bwindi Impenetrable National Park. Kenya Wildlife Service Fund (KWS) has received funding support from the KenGen Power Generation Company for an income-generating race, which also counted with in-kind donations from other private companies. As developed countries face the rapid depletion of their reserves, they increasingly turn to Africa, where trillions of dollars in oil and other mineral resources are still underground. According to a recent survey, Africa has 30% of all the mineral reserves of the planet. The new international race for Africa's resources may represent an unprecedented opportunity for economic development of the continent. African EFs recognize this opportunity and are organizing one workshop on how to work with the extractive industries in their countries, to be held in September 2014. They should increasingly access this type of resources, expanding their funding sources; the same is happening with LAC funds.

EFs will keep receiving resources from their traditional funding sources, which ensure their operational costs are covered, but further investments in innovative mechanisms are necessary to expand their resources base and their impact. With the lessons learned from these mechanisms, the networks developed a structured process targeting innovation and have examples of what is considered an innovative mechanism for EFs. The innovation gap observed relates to a group of EFs that have not tried yet such types of mechanisms and also EFs that need to further invest in the innovations they have started. With the GEF support to this project, a higher number of EFs will have conditions to try out new mechanisms, such the ones described as examples above, and scale them up to achieve sustainability. Building on the main lessons learned from the previous experiences (including the RedLAC Capacity Building

project), EFs concluded that there are some key aspects to develop innovative financial mechanisms, including: to have a robust evidence base, so before investing in a new mechanism it is key to collect, analyze and distill qualitative and quantitative data and information; it is also essential to know and cover the risks inherent of any innovation process; generally, a longer period of gestation and funding is needed to scale-up and achieve financial sustainability. Learning from these lessons and from failures is as important as celebrating success in creating an innovation culture. All mechanisms co-financed are being described and documented, to be shared with the EFs community and enable learning from successes and failures.

To support EFs design, management, and monitoring and evaluation, the Conservation Finance Alliance (CFA) elaborated the Practice Standards for CTFs. The CFA is a global voluntary network established in 2002 to help address the challenges of sustainable financing for biodiversity conservation. The CFA Practice Standards are the result of nearly one-year collaborative initiative aimed at developing evidenced-based norms for use by EFs and those institutions and individuals who provide financial and technical support to them. RedLAC and CAFÉ participated actively in the Standards elaboration, together with important funding partners, such as the GEF, the World Bank, KfW, the Gordon and Betty Moore Foundation, Conservation International, WWF, TNC, WCS, USAID, MAVA Foundation, FIBA, UBS and Linden Trust for Conservation. This set of norms, accepted and agreed among partners, will be a reference for taking EFs to a higher institutional level, covering six core areas for their operation: governance; operations; administration; monitoring, reporting and evaluation; asset management; and resources mobilization. The project will identify among the networks members what are the gaps in terms of achieving the Standards and also which EFs are consolidated enough to serve as mentors. For this, EFs will use the Standards to establish their baseline, assessing the level of achievement in each Standard and highlighting the areas where strengthening is needed. This assessment will allow EFs in the networks to identify mentor Funds and engage in peer-to-peer partnerships to cover their specific needs. The Standards now represent a common benchmark for the institutional strengthening of the EFs community.

A.1.3. The proposed alternative scenario with the proposed project, with a brief description of the expected outcomes and components of the project:

With this project, EFs of RedLAC and CAFÉ will have opportunities to try new financial mechanisms that they would not have resources to experiment, to work with other Funds in other contexts and learn from each other, and to document and communicate their solutions. This project objectives are to enhance EFs portfolio of innovation and diversify their resources base to address environmental challenges, including climate change, and to promote knowledge and best practices transfer through peer-to-peer learning and through online tools. These objectives will be reached through the implementation of the following components:

Component 1: Innovation Seed Fund

The Innovation Seed Fund is a facility specifically designed to support new ways to increase and diversify funding streams for conservation programs. This mechanism will increase EFs capacity for furthering innovations and or for investing in the institutional strengthening needs that will allow them to become agents of conservation finance, in addition to operating conservation investments as a service. The facility will finance ten feasibility studies of innovative financial mechanisms and co finance the implementation of the five most viable. The Executive Committee of both networks will define criteria to ensure that both Latin American and African EFs have the same possibility to access the Innovation Seed Fund. One way of ensuring that both regions have the same opportunities is to dedicate five of the feasibility study grants to CAFÉ members and five to RedLAC members. If one or the other does not reach five proposals, a larger number of feasibility grants can be dedicate to one region or the other, but preferably the same number of feasibility grants is dedicated to each

network/region. Other criteria may come up in a way that equal access is ensured.

It is likely that the mechanisms that will be tried out and tested will involve a variety of ways to channel funding towards conservation initiatives, and in particular, those that target climate change mitigation and adaptation issues. The mechanisms to be financed will likely build on the examples of the above-described innovations, replicating or upscaling what has proven to be feasible. This may be done using the systematized documentation of these mechanisms, but also through peer-to-peer work in the feasibility stage (the focus of component 2, but also a way that feasibility studies in component 1 can be carried out). Some categories of innovative mechanisms include: mechanisms that expand the EFs' resources base, bringing additional resources and funding sources; mechanisms that add market-based financial approaches to the EFs resource mobilization strategy; mechanisms that create investment vehicles to support green economy businesses that generate income to the EF; mechanisms that explore additional economic instruments that incentivize conservation investments or the adoption of sustainable practices; mechanisms that operationalize the use of resources that are available to conservation but not executed currently;

Component 2: Peer-to-Peer Mentorship Program

The Peer-to-Peer Mentorship Program is an interactive EF-to-EF learning program targeted to an individual Fund's needs, covering the following key areas: monitoring and impact evaluation, financial management, administrative and operational systems, and resource mobilization, which are the core areas of the CFA Practice Standards. Participant EFs will verify their level of achievement in the standards and establish medium and long-term plans for improving their practices. The learning products resulting from this component will be shared with CFA members through the Standards webpage as feedback for future editions of the Standards.

As well as in component 1, this program will be organized in a competitive fashion. A call for mentees is the first step, in which EFs requiring specific support will detail their needs. The second step is a call for mentors that will have to detail their conditions to be the trainer of one of the mentees. A matching step is the third and final part of the establishment of the pairs to be part of the peer-to-peer mentorship program. Also following the component 1 logic, equal access will be ensured to LAC and African EFs, with criteria to be detailed by the networks' Executive Committees. One criteria may be to select 50% of the mentees from each network/region.

Component 3: A-Z Environmental Funds Solutions Database

This database is a complete framework to detail EFs' success cases in a way that replication is incentivized, disseminated and communicated broadly through an online system. EFs performance and achievements will be documented and communicated in a way knowledge and best practices are transferred.

The database will include the innovative mechanisms already systematized by the networks and the complete documentation of the innovative mechanisms to be funded. This includes complete feasibility studies, documentation that had to be developed to implement the mechanism (for example, the contracts developed with the partners, market studies, communication material to engage partners, memorandum of understanding, confidentiality clauses, etc.), contact information (who in the EF was responsible and is available for consultation) and results (financial and conservation results). The database will also provide distance learning tools and interaction functionalities, such as online tutorials summarizing key concepts, discussion forums, exchange of documents, in a way that EFs can have learning resources and find specialized support without having to invest in travel costs.

A.1.4 Incremental/additional cost reasoning and expected contributions to the baseline

Absent incremental GEF funding, EFs from RedLAC and CAFÉ will continue with their

current work and their current collaboration through the networks. However, the added value that GEF funding brings to RedLAC and CAFÉ at this moment will allow the test of innovative financial mechanisms that wouldn't be tried without this support, and will promote the documentation, sharing of lessons learned and replication of the innovative practices, activities that would happen without GEF support much in significantly lower intensity.

The additional funding will make possible that EFs access the Innovative Seed Fund to improve their portfolio, with at least 30% of the EFs in RedLAC and CAFE having an innovation in their project portfolio that will support them in achieving financial results or programmatic and management standards; and at least 15% of the EFs in RedLAC and CAFE having diversified their funding sources or revenue generation.

With the GEF support it is expected that at least 16 Funds get involved in the mentorship program, and that targeted EFs improve their capacities to achieve CFA Practice Standards. It will also allow that the RedLAC methodology for impact monitoring can continue to be developed to be applied by EFs.

A.1.5 Global Environmental Benefits

The project targets 38 EFs from 28 countries in Africa, Latin America and Caribbean, regions that alone house almost half of all biodiversity hotspots on earth (16 out of 34) and include seven megadiverse countries (Mexico, Peru, Ecuador, Brazil, Colombia, South Africa and Madagascar). However, these regions still suffer from pronounced economic and social inequalities and from marked asymmetries in access to ecosystem services, thereby generating strong human-related pressures on biodiversity. By improving EFs capacity from these regions, the project contributes undeniably to the conservation of the global biodiversity, more specifically to the important and unique biodiversity encountered in these hotspots and megadiverse countries.

Enhanced EFs lead to significant improvement in globally important biodiversity. Besides innovative mechanisms that leverage additional funding and increase resources base for conservation initiatives, EFs have a multiplying factor for their position as network hubs. Enhanced EFs lead to enhanced grantees, CSOs and park agencies/staff that have to be strengthened to absorb additional funding in each of these countries. Enhanced EFs also lead to enhanced national conservation programs, as most EFs work hand-in-hand with the national environmental authority.

A.1.6 Innovativeness, sustainability and potential for scaling up

Innovativeness

The Innovation Seed Fund will promote the design, test and implementation of innovative conservation finance tools, to increase resources mobilization for conservation projects, complementing the traditional sources of funding. In addition, the Peer-to-Peer Mentorship Program will support innovation dissemination, allowing new Funds to achieve quality standards internationally accepted and to adopt increasingly important practices, such as monitoring their impact on biodiversity in Protected Areas to have a structured investment decision-making process.

Sustainability

EFs have been recognized as one of the most efficient mechanisms to ensure the long-term support of biodiversity conservation programs and protected area systems as demonstrated by their ability to mobilize significant financial resources from a variety of sources and to involve a diverse set of stakeholders in the implementation of these programs. The project will reinforce EFs in their effort to improve conservation finance in a sustainable way. In terms of environmental sustainability, most EFs that will benefit from this project bring increasingly

more financial resources to bridge their national protected area systems' funding gaps or pay for civil society conservation actions. In most cases, EFs that will participate in this program base their own strategies and activities on national conservation strategy documents. Lastly, EFs have started sharing tracks focused on improving tools measuring EF grants' biodiversity impact. The goal is to enhance EFs' capacity to address issues related to ecological and environmental viability by enhancing the conditions to implement a biodiversity monitoring system by EFs. Systematic documentation of best practices will also lead to the sustainability of this project.

Potential for scaling up

The project demonstrative nature is focused on the Innovation Seed Fund, which will test new mechanisms for conservation and share their results broadly. The extensive and detailed documentation of case studies, within the Environmental Trust Funds Database component, will allow reproducibility of success stories and the shortening of the learning curve by sharing failures. Success stories are considered mechanisms that are financially sustainable and have ecological and environmental viability, as well as social and cultural acceptability in their contexts.

The annual evaluation/capitalization of lessons learnt all along the project and the communication of the results to members (during annual assemblies) and to public (website, international events, etc.) will help disseminate the project achievements. It is also directly linked to the mission of RedLAC and CAFE to enable the sharing of experiences and the strengthening of its members' capacity. The major asset of this project is actually to focus on experience sharing and on replication of innovative financial mechanisms in new contexts and countries. By working on experiences that were successfully tested in a pilot form, the project specifically aims at validating pilot concepts and best practices with a view to maximizing biodiversity impact.

During the three years of the project implementation, a specific workshop to disseminate the innovative finance/knowledge products will be organized in each annual assembly (CAFÉ Annual Assembly is normally carried out in a African country in September and RedLAC Assembly is normally carried out in a LAC country in November). These workshops, as part of the Annual Assemblies agendas, will ensure that EFs that have not participated in the project's specific activities can also access the innovative finance/knowledge produced and understand directly from the responsible EF the main steps, enabling conditions and lessons learned about each mechanism.

Finally, to give access to the innovative finance/knowledge produced to a broader audience, the project's results and products will be shared with other regions' EFs (ASEAN countries EFs, for example) and conservation practitioners, through international forums and online platforms (such as the CFA website, the donors websites and events, etc.) and through RedLAC and CAFÉ participation in international conservation events (such as the CBD COP meetings, IUCN World Conservation Congresses and other relevant events identified by the networks).

A.2. Stakeholders. Identify key stakeholders (including civil society organizations, indigenous people, gender groups, and others as relevant) and describe how they will be engaged in project preparation:

Besides RedLAC and CAFÉ members, the project will work in close collaboration with the CFA network, a key group supporting EFs. Funbio hosts the CFA Secretariat since 2008, for the third term currently. It will finish its third term at the end of 2014. Besides the CFA Practice Standards for EFs, the CFA has produced different studies focusing EFs. The most relevant after the Standards are the CTIS and the EFs Toolkit, mentioned above. This group will be consulted and involved during the whole project implementation.

As direct targeted public, the project will focus on the technical staff, executive directors and board members of both RedLAC and CAFÉ member EFs. However, the project activities will reach a broader

public interested in conservation finance and Environmental Funds, such as the CBD national focal points, international NGOs that support the creation and capitalization of EFs, bi and multilateral agencies, international foundations that support conservation, other types of Funds environmentally focused, including public funds.

By developing innovative financial mechanisms that are likely to be linked to private sector resources, the project will also benefit private sector organizations, which will have access to a different examples in different countries that can be adapted and applied by the companies in the countries where they operate. It will also generate more possibilities of the private sector engagement in a EF governance structure and operation.

CSOs and park agencies/staff are also considered stakeholders of this project as they are the direct beneficiaries of EFs and innovative financial mechanisms applied by EFs will directly impact these beneficiaries work in the field. Not only these CSOs or park agencies will have access to more resources, but also they will enhance their practices to comply to the new mechanisms requirements, for example improving their monitoring practices.

A.3 Risk. Indicate risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and, if possible, propose measures that address these risks to be further developed during the project design (table format acceptable):

Risks	Level (low, medium, high)	Mitigation Strategy
Reduced funding for biodiversity conservation due to integration of climate issues by EFs	Medium impact/ Low probability	The focus of EFs in climate issues is on forest conservation, sustainable management or restoration, providing climate benefits but also benefiting biodiversity at the same time. This project will focus on bringing additional resources to EFs funding base, this way reinforcing the strategy to mitigate this risk.
Lack of interest from EFs to participate in the project activities	Medium impact/ Low probability	This project is a development of the RedLAC Capacity Building Project, implemented from 2010 to 2014. EFs have proven to participate and to invest the necessary resources to make their participation viable. To mitigate this risk, the project coordination team will work actively and closely with RedLAC and CAFÉ Secretariats to keep members informed, consulted and engaged.
Innovative financial mechanisms financed are not sustainable	Low impact/ medium probability	To mitigate this risk, there will be a pre-feasibility study grant for the proponents to collect robust data on the enabling conditions for the mechanism test. This phase should identify the non-sustainable situations and indicate to the Fund the most viable projects.
Institutional changes in EFs providing co-financing to the project could lead to their inability to do so	Medium impact/ Low probability	This risk will be mitigated by keeping EFs closely engaged during the whole implementation process, to ensure their ownership, involvement and investment. And also the co-financing requires fewer EFs than the networks' total number of members.

A.4. Coordination. Outline the coordination with other relevant GEF financed and other initiatives:

The GEF still is the major funder of EFs in LAC and Africa. The project will build on the past and on-going GEF projects targeting the establishment and/or capitalization of EFs in concerned countries. This project has also potential do build synergies with the implementation of the other GEF funded projects, implemented by UNEP. An example of the potencial sinergy is the GEF funded Global project “Conservation Agreement Private Partnership Platform (CAPPP)” proposed by Conservation International (CI) under the United Nations Environment Programme (UNEP) as Implementing Agency. The goal of this project is to catalyze private sector support for conservation of biodiversity and maintenance of ecosystem services in globally important sites. The objective of the CAPPP is to demonstrate the potential for achieving biodiversity conservation and ecosystem service maintenance with private sector support through the use of conservation agreements with local land- and resource-users. Conservation agreements will be used to forge mutually beneficial links between the private sector and local communities and landowners who commit to achieve biodiversity conservation, reduce land degradation, support climate regulation efforts, and promote sustainable natural resource management. With UNEP as implementing agency of the project herewith proposed, coordination will be facilitated with CAPPP project and additional benefits for both projects are more likely to be achieved during implementation phas, with benefits for sustainability of project benefits on the long term.

B. DESCRIPTION OF THE CONSISTENCY OF THE PROJECT WITH:

B.1 National strategies and plans or reports and assessments under relevant conventions, if applicable, i.e. NAPAs, NAPs, NBSAPs, national communications, TNAs, NCSAs, NIPs, PRSPs, NPFE, Biennial Update Reports, etc.:

At the global scale, this project is aligned with the goals of the CBD, its Strategic Plan for Biodiversity 2011-2020, and its Strategy for Resource Mobilization:

- a) Convention on Biological Diversity (CBD): All the Funds that will benefit from this program are focused fully or partly on biodiversity conservation. Thus, this initiative is closely aligned with article 20 of the Convention on Biological Diversity since it contributes to developing new financial resources, which will help reach the Convention’s objectives. The project is highly consistent with the participating countries’ commitments under the CBD Article 20.1, which commits contracting parties to “provide (...) financial support to achieve the objectives of this Convention” and Article 21.4, which states that “The Contracting Parties shall consider strengthening existing financial institutions to provide financial resources for the conservation and sustainable use of biological diversity”
- b) CBD Strategic Plan for Biodiversity 2011-2020: The project is also highly consistent with the current Strategic Plan for Biodiversity, especially contributing to the Aichi Target 20: “By 2020, at the latest, the mobilization of financial resources for effectively implementing the Strategic Plan for Biodiversity 2011-2020 from all source... should increase substantially from the current levels”.
- c) CBD Strategy for Resource Mobilization: The project is also aligned with the objectives of the Strategy for Resource Mobilization, aimed at obtaining a substantial increase in international and domestic funding for biological diversity and reduce the existing funding gap. Strengthening EFs capacities are closely related to the Strategy goals, including: to strengthen national capacity for resource utilization and to mobilize domestic financial resources; to strengthen existing financial institutions and promote replication and scaling-up of successful financial mechanisms and instruments; explore new and innovative financial mechanisms at all levels with a view to increasing funding; and build capacity for resource mobilization and

utilization and promote South-South cooperation.

The project is also in line with the Climate Change Convention since it will promote the implementation of climate mitigation projects. Moreover, this project presents this specificity that it will strengthen EFs' capacity and test pilot projects of innovative financial mechanisms that in some cases will connect the funding of activities related to the Convention on Biodiversity with carbon market tools that were put in place under the framework of the Climate Change Convention. The initiative also includes a significant south – south capacity-building endeavor, which has been identified as a key integration factor for both conventions.

This project is also consistent with a range of national and regional strategies, including but not limited to National Biodiversity Strategies and Action Plans (NBSAPs). Most EFs work hand-in-hand with their national governments, mainly to consolidate and maintain their Protected Areas systems. The national strategies for the Protected Areas systems and the related funding needs are linked to the National Biodiversity Strategies and Action Plans (NBSAPs). All countries where RedLAC and CAFÉ members are established have their NBSAPs and the EFs contribute to the resource mobilization required to implement them, providing funding and services to Protected Areas and conservation projects. EFs' fundraising goals may derive from the national targets established in the NBSAPs.

An advantage of EFs and EFs' networks is that they have been working in regional initiatives. The Rainforest Standard is one example. Five RedLAC EFs from Brazil, Bolivia, Ecuador, Peru and Colombia, together with the Columbia University's Center for the Environment, Economy and Society (CEES), created the Rainforest Standard, a fully integrated forest carbon credit standard to accommodate the ecological conditions and social realities of the Amazon region and the demands of emerging carbon markets. Another example is the Pacífico platform, which congregates five RedLAC EFs from Panama, Costa Rica, Ecuador and Colombia, in a permanent platform for financing the marine and coastal ecosystems of the tropical east pacific region. This regional collaboration aspect may contribute to the implementation of regional conservation plans, such as the Regional Biodiversity Strategies and Action Plans (RBSAPs).

B.2. GEF focal area and/or fund(s) strategies, eligibility criteria and priorities

The proposed project is consistent with Objective 1 of the Biodiversity focal area, which is to improve Sustainability of Protected Areas (PAs) Systems. Most EFs have as their core business the support of national PAs systems. They serve as financial mechanisms to mobilize and execute resources to the PAs., both to improve management effectiveness of existing and new PAs (Outcome 1.1) as well as to increase revenue for the PA systems (Outcome 1.2).

The GEF Biodiversity objective 1 recognizes that new financing strategies for PAs are critical to reduce existing funding gaps. It also consider conservation trust funds, PES schemes and debt for nature swaps - all mechanisms managed by EFs - as tools to be supported in a way to respond to specific country situations. The engagement of the private sector is also part of the strategy to improve PA financial sustainability. Therefore, the project's objective of strengthening EFs capacities to diversify their funding sources, unlocking private sector resources and implementing innovative financial mechanisms, is fully aligned with the GEF Biodiversity Strategy Objective 1..

Besides providing sustainable and additional funding to PAs, EFs also work with their countries' park agencies and staff to strengthen their management capacities and to improve management effectiveness. EFs apply monitoring frameworks to the PAs they support that allow to follow management effectiveness indicators and to prioritize investments in this aspect.

As the project also focus on supporting EFs to use their capacities for climate change initiatives, specifically in issues related to forest conservation, the project is also consistent with the GEF Sustainable Forest Management/REDD+ objectives. It is also consistent with the cross-cutting GEF area of work of

Capacity Development, as its activities will generate competence and improve the effectiveness of the EFs, institutions that work with the conventions and implement GEF projects.

B.3 The GEF Agency’s comparative advantage for implementing this project:

The implementing agency for this project is UNEP. Its comparative advantage is mainly its mandate to coordinate activities with regard to the environment. UNEP has other advantages, such as its convening power, its ability to engage with different national and international stakeholders and to seek innovative solutions, transforming these into policy- and implementation-relevant tools. Other comparative advantages of UNEP are their experience in knowledge management and transfer and on regional and global cooperation, key aspects of this project. Furthermore, UNEP is engaged in the Aichi targets achievement and in this specific project it will be contributing directly to target 20, with more streamlined process and strengthened institutions to mobilize financial resources for effectively implementing the Strategic plan 2011-2020

PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)

- A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S):** (Please attach the [Operational Focal Point endorsement letter\(s\)](#) with this template. For SGP, use this [OFP endorsement letter](#)).

NAME	POSITION	MINISTRY	DATE (MM/dd/yyyy)

B. GEF AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF/LDCF/SCCF/NPIF policies and procedures and meets the GEF/LDCF/SCCF/NPIF criteria for project identification and preparation.					
Agency Coordinator, Agency name	Signature	DATE (MM/dd/yyyy)	Project Contact Person	Telephone	Email
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