UNITED NATIONS ENVIRONMENT PROGRAMME

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Программа Организации Объединенных Наций по окружающей среде | برنامج الأمم المتحدة للبيئة
联合国环境规划署

UNEP

PROJECT DOCUMENT

SECTION 1: PROJECT IDENTIFICATION

1.1	**Project title:**	Knowledge for Action: Promoting Innovation among Environmental Funds
1.2	**Project number:**	GFL/ PMS:
1.3	**Project type:**	FSP
1.4	**Trust Fund:**	GEF
1.5	**Strategic objectives:**	
	GEF strategic objective:	BD
1.6	**UNEP priority:**	Ecosystem Management
1.7	**Geographical scope:**	
1.8	**Mode of execution:**	External
1.9	**Project executing organization:**	Funbio – Brazilian Biodiversity Fund
1.10	**Duration of project:**	36 months Commencing: 01/05/2015 Technical completion: 01/05/2018
	Validity of legal instrument:	months

1.11	**Cost of project**	**US$**	**%**
	Cost to the GEF Trust Fund	913,240	19,0
	Co-financing Total	3,854,050	81,0
	Total Project	**4,767.240**	**100.0**
	Co-finance- Summary		
	Cash		
	FFEM	1,421,750	29,9
	Environmental Funds from RedLAC and CAFE	1,000,000	21,0
	Mava Foundation	575,000	12,1
	Sub-total	2,996,750	63,0
	In-kind		
	Environmental Funds from RedLAC and CAFE	857,300	18,0
	Sub-total	857,300	18,0
	Total Co-financing	**3.854.050**	**81,0**

1.12 Project summary

International agreements on biodiversity conservation and climate change have common targets, but the gap in funding at the global scale, still prevents them from being achieved. Debate at the international forums, such as the IUCN World Parks Congress, the COP of the United Nations Framework Convention on Climate Change, and the Convention on Biological Diversity (CBD), highlights the huge challenges in terms of scaling up and diversifying funding for conservation and climate change mitigation.

In this context, Environmental Funds (EFs[1]), first developed in the 1990s, provide long-term financing derived from a variety of sources. Most EFs are legally independent private institutions and have become efficient conservation supporters, providing resources mobilization mechanisms, funds management and grant making mechanisms. EFs deploy several types of financing mechanisms and provide funding for a variety of activities, including biodiversity conservation, climate change mitigation and adaptation, sustainable production, community development, green energy, etc.

To improve their performances, 40 EFs have joined forces in two networks: RedLAC (a network of EFs from Latin America and the Caribbean) founded in 1999, and the more recently created CAFÉ (the Consortium of African Funds for the Environment), in 2011. The objective of the two networks is to strengthen EFs operation, by helping them to achieve excellence in their operations and practices, promoting innovative financing mechanisms and impact monitoring. Like other networks, they focus on capacity building, exchanging lessons learned, information sharing, knowledge development and innovation. The two networks and their members have matured to different extents but their synergies and exchanges are rewarding.

With the support of RedLAC and CAFE, the CFA (Conservation Finance Alliance) has drawn up standards of practice for EFs after almost a year of discussions with several EFs donors. The CFA Practice Standards will be a reference for the present project and will be used as a common ground for EFs to assess their specific strengths and challenges.

Today the key challenges faced by EFs are: 1) Innovate and improve performances, 2) strengthen institutional integration, 3) focus on quality and effectively introduce best practices, and 4) continue to exchange information among EFs and strengthen capacities while promoting synergies between biodiversity conservation financing and climate change mitigation.

This project grew from the lessons learned after the final evaluation of the previous project, " RedLAC Capacity Building for EFs", which was implemented with success by Funbio (the Brazilian Biodiversity Fund) on behalfof RedLAC, from 2010 to 2014, in close collaboration with the RedLAC secretariat. This previous project revolved around the same principles for stimulating innovation, exchanging experience and learning by means of participative workshops involving the EFs belonging to both RedLAC and CAFE.

The current proposed project aims at enlarging the EFs' portfolios of innovative financial mechanisms that take up the challenges of biodiversity conservation and climate change. In addition, it aims at strengthening capacities by providing support for EFs to adopt standards of excellence. The project is designed to provide the 40 RedLAC and CAFE EFs with an opportunity to test new financial mechanisms that they would otherwise be unable to test due to a lack of both resources and support for their ventures. In parallel, it is an opportunity to exchange and learn from the experience of other EFs and to document and disseminate their solutions.

[1] Environmental Funds (EFs) and Conservation Trust Funds (CTFs) are commonly synonymous in use.

Table of Contents

ACRONYMS AND ABBREVIATIONS

BMCT	Bwindi Mgahinga Conservation Trust
CAFÉ	Consortium of African Funds for the Environment (CAFE network)
CBD	Convention on Biological Diversity
CFA	Conservation Finance Alliance
CFT	Conservation Trust Fund
COP	Conference of the Parties
CSO	Civil society organisation
CSO-IP	Public Interest Civil Society Organisation
CSR	Corporate Social Responsibility
CTIS	Conservation Trust Fund Investment Survey
EAI	Enterprise for the Americas Initiative
EF	Environmental Fund
EFJ	Environmental Foundation of Jamaica
FGEF	French Global Environment Facility
FIAES	Fondo para la Iniciativa de las Américas de El Salvador (Environmental Fund)
FMA-RJ	Fundo da Mata Atlântica do Rio de Janeiro (Environmental Fund)
FMCN	Fondo Mexicano para la Conservación de la Naturaleza (Environmental Fund)
FONDAM	Fondo de las Américas del Perú (Environmental Fund)
FTNS	Fondation Tri National de la Sangha (Environmental Fund)
Funbio	Brazilian Biodiversity Fund (Environmental Fund)
GEF	Global Environment Facility
IFM	Innovative Financing Mechanism
KWS	Kenya Wildlife Service
LAC	Latin America & the Caribbean
MPA	Marine Protected Area
NGO	Non governmental organisation
PA	Protected Area (terrestrial)
PACT	Protected Areas Conservation Trust
PES	Payment for Ecosystem Services
REDD+	Reducing Emissions from Deforestation and Degradation RedLAC
RedLAC	Red de Fondos Ambientales de América Latina y el Caribe (Network of Latin American and Caribbean Environmental Funds)
RJ	Rio de Janeiro
SEA-RJ	Secretaria do Ambiente do Rio de Janeiro (Rio de Janeiro Secretariat for the Environment)
SERNAP	Servicio Nacional de Areas Protegidas de Bolivia (Bolivian National Department for Protected Areas)
TFCA	Tropical Forest Conservation Act
UNFCCC	United Nations Framework Convention on Climate Change
WCS	Wildlife Conservation Society

SECTION 2: BACKGROUND AND SITUATION ANALYSIS (BASELINE COURSE OF ACTION)

2.1. Background and context

1. The combined effects of environmental degradation, climate change and demographic growth could well result in global crisis: increased competition for access to resources, more stringent regulations and greater and more costly obstacles to be lifted to obtain financing for the economy, etc. There are two simultaneously emerging global trends: i) governments, the world of business and society all have better understanding of the repercussions of losing natural assets, and ii) a blatant, urgent need to increase funding for natural capital conservation[2].

2. Even though the 2002-2010 Convention on Biological Diversity (CBD) Strategic Plan helped to mobilize resources for biodiversity, it fell short of its goal, which was to ensure, by 2010, "a significant reduction of the current rate of biodiversity loss at the global, regional and national level". These shortcomings are often attributed to a lack of financial resources. The 9th Conference of the Parties (COP9) reviewed the application of articles 20 and 21 of the CBD and established strategy for mobilizing resources based on the following objectives:
   a) strengthening national capacities for using resources and mobilizing financial resources at the national level,
   b) strengthening existing financial institutions and facilitating the replication and development of proven financing mechanisms,
   c) study other, innovative financing mechanisms at all levels in order to amplify funding streams,
   d) improve capacities to mobilize and use resources,
   e) promote South-South cooperation.

3. Furthermore, the 12th Conference of the Parties (COP12) held in 2014, set some very precise goals concerning the mobilization of resources in decision XII/3, to which this project, once it is operational, will be a huge contribution: extension of the strategy for CBD resource mobilization initially adopted in 2008 until 2020 and adoption of a list of options and tools (Decision XII/3, Annex IV) to facilitate the implementation of the strategy; reference to innovative financing mechanisms (involving the private sector) accompanied by deliberate guidelines setting a framework for the mechanisms in environmental and social terms (guarantees) (Decision XII/3, Annex III); mobilization of national financial resources whatever the source in order to reduce the gap between the needs identified and the resources available at national level, in order to effectively implement national biodiversity strategy and action plans in Party-countries by 2020. All of the previous goals concern the work currently being accomplished within the EF networks.

4. In a context where people are seeking to diversify funding sources and to improve protected area performances, conservation finance is one of the major challenges (cf. recent subjects discussed at COP meetings, at the MPA Forum in Antalya in 2013, at IMPAC 3 and at the WPC Sydney 2014).

5. The IUCN 2014 World Parks Congress (WPC) in Sydney (12-19 November 2014), which brought together more than 6,000 people from 170 countries, confirmed current concern on this subject by highlighting conservation finance mechanisms as one of its priorities. The promise of the Sydney congress, rallied by numerous governments, NGOs and private

[2] Natural capital includes all the Earth's easily recognizable, measurable resources such as minerals, energy, wood, farmland, fishing stocks and water. Natural capital also embraces the ecosystems, which provide the Earth with services, e.g. filtering air or water, preventing floods, storing carbon, pollinating or sheltering terrestrial and aquatic fauna.

operators, stresses the need to increase capital investment and enhance the quality of conservation governance as well as management. The emphasis was placed on economic incentive and the viability of natural area conservation planet-wide, among others because these principles contribute to climate change adjustment and climate change mitigation.

6. The Congress lays down a pathway that takes the Aïchi commitments a step further by achieving the goal to protect 17% of the Earth's terrestrial areas and 10% of its oceans by 2020. In particular, it emphasises the importance of keeping up "good management", utilising innovative initiative by involving new technologies (monitoring), stimulating excellence in governance (IUCN green list) and stresses the role played by financing mechanisms. Species fragility and habitat loss now impose hastening the improvement of both terrestrial and marine protected area management and bolstering ecosystem conservation and restoration efforts, especially through streams of funding combining public and private sources. In order to materialise their determination, a great many countries made commitments to achieve impressive goals, in particular to increase their percentages of protected marine and coastal areas (Brazil: +5%; Gabon: + 23%; Russia: + 28%; South Africa: MPAs trebled; Madagascar: major strengthening).

7. Furthermore, in recent years climate change related issues and the international agenda on climate change have been omnipresent. The 20th Conference of the United Nations on climate change (COP20) in Lima ended on 14 December 2014 with an agreement on a set of ground rules. Yet the Green Climate Fund's first round of backing only raised pledges amounting to 10.2 billion USD, well below the targeted goal. The form of the contributions until the Paris Agreement expected in 2015 will mainly concern the reference year, the period of commitment, the action plan, the sectors involved and the methodology chosen. Future commitments are expected to pledge cuts of 40 to 70% in emissions by 2050. The Conference of the Parties to the United Nations Framework Convention on Climate Change to be held in December 2015 in Paris (COP21 / CMP11) thus becomes a crucial event, since its aim is to reach a new binding international agreement applicable to all countries to curb global warming so that it remains below 2°C. It is to set a framework for a transition towards low-carbon economies and will be a decisive milestone in the negotiation of the future international agreement that is to enter effect in 2020.

8. Therefore, political commitments and financing flows in the coming years can be expected to focus on climate change adaptation and mitigation actions on all five continents. Against this background, the biodiversity conservation sector will need to create synergies between conservation and climate change through integrated approaches, including in terms of financial mechanisms and amounts of funding.

9. Lastly, there are numerous regional approaches to conservation, as can be seen in all the regional projects and transboundary management networks developed over the last few years; their aim is to federate conservation stakeholders involved in either terrestrial or marine spheres (RAPAC, RAMPAO, MedPAN...). Financing mechanisms for regional leadership or for conservation at the regional scale are also developing (MARFUND, MedPAN, PFBC, Caribbean Biodiversity Fund (CBF)).

2.2. Global significance

10. EFs are private or public institutions which grant subsidies to projects that focus on biodiversity conservation and sustainable use. They are legally independent and provide stable, sustainable, long-term sources of funding for the protection and sustainable

management of natural resources in biodiversity-rich zones. Initially set up as endowment funds or sinking funds, EFs use the revenues produced by their interests to provide reliable support to protected area management, to invest on a long-term basis in conservation programs and projects and to support traditional communities and indigenous peoples. As they benefit from a stable stream of funding thanks to the interest produced by their investments, in an equally efficient manner, EFs manage and allocate funds from various sources in support of conservation and development projects.

11. The 40 EFs participating in this project support conservation efforts in 33 countries (17 in LAC and 16 in Africa). Among these EFs supported projects, there are 49 UNESCO Natural World Heritage Sites, being 10 sites considered in Danger, such as the Belize Barrier Reef Reserve System, Rio Platanao Biosphere Reserve in Honduras, Rain forests of Antisiranana in Madagascar. Ten of these EFs work in the Amazon complex, an area of global significance for its biodiversity, carbon stocks and climate regulation in the region. This group of EFs cover 8 of the 17 countries considered as megadiverse in terms of biodiversity, countries that harbor the majority of the Earth's species (Brazil, Colombia, DRC, Ecuador, Madagascar, Mexico, Peru and South Africa). They also work to protect seven areas considered biodiversity hotspots, including the Caribbean Islands, the Brazilian Atlantic Forest and Cerrado, the Tumbes-Chocó-Magdalena region, the Tropical Andes, the Cape Floristic region and Madagascar. These areas have a significant reservoir of biodiversity that is under threat from humans, with a very high share of endemic species.

12. Since the creation of the first EF at the beginning of the 1990s, EFs - thanks to their stability- have proved that they are excellent sources of funding thanks to their efficient management of revenues from their investments, their independence, their operational capacities and their leverage effect in the obtaining of subsidies and other sources of funding for conservation projects, mainly for creating and maintaining Protected Areas (PAs). Only the group of EFs in RedLAC support more than 500 PAs representing more than 300 million hectares under protection (this assessment was made in 2010 for RedLAC and was not carried out for CAFÉ yet). In addition to conventional sources of funding, such as bilateral and multilateral public aid, EFs at the head of very large amounts of money also secure funding by means of successful public-private partnerships and have shown that they are able to leverage other types of financing than just conventional sources. The principle mechanisms already in use within some EFs are: the REDD+ mechanism, payment for ecosystem services (PES), environmental compensation and offset schemes, and even alliances with the private sector, either in the frame of corporate social responsibility (CSR) or to meet legal corporate obligations.

13. EFs have demonstrated that they are a very efficient instrument for channeling funds into the protection of the environment, for supporting protected area systems and also for financing PES based mechanisms. Their added value in supplementing national budgets for conservation that are usually too low both in LAC and Africa, and in offering complementarity in the project based conservation model no longer needs to be confirmed.

14. During recent years, the number of regional EFs has grown - created to support conservation projects or transboundary protected areas. Regional important biodiversity areas such as the Mesoamerican Reef Fund in LAC and the Trinational Sangha in Africa are supported by EFs in RedLAC and CAFÉ. These EFs were created as independent mechanisms to link different governmental policies and plans into common conservation objectives. In the present state of affairs, the total backing of all the EFs worldwide amounts to about a billion US Dollars and

most of the EF managers agree that it could be increased tenfold for a more significant impact on the environment.

15. Several EFs manage funds that often originate in debt-for-nature swaps. The two main mechanisms for implementing debt-for-nature swaps are US Government initiatives: Enterprise for the Americas Initiative (EAI) and the Tropical Forest Conservation Agreement (TFCA), managed by USAID. USAID approach is that biodiversity is concentrated in tropical forests, where 70 percent of all plants and animals live. Forest conservation goes beyond biodiversity programs to include efforts focused on stabilizing soils and water supplies, mitigating climate change, preventing flooding and storm surge, and promoting food security. As for the TFCA, in July 2013, approximately 223 million US Dollars of funds were approved by Congress and led to the signature of 19 debt-for-nature swap agreements in 14 countries. RedLAC and CAFÉ member EFs administrate 13 TFCA contracts in 10 countries.

16. In recent projects in Latin America and the Caribbean (LAC), EFs have succeeded in setting up biodiversity offsets, in particular with the mining industry. In Peru, Profonanpe manages the resources allocated to a protected area in the coastal region. The endowment is from a gas company to compensate for the environmental impacts of building a gas pipeline. In Brazil, Funbio designed the Rio de Janeiro Atlantic Forest Fund (FMA/RJ) to manage binding environmental compensation and offset schemes for PAs (89 million US Dollars from over 40 infrastructure projects; these funds support 39 conservation projects in more than 70 Protected Areas of the Brazilian Atlantic Forest, a very endangered biome

17. Although African EFs have generally succeeding in raising less counterpart funding than LAC EFs, they have nevertheless sealed creative alliances with the private sector in the realm of CSR to finance sites of great importance in terms of unique and endemic biodiversity. FTNS (Fondation Trinational de la Sangha) joined forces with Krombacher brewers in a marketing campaign in Germany that raised over 3 million Euros for this central African tropical forest, a UNESCO Natural World Heritage Site.. Another UNESCO site in Uganda, the Bwindi Impenetrable Forest that is home for about 400 of the remaining 700 mountain gorillas, received support from the Bwindi and Mgahinga Conservation Trust (BMCT), who partnered with the company Swarowski Crystal that donated to finance the sustainable management of water in the Bwindi protected area. The Banc d'Arguin Conservation Trust Fund (BACOMAB) in Mauritania is the first African trust fund to have revenues from fishing agreements between Mauritania and the EU as part of its capital. BACOMAB funds initiatives to conserve the Banc D'Arguin PA, one of the most important zones in the world for nesting birds and Palearctic migratory waders. This Park is formed of sand dunes, areas of coastal swamps, small islands and shallow coastal waters, resulting in a land and seascape of exceptional contrasting natural value.

18. Recent REDD+ projects implemented with contributions from EFs have benefited from this experience of finance management and subsidies. EF Fondo Acción manages a local REDD+ project called the Chocó-Darién REDD+ project, which has been VCS/CCB classified "Gold" level. To date, the project protects some 130 km2 of high biodiversity forest situated on the Pacific coast of Colombia, preventing an annual 2.8 million tons of emissions. Three RedLAC member funds, Profonanpe in Peru, FAN in Ecuador and PACT in Belize, have received UNFCCC Adaptation Fund approval for direct transfers of funds to adaptation programmes and projects. The Adaptation Fund finances tangible adaptation programmes in developing countries, parties to the Kyoto Protocol and particularly vulnerable to the adverse effects of climate change. These more recent resources coming from the climate change mitigation agenda are also used to protect these important regions for their concentration of biodiversity.

19. In all cases, the conservation results on the ground are indirectly related to this project, as the project will support the EFs who finance projects in their countries to achieve their national conservation targets. However, it may be attributable to this project the increase on EFs' finance towards conservation through innovative financial mechanisms. It is expected that these innovative mechanisms increase EFs' finance in at least 5%, being 50% of this increase coming from private sector finance. This way, it is expected that EFs are able to increase the level of support they already provide to Protected Areas and landscapes that need to be protected. It is expected that EFs are able to increase their level of support in at least 10% of the total number of hectares they already help to protect.

2.3. Threats, root causes and barrier analysis

20. The threats to biodiversity in the countries where RedLAC and CAFÉ members operate are varied and intense. In Africa, one of the main threats identified by EFs is the extractive industry. The new international rush on African resources is a powerful vector of severe environmental and social impacts. The extractive industries from all continents aims at African countries, which see the sector as their best option for quick economic development and growth. National policies on offsetting impacts on biodiversity are fragile and enforcement is not sufficient to avoid the loss of biodiversity and the social impacts. A very similar situation can be observed in LAC, with the difference that in some LAC countries there is already a legal framework in place to drive offsetting investments to priority areas for biodiversity. The extractive industry is a severe threat but is not the only driver for biodiversity loss in these countries. Pollutions, use of pesticides, lack of sanitary structure, growing population, illegal logging, infrastructure projects and other sectors development (such as real state and traditional tourism) are threats to biodiversity in these countries. EFs, as financial mechanisms, have been positioning themselves to work with all these sectors to channel their investments (being from Corporate Social Responsibility, or from legal obligations) to Protected Areas, conservation projects outside PAs and sustainable use of biodiversity productive projects, including social economic development as an integrated goal. Although the EFs offer huge potential, their development can lead to certain fragilities or bias.

21. One of the root causes for biodiversity loss, as mentioned, is the fragile public sector structure in these countries. There is a huge financial gap for funding conservation priorities (Aichi targets), licensing processes and structures that are not as restrictive as biodiversity would need for its conservation, weak enforcement and monitoring capacities and a lot of progress to be made in accountability and transparency. EFs contribute to implement large scale conservation public programs, by channeling additional resources and providing execution capacity and financial management. However, there is a fragile or ambivalent link with the authorities: as EFs often make contributions alongside national funding and institutions with poor resources, EFs, due to their very nature, find themselves developing cooperation and synergies with national institutions. Although EF action is in the public interest, their independence from the State authorities sometimes places them in paradoxical situations. Despite the fact that the representatives of the authorities may be members of EF boards of management, and EF ground action is conducted in full cooperation with the authorities, conflict can arise, in which case reciprocal mistrust can set in and they can tend to drift apart. Increasing the endowment of EFs can therefore, if not properly explained, lead to a politically unacceptable power struggle resulting in clashes and a loss of legitimacy for the EFs concerned. Coordinating EF and national authorities' action is thus essential in the sustainability of the actions undertaken, in a way to reduce the barrier that the public sector agencies fragility may represent in some of the countries.

22. It is a consensus that an important barrier for biodiversity conservation in these countries is the lack of financial resources for conservation priorities. EFs help to reduce this barrier by bringing additional resources from international cooperation and the private sector, but there is still a need for scaling up the investments. The financial aspect of the approach (investment, speculation, etc.) as well as the lack of tools to improve transparency are often raised by some stakeholders as potential restrictions on securing public or private investors. A commitment to quality and transparency mechanisms would probably enable the EFs to open up new streams of funding from large pension funds or similar, which request this type of transparency.

23. As they gradually develop and get stronger, EFs should systematically seek government support and work in close conjunction with them so that they are able to implement policies that would never be developed if EFs did not exist. The innovative initiative that the project aims to test should, if possible, obtain the approval of the national authorities. Making a point of ensuring that national authorities see EFs as a tool to help them implement environmental policies (and not as a rival to the public authorities) will be essential in the future development of EFs.

2.4. Institutional, sectoral and policy context

24. Several funds active since the 1990s joined together to form RedLAC[3], the network of Latin American and Caribbean environmental funds, created in 1999, today counting 16 countries (cf. Appendix 19 - List of RedLAC members). The task of RedLAC is to create a system for learning, capacity building and cooperation across a network of Environmental Funds who support conservation and the sustainable management of the region's natural resources.

25. In 2010, with the support of the Gordon & Betty Moore Foundation and FFEM, RedLAC launched a capacity building project to help its members develop innovative financial mechanisms for conservation and to improve their institutional capacities by systematizing and sharing best practices. Funbio was in charge of coordinating the project on behalf of RedLAC.

26. In this framework, Funbio invited certain African EFs to attend training. The African EFs in turn decided to create the Consortium of African Funds for the Environment (CAFE[4]) in 2011. The new African network now unites 18 members from 14 countries (cf. Appendix 20 - List of CAFE members) around the core principle justifying the creation of the new regional network, that Africa needs its own specific solutions. CAFE is a community for learning; it allows the sharing of best practices and the development of innovative financing mechanisms to promote conservation, environmental management and sustainable development in Africa.

27. RedLAC has clearly done a lot to raise practice standards within all the EFs of the LAC region and Africa as well as making useful efforts to secure greater cohesion within the networks and between member EFs (cf. below, conclusions and recommendations after ex-post evaluation of the project).

28. The RedLAC EF capacity-building project thus allowed the knowledge of the two networks to be strengthened by documenting over 30 case studies for dissemination and replication purposes. The resulting documentation consists of eleven handbooks[5] prepared for workshops

[3] Visit http://www.redlac.org
[4] Visit http://www.consortiumcafe.org (in English and in French)
[5] Available at: www.funbio.org.br and http://toolkit.conservationfinance.org/categories/redlac-capacity-building

held in LAC and in Africa and attended by the personnel, management and board members of 54 EFs (cf. Appendix 21: Full list of attendees).

29. The two networks have also been working on impact monitoring. Specific methodology was developed by a RedLAC workgroup before being tested on 7 PAs of different sizes covering several types of ecosystems. The RedLAC system combines three proven monitoring methods: the reduction of threats, species monitoring, and using satellite imagery to monitor deforestation. The data keyed into the system are indexed and can be used separately or partially, which means that the EFs can use the data available on any given country. The methodology has yet to be adapted and used in marine areas.

30. Innovation is doubtlessly the most important aspect of these networks. EFs are constantly on the look out for innovative funding mechanisms. But innovation calls for investment and for stronger organizational capacities in EFs. Such capacity building means direct costs (such as training, collecting information and support systems) as well as opportunity costs (in particular in terms of time). Within the capacity building project, RedLAC co-financed five pilot projects (see Box 2 below). The pilot projects were selected after a competitive call for proposals taking into account the projects' goals in terms of studying, setting up the basis for, or implementing innovative financing mechanisms.

31. Pilot projects for innovative financing mechanisms already tested in Latin America only:

Table 1. Innovative Financial Mechanisms co-financed by RedLAC Capacity Building Project

Funds	Projects
Profonanpe, Peru	Payment for ecosystem services (PES) mechanisms based on the Salinas Nature Aguada Blanca Reserve water resources
Fondo Acción, Colombia	Design and implement a participative financial mechanism via the internet to support social and environmental projects for the local populations in Colombia
Fondo Patrimonio Natural, Colombia	A fund-raising mechanism with the participation of hotels, guests and the private sector for natural area conservation in Colombia
FMCN, Mexico	Fisheries sector: compensation schemes for marine turtle bycatch
Funbio, Brazil	Feasibility Study of a Cap and Trade Scheme for effluent in Guanabara Bay, Rio de Janeiro

32. These studies and experimental innovative financing mechanisms set the starting point for the RedLAC and CAFE networks' proposal (discussed in this document) concerning innovative financing mechanisms for EFs. In November 2013, the RedLAC and CAFE networks met in Costa Rica to prepare a joint proposal to allow them to take advantage of previous RedLAC project experience and engage for the first time ever in a much larger-scale project based on South-South cooperation between the Latin America-Caribbean region and Africa and involving all the members of both RedLAC and CAFÉ.

2.5. Stakeholder mapping and analysis

33. 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 in June 2015. 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 involved during the project implementation.

34. 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. Learning from the lessons and from failures is as important as celebrating success in creating an innovation culture. All mechanisms co-financed will be described and documented (with technical and financial information available), to be shared with the EFs community, including the GEF and other donors, to enable learning from successes and failures.

35. 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 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.

36. 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.

Table 2. Stakeholders mapping and analysis summary

Stakeholders	Current impact in project	Potential impact	Synergies with the project	Potential contributions to the project
RedLAC and CAFÉ EFs	This group of EFs are the core audience of this project. Their strengthening is the main goal and all activities highly depend on their participation, which require their investments.	High	Provide co financing for all project activities and benefit directly from them.	Provide co financing in cash and in kind (USD 1,3 million) for all project components.
Other EFs (Asian, Pacific region and other EFs not formally engaged in the networks)	All institutions that operate as an EF or manage an environmental fund within its structure will benefit from this project, as they will have access to the project materials and presentations. Moreover, the Asian Pacific EFs are willing to compose a network of EFs for the region, following the example of RedLAC and CAFÉ. Their participation in the RedLAC and CAFÉ Assemblies are key for this process and will also bring additional knowledge to be exchanged with African and LAC EFs.	High	Incorporate new areas of Paramos and Andean forests into Socio Bosque incentive program at intervention sites. Define technical criteria to develop indicators and monitoring systems of ecological and social impacts of Socio Bosque. Start operating activities in the field also targeting the recovery of degraded lands.	Provide economic incentives (up to USD 30/ha) to conserve Andean ecosystems and recover degraded lands at intervention sites.
Conservation Finance Alliance - CFA	The CFA is a network that congregates most of the EFs`donors, besides several EFs individually from LAC, Africa, Asia Pacific and other	High	The CFA have produced in partnership with RedLAC and CAFÉ the Practice Standards for EFs that will be used in the	Further development of the CFA and its products may affect the project, bringing

Stakeholders	Current impact in project	Potential impact	Synergies with the project	Potential contributions to the project
	regions.		project. They are also promoting the creation of the Asia Pacific Network of EFs.	new references and increasing the outreach of the project`s results.
CBD National Focal points	National Focal points disseminate the national plans achieving national targets and commitments. Most EFs' program of work aims at contributing to the national plans and targets.	Medium	Disseminate the national plans and policies regarding biodiversity conservation and sustainable use, which will influence the innovative financial mechanisms to be proposed under the project.	Partner with EFs in each country for technical collaboration and tools development.
International NGOs	Big International environmental NGOs (known as BINGOs) follow EFs development very closely, as most EFs are partners of these institutions in their countries, having received resources or event being created with the help of the BINGOs. Some of them administrate funds themselves and have interest in experience exchange with EFs. They are also CFA members and have co created the Practice Standards for EFs.	Medium	Their individual efforts to support EFs may contribute to the project activities. They have interest in following the application of the CFA Practice Standards for EFs.	They may potentially contribute financially for individual EFs to participate in the project's activities (co funding for innovation, for example). They may also enhance the project's materials outreach by distributing them to their networks of partners worldwide.
Bi and multilateral agencies	They are the most traditional funding source for EFs and support the creation of new EFs. All types of knowledge developed specifically about EFs are of their interest, as EFs have been an important way for them to deploy their programs in the field. They establish most of the requirements for EFs in terms of accountability, transparency, monitoring & evaluation, asset management, governance and operations. Some of them have also co created the CFA Practice Standards for EFs.	Medium	Monitor and evaluate EFs performance in general, capitalize existing and new EFs, replicate solutions in future operations and disseminate lessons learned. They have interest in following the application of the CFA Practice Standards for EFs.	Possible support in the development of new mechanisms. They may also enhance the project's materials outreach by distributing them to their networks of partners worldwide.
International foundations	Some of them are involved in EFs capitalization and program development. These have also co created the CFA products, including the Practice Standards and the investment survey. Moore Foundation specifically is very influent as a donor to LAC EFs.	Medium-low	Interest in following the application of the CFA Practice Standards for EFs and the innovations.	Possible support in the development of the mechanisms. They may also enhance the project's materials outreach and attract other foundations that are not involved with EFs yet..
Private sector organizations	Innovative financial mechanisms usually are related to the private sector organizations in each country (especially market-based ones and the ones related to environmental liabilities)	Medium-low	They finance conservation initiatives in the countries through CSR investments and investments to comply with environmental legal obligations.	Possible support in the development of the innovative mechanisms.
Protected Areas agencies and staff	They work hand in hand with EFs, as EFs mobilize resources to finance their strategies for the national Pas systems. They have the mandate to define conservation priorities in PAs	Medium-low	Probable direct beneficiaries of the innovative financial mechanisms to be created under the project activities.	Potential technical contribution and endorsement to the innovative financial mechanisms.

Stakeholders	Current impact in project	Potential impact	Synergies with the project	Potential contributions to the project
	and provide public funding as matching resources for large scale programs.			

2.6. Baseline analysis and gaps

37. EFs are considered innovative mechanisms by the Convention of Biological Diversity, for the significant amounts of resources they have been able to mobilize in endowment funds for conservation efforts, especially for Protected Areas, as well as in sinking and revolving funds, all capitalized by international cooperation (bi and multi lateral agencies and international NGOs and foundations) and debt for nature swaps. According to the Conservation Trust Investment Survey (CTIS 2013) published by the CFA and coordinated by WCS, the 43 respondent EFs (from 40 different countries in all 6 continents), in aggregate, manage over $730 million in US equivalent dollars. The CTFs manage endowments and sinking funds ranging from $1.4M (US equivalent) to over $120M. Among the respondents, ten have aggregate investments in excess of $20M (US Dollar equivalent), eight have investments between $10M and $20M, and 16 have investments totaling less than $10M, as of December 31st, 2013. A great part of these resources is GEF finance. According to a recent study developed by the GEF (2014), the total invested in Conservation Trust Funds in 20 years have been around $1.7B, of which $0.5B has been invested by GEF and other $1.2B has been co-financed, mainly by EU, KFW, or AFD. According to a RedLAC survey with its members carried out in 2010, the network EFs managed around $300M USD in endowment funds. Also according to a RedLAC survey carried out in 2009, the member EFs supported together a total of 85 million hectares of Protected Areas. Although EFs have mobilized significant amounts and have innovated in the way of capitalizing all these funds, the baseline condition is that EFs have had success with the funding sources considered traditional, mainly the bi and multilateral agencies and debt swaps. The identified gap is that they do not have increased finance and conditions to design and implement Innovative Financial Mechanisms to access new funding streams, or new economic sectors, especially through private funding. Given the business model of EFs, they mainly mobilize resources through donations receiving a limited percentage of the funds administered to cover the projects' direct costs. It is a common challenge for all funds to cover the overhead costs, not easily included in donations agreements. This common reality is a barrier for Funds to invest in innovative mechanisms for financial resources mobilization, as most innovations have a high level of risks involved and Funds have very limited resources to risk trying these innovations. Without GEF's intervention, EFs do not have enough resources to make risk investments and to develop feasibility studies on innovative financial mechanisms that bring additional funding for biodiversity conservation and climate change mitigation.

38. Together with RedLAC and CAFÉ, the Conservation Finance Alliance (CFA) has developed a set of standards of practice for EFs to support the design, management and monitoring and evaluation processes. The CFA is a global network, originally founded in 2002 to take up the challenges of finding permanent streams of funding for biodiversity conservation. CFA Practice Standards for EFs are the output of one-year's work between EFs, organizations and consultants to develop proven standards for use by EFs. RedLAC and CAFÉ played an active part in developing these standards alongside major financing partners, including the GEF. These standards, accepted and approved by all the partners, are published in the CFA website[6].

[6] www.conservationfinance.org

They serve as a reference for raising and strengthening the institutional scope of the EFs in the following key areas: governance, administration, operations, monitoring, reporting and evaluation, asset management, and resources mobilization. Although the standards are a very good base to help EFs to reach operational excellence, they still need to be applied. By knowing and using the standards, EFs will provide valuable feedback so that the standards can be improved and additional standards may be developed, for example for areas such as marketing and communication, information technology and others. There is a need to develop a user-friendly tool that stimulate Funds to use the standards, so that they can prioritize areas of improvement and also measure progress.

39. RedLAC, with the support of FFEM and the Moore Foundation, implemented in the last 4 years (2010-2014) a Capacity Building Project to help its members innovate in financial mechanisms and to promote knowledge exchange and learning through a set of capacity building activities. This project aimed at helping Funds to diversify their funding sources, reducing their dependence on the traditional sources. The evaluation team noted that overall the project had obtained good results. Through this project, grants for innovation were provided and 5 innovative mechanisms ideas were financed, from which 3 were implemented and have to be followed. These are: a crowdfunding web platform named Donaccion, implemented by Fondo Accion in Colombia; a water PES public and private fund in Arequipa, implemented by Profonanpe in Peru; a donation campaign with hotel guests and events named Pioneros de la Conservación, implemented by Patrimonio Natural fund, in Colombia. The project also had a component on Capacity building, it has been perfectly capable of planning and implementing 11 thematic workshops from 2010 to 2014 in Latin America and in Africa where experience has been shared, success has been documented and the replication of the best ideas has been promoted. Each workshop was supported by written documentation available in printed form and on-line in English, Spanish and French. This component was key to stimulating exchanges of ideas, knowledge and information among the network members and helped to strengthen the network as a whole. The test of the two types of mentoring was highly appreciated and acclaimed for future use, even though it still seems relevant to maintain the thematic workshops, but in a smaller number, for community meetings. The third component was focused on the network strengthening. The RedLAC 2012-2014 Strategic Plan was drawn up and a new web platform was developed to share all materials produced. Although RedLAC was able to successfully implement this project and enhance significantly the level of its capacity building activities offered to members, there is still need for capacity building and for consolidating the culture of innovation. Besides, there is still need to strengthen the network in terms of financial sustainability for its own activities. Moreover, there is an important gap between RedLAC and the Arican network, CAFÉ. CAFÉ was recently created (2011) and has a very different level of maturity. It needs to consolidate its membership base, implement an effective executive function to the network, systematize the information of its members and take full advantage of all capacity building activities offered. All these needs of EFs individually and of both networks need to be addressed.

40. In summary, EFs have been successfully implemented and mobilize significant amounts of resources but need to innovate, increase finance through private funding and diversify the resources base. The CFA standards may help Funds in this challenges, but need to be applied through a user-friendly tool, need to be followed, improved and expanded. The RedLAC and CAFÉ networks activities have been an efficient way of creating capacity in EFs and promoting exchange, replication, and dissemination but need support to have continuity, not only for the activities but also to consolidate both networks and to help them achieve financial sustainability. This new project, with GEF finance, will help bridge these gaps, by creating an innovation facility to foster new funding streams, by promoting capacity building activities

and by strengthening the EFs' networks, also benefiting Funds that are not members of both networks, such as the Asian Pacific EFs, but may benefit from the materials produced and may attend the project activities, such as the capacity building workshops. A Theory of Change diagram was designed during preparation and is detailed in Appendix 18. The incremental cost reasoning (item 3.7 of this document below and Appendix 3) presents the expected results with GEF alternative, as well as Appendix 4 (Results Framework).

2.7. Linkages with other GEF and non-GEF interventions

41. 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 to build synergies with the implementation of the other GEF funded projects, implemented by UNEP. The GEF has provided funding to develop and establish a wide range of Trust Funds, and at one point even published an Evaluation report entitled "Experience with Conservation Trust Funds". The project proponents will make every effort to explore the lessons learned and experiences of GEF funded Trust Funds through review of evaluations of completed projects, available through GEF implementing agency web sites. GEF has also been a major supporter for the Conservation Finance Alliance and has contributed to the elaboration of the CFA Practice Standards for CTFs, which will be used as a main reference for this project. The baseline situation of most EFs included in this project is described in the 2008 Rapid Review of Conservation Trust Funds[7], also produced by the CFA with the support of the GEF. In this publication, a detailed description on how EFs operate is provided, although it lacks compiled financial data, which will be complemented by this project's planned studies. The proposed project also has the potential to build on the synergies with the implementation of ongoing UNEP led GEF projects including for instance, the Conservation Agreement Private Partnership Platform (CAPPP) - led by Conservation International and the Bahamas Protected Areas Trust Fund (BPAF) - which is establishing a vertical agreement with the Regional Caribbean Biodiversity Fund (CBF). These synergies can be explored with UNEP at appropriate junctures of Steering Committee Meetings and sharing of reports (PIRs).

SECTION 3: INTERVENTION STRATEGY (ALTERNATIVE)

3.1. Project rationale, policy conformity and expected global environmental benefits

42. The project targets 40 EFs from 30 countries in Africa, Latina 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.

43. Most of these 40 EFs have as their core business the support to Protected Areas and to projects in their buffer zones. They do this mainly through leveraging and channeling additional financial resources, to complement governmental budget to these areas. They manage endowment funds for PAs and sinking funds that finance short-term projects, both approaches are complementary. They both support the conditions necessary for increasing Protected Area management efficiency. Endowments commonly provide critical support to recurrent organizational, management costs and community support mechanisms. Projects best support short-term costly and additional investments. EFs act as a catalyst and/or rallying/coordination

[7] http://conservationfinance.org/upload/library/arquivo20150227111159.pdf

point for additional support, and provide the 'glue' between specific projects, that can be funded by other agents, such as NGOs. They can also build on the long-term relationships and mechanisms for community engagement they have built with local authorities and communities.

44. Besides financial support, EFs play a crucial role, as they are a strong pillar of enhancing the institutional, technical and personal capacity in their countries' PA agencies. EFs proactively influence their environment, monitor their results and learn from experience, maintain credible and transparent procedures, and support participatory approaches to conservation and sustainable development. As a result, EFs are contributing to the continuity of national environmental and sustainable development strategies, and fostering support for environmental policies.

45. 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, especially but not only inside Protected Areas.

46. 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.

47. The innovative financial mechanisms to be developed through this project will bring additional resources for EFs to support biodiversity conservation, through increased support to PAs and/or increased support to sustainable use projects, inside and outside PAs.

48. The mechanisms selected to be tried, will have to present a baseline situation, monitoring framework and targets, which will commonly be focused on financial needs and gaps. The increased financial support provided by the innovative mechanisms will be monitored and reported to evaluate the level of relevance such mechanism represents. It is clear that consistent results, both financial and biodiversity results, require more than the this project duration to be achieved, but the preliminary results until the end of this project will give a strong indication of the mechanism potential. 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).

49. 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.

50. 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.

3.2. Project goal and objective

51. The overall goal of the project is to increase funding for biodiversity conservation priorities, covering the financial gap to achieve the Aichi Targets. The project objective is to strengthen EFs' capacities on financial innovations through knowledge management and exchange.

52. There are 4 specific outcomes:
    - Outcome 1: EFs' portfolio of innovative initiatives is strengthened with the funding of feasibility studies and projects on innovative financial mechanisms.
    - Outcome 2: Knowledge and best practices are exchanged through peer-to-peer mentoring, workshops and online tools. EFs staff improved their knowledge and capacity to run EF day to day operations.
    - Outcome 3: Information on EFs performance and experience is documented, shared and capitalized at network level.
    - Outcome 4: RedLAC and CAFE networks are consolidated in terms of functioning and financial sustainability.

3.3. Project components and expected results

53. Project development components are fully explained in the Project Result Framework, Appendix 4. The following is a summary of each component.

54. **Component 1: Innovation Seed Fund (US$ GEF: 630,000; COF: 1,751,000):** the objective of this component is to promote innovation among the EFs in order to increase and diversify their streams of funding so that they can address environmental challenges and support biodiversity and habitat conservation efforts delivering benefits associated with climate change mitigation.

55. The strategy to achieve this consists of supporting "entrepreneurial" risk-taking through what will be referred to as the "Innovation Seed Fund" specifically designed to allow the set up of innovative financing mechanisms (IFMs) so that the most efficient mechanisms can be selected and replicated within the EF community. A wide spectrum of IFMs will be involved in order to test several promising pathways.

56. Most EFs today work in a context that is by nature inappropriate for taking such risks, which means that they are fundamentally unable to try out innovative systems. Innovation requires investment, time and a certain entrepreneurial risk-taking capacity. EF resources are almost all "signed and sealed" for contractually defined set purposes, mainly covering conservation programme operating costs. What is more, all EFs are –most of the time contractually– invited to keep management expenses to a minimum. This typical landscape prevents most EFs from generating revenues allowing them to invest on new instruments or new human resources.

57. The main principles and characteristics of the Innovation Seed Fund:
    - The Innovation Seed Fund will only be able to co-finance IFM development on an equal footing with the pilot project initiating EF and/or other partners.

- The Innovation Seed Fund will not support efforts to raise capital from conventional sources (bi- and multilateral agencies, debt swaps, except in certain specific cases or when international foundations grant subsidies), nor will it be used to continue to finance on-going programmes. Such programmes will continue on conventional financing while the Innovation Seed Fund focuses on additional resources to cover the cost of new kinds of conservation action.
- The private sector is a preferential target when it comes to obtaining other sources of funding, for instance via CSR investment initiatives or partnerships with EFs to meet their environmental commitments. In recent years, it is true that EFs have designed new services for the private sector.
- Synergies between biodiversity and climate change are sought, in particular on subjects where the two issues are interrelated (strengthening ecosystem resilience, local and national PES, local and national REDD+).
- Neither will the Fund support conventional actions that are purely related to climate change mitigation –particular reference is made to those focussing on reducing GHG emissions, renewable energy or the promotion of energy efficiency– which are able to rely on other financing mechanisms.
- Special attention will be paid to mechanisms associated with marine spheres in order to abide by the conclusions of the Sydney 2014 WPC and the increasing proportion of coastal and marine areas to be considered in biodiversity conservation.
- The financing period (cf. below: Investment phase) will be two years. EFs will have to provide evidence in a pre-viability study of their proposed IFM pilot projects that the mechanisms enable them to pursue the actions started thanks to the seed fund when the financing period is over.
- The lessons learnt from the first project demonstrated that a pre-viability study of pilot projects is necessary in order to reduce the risk while supporting innovation. The framework that was defined consists of allocating at least 10 grants of a maximum of 20,000 US Dollars to cover pre-viability studies and then to select at least 5 IFM pilot projects on the basis of the studies and grant each one a maximum of USD 200,000. Some pilot projects will need less than 20,000 US Dollars for a pre-viability study or less than 200,000 US Dollars to start up the IFM, which will enable a maximum number of IFM projects to benefit from the global project budget.
- Calls for proposals and the selection of pilot projects will be open and fully transparent. The main selection criteria are stated in the next chapters. A budget has been planned for the selection process and for the organization of the Seed Fund.
- The project Steering Committee will be in charge of coordinating the pilot project selection process (cf. Governance). Each member of this committee will be working on a pro bono basis and will only receive coverage of expenses for attending physical meetings.
- Using the lessons learnt from the first project, the structure of this project is scoped so that it targets small funds (small capacities in terms of staff working time) helping them to mobilize their creative potential instead of only supporting larger, older funds who have plenty of staff.

58. One of the core concepts of the Innovation Seed Fund is that it sets down conditions so that the EFs work on innovative financing mechanisms that will be additional to other existing sources of funding:
    - **Innovative financing mechanisms (IFM)** as a supplement to conventional EF sources of funding. This criterion focuses on new conservation financing mechanisms such as PES (including local and national REDD+), biodiversity offsets, cap and trade

schemes, green taxes and green and park bonds, allowing institutional investors to become involved in conservation financing.

- **Mechanisms to create investment instruments to support green economy enterprise.** A great majority of the finance sector has yet to show interest in biodiversity conservation. However, corporate impact-investing is an emerging type of investment. The Seed Fund will co-finance the creation of investment instruments to support the creation of enterprise with positive effects on biodiversity and at least some return on investment.
  The development of an investment tool to support biodiversity conservation enterprise requires a full spectrum of skills and expertise that is new for EF managers. It can also call for specific structures within the EFs that can be difficult to set up especially if the EF is small. In actual fact, the EFs could also decide to partner existing impact-investment funds in order to offer them services to identify local enterprise that deserves support. This kind of approach can be seen as a first step towards impact-investing.
  The levels of risk will need to be properly assessed but it is important to note that the EFs already finance ground initiative without expecting any financial returns. For some EFs therefore, investing on conservation-related green economy initiatives would not be an additional risk, but it would be a promise of potentially significant returns. EFs are in a good position to support new businesses whose concern is to promote conservation.
- **Mechanisms based on complementary economic instruments providing incentive for investment on conservation or the adoption of sustainable practices**. These economic instruments are already widely used in the health and education sectors of development. In the biodiversity conservation sector, they can be defined as mechanisms that aim to change the behaviour of economic agents by internalising the cost of using natural resources.
  The Innovation Seed Fund could co-finance the development of economic instruments that are likely to generate additional resources for biodiversity that would be managed by the EFs. Fiscal exoneration or incentive, tax on pollution, royalties, and conservation easements are a few examples.
- **Mechanisms to render already existing but currently unused conservation finance resources operational.** Most countries have a legal framework for protecting the environment with rules and penalties designed to achieve true protection of natural resources. Such legislation tends to be under-enforced (lack of control structures, corruption or lack of capacities to use the possibilities provided by the legal instruments).
  The Innovation Seed Fund will be able to co-finance mechanisms to collect and re-distribute money so that existing financial resources become operational, namely fines and legally imposed penalties for specific purposes paid to an EF in agreement with the governmental agencies in charge of enforcing the law. It will also be able to manage flows of government royalties (e.g. on oil, national and regional green taxes intended for environmental funding purposes, managed and executed by an EF). The allocation and management of funds arising from legal measures imposing the compensation of adverse effects on the environment (e.g. Brazilian law on protected areas) fall into this category of mechanisms.
- **Other innovative financing mechanisms.** Other innovative mechanisms not applicable at continental or national scales such as green lotteries part or all of which are for conservation, actions of regional scope (regional funds), philanthropic actions, biodiversity auctions (environmental project financing auctions where the highest

bidder wins), etc. Less innovative but also possible, the creation of funds associated with fisheries agreements (such as BACOMAB) or debt-for-nature swaps, which are still new in certain countries but represent less innovative value at continental scale. However a first South-South debt swap would be acceptable. Crowd funding has certain disadvantages pointed out during the first programme, therefore care will be taken in transposing it for the purposes of the present project.

59. This component will be developed in the following stages:

- **Stage 1: From selecting the idea to the pre-viability study**

a) Activity 1.1: Define the organisation, procedures and criteria applicable to the Innovation Seed Fund

The project team will first of all define the framework for each stage in the selection of projects and the mechanism for the administration of the Innovation Seed Fund considering the guidelines in the project document and those set by the steering committee.

The steering committee will be in charge of issuing final approval of the handbook of Calls for Proposals procedure describing the procedure for obtaining funds, eligibility criteria, governance structures and rules, schedules, expected results, investment decision-making criteria, monitoring indicators and measuring frequency, output and reporting.

b) Activity 1.2: Pre-viability studies to back up the proposed IFM pilot projects

The first document assessed, the "IFM Concept Note", will be simple: a form to be completed describing and justifying the idea of the IFM project. Considering the ideas expressed, 10 IFM projects (potential pilot projects) sponsored by the EFs will be selected. As far as possible, a balance will be sought between the CAFE and RedLAC zones but proposed project quality will be the major concern. Each pilot project selected according to the handbook of procedure will receive a maximum grant of 20,000 USD so that small funds, especially African ones, are those to receive support.

Pilot project selection will be based on the following minimum criteria (the list is not exhaustive and will be completed during the project):

i. Degree of innovation (degree of risk and innovation in project criteria: never achieved in the world or in the region, knowledge that it has been used in other sectors, justification of the innovation...)
ii. Level of viability of the project (clarity in the analysis of risk and limiting factors, supporting evidence that reduces risk, institutional integration...)
iii. Additional value added compared to existing situation,
iv. Potential for the EF(s) concerned, potential impact at national and local levels (impact on biodiversity, joint management, relation with climate change),
v. Accurate risk analysis and strategies devised to alleviate identified risk,
vi. Definition of a financial model and outline business plan for the period planned for IFM pilot project funding (2 years) and clarification of arrangements to secure sustainability after the end of the project-funding period,
vii. Clarification of responsibilities and governance of the future project, institutional integration and technical and financial partnerships: the

authorities should, whenever possible, be associated in the thought process to facilitate IFM implementation. All actions on the subject must be justified,

viii. Quality of the rationale for action: objectives, strategy, expected outcomes of the IFM project, challenges and issues raised, results of pre-viability study, activities performed and methods used, people met, risk analysis, identified levels of joint financing, partners in the enterprise and first commitments,

ix. Sense of ownership: the extent to which the EF staff get involved in the pre-viability phase (sometimes small EFs are unable to put a lot of effort into the pre-viability stage) and their engagement in the design phase. This criteria aims to avoid going through with projects that are "off the ground" and not related to the EF staff mobilisation.

x. Social acceptability (information and participation of the general public in the project, cf. indigenous and local communities) and a gender equality (an analysis is conducted to guide the project design).

xi. Deliberately fixed guidelines will have to be taken into account to harness the IFMs at the environmental and social levels (guarantees) as stipulated in Appendix 3 of decision XII/3 of the CBD.

The pre-viability studies will refine the analysis of the potential in each proposed IFM, identify limiting factors, pre-conditions for IFM success and more particularly economic and financial sustainability once the initial investment has been used up. These conditions include, among others, raising additional funds to develop the IFM, legal counsel, support from local partner institutions, assessment of the political environment, strategic planning and project design as well as the collection and interpretation of data.

The pre-viability study will last 6 months as of the selection of the best 10 pilot projects. Consultants may be involved to support the EFs, identify regulatory or institutional limitations or restrictions, etc.

Pre-viability reports must provide detailed information about the context and the institutional and legal constraints, about important economic and social elements to be taken into account and about the alliances needed to start up and implement the IFMs.

With the pre-viability study, the EFs will submit a draft "IFM project" document proving that it complies with all the selection criteria and project output formats one by one.

The project coordination unit and the Steering Committee will define the rules applicable to viability studies showing that the IFM is too complex or impossible to develop: it might be a good idea to allow candidates to propose another innovative project backed up by a pre-viability study to be assessed on the same basis. Such changes in course during the pre-viability stage must be justified and the adjustment cost covered by the beneficiary EF.

c) Activity 1.3: Assess pre-viability studies and select IFM pilot projects

The selection of pilot projects will be based on the following criteria, in decreasing order of importance:

i. Fund raising capacity and leverage effect: financial amount/volume/size: Amount in USD / Euros generated by the mechanism. It is likely that the

higher the amount generated, the greater the positive impact of the mechanism Comparisons with other mechanisms will be appreciated;

ii. Amount invested and rapidity in return on investment: assessment will be based on the ratio between the amount invested to set up and run the mechanism and the revenues it is capable of generating. Comparisons with other mechanisms will be appreciated;

iii. Financial sustainability of the mechanism: the resilience of the IFM over time. Its capacity to earn income that will help finance future projects of a similar nature.

iv. Quality of the business plan: the quality of a simple business plan (budget, spending, joint financing, ...) for the two years and beyond, showing the IFM's capacity to support the leadership of the process well after the financing period has expired;

v. Geographic scale and replicability of the innovation: the priority will be given to environment / conservation targeting IFMs at world scale (mechanisms that have never been tested or that are inadequately represented - e.g. park bonds), then at continental then national scale. Cases must be properly argued.

vi. Ratio between innovation and viability: this will be drawn from the pre-viability study, the aim being to maintain innovative character while asserting a framework for the activities and confirming the adequacy of the resources implemented to achieve the goals set.

vii. Quality, coherence of the project and the pre-viability study: the quality of the study will demonstrate the reliability of the proposed mechanism.

viii. Initiative with acknowledged positive impacts on biodiversity (or the degree of direct incentive for biodiversity conservation): the proposed IFMs must show that their investments will have positive impacts on biodiversity. For protected area projects, the RedLAC impact monitoring system should ideally be used but other proposals may also be utilised. The IFM pilot projects must bear synergies between biodiversity and climate change adaptation / mitigation.

ix. Institutional integration when the initiatives are at national or local scales: confirmation of partner commitments including the authorities (whenever possible), project governance, composition and running of national / regional monitoring committees.

x. Balance between initiatives concerning the marine realm and the terrestrial realm. The growing number of marine environment initiatives means that special attention needs to be paid to EF proposed innovation in this area.

xi. As far as possible, balanced representation of both the RedLAC and CAFE networks in the projects selected. Nevertheless, quality will be more important than geographic location. However, all 5 IFM pilot projects selected for the project cannot all be from the same continent.

xii. Social acceptability and adequacy, considering gender equality, traditional peoples and the culture of the country concerned.

xiii. Additionality: proof that the expected returns on investment would not have been possible without the project.

xiv. Application and evaluation mechanisms that ensure transparency and accountability, and compliance with the appropriate guarantees and other elements as mentioned in the guidelines of the CBD COP12 (Appendix III: Facultative guidelines for guarantees in biodiversity financing mechanisms).

Along with the above criteria, RedLAC experience proves that the following conditions of eligibility must be added:

xv. Only those EFs who are members of the RedLAC and CAFE networks and have fully paid up their membership fees are eligible for funding under the Innovation Seed Fund.

xvi. Only those EFs who have fully completed the forms required before the definition of component 2 on peer-to-peer mentoring are eligible for funding under the Innovation Seed Fund.

xvii. All selected EFs shall provide counterpart funding at least equivalent to the amount requested from the Innovation Seed Fund.

The 5 pilot IFMs selected upon the basis of these criteria shall then produce a detailed project document based on the comments of the Steering Committee. The project document will be associated with the agreements signed by the parties.

All the EFs, including unsuccessful applicants, will receive a justified answer to their application so that they can improve their approach.

- **Stage 2: Support to investment on innovation**

d) Activity 1.4: Implement and monitor the EFs' IFM pilot projects

The 5 successful EF applicants will sign agreements with the project coordination unit mentioning the terms and conditions for implementation, releasing funds, confirming joint financing contributions, monitoring systems and reporting output (see next chapter).

The monitoring system developed by the project coordination unit must include Baseline and monitoring indicators to measure progress towards to the goals set down in the logical framework. Gender indicators should be included in project logframe. These indicators will be mentioned in the calls for proposals. The EFs must also make a commitment to submit six-monthly reports during the project and then at least annual reports after the expiry of the financing period so that the evolution of each initiative can be monitored at a suitable time step; this will provide the RedLAC and CAFE networks with valuable records at longer term (making good use of lessons learnt, case studies, knowledge transfer).

The five selected pilot projects must use the funding within a two-year timeframe. Although past experience shows that two years are hardly enough to set up a new mechanism, the project will still impose a short timeframe in order to speed up the innovation process and to make sure there is time to capitalise on the lessons learnt from the five pilot projects.

- **Stage 3: Assessment and sharing of lessons learnt**

e) Activity 1.5: Assess and share lessons learnt from IFMs

Based on experience gained during the previous project, each EF in charge of a pilot project will be given reporting models for the monitoring of their pilot project, including gender-disaggregated indicators. The results will be presented to the General Assemblies of the RedLAC and CAFE networks, long since committed to sharing knowledge across the EF community.

The project coordination unit must produce an internal evaluation of the process and its results and devise a method for sharing the lessons learnt.

Exchanges between EFs concerning their respective initiatives will be possible during the annual monitoring and evaluation meetings of the Steering Committee. Only a project steering committee is planned. There will be no specific IFM monitoring committee (cf. project institutional set up).

The successful EFs will produce six monthly reports throughout the project and one final report. Every year they will provide evidence of the joint financing contributions to their IFM projects, differentiating promises from confirmed financing and detailing time spent, expenditure, donations and other incoming amounts.

The IFM initiatives will be utilized by recording them as real cases of best practices in the database (cf. Component 3) and broadly shared with the CFA. Beforehand, the mechanisms to be used to make the most of the experience and to share reciprocal information to be agreed upon will be discussed and agreed with the CFA.

60. In summary, the intermediate results / **key expected outputs Component 1** are:
    1.1.1 - 1 mechanism set up to select, finance and monitor innovative financial mechanisms;
    1.1.2 - 10 feasibility studies financed to analyze innovative financial mechanisms;
    1.1.3 - 5 innovative financial mechanisms supported;
    1.1.4 - 30% of RedLAC and CAFE EFs have at least 1 project of an innovative nature;
    1.1.5 - 15% of the EFs in RedLAC and CAFÉ diversified their funding sources;
    1.1.6 - 10 case studies on innovative financial mechanisms are produced;

61. **Component 2: Capacity-building, peer-to-peer mentoring and exchange mechanism (US$ GEF: 158,750; COF: 909,000):** the aim of this component is to promote the sharing of knowledge and best practices among the EFs in order to stimulate partnerships and continue to strengthen the network.

62. The strategy defined to achieve this goal is based on the lessons learnt during the mentoring tested during the previous project. Best practices as defined in the CFA Standards of Practice are the core foundation here. The capacity building strategy is an integrated approach using several tools but it is rooted in the demand from the previous project beneficiary EFs for a workshop based system at the networks' level with a peer-to-peer mentoring scheme and an on-line experience sharing and learning system. Component 2 is therefore the cornerstone of the integrated capacity building strategy, which is the fundamental purpose of the project, and which includes both individual and collective mentoring, conventional workshops to develop best practices, e-learning (component 3), and the utilization of the innovation initiatives and expert knowledge (EF expert database in component 3).

63. EFs highlighted the following key areas where they feel mentoring would be appropriate: monitoring and impact evaluation, financial management, administrative and operational systems, and resource mobilisation. These areas are covered by the CFA Standards of Practice. Many EFs also proposed (particularly African EFs) maintaining physical meetings by means of targeted workshops on current concerns (governance seems to be a subject of unanimity but can be confirmed during the project).

64. Conformity or non-conformity regarding standards of practice will therefore be used as a reference to determine the requirements and capacities for mentoring as well as as an indicator of results for the peer-to-peer mentoring scheme. The list of 52 reference standards validated by the CFA is appended to this document. The participating EFs will be able to calculate to what extent they comply with these standards, then, considering their priorities, decide on medium and long term plans to improve their practices.

65. In addition to the CFA Standards of Practice, the RedLAC impact monitoring methodology for biodiversity conservation will be another supporting block for implementing project activities. The EFs will be invited to use it to produce their impact information as well as within the mentoring scheme. Some of the EFs in the workgroup could be mentors in this area.

66. The characteristics of the mentoring scheme will be the following:
    - Two types of mentoring: individual mentoring and collective mentoring: Beyond its interest in terms of knowledge through action, peer-to-peer exchanges, sustainable learning and network strengthening, individual mentoring (one EF to one EF) may seem restricted in terms of impact (because of the limited number of beneficiaries). Therefore, collective mentoring will also be tested so that several EFs simultaneously can be mentored on the same subject.
    - Facilitating a wide spectrum of possible cooperation from technical assistance (conventional mentoring) to reciprocal exchange of services: mentoring is sometimes a case of a mentor using its own experience to help a mentee, but sometimes it can be an opportunity for more balanced exchanges when each EF is able to provide valuable learning possibilities based on its own area of excellence. Both options are possible and will be justified in requests to take part in the mentoring scheme.
    - Some EFs may spontaneously propose pairs of EFs if they would like to work together.
    - Acknowledging the need of financial support for mentors: All the mentoring scheme participants benefit from the system: mentors acknowledge that preparing their staff and systematizing their experience to teach others about it is also a learning opportunity and a way of developing the skills of their staff as well as informing about their success. Hence they are able to render services and obtain useful recognition for the EF or enhance their professional curriculum. However, preparation time and quality delivery and mechanisms (standardization) require financial support if knowledgeable staff are to be available for others and quality lessons learnt, and if knowledge transfers are to be truly delivered.
    - The need to set a framework for the mentoring activities as a guarantee of quality, harmonized deliveries and valuable use across the network: a framework of procedure, commitments, types of learning media, limits of the expenses that can be covered, knowledge transfer systems and instruments for capitalising on lessons learnt at network scale, etc.
    - Financial involvement of mentees: although the project plans funding, candidates must also accept to cover their own costs of participation to the project and raise the necessary counterpart funding to cover any costs in excess of those covered by the initial grant.
    - Coherence in activities: for example, attention must be paid to language issues to ensure that the tools and media are operational.
    - Focus on a subject (1 limited subject) over time: Mentoring activities must focus on properly targeted needs if they are to draw on past experience in an operational approach (needs, accompaniment, actions, results) with continuous tutoring lasting

several months. Each mentoring action will last between 6 months and 1 year as appropriate.

67. This component will be developed in the following activities:

a) Activity 2.1: Design the integrated mentoring scheme

EF experience of building the CFA standards and the project unit's experience of mentoring and training will be used. In this framework, the secretariats of the CAFE and RedLAC networks and the project coordination unit will carry out the following tasks:

i. Design a CFA Practice Standards & Mentoring form (questionnaire) to assess EF situation, capacities and training/mentoring requirements. It is true that some EFs sometimes find it difficult to assess their own potential as a mentor or their training requirements. This is why the CFA standards are an excellent basis for a self-assessment questionnaire. Indicators and questions based on a transcription of elements produced by the CFA will be systematized. The results of the survey will be used as a basis for analyzing EF training requirements, capacities and degrees of excellence.
ii. Incorporate all the needs for capacity building into an action plan that optimizes the interaction of different capacity building resources (components 2, 3 and 4 in particular) (e-learning, mentoring, workshops, databases...).
iii. Define the mentoring scheme procedure (cf. activities 2.3 and 2.4): this activity will focus on the definition of the mentoring scheme administration mechanism, and formats for applications and reporting, which includes the general guidelines and rules for the technical committee in charge of project supervision.

Rapid set-up of the CFA Standards & Mentoring questionnaire is important for the organization of the project. EF members will be able to fill in on-line forms about CFA Standards at the beginning of Year 1. They will have 2 months to fill them in so that training strategy can be validated during the 2015 General Assemblies of the CAFE and RedLAC networks.

The project team will be in charge of formulating procedure according to the recommendations of the Steering Committee, which will then approve the final handbook of procedures. The Peer-to-peer Mentoring Handbook will describe procedure for joining the mentoring scheme and for selecting mentors and mentees participating in both individual and collective mentoring. It will describe the expected results and outcomes, the monitoring indicators, the commitments of the participants and reporting.

Due to the novelty of the large-scale mentoring approach and the need to harness it from the very beginning of the project, support to the project unit is recommended by means of a consultancy assignment by a training system evaluation expert who also, if possible, has experience of EFs, transboundary networks and e-learning. This external support input could be organized at the very beginning of the project when the mentoring scheme is designed. The expert would at least review the mentoring scheme design and add constructive advice before issuing the questionnaires and publishing evaluation forms. The same expert as the e-learning expert involved in component 3 could be involved by way of optimising the use of resources. The degree

of support will be adjusted according to the needs of the project staff. The expert will work in conjunction with the project coordination unit to define all relevant action plans, procedures and framework documents so that the activity can be launched, implemented and its impacts evaluated.

b) Activity 2.2: Selection of mentoring scheme participants

This process will be developed by the coordination unit and the network secretariats. The final selection will be made by the Steering Committee after initial review by the coordination unit.

Mentoring scheme participants will be selected in four stages:

i. Issue of Mentoring Scheme Application and Requirements form by the project coordination unit: EF strengths and weaknesses, requirements, people involved, etc. This could be included as one of the final parts of the initial questionnaire sent to the EFs. The EFs will declare their requirements and learning objectives. They will be able to ask for help from a particular mentor-EF (targeted declaration) or simply describe their general needs.
ii. Comparison of applications and answers to the CFA Standards & Mentoring questionnaire. Selection of potential mentees and pre-declared pairs of EFs for the two systems (individual and collective mentoring).
iii. Identification of mentors: call for proposals and selection of mentors on the basis of the corresponding candidate EFs' applications. Special attention will be paid to:
    - The coherence of the learning proposal and the experience of the mentor or team of mentors proposed (there are often several people involved within a single mentor EF),
    - The specification of the request and the subject covered by the mentor. In order the curb the natural trend of multiplication in the requests made by mentees, the scope of the mentoring subjects must be precisely determined.
    - The training programme will be consolidated by the mentor but drawn up jointly by the mentor and the mentee; the schedule complying with the set format of procedures must be included.
iv. Selection of mentors and mentees by the Steering Committee.

c) Activity 2.3: Implementation of individual and collective mentoring scheme

After the selection phase, mentors and mentees will be invited to develop a joint final work plan coordinated by the selected mentor. On-line discussion forums will be organised to complete this component so that a broader group of EFs can be involved. Implementation particulars are as follows:

i. Mentee-beneficiary EFs must have fully paid up all due membership fees and be members of the networks;
ii. Everyone must sign a standard agreement stating their commitments, including in terms of answering questionnaires;
iii. The project will provide financial support to cover the direct costs and a grant of 20,000 USD for mentors in consideration of lost work hours. According to the principle of sharing, mentor and mentee EFs will cover all the other opportunity costs.
iv. Mentoring will last at least 6 months.

v. At least two trips will be included, at least one to the mentor's offices to facilitate proper organisation of the mentoring activities. Several EF members can be part of a mentor-team, but a chief mentor will be appointed to coordinate and liaise with Funbio and the mentee EF.
vi. The training tools developed by the mentor must be catalogued and remitted to the project coordination unit to capitalise on the mentoring training materials at network level (the e-learning expert involved in component 3 will be able to determine the appropriate format of such materials).
vii. Mentors will produce reports after each visit and regularly update the project coordination unit and network secretariats concerning progress. Mentors and mentees must produce a final technical and financial report detailing the time spent on mentoring and expenditure. If the mentoring lasts more than 1 year, annual technical and financial reports will be issued.
viii. In the case of collective mentoring, the tutor will present appropriate methods for work to be accomplished during visits and via electronic communication systems. Visits will be organised to the main mentee's offices at the same time as other collective mentoring beneficiaries interested in the same subject. Only small groups are possible: no more than 6 or 7 people (5-6 additional EFs) in addition to the main beneficiary EF's personnel will travel during these visits. The mentor will provide practical support to the main mentee during the visit and hold discussions with each of the other EFs present (individual and collective work). The mentor will then provide on-line support to the main mentee and to the other mentees (in a form to be defined in the initial scoping definition). All of the mentees will exchange information via on-line forums created in the frame of the project under the leadership of the mentor EF. This will facilitate mentee peer-to-peer support and stimulate the transfer and use of best practices by propagating the mentoring effect among several EFs. Focus on a well-defined subject and possible additional input will be clearly mentioned.
ix. Existence of a monitoring and evaluation system set up at the very beginning (cf. activity 2.4).

d) Activity 2.4: Evaluate and communicate on the mentoring scheme

The monitoring and evaluation system will be defined and put in place by Funbio and the network secretariats. It will be validated by the project steering committee.

At the beginning of the task a questionnaire to define requirements and expectations, followed by a satisfaction and impact evaluation survey form at the end of the mentoring (before the external evaluation) will be produced and the survey results centralized.

Project progress results will be shared among the members of the network during annual general meetings.

The monitoring indicators will be simple and well-targeted, quantitative and qualitative indicators. They will be associated with the learning objectives, the expected results, the number of exchanges and contacts taking place between the EFs, the difficulties encountered, the products developed, the time spent, transport and other expenditure, the direct and induced effects on both mentees and mentors and on the EFs respectively (replication, implementation, ...) and the lessons learnt for future

mentoring activities. The indicator monitoring chart must include a conventional set of satisfaction criteria for the various components of the mentoring.

Mentoring materials will be kept on record and centralized at the level of each network. They will be shared within the networks to optimize the transfer of knowledge and replication.

A final report on the mentoring scheme will be produced by the project coordination unit and its executive summary will be included in the final report of the project.

e) Activity 2.5: Monitoring of the use of M&E methodology measuring and monitoring

EF impacts on biodiversity, continued thought about EF related M&E, capitalising on lessons learnt
This activity is designed to ensure the continuity of the work of the technical group that developed the methodology to monitor the impacts of EFs on biodiversity conservation and to transfer experience. Some of the EFs who used the methodology accepted to provide feedback and ground data results in order to encourage a broader group of EFs to adopt the method. This continuity is important to provide mentoring to EFs that did not take part in the workgroup but want to take part in the project. The activity will be based on promoting opportunities for the workgroup to meet and reporting on progress.

A consultant will be called in to support the workgroup on other important issues related to EF activity monitoring and capitalization indicators related to issues addressed by each network (the expert will be selected according to the subjects involved). Several subjects are being studied within the workgroup: methods that include both PA/MPA monitoring and management efficiency, creation of a method to measure impacts on marine environment biodiversity, other simple indicators related to EFs and PAs/MPAs, and support to test new methods. Concerning the marine environment, the expert will have to be an ICZM expert or have experience of planning and the efficient management of MPAs if he/she is to devise simple, operational indicators.

f) Activity 2.6: Creation of capacity building workshops with priority to the CAFE zone

The idea is to organize four similar workshops of a similar form to those held under the first project on subjects of interest to the CAFE network, which is to receive support as a priority because it is relatively young. The members of the RedLAC network will also be able to take advantage of all the workshops. Between 2 and 3 workshops will be held in African countries.

The monitoring system will be based on experience from the previous project. Questionnaires distributed at the beginning and at the end of the workshops and a post-workshop survey at the end of the project will gather the lessons learnt and measure the impacts of the workshops.

68. In summary, the **intermediate results / key expected outputs of Component 2** are:

2.1.1 - At least 16 EFs involved in the mentoring activities: 8 individual mentoring activities (pairs) and one web discussion forum exists; 2 groups connected in collective mentoring;

2.2.1 - At least 6 to 8 EFs use and improve the methods established during the first project on one site or MPA;
2.2.2 - At least 2 to 3 EFs improve their integrated monitoring system;
2.2.3 - 4 capacity-building and exchange workshops have been delivered, including publishing of guides or case studies.
2.2.4 – Gender balance is achieved in the participation of men and women in the component 2 activities as a whole (50% men and 50% women).

69. **Component 3: Communication and databases: strengthening the networks and transfer of best practices (US$ GEF: 76,250; COF: 405,300):** the aim of this component is to document and share information on EF performances and to capitalise on EF experience in an e-learning system to complete the capacity building mechanism (cf. component 2). The RedLAC and CAFE networks intend to build tools that will be useful beyond the life of the present project by improving the RedLAC and CAFE organisations' ability to record best practices and replicate them.

70. The strategy adopted relies on consolidating tools for centralising information (data bases) at network level in order to develop an e-learning tool disseminating best practices and sharing successful experience within the EF networks. During this project, special attention will be paid to setting up a common framework to formalise lessons learnt and sharing experience on conservation financing.

71. Although the previous project gathered some 30 case studies in its training workshop handbooks, those studies do not reflect the real scope of the innovations developed by the EFs and the methodological approaches make it impossible to replicate and disseminate the information.

72. On a broader basis, it is also time to start to consolidate appropriate information technology tools to take up the strategic challenges of communication within the CAFE and RedLAC networks (internal information, training, centralising useful information, etc.). A specialised IT & Communication consultant will be employed on the activities in this component throughout the project but will provide particular support when the first Baseline results are produced (cf. component 4: end of year 1 and beginning of year 2). This consultant will also assist component 2 activities to build the tools required to centralise project output. He/she will be able to rely on the expertise of the internal staff and the staff in charge of managing the RedLAC and CAFE websites.Additionally, CONDESAN has established contact with the Sustainable Wetlands Adaptation and Mitigation Program (SWAMP), which is a collaborative effort by the Center for International Forestry Research (CIFOR), the USDA Forest Service (USFS) and Oregon State University with funding from the US Agency for International Development (USAID). Acknowledging that most countries do not have sufficient information to include wetlands in their national reporting nor to develop plans for avoiding GHG emissions from wetland degradation, SWAMP is developing robust scientific approaches and methodologies to account carbon stocks in peatlands. Collaboration with SWAMP will be useful for the project to generate relevant knowledge to policymakers and practitioners regarding the sustainable management of wetlands in the face of changing global climate and livelihoods.

73. This component will be developed in the following activities:

    a) Activity 3.1: Design tools to capture best practices for an on-line mentoring (e-learning) system

The idea is to produce an on-line handbook of methods and frameworks for documenting, storing and sharing best practices in the realm of conservation finance. At the same time, database development strategy will be developed in full coherence with the objectives of components 2 and 4. This activity is intricately linked with activity 3.3.

b) Activity 3.2: Identifying and sharing best practices

The project will call for proposals in order to select "best practices" by main EF-specific theme. The proposals selected will be incorporated into a database and shared over the Internet. The project committee will be responsible for selecting best practices on the basis of criteria defined after a preliminary review by the project coordination unit based on the same criteria.

The EFs will not receive compensation for their staff time spent on documenting best practices. It is considered as an investment on institutional communication and the project team will support the EFs in preparing their case studies and disseminating them.

Each year, best practices will be shared at network level. At least 6 case studies from the first project will be used.

c) Activity 3.3: Design, develop and maintain a data base and the on-line mentoring/training system

This activity will focus on the design of web tools to share the case studies in a friendly, easily accessible manner. RedLAC already has an on-line platform that will be developed to include the best practices sharing system.

The aim is to set up an integrated data base system to capture the experience of the previous project while meeting certain other needs for the benefit of the EFs in general:

i. An A to Z of EF Solutions database for on-line training: activities 3.1 and 3.2 will enable the filing and classification of best practices experience in an A to Z of EF Solutions database. This data bank will be a first support for an on-line mentoring test associated with the Expert database. The A to Z EF Solutions database will be developed as a new module in the existing platform that was created under the first project.
ii. Expert database: The results of the analysis of areas of excellence of CAFE and RedLAC member EFs (component 2) can be usefully transformed into an Expert database highlighting people belonging to EFs or known by the networks as well as the EFs themselves (institutions). Classification by main area of specialisation will also facilitate exchanges among EFs and the integration of new arrivals (forums, etc.). Internal on-line sharing within the networks will also allow the EFs to fill in profiles and improve the database structure. The information can then be widely disseminated and the EF members can add to it.
iii. An EF Typology / Activity & Project Indicator database: work carried out under component 4 Baseline of EF Typology/Activities + Project Performance Indicators of this project (cf. Appendix - Logical Framework)

will be the basis for this database. The aim is to develop the first information centralising structure to be used for internal communication and external institutional communication by the RedLAC and CAFE networks using the information produced during Year 1 (architectural outline) and during Year 3 in the updating of the Baseline description and assessment of project monitoring indicators.

RedLAC and CAFE both have websites that will be able to use the interface. The information platform will also interact with other EF web tools such as the CFA toolkit and library for EFs.

d) Activity 3.4: Dissemination of data bank and best practices case studies

In addition to the on-line data bank, the project will publish and disseminate EF success cases and contributions to conservation financing at major forums and international events.

A first publication covering the cases identified during the first RedLAC project is being prepared from web sources and several publications.

The new database will build on this first publication of contents, enhancing the resources of already identified practices and adding new cases, as well as adding functionalities and interactive tools. This is a joint effort of both networks.

The agreements with the CFA described in component 4 will clarify the procedures for sharing and exchanging information.

74. In summary, the **intermediate results / key expected outputs of Component 3** are:
3.1.1 1 Strategy and action plan for the database and e-learning training mechanisms is elaborated;
3.1.2 EFs database is operational, building on the contents developed and incorporating e-learning tools;
3.1.3 Annual presentations of the database in international events (CBD COPs, IUCN congresses, RedLAC and CAFÉ Assemblies) to promote replication worldwide.

75. **Component 4: Institutional capacity-building for the RedLAC and CAFE networks and their enhanced sustainability (US$ GEF: 23,240; COF: 758,750):** the preparation phase of this project showed that institutional strengthening was not only highly advisable but also essential to adequately underpinning the achievement of the first three original components. In this context, an additional crosscutting component on institutional strengthening of both networks was developed to improve the project's impacts.

76. The aim of this component is to consolidate the functioning and the sustainability of the RedLAC and CAFE networks in terms of communication, institutional integration, monitoring and characteristic features, and in terms of sustainable financing to cover the leadership of each of the networks. The strategy is based on the excellent cooperation that exists so far and the importance of maintaining synergies and strengthening bonds between the EFs on each continent. It is also based on using the experience of the RedLAC network (governance, economic model, leadership) and taking into account the differences of the two networks and their needs to plan ahead over the long term.

77. The RedLAC network, although it was structured a long time ago, is aware that expectations and needs change (donors, members, sources of financing, etc.). Compared to other international networks, its economic model is original and interesting: large-scale savings and taking turns for responsibility (secretariat). However, it is a fragile model that depends on the projects funded by international donors. This component aims to assist internal thought on network sustainability by providing support to revise strategy, a test on the sustainability of the network's financing and by characterising the network in a Baseline description.

78. Although the CAFE network has been able to considerably reduce its inexperience by adapting the tools and practices already developed by RedLAC, it is still a young network and requires support. The two networks have similar concerns because the EFs revolve around the same activities. According to the previous project evaluation, the main differences between CAFE and RedLAC lie in the maturity of their member EFs, which will gradually be balanced out. On the other hand, some features are specific to the African network regarding transboundary network leadership: a lack of strategy because CAFE is still in its early days, communication problems (infrastructure, interrupted connections affecting telephone meetings and video conferencing), high transport costs, language both French and English being present and necessitating translations, and a greater need for physical meetings.

79. Both of the networks comprise member EFs of variable maturity (some are young funds or have very little staff while others are long-standing establishments) and organisation. The EFs on both continents have a lot in common, which means that they can develop mixed workgroups.

80. Activities under this component will focus on strengthening the CAFE network at all levels, maintaining acquired bonding and facilitating links with conservation finance institutions (CFA, BBOP, large NGOs...). It is divided into five main activities:

    a) Activity 4.1: Establish additional baseline description of the RedLAC and CAFE networks and the project to allow future measurement of network and project evolution.

       The EFs in the two networks support very varied activities that tend to be more and more diversified in the same manner as funding, EF strategies, origins and innovation capacities. Some activities focus on PA and MPA management while others deal with urban areas, water management, climate change related operations, reducing harmful emissions, green energy or different subjects such as community development (joint management, peripheral zones around natural parks, resource management actions, etc.).

       The goal is to establish a better understanding of the activity of each EF and project results. It will thus be possible to measure evolution in their areas of activity (innovation, change, stability, etc.) as well as to measure the results of each of the project components at the end of the project. The methods developed will enable long term monitoring to be set up, managed and coordinated by the EFs and the RedLAC and CAFE networks. By producing this additional data description at the beginning of the project and an updated panorama at the end of the project, it will be possible to highlight the instruments' capacities of producing information, their limitations and how to optimise the indicators used for the medium and long term.

       Thus two kinds of descriptions will be drawn up:

i. A study of EF Typology / Activities: this will draw on simple descriptive indicators relating to EF types and the evolution of the activities they support, including the changes in their roles beyond financial and technical support to PAs and MPAs: typology of activities by large family, the amounts of financing previously and currently allocated to the activities, the number of staff working on them, etc.
ii. A group of indicators of Project Performances & Monitoring: project objectives and outcomes, based on results indicators (cf. Logical Framework), the situation of the EFs in terms of project activities in the fields of innovation, mentoring and capacity-building, on-line and communication tools, databases, compendium of best practices, interactions and exchanges between EFs, leverage effects from innovative activities, the financial sustainability of network activities, documents produced, etc.

Several stages must be completed in order to produce the baseline descriptions and set up the monitoring system:

i. Definition of indicators by the technical project monitoring committee, with support from the project coordination unit, the RedLAC and CAFE secretariats and volunteering EFs at the beginning of Year 1. Partial inspiration can be derived form the approaches described in the report containing the conclusion of 15 years of practice for the RedLAC network and the experience of other transboundary networks. Special attention will be paid to the indicators for measuring the results index for component 1;
ii. Produce an on-line form so that each EF can fill in details about itself for each indicator;
iii. Compile the results of the questionnaire into a graph-illustrated report containing overall and network summaries and reviews. The report will emphasize prospects and lessons learnt in terms of methodological optimization;
iv. Using this basis, refine the method in Year 2: develop improvements to the system so that by the end of the project the mechanism obtained is dynamic, operational and long-lasting;
v. Another on-line survey questionnaire in Year 3 to measure progress, describe the achievements of the project and its effects; a report describing the new situation compared to the baseline situation will be drawn up before external evaluation. It will present conclusions, the optimization of the mechanism, lessons learnt and prospects in terms of network monitoring;
vi. A summary of the results will be drawn up for dissemination at international forums in order to showcase the situation of the networks and the results of the project. It will comply with the rules for donor visibility defined with the financing bodies.3.1: Design tools to capture best practices for an on-line mentoring (e-learning) system

b) Activity 4.2: Test sustainable financing mechanisms for the RedLAC and CAFE networks' recurrent, present and future regional activities

To date, despite its strategic assertions, RedLAC has not yet developed a mechanism to secure financing for activities like those concerned under this project, which are recurrent activities for transboundary network leaders. For the moment, these activities and financed by conventional international donors. The probable decline in

such financing has already led other networks to engage in think-tanks and to set up trust fund type mechanisms to support regional action.

The EFs are familiar with all the financial mechanisms available. This makes it easier for them than for other networks to develop coordinated initiatives towards stronger, sustainable financing for their recurrent leadership activities.

This is why it is planned to use the capacity of RedLAC and CAFE to stimulate innovation in this area through:

i. Support for two CAFE-RedLAC mixed working group meetings on the subject: their aim will be to define the best strategy for each organization (identification and scoping of needs, analysis and viability of relevant financial mechanisms) and above all, to select which "test financial mechanism" is to be developed. An appointed EF or a group of EFs will be in charge of carrying out the test.
ii. A grant of 20,000 US Dollars per initiative will enable one mechanism from RedLAC and one from CAFE to be tested (total: 2 different initiatives); the first actions can be engaged and joint funding can be raised for the test phase. The goal consists of initiating and starting up a sustainable financing mechanism. The members in charge of developing the respective mechanisms will focus on ensuring that funding is available throughout the entire life of the project. At the end of the project and for each network, they will draw the appropriate conclusions concerning lessons learnt and prospects for the whole community.

Monitoring criteria (finance, reporting) will be defined by the project coordination unit.

An appointed EF or a group of EFs per continent will be in charge of carrying out the test. The executive committee will validate the selection and carefully follow up this activity in conjunction with the secretariats.

Progress and results will be recorded during the networks' General Assemblies and at steering committee meetings.

At the end of Year 1 at the latest, a report will be issued justifying the selection of the best mechanism. At the end of the project a final report from each network, produced by the appointed EF, containing the results and lessons learnt. A consolidated version of the overall lessons learnt at both network levels will be included in the final report of the project.

c) Activity 4.3: Draw up (CAFE) and update (RedLAC) network strategies and business plans

The evaluation of the previous project pinpointed certain weaknesses and possible improvements in strategic documents. On this basis, the project will finance the work of a consultant to accompany the CAFE network so that it can draw up its strategy for a 5 to 7 year period. RedLAC strategy will be directly revised by the Executive Committee.

In each of the strategies, the definition of the financial models will be based on the input from the Financial Sustainability Workgroup (cf. Activity 4.2). A business plan will detail all the costs of the strategic directions and the medium and long term sustainable financing strategies that will finance network activities. An operational financial sustainability plan will be drawn up in order to anchor the activities initiated under this project in a long-term framework. The strategies will be finalized during year 2.

d) Activity 4.4: Strengthen the functioning of the CAFE network

The recent creation of the CAFE network explains some of its difficulties to finance network leadership. Therefore, in order to consolidate its ability to continue operating as a network, the project will finance the cost of the 5 meetings of the Executive Committee planned during the project and support to the executive secretariat (work placements, occasional support) which is at the moment run from the Tany Meva Foundation.

Internship will be mobilize to support CAFÉ secretariat.

In addition, summary and communication documents will be produced in the two main languages spoken in Africa (French and English), and the CAFE network website will be revised and improved throughout the project.

e) Activity 4.5: Improve cooperation and exchanges between CAFE and RedLAC networks and between the two networks and Asian EFs and the CFA

The members of the two networks attend their respective General Assemblies thanks to external funding to cover certain travel expenses. These venues for exchange are very useful to both networks. Coverage of travel expenses for 10 members is therefore planned each year (5 from CAFE and 5 from RedLAC). The same will apply to at least one representative of the Asian EFs per year within the limits of the budget available, to allow them to attend CAFE General Assemblies. TFCA study budgets already finance travel for Asian EFs attending RedLAC General Assemblies.

Along other lines, smooth operation of both networks is also related to the bonds they have woven with their partner institutions, in other words conservation financing stakeholders. RedLAC and CAFE have thus made contributions to CFA standards for EFs and some of the CFA members made huge contributions to the creation of CAFE. The BBOP groups and members develop initiatives and ventures. The acknowledged functions of the CFA such as venture capital, innovation and knowledge transfer are similar to those of network leaders such as the RedLAC and CAFE network secretariats. There can be no question as to the legitimacy of both. While there is a lot of complementarity between these organizations, there are also many risks of duplicating activities. A memorandum of understanding will therefore be signed during year 1 between RedLAC, CAFE and the CFA to clarify roles, activities, and complementarity, rules for communication and visibility, and conditions for sharing information. It will safeguard the conditions for long-term cooperation.

81. In summary, the **intermediate results / key expected outputs of Component 4** are:

4.1.1 - 2 studies produced on networks situation with an indicators system (Year 1 and Year 2);

4.1.2 - 1 strategic and business plan for RedLAC produced;
4.1.3 - 1 strategic and business plan for CAFÉ produced;
4.1.4 - 1 working group of RedLAC and CAFÉ created to discuss financial sustainability of the networks (gender participation balanced in 50% men and 50% women);
4.1.5 - 1 mechanism tested in each region for generating resources for the networks;
4.1.6 - 1 MoU between CFA and the two networks clarifying complementarity and rules for communication signed;
4.1.7 - At least 10 CAFÉ/RedLAC members per year supported to attend the networks' General Assemblies (gender participation balanced in 50% men and 50% women);
4.1.8 - At least 1 member of the Asia-Pacific region supported to attend the CAFE General Assemblies.

3.4. Intervention logic and key assumptions

82. The foundation of the intervention logic of this project is aimed at delivering globally important benefits based on the increase of funding to reach conservation priorities, providing more creative financial mechanisms that are required to achieve the Aichi Targets. The starting point in the intervention logic is that a set of barriers difficult that Environmental Funds design and implement innovative financial mechanisms and other solutions to diversify and increase their resources bases. These barriers include the lack of resources to risk in innovations, knowledge gaps, institutional mechanisms that need to be enhanced, among others.

83. Overcoming barriers will include the Innovation Seed Fund, to leverage resources for feasibility studies on innovative financial mechanisms; an EF-to-EF mentorship program, which will have as one of the references the CFA Practice Standards for EFs; a knowledge database, which will systematize the experience accumulated by the EFs community, both in success cases and failures; and the institutional strengthening of the EFs' networks, RedLAC and CAFÉ, as a way to promote the connectivity among the EFs.

84. The project Theory of Change is illustrated in Appendix 18. The project 4 components described above reflect the strategies adopted to overcome the identified barriers.

85. The success of the project also assumes that the proactive participation of the EFs, particularly directors and technical staff, is indispensable for project implementation. Critically important is the assumption that they will dedicate time to prepare innovation and mentorship projects, as well as to systematize their knowledge and experiences.

86. At the center of EFs ownership goals espoused by the project is cost sharing and shared responsibilities. Resources invested by the EFs make up a large part of the project budget. the in-cash and in-kind co-financing for this project by the network members is substantial and the scope, scalability and sustainability of this project is based on the assumption of the availability of these funds. RedLAC and CAFÉ Secretariats, Presidents and Executive Committee members will play a key role implementing and monitoring the project progress.

87. Key assumptions for the project are:

a) no international financial or environmental crisis that may affect the implementation of the innovative mechanism;.
b) EFs have access to high quality internet connection;.
c) National and international regulation continue to support the implementation and the development of EFs;.
d) Strong motivation and commitment from RedLAC and CAFÉ's leaders..

3.5. Risk analysis and risk management measures

88. Measures taken to improve project sustainability are given in Section 3.8. Risks that affect project sustainability over which the project has little or no control are summarized in Table 3 below. Possible mitigation strategies for these risks are also mentioned.

Table 3. Risk factors and possible mitigation measures

Risks	Level (estimation)	How to attenuate risk
Project financing: Decline, due to change in the Dollar/Euro exchange rate	**High**	In Sydney, the exchange rate announced was 1.25 US Dollars per Euro (IUCN WPC 2014). In December 2014, it fell below 1.24 USD/1 Euro and on 10 January, it was at 1.12. Parity is now widely contemplated. A precautionary rate should be applied when the contract is signed. It could be 0.1 Euro below the current exchange rate in order to secure the financing, or it could be maintained on a 1:1 parity basis like in the previous project, which would leave a safety margin that could be used to handle contingencies.
Component 1:		
Implementation of innovative projects only focussing on climate change	Low	The answer to the STC's questions states the measures engaged. Presence of a biodiversity expert on the steering committee would be an advantage
Selection of projects that are not innovative or represent poor leverage and little possibility of replication	Moderate	Structure of proposed selection criteria is a warranty of innovation and selection of projects with highest leverage potential
Absence of institutional and socio-economic integration of the projects selected (lack of sustainability)	Moderate	Innovative projects' institutional integration to be confirmed by viability studies and written pledges from partners, including the authorities
Counterpart fundings are insufficient, i.e. less than expected or not matching with EF propositions	Moderate	The previous project proved that counterpart contributions were sufficient. Guarantees based on specifications contained in the handbook of procedures will be requested before allocating funds The procedure will explicit the need to break down co-financing contributions into "real" funding and staff work time. Real co-funding is preferable for the IFM projects
Small EFs cannot take part in innovative projects	Moderate to high	The funds to support project formulation will put the smaller EFs on equal footing with the larger ones regarding innovative project formulation
Component 2:		
Incomplete frameworks and procedures for mentoring and the monitoring of mentoring, results and impacts at the beginning of the project leading to poor potential to define impacts,	Moderate to high	Development of indicators and questionnaire based on CFA standards Self-assessment at the beginning of the project and additional questions in a framework based on experience E-learning expert in Component 3 to review these elements to ensure that the training mechanism is the best in the circumstances

Risks	Level (estimation)	How to attenuate risk
induced effects and lessons learnt at the end of the project		
Certain mentors fail to fulfil their commitments at some stage in the project	Medium	Frameworks set for procedures and commitments. Restricted number of mentoring activities so that the mentors are not submerged by the demand
Members who are not beneficiaries of the mentoring scheme complain of a lack of support	Low	Workshops maintained, web platforms facilitate exchanges among EFs
Component 3:		
Too complicated to fill in on-line questionnaires Data bases not documented	Moderate to high	Project coordination unit presents the approach at the General Assemblies to clarify the benefits and the networks' internal strategy Participating EFs get a reduction on their annual membership fees Frequent reminders and data collection often requested by the members
Component 4:		
Non-commitment of EFs in proposed mechanisms	Low to moderate	Design of project and of this component subject to lengthy discussion beforehand. Project reflects the compromises made.
Political disorder in the CAFE secretariat host country affects project development	Low	The strong involvement of the CAFE executive secretariat has already made it possible to adjust to political problems or changes of President
Deterioration of bonds between the networks and the CFA	Medium	Synergies between the two institutions and the presence of CFA members within the networks, as well as the presence of the members of the RedLAC and CAFE networks within the CFA, reduce this risk Signature of memorandum of understanding will optimise relations.
Organisation and management.		
Work overload for coordination unit and steering committee during year 1 because of methodologies and procedures to be established for each component	Moderate	The members of the steering committee need to be actively involved; they will be aware of the specifications and schedule from the start of the project. Support from identified consultants should relieve the steering committee. Involvement of the e-learning expert to provide support when assessing the quality of the mentoring scheme M&E system and reporting. Support from the EF and Funbio personnel and from the secretariats is operational during the peak period.
Staff overburdened with work at certain times of year e.g. end of year, General Assemblies, etc.	High	Full time project coordinator benefiting from support from the secretariats and Funbio in-house services able to deal with heavy workloads during such periods. Support from the EF and Funbio personnel and from the secretariats is operational during the peak period.

3.6. Consistency with national priorities or plans

89. 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.

90. 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.

91. 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.

92. 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).

3.7. Incremental cost reasoning

93. 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.

94. 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.

95. 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.

96. It will also allow that the RedLAC methodology for impact monitoring can continue to be developed to be applied by EFs. Progress need to be made in implementing the methodology and in adapting it to marine areas.

3.8. Sustainability

97. EFs have been recognized as one of the most efficient mechanisms for ensuring long-term support to 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 broad spectrum of stakeholders in the implementation of these programs.

98. Groups such as the Conservation Finance Alliance (CFA), which gather the main funders of EFs at the international level and other NGOs interested in conservation finance, have produced studies to analyse and highlight the effectiveness of EFs. For example, since 2006 the CFA assesses EFs' performance in their investments and publishes yearly a report on asset management by EFs proving that their financing is sustainable and they are able to implement secure investment without compromising the positive effects on their investment capital despite recent stock exchange crises. Other studies and tools have been developed under the auspices of the CFA, such as the EF Toolkit, an online platform of strategic and operational documents produced and shared by EFs, and the Standards of Practice for EFs, a much-awaited compendium of standards among the donors who support EFs in improving their practices.

99. Moreover the innovative pilot projects from the previous project show that the EFs continue their innovative action when the funding has expired due to the fact that the initial funding was significant and that it is a much longer process to actually achieve the expected results. The workshop evaluations also demonstrated the ability of the EFs to extend and transfer knowledge about best practices at longer term. 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. By contributing to

EFs to have diversified and increased resources, this project will contribute in furthering innovation, sustainability and scaling up of EFs. 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.

3.9. Replication

100. The demonstrative nature of the project lies in the Innovation Seed Fund. The project will put new conservation financing mechanisms to the test and ensure that the results obtained are broadly disseminated. The extensive detailed documentation produced from these case studies, available thanks to the Environmental Fund Database component, will make it possible to replicate successful cases and to shorten the learning period by sharing information about cases of success and failure. Those mechanisms that prove to be financially sustainable, viable in ecological and environmental terms and acceptable in their social and cultural settings will be considered to be a success.

101. Annual evaluation and recording of all the lessons learnt throughout the project as well as the communication of the results to all the members (during annual general meetings) and to the public (websites, international events, etc.) will make sure that all the achievements of the project are shared.

102. Moreover, it is one of the officially assigned duties of RedLAC and CAFE to share experience and build on the capacities of their members. The emphasis thus placed on sharing experience and reproducing innovative financial mechanisms in new situations and in different countries will provide the core outcomes of this project. By using examples of experience that have been successfully tested as pilot projects, the project aims to tangibly confirm innovative concepts having embodied them in pilot projects thus maximizing its repercussions on biodiversity. 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).

3.10. Public awareness, communications and mainstreaming strategy

103. The project will work to mainstream project findings into the conservation finance community work programs. This will be done by presenting yearly achievements and lessons in both RedLAC and CAFÉ General Assemblies, as well as presentations in international events, participation in seminars and training events, which may target decision makers at national, regional and local levels. Conservation finance specialists will also be invited to review the experiences systematization.

104. The project will prepare and distribute materials in three languages (English, Spanish and French) which will be available in the Internet, for free use and download at the networks' websites, as well as other partners' websites, such as the CFA website or Funbio's website. It is expected that other EFs and the broader conservation finance community will use the training materials, cases and reports to adjust their strategies.

3.11. Environmental and social safeguards

105. The project has been designed to have positive environmental and social impacts by indirectly increasing the amount of resources mobilized and disbursed by EFs. The project aims to facilitate dialogue among EFs and strengthen their practices. During the project design, direct consultation with key stakeholders was carried out taking into account the concerns and needs of project partners and beneficiaries. Increased capacity building targeting technical staff will be an essential strategy to increase positive impacts. A participatory planning approach is being used to identify needs of key stakeholders and articulate them to disseminate lessons learned to replicate actions.

106. It was observed a good gender balance in the participation in the activities of the previous RedLAC Capacity Building project, having 49% of women participation and 51% of men. When data is disaggregated by region, considering only the African participants, the gender participation was 33% of women. This number in the LAC region was 60%. If data is analyzed by position, we again can observe a good balance. In the directors or board members group, 40% are women, while in the technical staff group 56% of participants were women. By this analysis of the previous project, there is a good balance in the participation of men and women in the networks, with a slight unbalanced situation on number of African female participants when compared to African male participants. This new project aims to achieve a balanced participation of men and women in all activities and will adopt proactive approaches to ensure that participation is 50% of men and 50% of women. The project will promote gender equality by keeping an updated and complete database of contacts of the member Funds of both RedLAC and CAFÉ in a way all communication of project activities can reach not only directors of the Funds but also staff members (in the case of Africa, the majority of women working in EFs are not in the director position, but are staff); the project will also use criteria for selecting beneficiaries of travel stipends that prioritize women; the project will keep updated disaggregated data on participation in a way it is possible to observe gender balance and reinforce it if needed.

107. The project will also put in place a monitoring and evaluation system to assess project impacts and provide timely feedback on project implementation and performance. This will

enable the implementation team to strengthen in practice the outcomes. Lastly, the project will comply with the legal framework in each country.

SECTION 4: INSTITUTIONAL FRAMEWORK AND IMPLEMENTATION ARRANGEMENTS

108. Institutional framework: Project internal and external structure diagrams are presented in Appendix 10. GEF has designated UNEP as the implementing Agency for this project following requests by RedLAC and CAFE. To build on the lessons learnt from the first project, RedLAC and CAFE decided that this project should also be administered by Funbio, the Brazilian Biodiversity Fund.

109. Neither RedLAC nor CAFE has legal entity status. Both networks decided not to create an independent structure to administer network activities. Their secretariat is always hosted within one of their member EFs, namely for RedLAC Fondo Accion and the Tany Meva Foundation for CAFE. Both networks have adopted the principle of one of their member EFs hosting their secretariat on a rotational basis, the term being two years, renewable for two more years. However, both networks have their own official "internal rules" approved by their annual general meetings. These rules contain the terms and conditions of network functioning, governance structure and principles. Due to this format, individual members assume responsibility for different activities of the networks, signing contracts and managing resources on behalf of the network. They report back to the Executive Committees and to the Annual General Meetings of the networks.

110. **Implementation arrangement:** The project managing agency is Funbio (the Brazilian Biodiversity Fund). Funbio will therefore be party to the project cooperation agreement with UNEP and is accredited to receive the GEF grant. Funbio managed the previous RedLAC Capacity Building project. Since its creation in 1996, Funbio has managed approximately USD 450 million, supporting some 180 projects and about 275 protected areas. Funbio and its supporting services for coordination are described in the Appendix 22.

111. There will be one full time coordinator assisted by Funbio's supporting services (legal counsel, administration and finance, procurements, IT, communication...). He/She will be in charge of the project and work in close conjunction with the CAFE and RedLAC secretariats and executive committees, the same as for the previous project.

112. The coordinator profile is someone who is highly involved in Funbio's operation, with working experience in conservation and communication, networking and project management. This person will liaise with the networks, including the contact with the CFA, the Asia-Pacific network and others. Funbio's administrative departments provide various in-house services and involve several members of staff for recurrent Funbio activities. These people will provide backstopping from headquarters to the project and project coordinator. For example, the legal counsel department will assist on aspects related to hiring consultants and operational handbooks; the communication department will assist with the organization of seminars, the production of toolkits, and the sharing of best practices; the finance department will help with reviews of financing for donors and using the appropriate formats; the IT department will assist with the e-learning and mentoring scheme and clarify the IT scoping aspects developed during the project.

113. The project coordination unit will serve as secretariat for the project committee; it will produce a monitoring system right from the start of the project and implement it after validation by the committee.

114. The RedLAC and CAFE secretariats will be in charge of the following tasks:
    a) Communicate information about the project to the members (invitations, calls for proposals, etc.);
    b) Mobilize and collect input from members during assessments and surveys;
    c) Jointly organize project activities when Annual Assemblies are held;
    d) Update project related information on the respective websites;
    e) Coordinate strategic planning with the networks' Executive Committees and take part in implementation, among others.

115. **Supervision arrangement:** the project will be supervised by a Project Committee in charge of parts of monitoring and evaluation and technical supervision of project implementation. It will also arbitrate and validate procedures and the selection of innovative projects, etc. This technical role has already proved its efficiency in the previous project.

116. It is highly recommended to include donors on the Committee as well as experts in areas such as investment, business development and biodiversity. The Committee will be composed of up to 9 members, as follows:
    - one RedLAC representative: a member fund Executive Director will be appointed by RedLAC members
    - one CAFÉ representative: a member fund Executive Director will be appointed by CAFÉ members
    - one representative of each of the project donors that chose to have a seat in the committee, appointed as soon as the contracts are signed with Funbio;
    - two conservation finance specialists. One specialist will be invited by RedLAC and one invited by CAFÉ.
    - A private sector expert specialising in venture capital and business development
    - A biodiversity expert with experience of both marine and terrestrial areas

117. The Funbio project team will serve as secretariat to the Project Committee and the executive secretariats of both networks will attend all the meetings.

118. To support the project committee composition, the project team from Funbio will prepare Terms of Reference describing the main roles of the project committee, the activities, annual meetings and an estimate of the anticipated work time to be spent on the project. Commitments will be formally signed by the committee members in acceptance of their tasks, duties and obligations.

119. The following key roles will be played by the project committee:
    - On the project in general: supporting the Funbio project team in technical decisions; monitoring the technical execution of the project components; validating the annual schedule of project activities;
    - For component 1:
        - approve the operational procedures for the Innovation Seed Fund
        - select pre-viability studies of IFMs financed by the Innovation Seed Fund based on the ideas proposed
        - select the projects that are to receive grants and monitor their results
        - evaluate progress and attend monitoring meetings
    - For component 2:

  - approve the indicators and the survey format related to the evaluation indicators based on CFA standards
  - approve the operational procedures for the Peer-to-peer Mentoring Scheme;
  - analyse lists of learning needs from mentees;
  - supervise invitations to candidate-mentors and select the mentors after the call for proposals
  - evaluation of the results obtained
  - monitoring of Biodiversity group progress
- For component 3: evaluate results and quality of data base systems
- For component 4:
  - approve indicators that characterise the EFs and approve summary reports
  - approve the networks' selection of pathways for testing sustainable financing mechanisms
  - check that visibility indicators are used
  - check the progress of signing formal agreements between the networks and the CFA
  - check the production of strategic documents

120. The Project Committee will meet three times over years 1 and 2 because of the concentration of issues in components 1 and 2 (two physical meetings and one conference call). It is essential to maintain annual physical meetings in this type of system.

121. Besides this Project Committee, that has a more technical role, the project will count with a Steering Committee, as part of the UNEP framework for project management. This Steering Committee will be composed of UNEP, Funbio, RedLAC and CAFÉ representatives and will have both monitoring & evaluation and supervision roles. The main difference from the Project Committee to the Steering Committee is that the last one is linked to the lifetime of the project, whereas the Project Committee is a technical committee, with a wider influence on the EFs beyond project life, especially because it gathers representatives from both networks.

SECTION 5: STAKEHOLDER PARTICIPATION

122. By filling out questionnaires, attending workshops and granting interviews, many stakeholders helped identify important aspects of the project, including planned outcomes and outputs.

123. The environmental funds that host the Secretariats of the network (Fondo Acción in Colombia and Tany Meva Foundation in Madagascar) and the ones that compose the Executive Committees of the networks were most helpful. A workshop funded by FFEM in 2013 in Costa Rica was held with both networks Executive Committees to plan the components of the new joint program and several meetings after this workshop supported the development of the proposal (mainly during the networks' Assemblies in 2014 and the IUCN World Parks Congress in Sydney in 2014). Besides these EFs, the whole RedLAC and CAFÉ membership participated by answering needs assessment surveys.

124. Several traditional donors of the EFs community were consulted, including the ones that engaged in this project. FFEM participation was key to guide the project task force to design the project in a way to cover all needs identified.

125. The consultants hired by FFEM for the external evaluation of RedLAC's previous project prepared a helpful report, that reflects the main lessons learned by the networks and by Funbio as the project manager. They also interviewed the previous project committee members and captured their recommendations in the final report. These evaluators applied a survey to the whole membership of both RedLAC and CAFÉ to include members' impressions in their report. This was also useful to design this new project and to incorporate their demands and views.

SECTION 6: MONITORING AND EVALUATION PLAN

126. The project will follow UNEP standard monitoring, reporting and evaluation processes and procedures. Substantive and financial project reporting requirements are summarized in Appendix 8. Reporting requirements and templates are an integral part of the UNEP legal instrument to be signed by the executing agency and UNEP.

127. The project M&E plan is consistent with the GEF Monitoring and Evaluation policy. The Project Results Framework presented in Appendix 4 includes SMART indicators for each expected outcome. These indicators along with the key deliverables and benchmarks included in Appendix 6 will be the main tools for assessing project implementation progress and whether project expected results are being achieved. The means of verification of these elements are summarized in the Project Result Framework, Appendix 4. The Theory of Change Chart in Appendix 16 identified key drivers for the realization of project outcomes and impacts.

128. A costed first draft of project M&E Plan is presented in Appendix 7. Costs mentioned in this tool are fully integrated in the project budget, presented in Appendix 1. Project indicators, key deliverables, benchmarks and drivers will be adjusted 6 months into project implementation, i.e., once the networks study within Component 4 is finalized. A final draft of the M&E plan will be formulated immediately thereafter. This plan will be implemented by Funbio, with the assistance of the RedLAC and CAFÉ Secretariats.

129. An inception workshop will be held at the onset of project implementation to ensure all actors understand their roles and responsibilities vis-à-vis project monitoring and evaluation. Indicators and their means of verification may be fine-tuned at the inception workshop. Day-to-day project monitoring is the responsibility of the project management team, but other project partners will have responsibilities to collect specific information to track the indicators. It is the responsibility of the project management team to inform UNEP of any delays or difficulties faced during project implementation so that the appropriate support or corrective measures can be adopted in a timely fashion.

130. The Project Committee will meet every year and Funbio, as Secretariat of the committee, will issue minutes with the main conclusions and recommendations for the project implementation. The Steering Committee will meet once a year. This committee will issue reports on progress by the project and make recommendations concerning the need to revise any aspects of the Project Results Framework, Theory of Change Chart or the M&E plan. Supervision to ensure that the project meets UNEP and GEF policies and procedures is the responsibility to the UNEP-GEF Task Manager. The Task Manager will also review the quality of draft project outputs, provide feedback to the project partners, and establish peer review procedures to ensure adequate quality of scientific and technical outputs and publications in close collaboration with the project management team.

131. At the time of project approval basic baseline data is available. A more precise quantification of the networks current situation and of the individual members will be addressed during the first year of project implementation, within activity 4.1 described above. A plan for collecting the necessary additional data has been drafted during the preparation phase and will be further developed at inception.

132. Project supervision will take an Adaptive Management approach. The Task Manager will develop an initial supervision plan that will be communicated to the project partners during the inception workshop for comments. The emphasis of the Task Manager supervision will be on outcome monitoring but without neglecting project financial management and implementation monitoring. Progress vis-à-vis delivering the agreed project global environmental benefits will be assessed by the SC. Project risks and assumptions will be regularly monitored both by project partners and UNEP. Risk assessment and rating is an integral part of the Project Implementation Review (PIR). The quality of project monitoring and evaluation will also be reviewed and rated as part of the PIR. Key financial parameters will be monitored to ensure cost-effective use of financial resources.

133. A mid-term management review or evaluation will take place at the mid-point in the project. The review will include the basic evaluation parameters recommended by the GEF Evaluation Office and will verify information gathered through the GEF tracking tools, as relevant. The review will be carried out using a participatory approach whereby parties that may benefit or be affected by the project will be consulted. Such parties were identified during the stakeholder analysis (see Sections 2.3 and 5). The SC will participate in the mid-term review and develop a management response to the evaluation recommendations along with an implementation plan. It is the responsibility of the UNEP Task Manager to monitor whether the agreed recommendations are being implemented.

134. An independent terminal evaluation will take place within the last semester of project implementation. The standard terms of reference for the terminal evaluation are included in Appendix 9. These will be adjusted to the special needs of the project.

135. The GEF tracking tools are attached as Appendix 15. These will be updated at mid-term and at the end of the project, or when considered necessary by the SC. Findings will be made available to the GEF Secretariat along with the project PIR report. As mentioned above, the mid-term and terminal evaluation will verify the information of the tracking tool. The GEF Tracking Tool for the objective BD1does not fit exactly this type of project. The project is within objective BD1 because the core business of EFs is to support Protected Areas and EFs are a key instrument for PAs sustainability, but the project does not focus on any PA or PA system specifically, but on strengthening 40 different EFs in more than 30 countries.

136. For more details on the project M&E plan, see Appendix 7: Costed M&E Work Plan

SECTION 7: PROJECT FINANCING AND BUDGET

7.1. Overall project budget

137. The overall project budget is presented in detail in Appendix 1 (budget by project components, by year and GEF-UNEP budget lines) and Appendix 2 (co-financing by source and GEF-UNEP budget lines). The incremental cost necessary to achieve the Project objective and the corresponding global benefits is US$ 4,767,290 of which US$ 913,240 (19%) constitute the sum requested to the GEF. Co-financing amounts to US$ 3,769,050

equivalent to 81% of the total amount required. A summary of the GEF budget by outcome is shown in Table 4.

7.2. Project co-financing

138. Co-financing by project budget lines is presented in Appendix 2. Co-financing amounts by outcome of the project is presented in Table 4 below.

Table 4. Co-financing by Project Outcomes

	GEF		Co Financing					
Components		**%**	**FFEM**	**EFs**	**MAVA**	**Total COF**	**%**	**TOTAL**
1: Innovative Seed Fund	630.000	26%	423.500	1.000.000	327.500	1.751.000	74%	2.381.000
2: EF to EF Mentorship	158.750	15%	445.000	324.000	140.000	909.000	85%	1.067.750
3: Solutions Database	76.250	16%	75.000	330.300	0	405.300	84%	481.550
4: Institutional Strengthening	23.240	3%	455.750	203.000	100.000	758.750	97%	781.990
TOTAL	888.240	19%	1.399.250	1.857.300	567.500	3.824.050	81%	4.712.290
PMC	25.000	45%	22.500	0	7.500	30.000	55%	55.000
TOTAL with final evaluation	**913.240**	**19%**	**1.421.750**	**1.857.300**	**575.000**	**3.854.050**	**81%**	**4.767.290**

7.3. Project cost-effectiveness

139. Cost effectiveness of this project is based on maximizing the impact of current investments and targeting the provision of multiple benefits to the affected countries by strengthening the EFs who provide financial sustainability to national conservation efforts. In order to achieve that, the project will provide critical technical and financial support to the EFs individually and to the networks. Unless such support is provided, it is very likely that available funding will not be sufficient for EFs to achieve the outcomes.

140. While analyzing the project's cost effectiveness, it is important to consider that a key approach of the project is outreach and upscaling lessons learned beyond RedLAC and CAFE by working with other EFs and networks (such as the CFA or the Asia-Pacific EFs network). In that way, the project will prove to be cost-effective, driving changes not only within the two networks but also in the broader conservation finance community.

List of Appendices

Appendix 1: Budget by project components and UNEP budget lines

See separate excel file

Appendix 2: Co-financing by source and UNEP budget lines

See separate excel file

Appendix 3: Incremental cost analysis

BASELINE	ALTERNATIVE	INCREMENT
(B)	(A)	(B) - (A)
COMPONENT 1 : Innovation Seed Fund		
Without GEF's intervention, EFs do not have resources to make risk investments and to develop feasibility studies on innovative financial mechanisms that bring additional funding for biodiversity conservation and climate change mitigation. Besides the endowment and sinking funds operated by EFs, the previous RedLAC Capacity Building Project co-financed 5 innovative mechanisms, from which 3 were implemented.	EFs' portfolio of innovative initiatives is strengthened with the funding of feasibility studies and projects on innovative financial mechanisms.	Diversified and increased finance for biodiversity conservation coming from EFs. More creative financial mechanisms direct resources to the Aichi Targets.
COMPONENT 2: Capacity Building and peer-to-peer mentoring program		
EFs networks will continue to lack resources to systematize and share the knowledge accumulated by their members. EFs have limited resources to implement changes or to hire specialized support to rapidly achieve practice standards	Knowledge and best practices are exchanged through peer-to-peer mentoring, workshops and online tools. EFs staff improved their knowledge and capacity to run EF day to day operations.	EFs' capacities are strengthened allowing Funds to increase effectiveness and access additional funding for conservation.
COMPONENT 3: A-Z Environmental Funds Solutions Database		
Case studies are not systematically produced by EFs due to lack of time, resources and proper methods. Both successes and failures are not accessible in a broad manner. Training is restricted to workshops and there are no online tools available	Information on EFs performance and experience is documented, shared and capitalized at network level.	EFs replicate solutions, exchange information and experience, reducing barriers to implement innovative financial mechanisms.
COMPONENT 4: Institutional strengthening for the RedLAC and CAFE networks		
RedLAC and CAFÉ have different level of consolidation. CAFÉ lacks resources to enhance its governance and communication, to take full advantage of the project activities. Networks do not have all elements in place for their financial sustainability and for their operation (in the case of CAFÉ).	RedLAC and CAFE networks are consolidated in terms of functioning and financial sustainability.	RedLAC and CAFÉ discuss and test financial mechanisms for its sustainability
COST BASELINE **TOTAL: $ 330,300**	**COST ALTERNATIVE** **TOTAL: $ 4,436,940**	GEF: $ 913,240 Co-financing: $ 3,854,050 **TOTAL: $ 4,767,240**

Appendix 4: Results Framework

OBJECTIVES, OUTCOMES AND OUTPUTS	INDICATORS	BASELINE CONDITIONS	TARGETS	MEANS OF VERIFICATION	ASSUMPTIONS
PROJECT GOAL: TO INCREASE FUNDING FOR BIODIVERSITY CONSERVATION PRIORITIES, COVERING THE FINANCIAL GAP TO ACHIEVE THE AICHI TARGETS					
Project Objective: To strengthen EFs' capacities on financial innovations through knowledge management and exchange.	Number of EFs that diversify their funding sources. Number of EFs that enhance their practice standards. Percentage of increase in finance through innovative mechanisms and percentage of this increase coming from private sector. Number of additional hectares of Protected Areas supported by EFs.	EFs have limited conditions to promote innovation. EFs need specialized support to achieve higher standards.	• At least 20 EFs enhance their practice standards. • At least 5 EFs diversify their funding sources with the support of the project by the EOP. • EFs' finance has an increase of at least 5% through innovative finance mechanisms (around 15 million USD), being 50% of this increase coming from private sector funding. • EFs increase 10% of the total number of hectares they already help to protect (8.5 million hectares).	Year 1 study on networks' indicators and members profiles. Year 3 updated study.	EFs members of the networks participate in Year 1 and Year 3 study.
Outcome 1.1: EFs' portfolio of innovative initiatives is strengthened with the funding of feasibility studies and projects on innovative financial mechanisms.	Number of innovative financial mechanisms tested and implemented that enable EFs to diversify their funding sources.	EFs do not have resources to make risk investments and to develop feasibility studies on innovative financial mechanisms that bring additional funding for biodiversity conservation and climate change mitigation.	• At least 5 new financial mechanisms under implementation by Y2. • At least 5 new financial mechanisms tested and documented at EOP.	Innovative Seed Fund Operational Manual Steering Committee meeting Reports Project Committee	EFs abide by agreements and are willing to co-finance innovative financial mechanisms and to share the

OBJECTIVES, OUTCOMES AND OUTPUTS	INDICATORS	BASELINE CONDITIONS	TARGETS	MEANS OF VERIFICATION	ASSUMPTIONS
Outputs of Outcome 1.1 1.1.1 - 1 mechanism set up to select, finance and monitor innovative financial mechanisms; 1.1.2 - 10 feasibility studies financed to analyze innovative financial mechanisms; 1.1.3 - 5 innovative financial mechanisms supported; 1.1.4 - 30% of RedLAC and CAFE EFs have at least 1 project of an innovative nature; 1.1.5 - 15% of the EFs in RedLAC and CAFÉ diversified their funding sources; 1.1.6 - 10 case studies on innovative financial mechanisms are produced.				meeting Reports Pilot Project Activities and Financial Reports Peer-to-peer activities reports and case studies Contents published on web platform RedLAC and CAFÉ annual activities reports The Midterm Evaluation Report The Final Evaluation Report	experience. EFs participate in the peer-to-peer program as mentors and as mentees and are willing to share their experiences. EFs are willing to share information and use generated knowledge and tools.
Outcome 2.1: Knowledge and best practices are exchanged through peer-to-peer mentoring, workshops and online tools. **Outcome 2.2:** EFs staff improved their knowledge and capacity to run EF day to day operations.	Number of EFs involved in mentorship and capacity building activities that improve practices, achieving higher standards, with . gender disaggregated indicators.	EFs have limited resources to implement changes or to hire specialized support to rapidly achieve practice standards.	• At least 20 EFs are involved in mentorship and capacity building by Y2. • At least 16 EFs enhance practices through peer to peer support by EOP.		
Outputs of Outcome 2.1 2.1.1 - At least 16 EFs involved in the mentoring activities: 8 individual mentoring activities (pairs) and one web discussion forum exists; 2 groups connected in collective mentoring;					
Outputs of Outcome 2.2 2.2.1 - At least 6 to 8 EFs use and improve the methods established during the first project on one site or MPA; 2.2.2 - At least 2 to 3 EFs improve their integrated monitoring system; 2.2.3 - 4 capacity-building and exchange workshops have been delivered, including publishing of guides or case studies. 2.2.4 - Gender balance is achieved in the participation of men and women in the component 2 activities as a whole (50% men and 50% women).					
Outcome 3.1: Information on EFs performance and experience is documented, shared and capitalized at network level.	Number of resources published in the database and communication activities about EFs' experience, best practices and	Case studies are not systematically produced by EFs due to lack of time, resources and proper methods. Both successes and failures are not accessible in	• EFs have a knowledge database with at least 5 new documented cases by Y2. • EFs have a knowledge database with at least 15 new documented cases		

OBJECTIVES, OUTCOMES AND OUTPUTS	INDICATORS	BASELINE CONDITIONS	TARGETS	MEANS OF VERIFICATION	ASSUMPTIONS
	achievements in a broad manner.	a broad manner. Training is restricted to workshops and there are no online tools available.	and online learning tools by EOP.		
Outputs of Outcome 3.1 3.1.1 - 1 Strategy and action plan for the database and e-learning training mechanisms is elaborated; 3.1.2 - EFs database is operational, building on the contents developed and incorporating e-learning tools; 3.1.3 - Annual presentations of the database in international events (CBD COPs, IUCN congresses, RedLAC and CAFÉ Assemblies) to promote replication worldwide.					
Outcome 4.1: RedLAC and CAFE networks are consolidated in terms of functioning and financial sustainability.	Studies and strategies on networks' situtation produced and number of interactions among RedLAC, CAFÉ and other conservation finance networks, that promote strengthening and sustainable financing for the networks, with gender disaggregated indicators.	Networks do not have all elements in place for their financial sustainability and for their operation (in the case of CAFÉ).	• RedLAC and CAFÉ networks have strategic plans, a common capacity building strategy and study on the networks by Y2. • RedLAC and CAFÉ members actively exchange experiences in the Assemblies and have discussions on a financial model for the networks by the EOP.		
Outputs of Outcome 4.1 4.1.1 - 2 studies produced on networks situation with an indicators system (Year 1 and Year 3); 4.1.2 - 1 strategic and business plan for RedLAC produced; 4.1.3 - 1 strategic and business plan for CAFÉ produced; 4.1.4 - 1 working group of RedLAC and CAFÉ created to discuss financial sustainability of the networks (gender participation balanced in 50% men and 50% women); 4.1.5 - 1 mechanism tested in each region for generating resources for the networks;					

OBJECTIVES, OUTCOMES AND OUTPUTS	INDICATORS	BASELINE CONDITIONS	TARGETS	MEANS OF VERIFICATION	ASSUMPTIONS
4.1.6 - 1 MoU between CFA and the two networks clarifying complementarity and rules for communication signed; 4.1.7 - At least 10 CAFÉ/RedLAC members per year supported to attend the networks' General Assemblies (gender participation balanced in 50% men and 50% women); 4.1.8 - At least 1 member of the Asia-Pacific region supported to attend the CAFE General Assemblies.					

Appendix 5: Workplan and timetable

Years		Year 1				Year 2				Year 3			
Activities / Trimestrial periods	Summary of content in GEF format	1	2	3	4	5	6	7	8	9	10	11	12
Component 1 : "Innovation Seed Fund" to support new EF financing mechanisms													
Activity 1.1: Design the organisation, procedures and criteria applicable to the Innovation Seed Funds Activity 1.2: Pre-viability studies to back up the selection of potential innovative pilot projects Activity 1.3: Assess pre-viability studies and select "IFM" pilot projects	Pre-viability studies (at least 10 projects)												
Activity 1.4: Implement and monitor the EFs' IFM pilot projects	Project support (at least 5 projects)												
	Program Committee												
Activity 1.5: Assess and share lessons learnt from IFMs	Follow up workshop and inter-EF supports												
	Management and Administrative costs comp 1												
Component 2 : Capacity-building, peer-to-peer mentoring and exchange mechanism													
Activity 2.1: Design the mentoring scheme as part of the capacity building strategy and define operational conditions and procedures as well as monitoring and reporting media Activity 2.2: Selection of mentoring scheme participants													
Activity 2.3: Implementation of individual and collective mentoring scheme	Stipend												
	Staff time of mentors/mentees												
	specific group with a mentor												
Activity 2.4: Evaluate and communicate the program	Developping tools for result sharing												
Activity 2.5: Monitoring of the EFs' methodology for monitoring and evaluation (M&E) of impacts on biodiversity, continued thought about EF related M&E, capitalising on lessons learnt	Biodiversity impact monitoring working group												
	Support of consultant												
Activity 2.6: Creation of capacity building workshops with priority to the CAFE zone	Capacity building workshops												
	Management and Administrative costs comp 2												

Years		Year 1				Year 2				Year 3			
Activities / Trimestrial periods	Summary of content in GEF format	1	2	3	4	5	6	7	8	9	10	11	12
Component 1 : "Innovation Seed Fund" to support new EF financing mechanisms													
Activity 1.1: Design the organisation, procedures and criteria applicable to the Innovation Seed Funds Activity 1.2: Pre-viability studies to back up the selection of potential innovative pilot projects Activity 1.3: Assess pre-viability studies and select "IFM" pilot projects	Pre-viability studies (at least 10 projects)												
Activity 1.4: Implement and monitor the EFs' IFM pilot projects	Project support (at least 5 projects)												
	Program Committee												
Activity 1.5: Assess and share lessons learnt from IFMs	Follow up workshop and inter-EF supports												
	Management and Administrative costs comp 1												
Component 2 : Capacity-building, peer-to-peer mentoring and exchange mechanism													
Activity 2.1: Design the mentoring scheme as part of the capacity building strategy and define operational conditions and procedures as well as monitoring and reporting media Activity 2.2: Selection of mentoring scheme participants													
Activity 2.3: Implementation of individual and collective mentoring scheme	Stipend												
	Staff time of mentors/mentees												
	specific group with a mentor												
Activity 2.4: Evaluate and communicate the program	Developping tools for result sharing												
Activity 2.5: Monitoring of the EFs' methodology for monitoring and evaluation (M&E) of impacts on biodiversity, continued thought about EF related M&E, capitalising on lessons learnt	Biodiversity impact monitoring working group												
	Support of consultant												
Activity 2.6: Creation of capacity building workshops with priority to the CAFE zone	Capacity building workshops												
	Management and Administrative costs comp 2												

Years		Year 1				Year 2				Year 3			
Activities / Trimestrial periods	Summary of content in GEF format	1	2	3	4	5	6	7	8	9	10	11	12
Component 3: Communication and databases: strengthening the networks and transfer of best practices													
Activity 3.1: Design tools to capitalise on best practices for an on-line mentoring (e-learning) system Activity 3.2: Identify, select and sharing best practices	Online tutorial on documenting												
Activity 3.3: Design, develop and maintain a data base and the on-line mentoring (e-learning) system	Database Design and Maintenance												
Activity 3.4: Disseminate best practices via international forums and at national level	Communications and marketing												
	Management and Administrative costs comp 3/4												
	Membership fees of both networks (General Assembly secretariat activities, …)												
		##											
Component 4: Institutional capacity-building for the RedLAC and CAFE networks and their enhanced sustainability													
Activity 4.1: Define the Baseline description of the RedLAC and CAFE networks and the project to allow future measurement of network and project evolution.	Baseline Definition of the networks (CAFE and RedLAC): method and test												
	Baseline study update on CAFE/RedLAC status of Efs on year 3												
Activity 4.2: Test sustainable financing mechanisms for the RedLAC and CAFE networks' recurrent, present and future regional activities	Financial sustainability mechanisms for the networks building												
	Test of two financial mechanisms related to the networks sustainability												
Activity 4.3: Establish strategies and business plans for the CAFE and RedLAC networks (updating)	Establishment of CAFÉ Strategic Plan												
	RedLAC Strategic Plan updating												
Activity 4.4: Strengthen the functioning of the CAFE network	CAFÉ ExCo meetings												
	CAFÉ communication												
	CAFÉ Executive Secretary intern												
Activity 4.5: Improve cooperation and exchanges between CAFE and RedLAC networks and between the two networks and Asian EFs and the CFA	CAFÉ - RedLAC relationship consolidation												
	CFA-RedLAC-CAFE MoU												
	Asia-Pacific EFs network linkage support with CAFÉ Assemblies												

Appendix 6: Key deliverables and benchmarks

Component/Outcomes	Activity	Outputs	Deliverables	Benchmarks
0. General Activities				
0.1 Project institutional and operational conditions in place for implementation	0.1 Project inception workshop with Funbio, RedLAC and CAFE	0.1.1 Project planning agreed with all stakeholders	Detailed workplan	PY1Q2: M&E System implemented and generating information
0.2 Project impacts and global benefits assessed	0.2 M&E of Project activities	0.2.1 Project evaluation reports	Midterm and final reports	PY2Q2: Mid Term report PY3Q4: Final report
0.3 Project Committee in place to approve competitive processes and select beneficiaries	0.3 Compose Project Committee and promote launch meeting	0.3.1 Project Committee Terms of Reference and Commitment Letter	Commitment letters signed by Project Committee members	PY1Q1: Project Committee installed
1. Component 1: Innovation Seed Fund				
1.1 EFs' portfolio of innovative initiatives is strengthened with the funding of feasibility studies and projects on innovative financial mechanisms.	1.1 Design Innovation Seed Fund's operational procedures and governance structure	1.1.1 Operational manual for the Innovation Seed Fund.	One manual ruling the use of the resources of the Innovation Seed Fund, technical and administrative guidelines	PY1Q1: Call for innovation concepts launched
	1.2: Support pre-viability pilots	1.2.1 Launch Call for innovation concepts	One call for innovation concepts 10 feasibility studies (pre-viability pilots) produced.	PY1Q2: pre-viability pilots selected and financed
	1.3 Assess of pre-viability phase and final project selection	1.3.1 Five projects from the 10 feasibility studies are selected by the Project Committee to be cofinanced by the Innovation Seed Fund.	5 contracts/project documents of innovative financial mechanisms supported;	PY2Q1: feasibility studies presented as project proposals and pilot projects selected

Component/Outcomes	Activity	Outputs	Deliverables	Benchmarks
	1.4 Implement, manage and monitor the innovative seed fund	1.4.1 The 5 EFs report to Funbio on the use of the resources and on the progress in the implementation of the innovative mechanism.	Mid term and final reports of the 5 pilot projects.	PY3Q1: pilot projects managers and project committee meet during CAFÉ Assembly 2017 for monitoring and exchange
	1.5 Assess and share lessons on innovation issues	1.5.1 EFs produce a case study on the implementation process of the innovative mechanisms, being success or failure.	10 case studies on innovative financial mechanisms are produced, being 5 from the previous RedLAC project pilot projects and 5 from this project..	PY3Q3: case studies produced and published in the knowledge web platform
2. Component 2: Capacity Building and peer-to-peer mentoring program				
2.1 Knowledge and best practices are exchanged through peer-to-peer mentoring, workshops and online tools.	2.1 Design the mentoring scheme as part of the capacity building strategy and define operational conditions and procedures as well as monitoring and reporting media	2.1.1 Operational manual for the EF to EF Mentorship Program 2.1.2 Call for mentees and mentors	One manual ruling the use of the resources of the Mentorship Program, as well as technical and administrative guidelines, monitoring and reporting formats One call for mentees launched and one call for mentors launched	PY1Q1: capacity building first elements of strategy on program procedure and relation to E-learning mechanisms designed and presented in RedLAC and CAFÉ Assemblies in 2015. PY1Q2: calls for mentees and mentors launched
2.2 EFs staff improved their knowledge and capacity to run EF day to day operations.	2.2 Selection of mentoring scheme participants	2.2.1 Workplan and budget format provided by project team 2.2.2 Workplan and budget completed by all participant EFs 2.2.3 Memorandum of Understanding signed between mentors, mentees and Funbio	Mentorships workplan and budgets presented by EFs. MoUs between EFs and Funbio signed for transfer of funding for the mentorships	PY1Q4: participants of mentorships selected by committee
	2.3 Implementation of individual and collective mentoring scheme	2.3.1 Workplan activities carried out by mentors and mentees	Mentorships reports (technical and financial)	PY3Q2: mentorships reports delivered to Funbio

Component/Outcomes	Activity	Outputs	Deliverables	Benchmarks
	2.4 Evaluate and communicate the program	2.4.1 Questionnaire applied to participants to evaluate progress	All mentorships case studies published One final report with survey results compiled	PY3Q3: case studies on mentorships published
	2.5 Monitoring of the use of M&E methodology measuring and monitoring EF impacts on biodiversity, continued thought about EF related M&E, capitalising on lessons learnt	2.5.1 M&E working group workplan 2.5.2 M&E of impacts methodology improved	Final report of M&E methodology application and improvement by working group	PY3Q4: working group deliver final version of M&E of EFs impact methodology
	2.6 Creation of capacity building workshops with priority to the CAFE region	2.6.1 workshops handbooks are produced and made available 2.6.2 workshops congregate EFs	Workshops handbooks and reports, including participant lists	PY1Q2: workshop 1 delivered in Africa PY2Q2: workshop 2 delivered in Africa PY2Q3: workshop 3 delivered in LAC PY3Q2: workshop 4 delivered in Africa
3. Component 3: A-Z Environmental Funds Solutions Database				
3.1 Information on EFs performance and experience is documented, shared and capitalized at network level.	3.1 Activity 3.1: Design tools to capitalize on best practices and e-learning system based on real-live examples of EF experience and best practices	3.1.1 Strategy and action plan for the database and e-learning training mechanisms is elaborated;	Document on strategy and action plan for the database and e-learning training mechanisms	PY1Q4: strategy and work plan available
	Activity 3.2: Select and share best practices among networks and with partners	3.2.1 Case studies are selected and systematized, translated and shared in a common format	Case studies produced (at least 10 new cases)	PY3Q4: all cases available

Component/Outcomes	Activity	Outputs	Deliverables	Benchmarks
	Activity 3.3: Define, develop and maintain a data base and the on-line mentoring (e-learning) system	3.3.1 EFs database is operational, building on the contents developed and incorporating e-learning tools;	Online database	PY3Q4: e-learning tools available in the knowledge platform
	Activity 3.4: Dissemination of best practices via international forums	3.4.1 Annual presentations of the database in international events (CBD COPs, IUCN congresses, RedLAC and CAFÉ Assemblies) to promote replication worldwide.	Communication products prepared for international presentations	PY2Q3: Café Assembly presentation; IUCN WCC presentation PY2Q4: RedLAC Assembly presentation; CBD COP 13 presentation PY3Q3: Café Assembly presentation; PY3Q4: RedLAC Assembly presentation;
4. Component 4: Institutional strengthening for the RedLAC and CAFE networks				
4.1 RedLAC and CAFE networks are consolidated in terms of functioning and financial sustainability.	4.1: Define the Study Description of the RedLAC and CAFE networks and the project to allow future measurement of project evolution and network characteristics	4.1.1 Two studies produced on networks situation with an indicators system (Year 1 and Year 3);	Two reports on the networks indicators	PY1Q4: study on networks indicators produced PY3Q4: study on networks indicators updated
	Activity 4.2: Testing sustainable financing mechanisms for the RedLAC and CAFE networks' recurrent, present and future regional activities	4.2.1 One working group of RedLAC and CAFÉ created to discuss financial sustainability of the networks; 4.2.2 One mechanism tested in each region for generating resources for the networks;	Reports of the working group Document on proposed mechanism	PY2Q3: working group composed PY3Q4: mechanisms tested

Component/Outcomes	Activity	Outputs	Deliverables	Benchmarks
	Activity 4.3: Establishment of strategies and business plans for the CAFE and RedLAC networks (updating)	4.3.1 One strategic and business plan for RedLAC produced; 4.3.2 One strategic and business plan for CAFÉ produced;	Strategic plans documents	PY1Q2: RedLAC Strategic plan updated PY2Q2: CAFÉ Strategic plan developed
	Activity 4.4: Strengthening the functioning of the CAFE network	4.4.1 CAFÉ Secretariat partial time assistant hired by one member fund (hosting Secretariat) 4.4.2 CAFÉ materials are produced	Partial time assistant (intern) contract Materials for CAFÉ produced	PY1Q2: assistant hired PY2Q2: communication materials of CAFÉ launched
	4.5: Improve cooperation and exchanges between CAFE and RedLAC networks and between the two networks and Asian EFs and the CFA	4.5.1 One MoU between CFA and the two networks clarifying complementarity and rules for communication signed; 4.5.2 At least 10 CAFÉ/RedLAC members per year supported to attend the networks' General Assemblies; 4.5.3 At least 1 member of the Asia-Pacific region supported to attend the CAFE General Assemblies.	Mou with the CFA signed RedLAC and CAFÉ Assemblies participants lists	PY2Q2: Mou with the CFA is signed PY1Q2, PY2Q2, PY3Q2: RedLAC members and one Asia-Pacific member supported to attend CAFÉ Assembly PY1Q3, PY2Q3, PY3Q3: CAFÉ members supported to attend RedLAC Assembly

Appendix 7: Costed M&E plan.

Estimated costs of M&E activities are meant to cover dedication time of project personnel as presented on the project budget (Please refer to Appendix 1). Of the total amount allocated for M&E activities USD 44,000 are dedicated to cover project personnel dedication (especially Funbio project team, but also RedLAC and CAFÉ Secretariats teams). The remaining costs will cover meetings, publications, among others.

M&E activity	Responsible Parties	Aprox. Budget from GEF (US$)	Budget co-finance	Time Frame
M&E Plan draft	Funbio, RedLAC and CAFÉ Secretariat	1,000	1,000	1month into project implementation
Inception Meeting to Supervision Plan and approval of M&E Plan – report to UNEP	Funbio	0	3,500	2 months into project implementation
First Project Committee meeting – monitoring plan for the activities supervised by this committee approved (4 meetings will be held, reports will be produced). This committee will support and make recommendations regarding the implementation of project development components	Funbio, RedLAC and CAFÉ Secretariat	0	40,000	2 months into project implementation (and every year at the second semester in RedLAC or CAFÉ Assemblies).
First Steering Committee (SC) meeting (3 meetings will be held, reports will be produced).	Steering Committee includes Funbio, RedLAC Secretariat, CAFÉ Secretariat and UNEP	0	10,000	Arranged to coincide with Project Committee meetings, the SC will meet once every year, for a total of 3 meetings.
Continuous measurement of project indicators, key deliverables, benchmarks and drivers, according to M&E plan.	Funbio, with support of the RedLAC and CAFÉ Secretariats	6,000	19,000	Continuous during the life of the project; progress summary reports will be produced every year.
Semi-annual Progress/ Operational Reports to GEF/UNEP (3 reports will be developed /disseminated).	Funbio, with support of the RedLAC and CAFÉ Secretariats	3,000	In kind support of RedLAC and CAFÉ Secretariats	Within 1 month of the end of reporting period
Project Implementation	Funbio, with	5, 000	In kind	Risk assessment and

M&E activity	Responsible Parties	Aprox. Budget from GEF (US$)	Budget co-finance	Time Frame
Review (PIR) (3 reports will be produced)	support of the RedLAC and CAFÉ Secretariats		support of RedLAC and CAFÉ Secretariats	rating is an integral part of the annual PIR
Audit	Private Audit company hired by Funbio for an institutional audit (not specific to this project)	0	No co-financing expected	Annually
Mid Term Review/Evaluation (initially planned to be executed by the Steering Committee).	UNEP Task Manager or UNEP Evaluation Office	0	In kind support from Funbio, RedLAC and CAFE	At mid-point of project
Terminal Evaluation (executed by at least two independent consultants over a period of 3 mouths) (Cost includes national and international travel expenses)	UNEP Evaluation Office	23,240	85,000	To allow proper distribution of conclusions and lessons learned, the TE will be executed 6 months prior to the finalization of the project
Project Final Report	Funbio, with support of the RedLAC and CAFÉ Secretariats	5,000	4,000	Within 2 months of the project completion date
Total M&E Plan Budget		**43,240**	**162,500**	

Appendix 8: Summary of reporting requirements and responsibilities

Reporting requirements	Due date	Format appended to legal instrument as	Responsibility of
Procurement plan (goods and services)	2 weeks before project inception meeting	N/A	Funbio
Inception Report	1 month after project inception meeting	N/A	Funbio
Expenditure report accompanied by explanatory notes	Quarterly on or before 30 April, 31 July, 31 October, 31 January	Annex 11	Funbio
Cash Advance request and details of anticipated disbursements	Quarterly or when required	Annex 7B	Funbio
Progress report	Half-yearly on or before 31 January	Annex 8	Funbio with the support of RedLAC and CAFÉ Secretariats
Audited report for year ending 31 December (not specific to the project,but Funbio as a whole)	Yearly on or before 30 June	N/A	Funbio
Project implementation review (PIR) report	Yearly on or before 31 August	Annex 9	Funbio with the support of RedLAC and CAFÉ Secretariats
Minutes of steering committee meetings	Yearly (or as relevant)	N/A	Funbio
Final report	2 months of project completion date	Annex 10	Funbio with the support of RedLAC and CAFÉ Secretariats
Final expenditure statement	3 months of project completion date	Annex 11	Funbio
Mid-term review or Mid-term evaluation	Midway through project	N/A	UNEP, Funbio with the support of RedLAC and CAFÉ Secretariats
Independent terminal evaluation report	6 months of project completion date	Appendix 9 to Annex 1	EOU

Appendix 9 Standard Terminal Evaluation Terms of Reference

1. PROJECT BACKGROUND AND OVERVIEW

Project rationale

The objective was stated as:

The indicators given in the project document for this stated objective were:

Relevance to GEF Programmes

The project is in line with:.

Executing Arrangements

The implementing agency(ies) for this project was (were) UNEP; and the executing agencies were:

WWF Danube-Carpathian Programme

The lead national agencies in the focal countries were:

Project Activities

The project comprised activities grouped in 3 components.

Budget

At project inception the following budget prepared:

	GEF	Co-funding
Project preparation funds:		
GEF Medium Size Grant		
TOTAL (including project preparation funds)		

Co-funding sources:

Anticipated:

TERMS OF REFERENCE FOR THE EVALUATION

1. Objective and Scope of the Evaluation

The objective of this terminal evaluation is to examine the extent and magnitude of any project impacts to date and determine the likelihood of future impacts. The evaluation will also assess project performance and the implementation of planned project activities and planned outputs against actual results. The evaluation will focus on the following main questions:

1. Did the project help to { } among key target audiences (international conventions and initiatives, national level policy-makers, regional and local policy-makers, resource managers and practitioners).
2. Did the outputs of the project articulate options and recommendations for { }? Were these options and recommendations used? If so by whom?
3. To what extent did the project outputs produced have the weight of scientific authority and credibility necessary to influence policy makers and other key audiences?

Methods

This terminal evaluation will be conducted as an in-depth evaluation using a participatory approach whereby the UNEP/DGEF Task Manager, key representatives of the executing agencies and other relevant staff are kept informed and consulted throughout the evaluation. The consultant will liaise with the UNEP/EOU and the UNEP/DGEF Task Manager on any logistic and/or methodological issues to properly conduct the review in as independent a way as possible, given the circumstances and resources offered. The draft report will be circulated to UNEP/DGEF Task Manager, key representatives of the executing agencies and the UNEP/EOU. Any comments or responses to the draft report will be sent to UNEP / EOU for collation and the consultant will be advised of any necessary or suggested revisions.

The findings of the evaluation will be based on the following:

1. A desk review of project documents including, but not limited to:
   (a) The project documents, outputs, monitoring reports (such as progress and financial reports to UNEP and GEF annual Project Implementation Review reports) and relevant correspondence.
   (b) Notes from the Steering Group meetings.
   (c) Other project-related material produced by the project staff or partners.
   (d) Relevant material published on the project web-site:{ }.

2. Interviews with project management and technical support including {NEED INPUT FROM TM HERE}

3. Interviews and Telephone interviews with intended users for the project outputs and other stakeholders involved with this project, including in the participating countries and international bodies. The Consultant shall determine whether to seek additional information and opinions from representatives of donor agencies and other organizations. As appropriate, these interviews could be combined with an email questionnaire.

4. Interviews with the UNEP/DGEF project task manager and Fund Management Officer, and other relevant staff in UNEP dealing with {relevant GEF focal area(s)}-related activities as necessary. The Consultant shall also gain broader perspectives from discussions with relevant GEF Secretariat staff.

5. Field visits[8] to project staff

Key Evaluation principles

In attempting to evaluate any outcomes and impacts that the project may have achieved, evaluators should remember that the project's performance should be assessed by considering the difference between the answers to two simple questions ***"what happened?***" and ***"what would have happened anyway?"***. These questions imply that there should be consideration of the baseline conditions and trends in relation to the intended project outcomes and impacts. In addition it implies that there should be plausible evidence to **attribute** such outcomes and impacts **to the actions of the project**.

Sometimes, adequate information on baseline conditions and trends is lacking. In such cases this should be clearly highlighted by the evaluator, along with any simplifying assumptions that were taken to enable the evaluator to make informed judgements about project performance.

2. Project Ratings

The success of project implementation will be rated on a scale from 'highly unsatisfactory' to 'highly satisfactory'. In particular the evaluation shall **assess and rate** the project with respect to the eleven categories defined below:[9]

A. Attainment of objectives and planned results:

The evaluation should assess the extent to which the project's major relevant objectives were effectively and efficiently achieved or are expected to be achieved and their relevance.

- *Effectiveness:* Evaluate how, and to what extent, the stated project objectives have been met, taking into account the "achievement indicators". The analysis of outcomes achieved should include, *inter alia*, an assessment of the extent to which the project has directly or indirectly assisted policy and decision-makers to apply information supplied by biodiversity indicators in their national planning and decision-making. In particular:
  - Evaluate the immediate impact of the project on {relevant focal area} monitoring and in national planning and decision-making and international understanding and use of biodiversity indicators.
  - As far as possible, also assess the potential longer-term impacts considering that the evaluation is taking place upon completion of the project and that longer term impact is expected to be seen in a few years time. Frame recommendations to enhance future project impact in this context. Which will be the major 'channels' for longer term impact from the project at the national and international scales?
    - *Relevance*: In retrospect, were the project's outcomes consistent with the focal areas/operational program strategies? Ascertain the nature and significance of

[8] Evaluators should make a brief courtesy call to GEF Country Focal points during field visits if at all possible.
[9] However, the views and comments expressed by the evaluator need not be restricted to these items.

the contribution of the project outcomes to the Convention on Biological Diversity and the wider portfolio of the GEF.

- *Efficiency*: Was the project cost effective? Was the project the least cost option? Was the project implementation delayed and if it was, then did that affect cost-effectiveness? Assess the contribution of cash and in-kind co-financing to project implementation and to what extent the project leveraged additional resources. Did the project build on earlier initiatives, did it make effective use of available scientific and / or technical information. Wherever possible, the evaluator should also compare the cost-time vs. outcomes relationship of the project with that of other similar projects.

B. Sustainability:

Sustainability is understood as the probability of continued long-term project-derived outcomes and impacts after the GEF project funding ends. The evaluation will identify and assess the key conditions or factors that are likely to contribute or undermine the persistence of benefits after the project ends. Some of these factors might be outcomes of the project, e.g. stronger institutional capacities or better informed decision-making. Other factors will include contextual circumstances or developments that are not outcomes of the project but that are relevant to the sustainability of outcomes. The evaluation should ascertain to what extent follow-up work has been initiated and how project outcomes will be sustained and enhanced over time.

Five aspects of sustainability should be addressed: financial, socio-political, institutional frameworks and governance, environmental (if applicable). The following questions provide guidance on the assessment of these aspects:

- *Financial resources.* Are there any financial risks that may jeopardize sustenance of project outcomes? What is the likelihood that financial and economic resources will not be available once the GEF assistance ends (resources can be from multiple sources, such as the public and private sectors, income generating activities, and trends that may indicate that it is likely that in future there will be adequate financial resources for sustaining project's outcomes)? To what extent are the outcomes of the project dependent on continued financial support?
- *Socio-political:* Are there any social or political risks that may jeopardize sustenance of project outcomes? What is the risk that the level of stakeholder ownership will be insufficient to allow for the project outcomes to be sustained? Do the various key stakeholders see that it is in their interest that the project benefits continue to flow? Is there sufficient public / stakeholder awareness in support of the long term objectives of the project?
- *Institutional framework and governance.* To what extent is the sustenance of the outcomes of the project dependent on issues relating to institutional frameworks and governance? What is the likelihood that institutional and technical achievements, legal frameworks, policies and governance structures and processes will allow for, the project outcomes/benefits to be sustained? While responding to these questions consider if the required systems for accountability and transparency and the required technical know-how are in place.
- *Environmental.* Are there any environmental risks that can undermine the future flow of project environmental benefits? The TE should assess whether certain activities in

the project area will pose a threat to the sustainability of the project outcomes. For example; construction of dam in a protected area could inundate a sizable area and thereby neutralize the biodiversity-related gains made by the project; or, a newly established pulp mill might jeopardise the viability of nearby protected forest areas by increasing logging pressures; or a vector control intervention may be made less effective by changes in climate and consequent alterations to the incidence and distribution of malarial mosquitoes.

C. Achievement of outputs and activities:

- Delivered outputs: Assessment of the project's success in producing each of the programmed outputs, both in quantity and quality as well as usefulness and timeliness.
- Assess the soundness and effectiveness of the methodologies used for developing the technical documents and related management options in the participating countries
- Assess to what extent the project outputs produced have the weight of scientific authority / credibility, necessary to influence policy and decision-makers, particularly at the national level.

D. Catalytic Role

Replication and catalysis. What examples are there of replication and catalytic outcomes? Replication approach, in the context of GEF projects, is defined as lessons and experiences coming out of the project that are replicated or scaled up in the design and implementation of other projects. Replication can have two aspects, replication proper (lessons and experiences are replicated in different geographic area) or scaling up (lessons and experiences are replicated within the same geographic area but funded by other sources). Specifically:

- Do the recommendations for management of *Promoting Payments for Ecosystem Services (PES) and Related Sustainable Financing Schemes in the Danube Basin* coming from the country studies have the potential for application in other countries and locations?

If no effects are identified, the evaluation will describe the catalytic or replication actions that the project carried out.

E. Assessment monitoring and evaluation systems.

The evaluation shall include an assessment of the quality, application and effectiveness of project monitoring and evaluation plans and tools, including an assessment of risk management based on the assumptions and risks identified in the project document. The Terminal Evaluation will assess whether the project met the minimum requirements for 'project design of M&E' and 'the application of the Project M&E plan' (see minimum requirements 1&2 in *Annex 4* to this Appendix). GEF projects must budget adequately for execution of the M&E plan, and provide adequate resources during implementation of the M&E plan. Project managers are also expected to use the information generated by the M&E system during project implementation to adapt and improve the project.

M&E during project implementation:

- *M&E design.* Projects should have sound M&E plans to monitor results and track progress towards achieving project objectives. An M&E plan should include a baseline (including data, methodology, etc.), SMART indicators (see Annex 4) and data analysis systems, and evaluation studies at specific times to assess

results. The time frame for various M&E activities and standards for outputs should have been specified.

- *M&E plan implementation.* A Terminal Evaluation should verify that: an M&E system was in place and facilitated timely tracking of results and progress towards projects objectives throughout the project implementation period (perhaps through use of a logframe or similar); annual project reports and Progress Implementation Review (PIR) reports were complete, accurate and with well justified ratings; that the information provided by the M&E system was used during the project to improve project performance and to adapt to changing needs; and that projects had an M&E system in place with proper training for parties responsible for M&E activities.
- *Budgeting and Funding for M&E activities.* The terminal evaluation should determine whether support for M&E was budgeted adequately and was funded in a timely fashion during implementation.

F. Preparation and Readiness:

Were the project's objectives and components clear, practicable and feasible within its timeframe? Were the capacities of executing institution and counterparts properly considered when the project was designed? Were lessons from other relevant projects properly incorporated in the project design? Were the partnership arrangements properly identified and the roles and responsibilities negotiated prior to project implementation? Were counterpart resources (funding, staff, and facilities), enabling legislation, and adequate project management arrangements in place?

G. Country ownership / driveness:

This is the relevance of the project to national development and environmental agendas, recipient country commitment, and regional and international agreements. The evaluation will:

- Assess the level of country ownership. Specifically, the evaluator should assess whether the project was effective in providing and communicating biodiversity information that catalyzed action in participating countries to improve decisions relating to the conservation and management of the focal ecosystem in each country.
- Assess the level of country commitment to the generation and use of biodiversity indicators for decision-making during and after the project, including in regional and international fora.

H. Stakeholder participation / public awareness:

This consists of three related and often overlapping processes: information dissemination, consultation, and "stakeholder" participation. Stakeholders are the individuals, groups, institutions, or other bodies that have an interest or stake in the outcome of the GEF- financed project. The term also applies to those potentially adversely affected by a project. The evaluation will specifically:

- Assess the mechanisms put in place by the project for identification and engagement of stakeholders in each participating country and establish, in consultation with the stakeholders, whether this mechanism was successful, and identify its strengths and weaknesses.
- Assess the degree and effectiveness of collaboration/interactions between the various project partners and institutions during the course of implementation of the project.

- Assess the degree and effectiveness of any various public awareness activities that were undertaken during the course of implementation of the project.

I. Financial Planning

Evaluation of financial planning requires assessment of the quality and effectiveness of financial planning and control of financial resources throughout the project's lifetime. Evaluation includes actual project costs by activities compared to budget (variances), financial management (including disbursement issues), and co- financing. The evaluation should:

- Assess the strength and utility of financial controls, including reporting, and planning to allow the project management to make informed decisions regarding the budget and allow for a proper and timely flow of funds for the payment of satisfactory project deliverables.
- Present the major findings from the financial audit if one has been conducted.
- Identify and verify the sources of co- financing as well as leveraged and associated financing (in co-operation with the IA and EA).
- Assess whether the project has applied appropriate standards of due diligence in the management of funds and financial audits.
- The evaluation should also include a breakdown of final actual costs and co-financing for the project prepared in consultation with the relevant UNEP/DGEF Fund Management Officer of the project (table attached in *Annex 1* to this Appendix Co-financing and leveraged resources).

J. Implementation approach:

This includes an analysis of the project's management framework, adaptation to changing conditions (adaptive management), partnerships in implementation arrangements, changes in project design, and overall project management. The evaluation will:

- Ascertain to what extent the project implementation mechanisms outlined in the project document have been closely followed. In particular, assess the role of the various committees established and whether the project document was clear and realistic to enable effective and efficient implementation, whether the project was executed according to the plan and how well the management was able to adapt to changes during the life of the project to enable the implementation of the project.
- Evaluate the effectiveness and efficiency and adaptability of project management and the supervision of project activities / project execution arrangements at all levels (1) policy decisions: Steering Group; (2) day to day project management in each of the country executing agencies and WWF Danube-Carpathian Programme.

K. UNEP Supervision and Backstopping

- Assess the effectiveness of supervision and administrative and financial support provided by UNEP/DGEF.
- Identify administrative, operational and/or technical problems and constraints that influenced the effective implementation of the project.

The ***ratings will be presented in the form of a table***. Each of the eleven categories should be rated separately with **brief justifications** based on the findings of the main analysis. An overall rating for the project should also be given. The following rating system is to be applied:

HS = Highly Satisfactory
S = Satisfactory
MS = Moderately Satisfactory
MU = Moderately Unsatisfactory
U = Unsatisfactory
HU = Highly Unsatisfactory

3. Evaluation report format and review procedures

The report should be brief, to the point and easy to understand. It must explain; the purpose of the evaluation, exactly what was evaluated and the methods used. The report must highlight any methodological limitations, identify key concerns and present evidence-based findings, consequent conclusions, recommendations and lessons. The report should be presented in a way that makes the information accessible and comprehensible and include an executive summary that encapsulates the essence of the information contained in the report to facilitate dissemination and distillation of lessons.

The evaluation will rate the overall implementation success of the project and provide individual ratings of the eleven implementation aspects as described in Section 1 of this TOR. *The ratings will be presented in the format of a table* **with brief justifications based on the findings of the main analysis.**

Evidence, findings, conclusions and recommendations should be presented in a complete and balanced manner. Any dissident views in response to evaluation findings will be appended in an annex. The evaluation report shall be written in English, be of no more than 50 pages (excluding annexes), use numbered paragraphs and include:

i) An **executive summary** (no more than 3 pages) providing a brief overview of the main conclusions and recommendations of the evaluation;

ii) **Introduction and background** giving a brief overview of the evaluated project, for example, the objective and status of activities; The GEF Monitoring and Evaluation Policy, 2006, requires that a TE report will provide summary information on when the evaluation took place; places visited; who was involved; the key questions; and, the methodology.

iii) **Scope, objective and methods** presenting the evaluation's purpose, the evaluation criteria used and questions to be addressed;

iv) **Project Performance and Impact** providing *factual evidence* relevant to the questions asked by the evaluator and interpretations of such evidence. This is the main substantive section of the report. The evaluator should provide a commentary and analysis on all eleven evaluation aspects (A − K above).

v) **Conclusions and rating** of project implementation success giving the evaluator's concluding assessments and ratings of the project against given evaluation criteria and standards of performance. The conclusions should provide answers to questions about whether the project is considered good or bad, and whether the results are considered positive or negative. The ratings should be provided with a brief narrative comment in a table (see *Annex 1* to this Appendix);

vi) **Lessons (to be) learned** presenting general conclusions from the standpoint of the design and implementation of the project, based on good practices and successes or problems and mistakes. Lessons should have the potential for wider application and use. All lessons should 'stand alone' and should:

- Briefly describe the context from which they are derived
- State or imply some prescriptive action;
- Specify the contexts in which they may be applied (if possible, who when and where)

vii) **Recommendations** suggesting *actionable* proposals for improvement of the current project. In general, Terminal Evaluations are likely to have very few (perhaps two or three) actionable recommendations.

Prior to each recommendation, the issue(s) or problem(s) to be addressed by the recommendation should be clearly stated.

A high quality recommendation is an actionable proposal that is:

1. Feasible to implement within the timeframe and resources available
2. Commensurate with the available capacities of project team and partners
3. Specific in terms of who would do what and when
4. Contains results-based language (i.e. a measurable performance target)
5. Includes a trade-off analysis, when its implementation may require utilizing significant resources that would otherwise be used for other project purposes.

viii) **Annexes** may include additional material deemed relevant by the evaluator but must include:

1. The Evaluation Terms of Reference,
2. A list of interviewees, and evaluation timeline
3. A list of documents reviewed / consulted
4. Summary co-finance information and a statement of project expenditure by activity
5. The expertise of the evaluation team. (brief CV).

TE reports will also include any response / comments from the project management team and/or the country focal point regarding the evaluation findings or conclusions as an annex to the report, however, such will be appended to the report by UNEP EOU.

Examples of UNEP GEF Terminal Evaluation Reports are available at www.unep.org/eou

Review of the Draft Evaluation Report

Draft reports submitted to UNEP EOU are shared with the corresponding Programme or Project Officer and his or her supervisor for initial review and consultation. The DGEF staff and senior Executing Agency staff are allowed to comment on the draft evaluation report. They may provide feedback on any errors of fact and may highlight the significance of such errors in any conclusions. The consultation also seeks feedback on the proposed recommendations. UNEP EOU collates all review comments and provides them to the evaluators for their consideration in preparing the final version of the report.

4. Submission of Final Terminal Evaluation Reports.

The final report shall be submitted in electronic form in MS Word format and should be sent to the following persons:

Mike Spilsbury D.Phil
Chief | UNEP Evaluation Office | NOF Block 2, 3rd Floor, North Wing
P.O. Box 30552-GPO-00100 Nairobi, Kenya | Tel: 254 20 7625097
Email: Michael.Spilsbury@unep.org

With a copy to:
Brennan Van Dyke
Deputy Director, Office for Operations
Director, Donor Partnerships, GEF Coordination and Contributions
United Nations Environment Programme
P.O. Box 30552
Nairobi 00100
Kenya
Tel: (020) 762-3993

{Name}
Task Manager
{Contact details}

The Final evaluation will also be copied to the following GEF National Focal Points.
{Insert contact details here}

The final evaluation report will be published on the Evaluation and Oversight Unit's web-site www.unep.org/eou and may be printed in hard copy. Subsequently, the report will be sent to the GEF Office of Evaluation for their review, appraisal and inclusion on the GEF website.

5. Resources and schedule of the evaluation

This final evaluation will be undertaken by an international evaluator contracted by the Evaluation and Oversight Unit, UNEP. The contract for the evaluator will begin on ddmmyyy and end on ddmmyyyy (# days) spread over # weeks (# days of travel, to {country(ies)}, and # days desk study). The evaluator will submit a draft report on ddmmyyyy to UNEP/EOU, the UNEP/DGEF Task Manager, and key representatives of the executing agencies. Any comments or responses to the draft report will be sent to UNEP / EOU for collation and the consultant will be advised of any necessary revisions. Comments to the final draft report will be sent to the consultant by ddmmyyyy after which, the consultant will submit the final report no later than ddmmyyyy.

The evaluator will after an initial telephone briefing with EOU and UNEP/GEF conduct initial desk review work and later travel to (country(ies)} and meet with project staff at the beginning of the evaluation. Furthermore, the evaluator is expected to travel to {country(ies)} and meet with representatives of the project executing agencies and the intended users of project's outputs.

In accordance with UNEP/GEF policy, all GEF projects are evaluated by independent evaluators contracted as consultants by the EOU. The evaluator should have the following qualifications:

The evaluator should not have been associated with the design and implementation of the project in a paid capacity. The evaluator will work under the overall supervision of the Chief, Evaluation

and Oversight Unit, UNEP. The evaluator should be an international expert in { } with a sound understanding of { } issues. The consultant should have the following minimum qualifications: (i) experience in river basin management issues; (ii) experience with management and implementation of nature conservation and/or freshwater projects and in particular with EU targeted at policy-influence and decision-making; (iii) experience with project evaluation. Knowledge of UNEP programmes and GEF activities is desirable. Knowledge of Romania and Bulgarian is an advantage. Fluency in oral and written English is a must.

6. Schedule Of Payment

The consultant shall select one of the following two contract options:

Lump-Sum Option

The evaluator will receive an initial payment of 30% of the total amount due upon signature of the contract. A further 30% will be paid upon submission of the draft report. A final payment of 40% will be made upon satisfactory completion of work. The fee is payable under the individual Special Service Agreement (SSA) of the evaluator and **is inclusive** of all expenses such as travel, accommodation and incidental expenses.

Fee-only Option

The evaluator will receive an initial payment of 40% of the total amount due upon signature of the contract. Final payment of 60% will be made upon satisfactory completion of work. The fee is payable under the individual SSAs of the evaluator and is **NOT** inclusive of all expenses such as travel, accommodation and incidental expenses. Ticket and DSA will be paid separately.

In case, the evaluator cannot provide the products in accordance with the TORs, the timeframe agreed, or his products are substandard, the payment to the evaluator could be withheld, until such a time the products are modified to meet UNEP's standard. In case the evaluator fails to submit a satisfactory final product to UNEP, the product prepared by the evaluator may not constitute the evaluation report.

Annex 1 to Appendix 9: OVERALL RATINGS TABLE

Criterion	Evaluator's Summary Comments	Evaluator's Rating
A. Attainment of project objectives and results (overall rating) **Sub criteria (below)**		
A. 1. Effectiveness		
A. 2. Relevance		
A. 3. Efficiency		
B. Sustainability of Project outcomes (overall rating) **Sub criteria (below)**		
B. 1. Financial		
B. 2. Socio Political		
B. 3. Institutional framework and governance		
B. 4. Ecological		
C. Achievement of outputs and activities		
D. Monitoring and Evaluation (overall rating) **Sub criteria (below)**		
D. 1. M&E Design		
D. 2. M&E Plan Implementation (use for adaptive management)		
D. 3. Budgeting and Funding for M&E activities		
E. Catalytic Role		
F. Preparation and readiness		
G. Country ownership / drivenness		
H. Stakeholders involvement		
I. Financial planning		
J. Implementation approach		
K. UNEP Supervision and backstopping		

RATING OF PROJECT OBJECTIVES AND RESULTS

Highly Satisfactory (HS): The project had no shortcomings in the achievement of its objectives, in terms of relevance, effectiveness or efficiency.

Satisfactory (S): The project had minor shortcomings in the achievement of its objectives, in terms of relevance, effectiveness or efficiency.

Moderately Satisfactory (MS): The project had moderate shortcomings in the achievement of its objectives, in terms of relevance, effectiveness or efficiency.

Moderately Unsatisfactory (MU): The project had significant shortcomings in the achievement of its objectives, in terms of relevance, effectiveness or efficiency.

Unsatisfactory (U) The project had major shortcomings in the achievement of its objectives, in terms of relevance, effectiveness or efficiency.

Highly Unsatisfactory (HU): The project had severe shortcomings in the achievement of its objectives, in terms of relevance, effectiveness or efficiency.

Please note: Relevance and effectiveness will be considered as critical criteria. The overall rating of the project for achievement of objectives and results **may not be higher** than the lowest rating on either of these two criteria. Thus, to have an overall satisfactory rating for outcomes a project must have at least satisfactory ratings on both relevance and effectiveness.

RATINGS ON SUSTAINABILITY

A. Sustainability will be understood as the probability of continued long-term outcomes and impacts after the GEF project funding ends. The Terminal evaluation will identify and assess the key conditions or factors that are likely to contribute or undermine the persistence of benefits after the project ends. Some of these factors might be outcomes of the project, i.e. stronger institutional capacities, legal frameworks, socio-economic incentives /or public awareness. Other factors will include contextual circumstances or developments that are not outcomes of the project but that are relevant to the sustainability of outcomes.

Rating system for sustainability sub-criteria

On each of the dimensions of sustainability of the project outcomes will be rated as follows.

Likely (L): There are no risks affecting this dimension of sustainability.

Moderately Likely (ML). There are moderate risks that affect this dimension of sustainability.

Moderately Unlikely (MU): There are significant risks that affect this dimension of sustainability

Unlikely (U): There are severe risks that affect this dimension of sustainability.

According to the GEF Office of Evaluation, all the risk dimensions of sustainability are deemed critical. Therefore, overall rating for sustainability will not be higher than the rating of the dimension with lowest ratings. For example, if a project has an Unlikely rating in any of the dimensions then its overall rating cannot be higher than Unlikely, regardless of whether higher ratings in other dimensions of sustainability produce a higher average.

RATINGS OF PROJECT M&E

Monitoring is a continuing function that uses systematic collection of data on specified indicators to provide management and the main stakeholders of an ongoing project with indications of the extent of progress and achievement of objectives and progress in the use of allocated funds. Evaluation is the systematic and objective assessment of an on-going or completed project, its design, implementation and results. Project evaluation may involve the definition of appropriate standards, the examination of performance against those standards, and an assessment of actual and expected results.

The Project monitoring and evaluation system will be rated on 'M&E Design', 'M&E Plan Implementation' and 'Budgeting and Funding for M&E activities' as follows:

Highly Satisfactory (HS): There were no shortcomings in the project M&E system.
Satisfactory(S): There were minor shortcomings in the project M&E system.

Moderately Satisfactory (MS): There were moderate shortcomings in the project M&E system.

Moderately Unsatisfactory (MU): There were significant shortcomings in the project M&E system.

Unsatisfactory (U): There were major shortcomings in the project M&E system.

Highly Unsatisfactory (HU): The Project had no M&E system.

"M&E plan implementation" will be considered a critical parameter for the overall assessment of the M&E system. The overall rating for the M&E systems will not be higher than the rating on "M&E plan implementation."

All other ratings will be on the GEF six point scale.

GEF Performance Description		Alternative description on the same scale
HS	= Highly Satisfactory	Excellent
S	= Satisfactory	Well above average
MS	= Moderately Satisfactory	Average
MU	= Moderately Unsatisfactory	Below Average
U	= Unsatisfactory	Poor
HU	= Highly Unsatisfactory	Very poor (Appalling)

Annex 2 to Appendix 9: Co-financing and Leveraged Resources

Co financing (Type/Source)	IA own Financing (mill US$)		Government (mill US$)		Other* (mill US$)		Total (mill US$)		Total Disbursement (mill US$)	
	Planned	**Actual**	**Planned**	**Actual**	**Planned**	**Actual**	**Planned**	**Actual**	**Planned**	**Actual**
– Grants										
– Loans/Concessional (compared to market rate)										
– Credits										
– Equity investments										
– In-kind support										
– Other (*) - - - - -										

Co-financing (basic data to be supplied to the consultant for verification)

Totals										

* Other is referred to contributions mobilized for the project from other multilateral agencies, bilateral development cooperation agencies, NGOs, the private sector and beneficiaries.

Leveraged Resources
Leveraged resources are additional resources—beyond those committed to the project itself at the time of approval—that are mobilized later as a direct result of the project. Leveraged resources can be financial or in-kind and they may be from other donors, NGO's, foundations, governments, communities or the private sector. Please briefly describe the resources the project has leveraged since inception and indicate how these resources are contributing to the project's ultimate objective.

Table showing final actual project expenditure by activity to be supplied by the UNEP Fund management Officer. (insert here)

Annex 3 to Appendix 9

Review of the Draft Report
Draft reports submitted to UNEP EOU are shared with the corresponding Programme or Project Officer and his or her supervisor for initial review and consultation. The DGEF staff and senior Executing Agency staff provide comments on the draft evaluation report. They may provide feedback on any errors of fact and may highlight the significance of such errors in any conclusions. The consultation also seeks agreement on the findings and recommendations. UNEP EOU collates the review comments and provides them to the evaluators for their consideration in preparing the final version of the report. General comments on the draft report with respect to compliance with these TOR are shared with the reviewer.

Quality Assessment of the Evaluation Report
All UNEP GEF Mid Term Reports are subject to quality assessments by UNEP EOU. These apply GEF Office of Evaluation quality assessment and are used as a tool for providing structured feedback to the evaluator.

The quality of the draft evaluation report is assessed and rated against the following criteria:

GEF Report Quality Criteria	**UNEP EOU Assessment**	**Rating**
A. Did the report present an assessment of relevant outcomes and achievement of project objectives in the context of the focal area program indicators if applicable?		
B. Was the report consistent and the evidence complete and convincing and were the ratings substantiated when used?		
C. Did the report present a sound assessment of sustainability of outcomes?		
D. Were the lessons and recommendations supported by the evidence presented?		
E. Did the report include the actual project costs (total and per activity) and actual co-financing used?		
F. Did the report include an assessment of the quality of the project M&E system and its use for project management?		
UNEP EOU additional Report Quality Criteria	**UNEP EOU Assessment**	**Rating**
G. Quality of the lessons: Were lessons readily applicable in other contexts? Did they suggest prescriptive action?		
H. Quality of the recommendations: Did recommendations specify the		

actions necessary to correct existing conditions or improve operations ('who?' 'what?' 'where?' 'when?)'. Can they be implemented? Did the recommendations specify a goal and an associated performance indicator?		
I. Was the report well written? (clear English language and grammar)		
J. Did the report structure follow EOU guidelines, were all requested Annexes included?		
K. Were all evaluation aspects specified in the TORs adequately addressed?		
L. Was the report delivered in a timely manner		

GEF Quality of the MTE report = 0.3*(A + B) + 0.1*(C+D+E+F)

EOU assessment of MTE report = 0.3*(G + H) + 0.1*(I+J+K+L)

Combined quality Rating = (2* 'GEF EO' rating + EOU rating)/3

The Totals are rounded and converted to the scale of HS to HU

Rating system for quality of terminal evaluation reports

A number rating 1-6 is used for each criterion: Highly Satisfactory = 6, Satisfactory = 5, Moderately Satisfactory = 4, Moderately Unsatisfactory = 3, Unsatisfactory = 2, Highly Unsatisfactory = 1, and unable to assess = 0.

GEF Minimum requirements for M&E
Minimum Requirement 1: Project Design of M&E[10]

All projects must include a concrete and fully budgeted monitoring and evaluation plan by the time of Work Program entry (full-sized projects) or CEO approval (medium-sized projects). This plan must contain at a minimum:

- SMART (see below) indicators for project implementation, or, if no indicators are identified, an alternative plan for monitoring that will deliver reliable and valid information to management
- SMART indicators for results (outcomes and, if applicable, impacts), and, where appropriate, corporate-level indicators
- A project baseline, with:
  - a description of the problem to address
  - indicator data
  - or, if major baseline indicators are not identified, an alternative plan for addressing this within one year of implementation
- An M&E Plan with identification of reviews and evaluations which will be undertaken, such as mid-term reviews or evaluations of activities
- An organizational setup and budgets for monitoring and evaluation.

[10] http://gefweb.org/MonitoringandEvaluation/MEPoliciesProcedures/MEPTools/meptstandards.html

Minimum Requirement 2: Application of Project M&E

Project monitoring and supervision will include implementation of the M&E plan, comprising:

- Use of SMART indicators for implementation (or provision of a reasonable explanation if not used)
- Use of SMART indicators for results (or provision of a reasonable explanation if not used)
- Fully established baseline for the project and data compiled to review progress
- Evaluations are undertaken as planned
- Operational organizational setup for M&E and budgets spent as planned.

SMART INDICATORS GEF projects and programs should monitor using relevant performance indicators. The monitoring system should be "SMART":

1. **Specific**: The system captures the essence of the desired result by clearly and directly relating to achieving an objective, and only that objective.
2. **Measurable:** The monitoring system and its indicators are unambiguously specified so that all parties agree on what the system covers and there are practical ways to measure the indicators and results.
3. **Achievable and Attributable:** The system identifies what changes are anticipated as a result of the intervention and whether the result(s) are realistic. Attribution requires that changes in the targeted developmental issue can be linked to the intervention.
4. **Relevant and Realistic:** The system establishes levels of performance that are likely to be achieved in a practical manner, and that reflect the expectations of stakeholders.
5. **Time-bound, Timely, Trackable, and Targeted:** The system allows progress to be tracked in a cost-effective manner at desired frequency for a set period, with clear identification of the particular stakeholder group to be impacted by the project or program.

Annex 5 to Appendix 9

List of intended additional recipients for the Terminal Evaluation (to be completed by the IA Task Manager)

Name	Affiliation	Email
Aaron Zazuetta	GEF Evaluation Office	azazueta@thegef.org
Government Officials		
GEF Focal Point(s)		
Executing Agency		
Implementing Agency		
	UNEP DGEF Quality Assurance Officer	

Appendix 10: Decision-making flowchart and organizational chart

DIVISION OF RESPONSIBILITIES

This project will be operated under the supervision of RedLAC and CAFÉ networks, through the Brazilian Biodiversity Fund – Funbio, a RedLAC member and manager of the previous RedLAC Capacity Building Project, as the executing agency (see detailed description of Funbio's services and structure in Appendix 22). Funbio's only headquarter is in Rio de Janeiro, Brazil. UNEP is the Implementing Agency for the GEF contribution to the project.

RedLAC and CAFÉ Executive Secretariats will have a key role in working coordinately with Funbio for the execution of some activities that are pertinent to the networks' strengthening strategy. They will be represented by their Executive Secretaries in the Project Steering Committee (SC), who will be the main oversight mechanism (see detailing below).

A technical advisory committee, named Project Committee (PC) by FFEM and Mava Foundation, will have a technical profile and will validate the procedures and arbitrate the selection of the innovative mechanisms and the mentorship experiences to be supported (see composition below). It will also follow the project's indicators and results to guide its adaptive management in the technical issues. This dual technical and supervisory role has already proved its efficiency in the previous project.

PROJECT STRUCTURE

Project Headquarter will be located in Rio de Janeiro in Funbio's office. Staff working from this office includes the Project Manager, Financial Control, Legal Advisory, Documentation, Procurement, Administration, Project Management Officer, and Project Supervision. Local and international consultants will be hired to support project execution.

The project counts with two different committees as explained above:

- The Project Steering Committee (PSC) is a standard oversight mechanism in UNEP's project management procedures for GEF funded projects. It will be composed of UNEP Task Manager, the Project Manager in Funbio, RedLAC Executive Secretary and CAFÉ Executive Secretary. In practical terms, the PSC is responsible for ensuring that the project meets goals announced in the Project Result Framework by helping to balance conflicting priorities and resources. The PSC will be chaired by Funbio, but its chairing may also be alternated with RedLAC and CAFÉ Secretaries. This committee will meet every year.
- The Project Committee (PC), as named by FFEM and Mava Foundation in this project, is a technical advisory group, and will be established with the purpose of formulating technical thematic recommendations to help the project meet its outcomes and outputs, and independently lead the selection of beneficiaries through the competitive processes of component 1 and 2. It will be composed of one RedLAC representative, one CAFÉ representative, one representative of each of the project donors (optional for the donors decision), two conservation finance specialists (one invited by RedLAC and one invited by CAFÉ), one investment expert (venture capital and business development) and one biodiversity expert with experience of both marine and terrestrial areas.

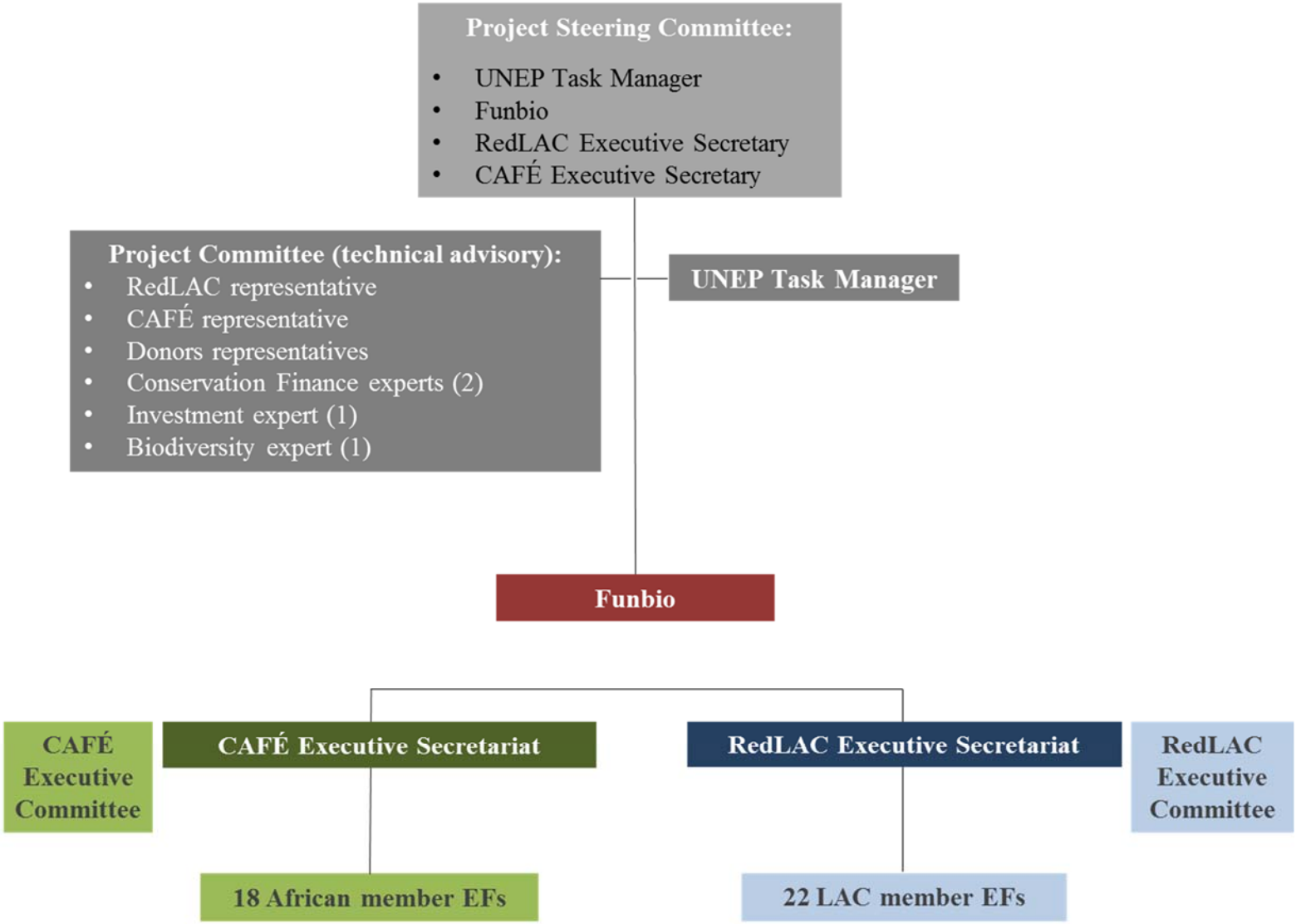
In order to promote interchange between the Project Steering Committee and the Project Committee, meetings will be timed.

OVERSIGHT MECHANISMS

The PSC will issue reports on progress by the project and make recommendations concerning the need to revise any aspects of the Project Results Framework, Theory of Change Chart or the M&E plan. Supervision to ensure that the project meets UNEP and GEF policies and procedures is the responsibility to the UNEP-GEF Task Manager. The Task Manager will also review the quality of draft project outputs, provide feedback to the project partners, and establish peer review procedures to ensure adequate quality of scientific and technical outputs and publications.

A mid-term management review or evaluation will take place at the mid-point in the project. An independent terminal evaluation will take place 6 months prior to the end of project. The Evaluation and Oversight Unit (EOU) of UNEP will manage the terminal evaluation process in coordination with the other donors. A review of the quality of the evaluation report will be done by EOU and submitted along with the report to the GEF Evaluation Office not later than 6 months after the completion of the evaluation.

Project Structure:



Appendix 11: Terms of Reference

Separate compressed file

Appendix 12: Co-financing commitment letters from project partners

Separate pdf file

Appendix 13: Endorsement letters of GEF National Focal

Does not apply as a global project.

Appendix 14: Draft procurement plan

Project #1312 - Knowledge for Action: Promoting Innovation among Environmental Funds					
UNEP Budget Line		**List of Goods and Services required**	**Budget (USD)**	**Year {Note 1}**	**Brief description of anticipated procurement process {Note 2}**
1200	**Consultants**				
1201	Technical Specialist	specialist in web development for online tools	11,000	1,2,3	ToRs will be circulated asking for CVs and an intention letter All CVs will be reviewed and 3 persons will be pre-selected by Funbio The final selection will be held in coordination with RedLAC and CAFÉ Secretariats
1202	Technical Specialist	distance learning specialist	24,000	2	
1203	Technical Specialist	specialist for supporting EFs to prepare innovative financial mechanisms proposals	20,000	1	
1204	Technical Specialist	Final External Evaluation of the project	23,240	3	
2300	**Sub-contracts (MOUs/LOAs for supporting organizations)**				
2301	Sub contracts for supporting institutions	contracts for feasibility studies to be executed directly by member EFs	80,000	1	ToRs will be negotiated with partner institutions (activities, products, budget, etc,) Agreements and/or contracts will be subscribed
2302	Sub contracts for supporting institutions	contracts for pilot projects to be executed directly by member EFs	500,000	2	
2303	Sub contracts for supporting institutions	contracts for mentorships to be executed directly by member EFs (travel stipend, mentor costs and groups of mentorships)	130,000	2,3	
5100	**Miscellaneous Component**				
5201	Services	Communication materials	5,000	1,2,3	Price comparing among three options
1600	**Travel on official business**				
1601	Per diem	all per diem estimated for the 4 components	20,000	1,2,3	250 USD per day (no differentiated per diem amount)
		GRAND TOTAL	**813,240**		

Note 1 - Year when goods/services will be procured

Note 2 - Based on your organization's procurement procedures, and in compliance with UNEP rules and procedures, briefly explain how the service provider/consultant/vendor will be selected

Appendix 15: Tracking Tools

Separate compressed file.

Appendix 16: Environmental and social safeguards checklist

As part of the GEFs evolving Fiduciary Standards that Implementing Agencies have to address 'Environmental and Social Safeguards'. To fill this checklist:

- STEP 1: Initially assess E&S Safeguards as part of PIF development. The checklist is to be submitted for the CRC.
- STEP 2 : Check list is reviewed during PPG project preparation phase and updated as required
- STEP 3 : Final check list submitted for PRC showing what activities are being undertaken to address issues identified

UNEP/GEF Environmental and Social Safeguards Checklist

Project Title:			
GEF project ID and UNEP ID/IMIS Number		***Version of checklist***	
Project status (preparation, implementation, MTE/MTR, TE)		***Date of this version:***	
Checklist prepared by (Name, Title, and Institution)			

In completing the checklist both short- and long-term impact shall be considered.

Section A: Project location

If negative impact is identified or anticipated the Comment/Explanation field needs to include: Project stage for addressing the issue; Responsibility for addressing the issue; Budget implications, and other comments.

	Yes/No/N.A.	*Comment/explanation*
- Is the project area in or close to -		
- densely populated area	yes	Most EFs are in the capital of their countries
- cultural heritage site	No	Not directly impacted by the project
- protected area	No	Not directly impacted by the project
- wetland	No	Not directly impacted by the project
- mangrove	No	Not directly impacted by the project
- estuarine	No	Not directly impacted by the project
- buffer zone of protected area	No	Not directly impacted by the project
- special area for protection of biodiversity	No	Not directly impacted by the project
- Will project require temporary or permanent support facilities?	No	Not directly impacted by the project
If the project is anticipated to impact any of the above areas an Environmental Survey will be needed to determine if the project is in conflict with the protection of the area or if it will cause significant disturbance to the area.		

Section B: Environmental impacts

If negative impact is identified or anticipated the Comment/Explanation field needs to include: Project stage for addressing the issue; Responsibility for addressing the issue; Budget implications, and other comments.

	Yes/No/ N.A.	*Comment/explanation*
- Are ecosystems related to project fragile or degraded?	No	Not directly impacted by the project
- Will project cause any loss of precious ecology, ecological, and economic functions due to construction of infrastructure?	No	Not directly impacted by the project
- Will project cause impairment of ecological opportunities?	No	Not directly impacted by the project
- Will project cause increase in peak and flood flows? (including from temporary or permanent waste waters)	No	Not directly impacted by the project
- Will project cause air, soil or water pollution?	No	Not directly impacted by the project
- Will project cause soil erosion and siltation?	No	Not directly impacted by the project
- Will project cause increased waste production?	No	Not directly impacted by the project
- Will project cause Hazardous Waste production?	No	Not directly impacted by the project
- Will project cause threat to local ecosystems due to invasive species?	No	Not directly impacted by the project
- Will project cause Greenhouse Gas Emissions?	No	Not directly impacted by the project
- Other environmental issues, e.g. noise and traffic	No	Not directly impacted by the project
Only if it can be carefully justified that any negative impact from the project can be avoided or mitigated satisfactorily both in the short and long-term, can the project go ahead.		

Section C: Social impacts

If negative impact is identified or anticipated the Comment/Explanation field needs to include: Project stage for addressing the issue; Responsibility for addressing the issue; Budget implications, and other comments.

	Yes/No/N.A.	*Comment/explanation*
- Does the project respect internationally proclaimed human rights including dignity, cultural property and uniqueness and rights of indigenous people?	Yes	
- Are property rights on resources such as land tenure recognized by the existing laws in affected countries?	N.A	
- Will the project cause social problems and conflicts related to land tenure and access to resources?	No	
- Does the project incorporate measures to allow affected stakeholders' information and consultation?	Yes	All activities were collectively formulated in consultation with all EFs
- Will the project affect the state of the targeted country's (-ies') institutional context?	Yes	The project will increase institutional capacities of the EFs and consequently of their countries, to provide multiple environmental and social benefits.
- Will the project cause change to beneficial uses of land or resources? (incl. loss of downstream beneficial uses (water supply or fisheries)?	N.A	Not directly impacted by the project
- Will the project cause technology or land use modification that may change present social and economic activities?	N.A	Not directly impacted by the project
- Will the project cause dislocation or involuntary resettlement of people?	No	
- Will the project cause uncontrolled in-migration (short- and long-term) with opening of roads to areas and possible overloading of social infrastructure?	No	
- Will the project cause increased local or regional unemployment?	No	
- Does the project include measures to avoid forced or child labour?	N.A	Not directly impacted by the project
- Does the project include measures to ensure a safe and healthy working environment for workers employed as part of the project?	N.A	Not directly impacted by the project
- Will the project cause impairment of recreational opportunities?	N.A	Not directly impacted by the project
- Will the project cause impairment of indigenous people's livelihoods or belief systems?	N.A	Not directly impacted by the project
- Will the project cause disproportionate impact to women or other	No	

disadvantaged or vulnerable groups?		
- Will the project involve and or be complicit in the alteration, damage or removal of any critical cultural heritage?	N.A	Not directly impacted by the project
- Does the project include measures to avoid corruption?	N.A	Not directly impacted by the project
Only if it can be carefully justified that any negative impact from the project can be avoided or mitigated satisfactorily both in the short and long-term, can the project go ahead.		

Section D: Other considerations

If negative impact is identified or anticipated the Comment/Explanation field needs to include: Project stage for addressing the issue; Responsibility for addressing the issue; Budget implications, and other comments.

	Yes/ No/ N.A.	*Comment/explanation*
- Does national regulation in affected country (-ies) require EIA and/or ESIA for this type of activity?	N.A	Not directly impacted by the project
- Is there national capacity to ensure a sound implementation of EIA and/or SIA requirements present in affected country (-ies)?	N.A	Not directly impacted by the project
- Is the project addressing issues, which are already addressed by other alternative approaches and projects?	No	
- Will the project components generate or contribute to cumulative or long-term environmental or social impacts?	Yes	Indirectly, by strengthening EFs
- Is it possible to isolate the impact from this project to monitor E&S impact?	N.A	Not directly impacted by the project

Appendix 17: Responses to Reviews

Responses to Comments from GEF Secretariat:

At time of CEO approval, please address comments in questions 6, 7, 8, 10, 11, 12.

6. Is (are) the baseline project(s), including problem(s) that the baseline project(s) seek/s to address, sufficiently described and based on sound data and assumptions?
Baseline projects and initiatives, particularly led by the RedLAC and CAFÉ are sufficient described. Further details on their linkage and coordination are expected by the time of MSP approval.

Since 2010, both RedLAC and CAFÉ Funds are increasingly involved in collective knowledge initiatives through both networks. CAFÉ was created in 2011, but in 2010, they had their first meeting to exchange knowledge and discuss the network establishment. RedLAC and CAFÉ Funds have also participated in several projects developed under the CFA (Conservation Finance Alliance) umbrella, which focused on EFs operations and their accumulated experience. Most of the CFA products are related to EFs and were possible because of the willingness to share information and network spirit inherent of these two group of Funds. This is true for the Conservation Trust Investment Survey (CTIS), a CFA annual publication on EFs performance in the investment market, which is published since 2008 with data provided by the EFs. This is also true for the EFs Toolkit, an online library created by the CFA in partnership with RedLAC and other partners to share EFs' real documents that are uploaded by EFs. More recently both RedLAC and CAFÉ Funds participated in the elaboration of the Practice Standards for EFs, a set of norms and good practices to help Funds achieve more professional standards. Built on the experience of more experienced EFs, the standards were elaborated with the participation of Funds' main donors. The RedLAC Capacity Building Project, implemented from 2010 to 2014 and funded by RedLAC EFs, FFEM and the Moore Foundation, was a key project to engage LAC and African Funds. Its activities in Africa were essential for the establishment of CAFÉ. Its component on innovation removed barriers for Funds to try new financial mechanisms, and it is the base for this new project Innovation Seed Fund. The capacity building workshops organized by RedLAC were fundamental for promoting exchange of experiences and information among Funds, including Funds that are not members of the networks and Funds from other regions. 54 Funds participated in the workshops creating linkages that will enable continuous exchange. This new project will consolidate these previous initiatives in a broader platform for EFs knowledge to be systematized and shared and collective solutions to be built. It will provide opportunities for the Funds to innovate and to achieve the Practice Standards, besides raising the profile of their work in each country. It will benefit Funds from both regions, LAC and Africa, but also with specific activities opened to EF from other regions, especially the Asian-Pacific Funds that also aim at creating their own network. The openness to share all learning and materials produced is a key feature of the EFs' networks and will allow all previous initiatives to be complemented and enhanced. All materials published by the Knowledge for Action project will be shared in the EFs Toolkit of the CFA, besides RedLAC and CAFÉ Knowledge platform, in a way its outreach is increased and different audiences may benefit from them.

7. Are the components, outcomes and outputs in the project framework clear, sound and appropriately detailed?

Yes, the project framework is sufficiently clear at this stage. Concrete baseline data/information as well as targets should be clarified by the time of MSP approval.

The results framework and the incremental cost analysis clarify the baseline conditions as well as the targets of the project activities. Given the business model of EFs, they mainly mobilize resources through donations receiving a limited percentage of the funds administered to cover the projects' direct costs. It is a common challenge for all funds to cover the overhead costs, not easily included in donations agreements. This common reality is a barrier for Funds to invest in innovative mechanisms for financial resources mobilization, as most innovations have a high level of risks involved and Funds have no resources to risk to try these innovations. This is quite evident as the current situation but the project will promote a study on the networks' situation that will provide details on the resources base composition, allowing the project to assess if there are Funds, if any, investing their own resources in innovative mechanisms.

On the mentorship component, the previous RedLAC Capacity Building Project provided evidences that Funds have specific strengthening demands that can be better supplied by more experienced EFs, as their operation have similarities, but also specificities that are not easily understood by other types of institutions or consultants. The mentorships experiences tried in the previous project showed that this modality may be a very good format to put in practice the CFA Practice Standards. Without this new project, it is very hard that Funds have this opportunity, because similarly to what happens in terms of lack of free resources for innovation, Funds don't have resources for their institutional strengthening either.

The previous RedLAC project and the CFA initiatives helped setting the bases for Funds knowledge management, establishing a culture of systematizing success and failure cases to be shared in the conservation community, but they also made clear that preparing their experience to be shared requires time and efforts that most Funds cannot finance with their own resources. EFs require methodological and technical support for systematizing their experience. This project will provide this support and the visibility that will increase the outreach of the lessons learned by the Funds community.

8. (a) are global environmental/ adaptation benefits identified?

Yes, sufficiently described at this stage. Tangible and measurable Global Biodiversity Benefits should be further determined by the time of MSP approval, particularly on the benefits towards protected areas systems as this project is specifically linked to BD1.

It is detailed in the project intervention strategy that all RedLAC and CAFÉ Funds support directly and indirectly Protected Areas (PAs). Actually, Protected Areas are the core business and the main reason for the Funds' existence. The 40 EFs that are members of RedLAC and CAFÉ operate in 33 countries that concentrate most of the remaining biodiversity in the planet, 8 of them considered megadiverse countries. They help to protect seven areas considered as biodiversity hotspots and 49 UNESCO Natural World Heritage sites, being 10 in danger. Only in LAC they finance more than 500 PAs covering more than 300 million hectares. This project is aimed at strengthening EFs' capacities to use innovative financial mechanisms and to improve their practices in a way they can mobilize additional resources to the Protected Areas they already support, increasing their management effectiveness and their financial sustainability. The innovative mechanisms tested

under this project will have clear baselines and monitoring indicators to put in evidence the effects in the resource mobilization capacity of the EFs, which will enhance their contribution to conservation finance.

10. Is the role of public participation, including CSOs, and indigenous peoples where relevant, identified and explicit means for their engagement explained?
Stakeholder involvement is adequately informed. However, concrete coordination mechanisms with the CSOs should be further clarified by the time of MSP approval.

Environmental Funds are hubs that connect different actors in common efforts through their capacity of leveraging resources from different sources and channeling these resources to different initiatives. EFs work closely with international cooperation institutions, their main funding sources; they also have a very close collaboration with their governmental agencies, who have the mandate over PAs and national conservation priorities and plans that EFs help to finance; additionally, EFs have direct connection with CSOs working in the field, which receive funding from the EFs and perform the conservation initiatives that will provide field results; most EFs also work with the private sector in their countries, companies that invest in conservation efforts both because they have the obligation to do so and because they have corporate social responsibility commitments. This central position in the conservation finance agenda gives EFs conditions to involve stakeholders in their initiatives. The coordination mechanisms used for this vary from EF to EF, but it is usual to have CSOs representatives in the EFs' boards, as part of their decision-making processes. The previous RedLAC project increased the participation of board members in the networks activities, especially through activities focusing governance and fundraising. This increased participation also strengthen each EF coordination with the CSOs in each country. In this new project, the coordination mechanisms to engage stakeholders are more related to the engagement of the 40 EFs staff and board members, the networks' secretariats and the broader community of conservation through open events and shared results. The Project Committee allows individuals external to the networks to participate and bring complementary expertise. It also allows donors to participate in the project's decisions and follow closely the effects of the interventions. The commitment of the networks Executive Committees in sharing all materials produced in different web platforms, including the CFA EFs Toolkit, is a concrete mechanism with the CSOs.

11. Does the project take into account potential major risks, including the consequences of climate change, and describes sufficient risk mitigation measures? (e.g. measures to enhance climate resilience)
Yes, adequately explained. Further details and analysis are required by the time of MSP approval.

A complete risk analysis was developed in item 3.5 above related specifically to the project. In terms of climate change and climate resilience, the project will finance feasibility studies and pilot projects on innovative financial mechanisms that will aim at conservation of biodiversity and climate change mitigation and/or adaptation. To include climate change as an objective of EFs is a key decision to open this project to the climate agenda, increasing the possibilities of synergic projects that have both biodiversity conservation and climate change benefits, enhancing the financing leverage potential and providing concrete measures of success.

12. Is the project consistent and properly coordinated with other related initiatives in the country or in the region?

Yes, coordination with ongoing GEF trust fund related projects and other initiatives are noted, particularly by the CFA. Coordination mechanism and roles should be further clarified by MSP approval, particularly with CFA and other related key initiatives.

As mentioned above, this project is driven by the openness and willingness to share that is characteristic to the EFs' networks. The previous RedLAC Capacity Building Project was implemented with this spirit and proved to be an effective mechanism of engagement. Several CFA members and EFs from other regions participated in the previous project activities, as well as they participate in RedLAC and CAFÉ Assemblies since they started to be organized. It is important though to differentiate between coordination mechanisms and ownership. For the consolidation of this unique partnership and south-south collaboration, it is essential to preserve the ownership of this project as a RedLAC-CAFÉ project. Not even the member Funds that host the secretariats (currently Tany Meva and Fondo Accion) or the member Fund that manages the project (Funbio) are protagonist over the two networks. By strengthening the networks ownership in this project, it is strengthening the sense of belonging and the trust among the institutions. To clarify these details, the project will promote the discussion of roles and synergies with the CFA and elaborate a Memorandum of Understanding (MoU) between the project (RedLAC and CAFÉ) and the CFA, as a way to establish conditions to collaboration and increased results. It is important to reinforce that both RedLAC and CAFÉ (as well as Funbio, Fondo Accion and Tany Meva and several other members) are CFA members. Funbio hosted the CFA secretariat for the last 6,5 years, being one of the responsible institutions for the CFA reactivation and positioning today. Currently, by the time when Funbio finishes its term in the CFA secretariat (June 30, 2015), the alliance has not defined who will be the next host institution, nor the Executive leader to sign this MoU with the project, so the project will wait to a near future moment to promote this discussion.

Another key initiative supported by both RedLAC and CAFÉ is the creation of a third sister network, the Asian-Pacific network of EFs. Since the first RedLAC Assemblies, Asian Pacific EFs are welcome to participate and benefit from these events. Several of them have TFCA agreements with the US government (through USAID) and RedLAC has collaborated with USAID to promote the annual TFCA global meeting combined with RedLAC Assemblies. This partnership between RedLAC and USAID made possible that EFs from Africa and Asia meet with LAC EFs and exchange experiences. RedLAC and CAFÉ decided to maintain some activities of this project restricted to their members (especially the ones that involves sub grants), but have included a symbolic budget to promote the participation of EFs that are involved in the Asian-Pacific network creation, so that they take advantage of the experience of RedLAC and CAFÉ, and share with all EFs their successes and failures through the knowledge platform and shared methodologies.

Appendix 18: Theory of Change

Situation Analysis:

<table>
<tr><th colspan="2">Factors</th><th>Indirect Threats</th><th>Direct Threat</th><th>Target</th></tr>
<tr><td colspan="2">EFs do not have resources and conditions to design and implement Innovative Financial Mechanisms to access new funding streams.</td><td rowspan="2">EFs too dependent on traditional funding sources, which cannot mobilize the needed funding.</td><td rowspan="3">Not enough funding reaching conservation priorities.

Lack of creative financial mechanisms to achieve Aichi Targets.</td><td rowspan="3">Biodiversity conservation priorities in Latin America, Caribbean and Africa.</td></tr>
<tr><td rowspan="2">EFs networks lack resources to systematize and share the knowledge accumulated by their members.</td><td>EFs, especially the more recently created, lack mentoring/training to achieve standards.</td></tr>
<tr><td>Lack of good case studies by EFs to replicate successes, shorten the learning curve and avoid mistakes.</td><td>EFs will not fully accomplish their mission due to lack of capacity.</td></tr>
</table>

Theory of Change:

Strategies	Outcomes	Drivers & Assumptions	Intermediate states	Impact
Strategy 1: Innovation Seed Fund to support new EF financing mechanisms	Outcome 1.1: EFs' portfolio of innovative initiatives is strengthened with the funding of feasibility studies and projects on innovative financial mechanisms.	Driver: EFs benefit from technical support to develop their innovative projects; innovative projects are upscaled and replicated; Assumptions : no international financial or environmental crisis that may affect the implementation of the innovative mechanism	Diversified and increased finance for biodiversity conservation coming from EFs. More creative financial mechanisms directing resources to the Aichi Targets.	Biodiversity conservation priorities in Latin America, Caribbean and Africa receive more funding.
Strategy 2: Capacity Building and peer-to-peer mentoring program	Outcome 2.1: Knowledge and best practices are exchanged through peer-to-peer mentoring, workshops and online tools. Outcome 2.2: EFs staff improved their knowledge and capacity to run EF day to day operations.	Driver: EFs have mechanism to capitalize their experiences/lessons learnt to share them to each other Assumptions: EFs have access to high quality internet connection, National and international regulation continue to support the implementation and the development of EFs Strong motivation and commitment from RedLAC and CAFÉ's leaders		
Strategy 3: A-Z Environmental Funds Solutions Database	Outcome 3.1: Information on EFs performance and experience is documented, shared and capitalized at network level.			
Strategy 4: Institutional strengthening for the RedLAC and CAFE networks	Outcome 4.1: RedLAC and CAFE networks are consolidated in terms of functioning and financial sustainability.			

Appendix 19: List of RedLAC members in 2014

- **BELIZE**

PACT - Protected Areas Conservation Trust

- **BOLIVIA**

FUNDESNAP- Fundación para El Desarrollo Del Sistema Nacional de Áreas Protegidas
PUMA Fondo Ambiental

- **BRAZIL**

Funbio - Fundo Brasileiro para a Biodiversidade
FNMA – Fundo Nacional do Meio Ambiente
Fundo Amazônia

- **COLOMBIA**

Fondo Acción
Fondo Patrimonio Natural

- **COSTA RICA**

Asociación Costa Rica por Siempre
FONAFIFO

- **DOMINICAN REPUBLIC**

Fundacion Sur Futuro

- **ECUADOR**

FAN - Fondo Ambiental Nacional

- **EL SALVADOR**

FIAES - Fondo de la Iniciativa para las Américas

- **HONDURAS**

Fondo para el Manejo de Áreas Protegidas de Honduras

- **JAMAICA**

EFJ - Environmental Foundation of Jamaica

- **MEXICO**

FMCN - Fondo Mexicano para la Conservación de la Naturaleza

- **PANAMA**

Natura - Fundación para la Conservación de los Recursos Naturales

- **PARAGUAY**

Fondo de Conservación de Bosques Tropicales de Paraguay

- **PERU**

FONDAM - Fondo de las Américas
Profonanpe - Fondo de Promoción de las Áreas Naturales Protegidas del Perú

- **REGIONAL – MEXICO, BELIZE, HONDURAS, GUATEMALA**

MAR Fund - Mesoamerican Reef Fund

- **DOMINICAN REPUBLIC**

Fundacion Sur Futuro

- **SURINAME**

SCF - Suriname Conservation Foundation

Appendix 20: List of CAFÉ members in 2014

- **SOUTH AFRICA**

African World Heritage Fund
Table Mountain Fund

- **BENIN**

Fondation des Savanes Ouest Africaine – FSOA (West Savana Foundation)

- **BOTSWANA**

Botswana Forest Conservation Fund

- **REGIONAL - CAMEROON, CENTRAL AFRICAN REPUBLIC, CONGO**

Fondation Tri National de la Sangha

- **IVORY COAST**

Foundation for National Parks and Reserves of Côte d'Ivoire

- **GUINÉE BISSAU**

BioGuinee

- **KENYA**

Kenya Wildlife Service

- **MADAGASCAR**

Fondation des Aires Protégées de Madagascar
Tany Meva Environmental Foundation

- **MALAWI**

Malawi Environmental Endowment Trust
Mulanje Mountain Conservation Trust

- **MAURITANIA**

BaCoMaB

- **MOZAMBIQUE**

Biofund Mozambique

- **UGANDA**

BMCT: Bwindi Mgahinga Conservation Trust

- **SWAZILAND**

Swaziland Environmental Fund

- **TANZANIA**

Eastern Arc Mountains Conservation Endowment Fund
Tanzania Forest Fund

Appendix 21: Full list of EFs Atendees in the RedLAC Capacity Building Project

	Environmental Funds	Country	Region
1	African World Heritage Fund	regional	Africa
2	AfriMAB	regional	Africa
3	Asociación Costa Rica por Siempre	Costa Rica	LAC
4	BACoMaB	Mauritania	Africa
5	Biofund	Mozambique	Africa
6	BMCT	Uganda	Africa
7	Forest Conservation Botswana	Botswana	Africa
8	CONAFOR	Mexico	LAC
9	EAMCEF	Tanzania	Africa
10	Environmental Investment Fund of Namibia	Namibia	Africa
11	Environmental Foundation of Jamaica	Jamaica	LAC
12	FCG	Guatemala	LAC
13	FEMA Goias	Brasil	LAC
14	FIAES	El Salvador	LAC
15	FMCN	Mexico	LAC
16	FNDF	Brasil	LAC
17	FNMA	Brasil	LAC
18	Fondo Accion	Colombia	LAC
19	Fondo Ambiental Nacional	Ecuador	LAC
20	Fondo de Conservación de Bosques Tropicales	Paraguay	LAC
21	FONDAM	Peru	LAC
22	Fondo para el Manejo de Aps Honduras	Honduras	LAC
23	Fonds Fiduciaire pour les APs de la RDC - Okapi	RDC	Africa
24	Foundation for Parks and Reserve for Cote d'Ivoire	Ivory Coast	Africa
25	FTNS	Cameroon	Africa
26	Funbio	Brazil	LAC
27	Fundação CASA	Brasil	LAC
28	Fundacion Patagonia	Argentina	LAC
29	Fundación PUMA Fondo Ambiental	Bolivia	LAC
30	Fundesnap	Bolivia	LAC
31	Fundo Amazonia	Brasil	LAC
32	FZS	Tanzania	Africa
33	Global Conservation Fund	USA	LAC
34	JPAT	Jamaica	LAC
35	KWS	Kenya	Africa
36	Madagascar Biodiversity Fund	Madagascar	Africa
37	MEET	Malawi	Africa
38	MMCT	Malawi	Africa
39	Fundación Natura Panamá	Panama	LAC
40	Patrimonio Natural	Colombia	LAC

	Environmental Funds	Country	Region
41	Profonanpe	Peru	LAC
42	Protected Areas Conservation Trust	Belize	LAC
43	Suriname Conservation Foundation	Suriname	LAC
44	Fondation Tany Meva	Madagascar	Africa
45	Tanzania Forest Fund	Tanzania	Africa
46	Wildlife Clubs of Uganda Trust	Uganda	Africa
47	AfriMAB	Kenya	Africa
48	CARIBBEAN BIODIVERSITY FUND	Caribbean	LAC
49	FONDO ECODESARROLLO – FUNDACION SUR FUTURO	Dominican Rep.	LAC
50	Zambia Interim Environmental Fund	Zambia	Africa
51	KEHATI FOUNDATION	Indonesia	Asia
52	MAR FUND	MAR region	LAC
53	MONTEVERDE COMMUNITY FUND	Costa Rica	LAC
54	PIPA Trust	Kiribati	Pacific

Appendix 22: Funbio supporting services and structure

Funbio is an environmental fund for biodiversity conservation. Since its creation, Funbio has managed approximately USD 410 million, supporting some 180 projects and about 200 protected areas in Brazil. It is a non-profit association with "CSO-PI" status (Civil Society Organization of Public Interest), established under Brazilian law. It was created in 1995 in response to the international agreements sealed at the Earth Summit (also known as Rio 92) under the Convention on Biological Diversity (CBD).

Funbio's legal purpose is to invest strategic resources in biodiversity conservation. Its vision is to become a benchmark in enabling strategic resources and solutions for the conservation of biodiversity. Funbio's work is guided by its core values: Transparency, Ethics, Effectiveness, Receptiveness, Intellectual independence and Innovation.

Funbio manages assets derived from different sources, and makes a constant effort to broaden and diversify its network of financing partners. In terms of volume, its main source of funding is international cooperation, especially the Global Environment Facility (GEF), the German government, through its bank KfW, the FFEM, and the US Treasury, through USAID. It also receives contributions from NGOs and international foundations, such as WWF and the Gordon & Betty Moore Foundation.

Alongside these resources, which are invested in programs and projects, Funbio designs financial mechanisms that mobilise private resources for biodiversity conservation, such as resources from environmental compensation and offsets, revenues from administrative fines or criminal court sanctions, as well as private sector financing.

The institution obtains additional sources of funding by offering specialised services corresponding to its mission, such as project design (which includes the design of financial mechanisms and mechanisms for the allocation of benefits, territorial surveys of the financing environment and stakeholders, capacity building, and the organisation of events and forums). Funbio uses its resources to raise further funds, which may be included in a portfolio or be invested directly in projects.

Recently Funbio received GEF implementation agency accreditation.

Detailed presentation of administrative and management capacities at Funbio
Summary is presented in the financial & administration chapter of the NEP :

1) Structuring the team for coordination and implementation of all activities related to project execution;
2) Opening and maintaining a specific and autonomous bank account, which is destined exclusively to project-related activities, and is kept detached from all other resources managed by Funbio;
3) Design and/or adjustments to the work plan and timeline for project implementation;
4) Design of Operational Manual, which details the operational procedures for project execution, including eligible activities, approval workflows, among others;

5) Insertion of the project in Funbio's online system for project management and execution. The Cérebro system gathers technical and financial information and details planned activities and expenses;
6) Implementation of call for proposals, including:
    (a) Design of call for proposals, detailing eligible activities and institutions, selection criteria, timeline of the selection process and any other requirements;
    (b) Design of the Manual for Project Execution;
    (c) Establishment of Project Committee, which defines selection criteria and carries out selection of proposals;
    (d) Create a Support Agreement template, which specifies, among others, the transfer and use of resources, monitoring requirements, evaluation and accountability, inappropriate use of resources and reasonable responses, representation, intellectual property, reimbursement of misused or unspent resources;
    (e) Receipt of project proposals from potential beneficiaries;
    (f) Examination of all received project proposals, verifying their compliance to the established requirements of the call for proposals;
    (g) Coordination of the evaluation of proposals by the Project Committee;
    (h) Signing of Support Agreements with beneficiaries for the execution of selected project proposals;
    (i) Carrying out disbursements to the appropriate beneficiaries;
    (j) Monitoring project execution with the analysis of technical and financial reports and meetings with managers;
    (k) Reporting of technical and financial aspects of the projects, according to the required timeline;
    (l) Producing a closure report of supported projects;
    (m) Carrying out an independent financial auditing, based on international and national auditing standards, which covers Funbio's activities and all Support Agreements, according to the project's Operational Manual and best practices.
7) Direct project execution, including:
    (a) Negotiating and establishing partnerships, if necessary;
    (b) Implementing project activities according to work plan and timeline;
    (c) Carrying out procurement and contracting activities, according to the project's work plan and timeline and Funbio's Manuals;
    (d) Reporting of technical and financial aspects of the project, according to the required timeline.
8) Financial project management, ensuring alignment between contractual requirements and execution (e.g. limits, eligible expenses, etc.);
9) Archiving of complete and detailed files related to project activities, including financial data collected by Funbio's corporate system, in accordance with the project's budget and the Brazilian accounting standards;
10) Carrying out an independent financial auditing, based on international and national auditing standards, covering all project activities, according to the Operational Manual and best practices.

All activities rely on the support of several units within Funbio, as detailed below:

Units	Actions
Legal Advisory	▪ Advice on Operational Manuals and internal statutes ▪ Analysis of documents (legality, property/tenure, action plans, etc.) ▪ Analysis of Terms of Reference ▪ Drafting contracts ▪ Document collection ▪ Legal monitoring and support ▪ Participation and support in meetings ▪ Legal opinions and guidance throughout the project
Communication Advisory	▪ Support communication and awareness raising events ▪ Support the publication of calls for proposals ▪ Support the project's institutional communication ▪ Advice on drafting documents, reports, communication plans and branding ▪ Support the online publication of project information
Procurement	▪ Procurement and contracting ▪ Follow up deliveries and donation agreements ▪ Management of contracts
Project Management Office	▪ Support project planning ▪ Offer monitoring tools for project execution
Information Technology	▪ Support and customization of Cérebro online system for the project ▪ Helpdesk to clarify IT issues with the project team
Documentation Centre	▪ Receipt and archiving of documents, contracts and products generated by the project
Finance	▪ Opening bank accounts ▪ Payments and overall accounting ▪ Accountability reports to donors

Funbio Structure in 2015