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LTF Toolkit

GCF LTF Assessment Criteria

A. *LTF Checklist*

The Long-term Financing (LTF) checklist serves as a guideline for all potential grantees as to what documents should be included in a final long-term financing package. Divided into sections such as legal documentation, financial documentation, proof of the creation of a protected area (PA), and proof of co-financing (when applicable), the LTF checklist ensures that grantees are aware of what is required of them in order to receive an LTF grant from GCF.

B. *Criteria for LTF Disbursement*

Before any long-term funding grant is disbursed, GCF must establish proof of elements presented on the Disbursement Scoresheet. The Scoresheet provides criteria by which GCF can measure a project's chance to succeed. There are simpler elements such as having certain approved legal and financial documents as well as elements that will likely require more time and collaboration between GCF and the grantee such as operations manual, protected area management and financial plans, etc. Each element is given a score in order for GCF to assess which areas need completion or improvement before money is disbursed to the project. GCF will let the grantees know which areas are lacking so that action may be taken to advance the LTF project. Once minimum scores are met in each area of the Scoresheet, GCF is able to sign a grant agreement and disburse the grant.

C. *Sample Grant Agreement Template*

The final grant agreement signed between CI and any grantee serves as the principal legal contract between the two parties. It will begin with a series of perambulatory clauses that specify the history between the parties, the history of the PA, and other information sufficient to describe who is involved in the agreement. It will include the grant term, grant amount, method of payment (by wire), reporting obligations of the grantee, and any other pertinent information/attachments that are necessary to legally bind the parties to the grant.

There are two grant agreements included in the toolkit. One is the basic template that is followed for all agreements, and the other is a completed agreement between CI and XYZ Foundation.

D. *GCF Monitoring Report: A & B Level Indicators*

The GCF Monitoring Report is part of a new system to systematically measure the progress and impact of all the projects in GCF portfolio. We are working to make this a useful tool for streamlining the reporting process, and for identifying areas where projects need extra support and assistance. The GCF Monitoring Report is divided into two main sections: the Site Indicators (also called the Outcomes Report or A-Level Indicators) and LTF Indicators (also called the B-Level Indicators).

The Site Indicators are focused on protected area management effectiveness and include questions on staffing, infrastructure, and boundary demarcation. This information should be completed annually for each individual protected area that is included in the project.

The LTF Indicators are only for projects that have entered the long-term financing stage and have received assistance from GCF to set up an endowment, trust fund, or similar mechanism. This report includes indicators that focus on best practices for governance and financial management of conservation funding mechanisms. It includes questions on investment policy, administrative costs, financial returns, and fund management.

Finally, GCF will periodically request that projects complete a Grantee Survey and/or reports relating to specific technical assistance provided by GCF. These brief reports are designed to help us evaluate our performance, and identify areas where GCF needs to improve these services.

Essential Documents

A. *Operations Manual*

- **Sample Fund Operations Manual Outline**

  A fund is best managed when clear procedures are in place and an operations manual is one way to define these procedures. An operations manual may include the structure and history of the fund, the background of the protected area, funding or grant-making strategies and the fund's administrative procedures.
  A successful operations manual allows GCF and other donors to understand a grantee or fund's plan for implementing an LTF grant. GCF will analyze the operations manual to gauge the transparency, capacity and organization of the fund, and to understand how the LTF grant will be managed and disbursed to the target protected area(s).
  The operations manual featured in the Toolkit is from the Fondo Mexicano para la Conservación de la Naturaleza, A.C. explaining its Gulf of California Marine Endowment (GCME). GCF does not have a standard format or specific requirements regarding a fund operation manual and expects each to be tailored to its specific fund. However, the GCME Operations Manual was chosen as a strong example due to its thorough and organized layout. The GCME Operations Manual is divided into nine principal sections with underlying subsections describing its structure, purpose, resources, and function.

- **Sample Fund Operations Manual - GCME**

  An example of an endowment fund's operating procedures from the Gulf of California Marine Endowment at Fondo Mexicano.

B. *Investment Policy*

- **Sample Investment Policy**

  An organized and thought-out investment policy is vital to the completion of a successful long-term financing package with GCF. Included in the toolkit is a sample investment policy from XYZ Foundation concerning its partnership and 123 Trust Fund in Colombia with Fundación XYZ de Colombia. The sample from XYZ includes the organization's financial background and structure, descriptions of its capital and distribution funds, restrictions on investments, and other applicable information to the policy.

A properly executed investment policy allows the GCF to assess how the endowment fund, and specifically the GCF grant, is to be managed and handled over the course of the project. It demonstrates that the fund will be directed under an organized and managed plan with intent to grow and sustain itself over the long-term.

- **Investment Consultant RFP Template**

  The Investment Consultant RFP is issued for specialized financial consultants who focus on overseeing and managing the Asset Investment component of endowment funds. Enclosed in the Toolkit is a template that may be used in the search for an investment consultant. It is important that the document be tailored to suit any specific needs of a fund, and that consultants provide all relevant information so that the firm or individual best suited and with the necessary experience for the project is selected.

C. *Management Plan*

- **Protected Area Management Plan Guidelines**

  A management plan is considered an important guiding document for a well-managed protected area. The CI PA Management Plan Guidelines outline the elements that should be included in a successful plan. Management plans will necessarily vary given adaptation to specific national legislation, particular social and cultural contexts and the diversity of institutional approaches to conservation prioritization and action. The core elements are presented here to provide a reference for PA managers, not a constraining set of criteria.

  Review of the management plan(s) allows CI and GCF to examine how the area or areas targeted for sustainable financing and protection will be impacted by the fund mechanism presently and in future.

- **Sample Management Plans**

  The sample PA Management Plans included in the Toolkit are from the group Friends of Nature which controls the Little Water Caye PA in Belize and FPAA which controls previously mentioned Malpelo PA. They include all of the elements mentioned above as well as concise conclusions explaining how those elements will combine to ensure the project and PAs' sustainable success.

D. *Business Plan*

- **CFA Business Plan Guidelines**

  Conservation Finance Alliance

  A guide from the Conservation Finance Alliance (CFA) to developing a business plan for protected areas (PAs). The guide starts with a discussion of management plans and a detailed look at business planning for PAs, including revenue sources and long-term financial planning (with expense and income worksheets). It also covers writing a business plan, with a thorough description of each suggested section.

- **GCF Business Plan Guidelines**

  GCF's recommendations for creating an effective protected area business plan, including an in-depth description of the two key components—a long-term financial plan, and a business plan narrative. This document also presents a short overview of the role of a long-term financing mechanism to further assist the process of creating a business plan.

- **GCF Presentation – Business Planning**

  A presentation given by GCF at the Business Planning for Protected Areas workshop in Pullman, WA, in July, 2008. The presentation illustrates the role that business planning plays in a successful long-term financing strategy, and covers the goals of long-term financing, items a business plan should consider, as well as challenges to take into account.

Consulting Information

A. *Consultant Database Spreadsheet*

The spreadsheet included in the Toolkit is an Excel document created by GCF that provides information on consultants contracted for GCF projects in the past. It is divided by fields of expertise and includes languages spoken as well as basic contact information. This list is provided simply as a starting point, and should not be considered an endorsement by GCF of these particular individuals and firms.

B. *Sample TOR for GCF Financial and Business Planning*

A sample Terms of Reference (TOR) document prepared by the Dian Fossey Gorilla Fund International, as part of GCF technical assistance in the development of business and financial management plans.

Options for Financing Protected Areas

A. *Financing Protected Areas – Guidelines for Protected Area Managers*

World Commission on Protected Areas
A guide for managers on financing protected areas (PA) divided into three main components. Firstly, developing a financial strategy—including an overview of PAs, a look at approaching PAs through business, and steps to develop a business. Next, the information on financing section explores funding sources, as well as national and site-level mechanisms. Finally, several case studies demonstrate different avenues for successful protected area financing.

B. *Raising Revenues for Protected Areas – A Menu of Options*

World Wildlife Fund

A paper detailing the wealth of options for financing protected areas. They fall under three categories: government budget allocations; grants and donations; user fees, taxes, and other charges.

C. *A Review of Innovative International Financial Mechanisms for Biodiveristy Conservation*

World Wildlife Fund

A report on innovative international financing mechanisms for biodiversity conservation, with a special focus on issues specific to developing countries. The document describes existing financing mechanisms, both traditional and innovative, as well as steps to start using innovative mechanisms.

Introduction to Conservation Trust Funds

A. *Rapid Review of Conservation Trust Funds*

The following is excerpted from the Executive Summary of the *Rapid Review of Conservation Trust Funds*:

The *Rapid Review of Conservation Trust Funds* presents an overview of experience with the creation, operation, and evaluation of conservation trust funds (CTFs) and provides a rationale for further investment in CTFs. The *Review* is not intended to replicate the Global Environment Facility's (GEF's) 1999 comprehensive *Evaluation of Experience with Conservation Trust Funds*, but rather to review the current status of CTFs worldwide, focusing on those that have been in operation for at least five years. It identifies best practice standards for effective governance and administration of CTFs, and provides guidelines for monitoring and evaluating CTFs' operations and biodiversity impact.

The Conservation Finance Alliance (CFA) Working Group on Environmental Funds commissioned the *Review*, with support provided by the French Development Agency (AFD), French Global Environment Facility (FFEM), German Development Bank (KfW), Conservation International (CI) and the World Wildlife Fund (WWF). The *Review* was prepared by a consulting team consisting of Barry Spergel and Philippe Taïeb based on extensive interviews, a CTF survey, review of CTF literature including CTF evaluations, and consultations in Paris, Washington, and San Salvador. The consultants and the Working Group are grateful to the many individuals and organizations who participated in the *Review*, with special thanks to the GEF that served on the Steering Committee for the *Review*, and the Latin American and Caribbean Network of Environmental Funds (RedLAC).

Included in the Toolkit is a full-length version of the *Review* in English as well as the Executive Summaries in English, French, and Spanish.

B. *CTF Investment Survey*

Conservation Finance Alliance

A detailed summary of financial returns and management data for a variety of conservation trust funds (CTFs), obtained through investment surveys. This financial information is shared among CTFs in the hopes of offering insights into successful investment strategies and of fostering best practices.