

FACTORS IMPORTANT FOR ESTABLISHING A TRUST FUND

*Factors in **bold type** are essential. Some “critical mass” of the remaining factors should also be present; absence of more than a few greatly increases risk.*

- ✓ A valuable, globally significant biodiversity resource whose conservation is **politically, technically, economically, and socially feasible. Absence of major threats requiring urgent mobilization of large amounts of resources (i.e., the conservation action required is long term and addressable with the flows a trust fund could produce).**
- ✓ **Government support of the concept of a fund outside government control, that involves both the public and private sectors. The support should be active and broad-based, from senior political leaders to regional and local bodies, extending beyond environmental ministries and departments to include ministries of finance and planning. A reasonable financial contribution from government, if not directly to the fund, then to project activities.**
- ✓ A legal framework that permits establishing a trust fund, foundation, or similar organization. Tax laws allowing such a fund to be tax exempt, and providing incentives for donations from private contributors.
- ✓ **People with a common vision—from NGOs, the academic and private sector, and donor agencies—who can work together despite their different approaches to conservation. The support and involvement of business leaders is crucial to bring in private sector management skills, especially skills in financial management.**
- ✓ **A basic fabric of legal and financial practices and supporting institutions (including banking, auditing, and contracting) in which people have confidence.**
- ✓ Mechanisms to involve a broad set of stakeholders during the design process, and willingness of stakeholders to use these mechanisms.
- ✓ Availability of one or more mentors—a donor agency with good program support, a partnership with an international NGO, “twinning” with another, more experienced trust fund—who can provide both moral and technical support to the fund during the start-up and program implementation phases.
- ✓ Realistic prospects for attracting a level of capital adequate for the fund to support a significant program while keeping administrative costs to a reasonable percentage. In most cases this means having clear commitments from other donors beyond the GEF, or debt swap mechanisms established, before starting the fund.
- ✓ An effective demand for the fund’s product, i.e. a client community interested in and capable of carrying out biodiversity conservation activities on the scale envisioned, and sufficient to achieve significant impact.

FACTORS IMPORTANT FOR SUCCESSFUL TRUST FUND OPERATIONS

- ✓ Clear and measurable goals and objectives. A “learning organization” mentality and environment, oriented toward results and achieving objectives, and flexibility to make adjustments in objectives or approach based on feedback and experience.
- ✓ A governance structure with appropriate checks and balances, conflict of interest provisions, and succession procedures. “Ownership” of the fund by its board and other governing bodies, indicated by members’ commitment of time, engagement in policy and leadership, and building support of the fund with varied constituencies.
- ✓ Linkage between the trust fund and the leadership of any national biodiversity strategy or environmental action plan.
- ✓ Ability to attract dedicated, competent staff, particularly a strong executive director. Harmonious and productive board-staff relationships.
- ✓ Basic technical and other capabilities that permit the fund to become a respected and independent actor in the community. Access to, and constructive use of, training, mentoring, and technical assistance programs to build capacity.
- ✓ Constructive relationships with relevant government agencies, with intermediary organizations that provide services to grantees, and with other organizations in the community. The fund should avoid becoming an executing agency itself.
- ✓ Financial/administrative discipline combined with program flexibility and transparency; and procedures that support this and are consistently applied.
- ✓ Mechanisms for continuing to involve a wide range of stakeholders in the fund’s programs and direction. Enough clear vision and leadership to avoid program fragmentation and being pulled in many directions.
- ✓ Asset management competitively selected; diversified portfolio of investments; financial expert to provide regular reporting; and oversight by fund boards comparing actual performance to benchmarks.
- ✓ A supportive, nurturing implementing agency task manager, able to bring in the resources and expertise needed.