



Corredor Biológico en el Caribe

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Financial Strategy of the Caribbean Biological Corridor



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Executive Summary

In 2007 the governments of Cuba, Haiti and the Dominican Republic signed an inter-ministerial agreement establishing the Caribbean Biological Corridor Initiative (CBC). In 2014, a second agreement established the CBC Secretariat as its executive branch. The Secretariat is currently supported through projects funded by the European Union and implemented through the United Nations Environment Program (UN Environment). The mission of the CBC is to achieve the effective conservation of both marine and terrestrial biodiversity of regional importance, and the maintenance of ecological connectivity in key sites of the insular Caribbean, addressing the challenges of a changing climate, the development needs of communities, and ensuring coordination, integration and cooperation amongst relevant actors.

This document outlines elements of a medium and long-term finance strategy for the CBC Initiative. Financing options focus on approaches to assure the strength and impact of the entire CBC Initiative, which includes the long-term and stable finances of the CBC Secretariat, and ensuring a strong capacity to raise and manage financing for CBC priority actions. Finance solutions for the CBC Initiative include regional approaches and solutions for CBC programs and diverse finance solutions that could be implemented at the national level for financing a wide range of conservation actions in each country. A detailed country-based analysis of finance solutions is beyond the scope of this document, which is focused on the Caribbean Biological Corridor Initiative.

The current EU-funded budget of the project “Strengthening of the CBC Initiative” is a total of \$3.94 million being allocated over the period 2017- mid 2021 or roughly \$1 million US annually. The estimated baseline annual budget for the CBC Secretariat including organization of annual Ministerial meetings and maintenance of technical functions and services is estimated at \$330,000 annually. An additional annual budget for supporting essential ecological monitoring actions is \$120,000 bringing the total annual baseline financial needs for the CBC to \$450,000. To achieve the current expenditures of the CBC under the EU financing, an additional \$550,000 in project funding would be sought. Growth in projects and programs would be contingent on increasing a wide range of finance and fundraising opportunities. An increase in project funding is likely to result in an increase in operational costs of the Secretariat for managing larger and/or a greater number of projects.

The proposed options for financing the total annual baseline financial needs include:

- Annual financial contributions from member and observer countries – these would be mostly nominal contributions of \$5,000 to \$20,000 per country and would be vital to assure government engagement and ownership of the process.
- Expanding the bilateral and multi-lateral donors and partners with complementary objectives to generate financing over the five to 10-year window that it could require to generate the longer term sustainable financial flows described in this strategy.
- Establishing an Endowment Fund as a financing window of the Caribbean Biodiversity Fund (CBF) – This would not entail the creation of a separate conservation trust fund (CTF) and financial management costs would be minimized through the use of the existing CBF structure. An endowment fund of \$11million could produce a steady annual stream of interest income of approximately \$330,000 available for use.
- Direct charges and overhead fees from managing CBC associated projects including regional and bi-lateral (DR/ Haiti, DR/ Cuba) projects. These fees would be variable but can be expected to be from \$50 to \$150,000 depending on the year and scale of managed projects.

There were also a range of additional finance tools that have been identified that could work on regional and national levels to increase financial flows to CBC conservation priorities. These include a wide range of actions from improving the capture and effectiveness of protected areas entrance fee systems, public private partnerships, collaborations with the tourism industry, corporate social responsibility, and others that are briefly described in this report.



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List of Acronyms

CBC	Caribbean Biodiversity Corridor
CBF	Caribbean Biodiversity Fund
CPA	Caribbean Pacific Alliance
CSR	Corporate Social Responsibility
CTF	Conservation Trust Fund
GEF	Global Environmental Facility
KfW	German Development Bank
MAR Fund	Mesoamerican Reef Fund
MPA	Marine Protected Area
PPP	Public Private Partnership
SDG	Sustainable Development Goals
TNC	The Nature Conservancy
UNDP	United Nations Development Programme
UN Environment	United Nations Environmental Program
USAID	United States Agency for International Development



1 Introduction

1.1 The Caribbean Biological Corridor

In 2007 the governments of Cuba, Haiti and the Dominican Republic signed an inter-ministerial agreement establishing a shared concept for the Caribbean Biological Corridor (CBC). The CBC specifically recognizes the ecological links and inter-dependencies of the northern Caribbean ecosystems. In 2014, a second agreement established the CBC Secretariat as its executive branch. The CBC seeks to build a collective, institutionalized and sustained regional approach for biodiversity conservation in certain hotspots of the Caribbean Islands. Since the creation of the CBC Secretariat, a range of projects have been developed and are being implemented including three projects by UNEP and EU as well as other projects implemented under the umbrella and monitoring of the CBC. The currently proposed mission of the CBC is to achieve the effective conservation of both marine and terrestrial biodiversity of regional importance, and the maintenance of ecological connectivity in key sites of the insular Caribbean, addressing the challenges of a changing climate, the development needs of communities, and ensuring coordination, integration and cooperation amongst relevant actors. On this regard, one of CBC aspirations is to expand progressively. In 2016, Puerto Rico formally joined the initiative, and Jamaica has remained as an observer since 2014, although it is expected to join soon.

The CBC was established to enhance intergovernmental collaboration and highlight the shared value of the region's ecosystems. The forests, coral reefs, beaches, mangroves, and other ecosystems of the Caribbean provide enormous value for the local and regional populations. These values include some of the main drivers of the regional economies such as tourism, fishing, agriculture, and provide essential services such as water regulation and protection against storm damages and climate change. The CBC is in the process of developing a regional strategy to identify priority actions, species, and habitats.



The following are some of the main achievements of the CBC to date:

- For more than 10 years, the CBC has been a permanent mechanism for environmental coordination between member countries and an agent of understanding in their search for solutions to common problems.
- Ten projects developed by the CBC Secretariat in communities within the three countries that benefitted 2,200 people. Several projects were developed by other institutions that contribute to the CBC's objectives.
- More than 80 training actions were carried out with more than 3,000 participants, on topics such as: Caribbean biodiversity components, climate change adaptation, taxonomy and coastal marine management.
- Multiple communication actions were performed by developing materials such as documentaries, media interventions, exhibitions, brochures, and other graphic materials.
- A developing biodiversity monitoring system.
- Promotion of energy sources that reduce or eliminate firewood and coal usage with more than 5,000 beneficiaries.
- Studies and monitoring of conservation targets of regional importance for the corridor.
- Studies of migratory routes and hurricane impact on biodiversity.
- A developing Integrated Knowledge Management System, with more than 4,000 records and 1,350 georeferenced datasets of 18 topics related to the CBC.



- Permanent coordination meetings, at the ministerial level, in CBC countries to facilitate formal agreements and development of coordinated actions.

The CBC Secretariat is currently supported by the United Nations Environment Programme (UN Environment) with financial support of European Union projects. The CBC aims to build and demonstrate significant positive links between conservation, livelihoods and poverty reduction through analysis and through selected field actions in the biological corridor. The overall objective of the CBC Initiative is to create a sustained south-south cooperative platform among countries responding to the corridors' ecological connectivity and supported by a financial mechanism and a set of tools for regional information exchange, monitoring and conservation actions. The purpose of this document is to define the broad sustainable financial strategy of the CBC Initiative to ensure the initiative's sustainability over time and identify financial means to implement priority conservation and sustainable use projects in the corridor region.

1.2 Report Objectives

The objectives of this strategy are to:

1. Identify the essential management and operational costs for the long-term success of the CBC Secretariat and identify target project financing objectives under the umbrella of the CBC Initiative.
2. Identify and describe viable finance solutions to support the long-term financing of the CBC Initiative and related national actions.

To accomplish these objectives, the following activities were undertaken:

- A literature review of relevant reference documents.
- Semi-structured interviews and consultations with key stakeholders in the Greater Antilles sub-region, including government officials, private sector partners, NGOs, and a range of potential donors.
- Presenting a range of options to experts, partners and the CBC Secretariat in a regional workshop to integrate feedback and additional observations.



2 CBC Secretariat Overview

The small team of the Secretariat of the CBC is comprised of the following personnel:

- a) An Executive Secretary, who is approved by the Ministerial Committee and must be a national of one of the countries of the Signatory Parties.
- b) A team of specialists whose number will vary according to the annual work plan of the Secretariat, ongoing projects and availability of funding but currently include two specialists and an operations assistant. The specialists and the supporting personnel are preferentially selected among the nationals of the Signatory Countries.

The Ministries of the Environment of each member Country designate staff to act as liaison (focal points), consult and follow up on the actions proposed and executed by the Secretariat. The governments pay these staff directly.

The Secretariat has the following functions that were established by the Inter-ministerial Agreement of 2014 (currently under review):

- a) Implement the decisions of the Ministerial Committee and the Technical Committee;
- b) To report on CBC Initiative management to the Technical Committee and the Ministerial Committee;
- c) Mobilize and manage funds for the implementation of the Caribbean Biological Corridor Initiative, its work plans and projects;
- d) Prepare the drafts of the work plan and annual budget of the Caribbean Biological Corridor and propose plans and budgets for the approval of the Ministerial Committee;
- e) Promote, execute and coordinate the implementation of the Caribbean Biological Corridor Initiative, its work plans and projects, as well as monitor its execution;
- f) Ensure that the work plan activities are carried out diligently and efficiently and that accurate records and regular accounts are maintained on their implementation;
- g) Within the framework of the powers conferred by the Ministerial Committee, follow up on agreements with other directorates, governmental and non-governmental institutions, linked to the objectives and strategic activities of the Caribbean Biological Corridor;
- h) Prepare progress reports on the activities programmed in agendas and work plans, including complete detail on the implementation during the period covered; which allows a comparison with the objective(s) achieved, as well such as the means used and all expenses incurred, the expected and achieved results and the details on the budget allocated for those actions.



- i) Prepare the provisional agenda and organize the meetings of the Ministerial Committee and the Technical Committee;
- j) Prepare the reports of the meetings of the Ministerial Committee and the Technical Committee and submit them to the Signatory Parties for approval;
- k) Follow up on the recommendations and indications emanating from the meetings of the Ministerial Committee;
- l) Promote and facilitate the coordination of efforts with the different governmental and non-governmental institutions and instances and regional instances in matters of environment and natural resources in order to achieve effective synergies for the implementation of the Caribbean Biological Corridor Strategy;
- m) Promote the Caribbean Biological Corridor to international organizations as well as to regional and international events related to the objectives of this Initiative.

The Secretariat official venue is in the Dominican Republic. The following is a diagram outlining the broad management structure of the CBC, with the Scientific Committee serving as an advisory body, with the Ministerial Committee presiding over broad decision making. The administrative and executive functions fall to the Secretariat, which liaises with government officials in different countries. The signatory countries also have implemented CBC actions through agencies of their ministries or other organizations. As an example, Cuba designated a research center for technical support and another partner provides IT support (Web page, etc.) As well, the Dominican Republic, at times, has provided facilities and vehicles for the functioning of the Secretariat.



Figure 1 The Institutional Structure of the CBC Initiative



The overall benefits of the CBC for the countries involved in the Initiative are varied and include:

1. CBC allows agreeing upon a regional vision about shared biodiversity values, ecosystem services, problems and priorities; as well as developing a regional strategy for joint, responsible action.
2. CBC provides the country members the only sub-regional governance mechanism devoted to the conservation and sustainable use of both marine and terrestrial biodiversity of regional importance that engages all of them.
3. CBC provides an accepted platform to channel and guarantee south-south cooperation on biodiversity conservation and sustainable development at sub-regional level that allows for a more efficient use of regional expertise.
4. CBC allows maintaining a regional system for species monitoring to generate knowledge on key biodiversity indicators, with an emphasis on connectivity, which facilitates decision-making processes.
5. CBC maintains an Integrated Knowledge Management System (IKMS) that and provides the countries relevant information, analytical services and a set of tools to sharing/analyzing information for regional decision-making.
6. CBC provides member countries with a successful and proven effective platform to jointly seek and secure funds to address shared priorities on biodiversity conservation and sustainable development through sub-regional projects, which is a priority approach for many funding and cooperation agencies.

On top of this, it is important to highlight that the Secretariat has been identified as a key factor in maintaining the Initiative's momentum. Beyond its administrative and coordinating functions in support of the Ministerial Committee decisions, the Secretariat plays an important role in carrying out technical functions for developing and implementing the CBC conservation priorities, which previously had to be contracted to costly part-time consultants and other service providers.



3 Financing Needs

3.1 Historic Funding

The CBC Secretariat and CBC Initiative have been funded through a combination of direct government contributions, grants from multilateral donors, and a range of in-kind contributions. As the CBC Initiative and related projects have mostly been embedded in different budget lines, it was only possible to determine an estimate of the historical cost of the functions of the Secretariat and programmatic elements of the CBC. The approximate historical expenditures of the CBC Initiative are presented in the following table.

Table 1 Caribbean Biological Corridor Estimated Finance

	2007-2011	2012-2016	2017-2019	2019-2021
Total invested / budgeted	*	€3,200,000	€1,339,861	€2,696,939

* undetermined amount contributed by the countries and UNEP

A rough analysis suggests that from 2012 through 2021 the CBC has had a budget of approximately €800,000 annually that included the set up and operations of the Secretariat and regional as well as country-based programs.

3.2 Estimated Future Funding Needs

Table 1 shows that the CBC has been investing an annual average of €800,000 (\$880,000) since 2012 and has this level of funding available through 2021. A costing exercise conducted by the Secretariat produced a basic operating budget of about \$330,000 per annum, which includes administrative, coordination and project-supporting technical functions. Despite the lack of historical records of the Secretariat costs, this can be seen as a strong estimate based on total historical expenditures and the current EU funded project.



The following table presents an indication of what the basic operating budget would include.

Table 2 Basic CBC Annual Budget Estimations

Category	USD
Secretariat Salaries (Secretary+2 specialists + Op. Assistant)	148,000
Institutional, Finance and Administrative Support (UNEP Cost)	81,000
IT service, Communication, Transport and Office costs	40,500
Committee Meetings, Travels, and Miscellaneous	60,000
Total	329,500

The need for ongoing ecological monitoring and program evaluation has been identified as a top priority for the CBC Initiative. An estimated budget for this activity could range from \$150,000 up to \$320,000 depending on the engagement of national research partners.

Currently it is not possible to estimate program related financial needs as the programmatic strategy of the CBC is currently under development. However, it should be noted that the financial needs for CBC “related” activities (i.e. not only top priorities) can be estimated to be quite high if we consider all national conservation finance needs to fit within most CBC objectives. National needs for conservation have not been estimated in all countries but Cuba is undergoing a Biodiversity Finance Initiative (BIOFIN/UNDP) process during which financial needs were estimated at twice the current spending levels for nature. It is likely that most of the countries in the CBC will have similar financial gaps and although identifying finance tools to address these needs is far beyond the scope of this strategy, the CBC could ultimately provide some guidance and support to countries as they seek to raise additional funds and use conservation finance tools to address national challenges.

For the purpose of this strategy, we assume that continuing funding levels at or slightly above historical financing would be a strong starting point for the CBC going forward. From the table above, we can see that program funding has been at about \$500,000 – 600,000 per year and seeking a level of financing for grants and transfers at this level going forward would be good. It should be noted that finding grant funding (public or private) for well-designed priority projects is generally much easier than finding operational or recurring finance for institutions. The maintenance and support for a knowledgeable CBC Secretariat would assure the CBC’s capacity to write and submit grant proposals for project funding to various donors with various partners. Some ideas for additional project finance have been included in the strategy below including enhanced partnerships with the private sector.

4 Finance Strategies

4.1 Financing the CBC Secretariat

The CBC Secretariat performs three vital functions that require a steady source of finance to assure that the functions are maintained and of high quality. These are 1) supporting the inter-ministerial collaboration including technical working groups, 2) fundraising and support for high priority conservation and sustainable development actions for the CBC, and 3) social-ecological monitoring and information sharing for key species and habitats. These tasks are complementary and having a strong, technically competent, stable CBC Secretariat is seen as essential to the ongoing success of the CBC Initiative. As noted, above a target amount for annual budget to be covered will be approximately \$330,000 US with an additional \$100,000 US for essential ecological monitoring for a total of approximately \$430,000 US per annum.

There are four main finance solutions that, if used in combination, should be able to financially support the CBC Secretariat during its lifetime. These include: 1) Direct Government contributions as annual “Dues”; 2) Increasing donor diversity and commitment; 3) establishing an Endowment Fund in partnership with the Caribbean Biodiversity Fund; and 4) charges from project management and support.

4.1.1 Direct Government Contributions as Annual “Dues”

Many organizations that were established by inter-governmental collaboration have enacted annual dues to collect financial resources from their partner governments to fund operations. These annual contributions can be substantial and cover all operational costs or they can be small and play a more symbolic role that signifies government engagement and commitment. The following elements would need to be determined by the CBC Secretariat and its government partners:

- 1) Scale of contribution – should the fees be substantial and seek to cover basic operations of the CBC (i.e. from \$50k to several hundred thousand per country) or be nominal and seek to build engagement and commitment (\$5k to 20k per country)?
- 2) How might different economic circumstances among the countries influence the dues levels? One option is to establish 2-3 levels based on GDP. If the nominal approach is used, there may not be a need to offer differential dues levels (i.e. set all dues at 10k).
- 3) Are dues charged for “observer status”? Currently Jamaica is an “Observer” but may be willing to contribute financially to the CBC Initiative.
- 4) Are there restrictions on the use of these funds? The most obvious would be to assure that the funds cover the costs of ministerial and technical working group meetings, cover Secretariat salaries, office costs, etc.
- 5) Timing of dues payments and penalties for non-payment or delayed payment.
- 6) Duration of Initiative – This may be a larger question. Is the CBC Initiative expected to continue for many years? If so, perhaps the Dues can be operational for 10 years and then be re-evaluated.



4.1.2 Increasing Donor Diversity and Commitment

The CBC Initiative has been funded historically by one main donor – the European Union – through grants made to and managed by the United Nations Environment Programme (UN Environment). Because maintaining the ecological and economic integrity of the Caribbean Biological Corridor is extremely beneficial to the countries involved, their populations and their economies, and the high diversity of species that rely on these ecosystems, the CBC can be considered a regional and global “public good”. As such, global and regional donors, as well as the countries involved, should be very willing to provide grant financing to support the maintenance of this invaluable biological wealth. Investments in maintaining the quality and quantity of healthy ecosystems in the CBC should provide a strong economic return. The CBC Secretariat is capable of identifying, designing, and managing a portfolio of projects and grants to both support priority ecosystem management actions as well as the Secretariat itself. This finance approach seeks to identify an expanded range of bilateral, multilateral, and private donors with a shared interest in the CBC and prepare grant applications to secure medium and longer-term financing for the CBC Initiative. Although the main target for this funding will be priority projects, the CBC Secretariat will also seek grants that can directly support the functions of the Secretariat itself. The Secretariat can also seek to leverage project funding to support Secretariat overhead (see option 4 below.)

The following list provides some potential donors who share an interest in the CBC and the CBC countries.

- 1) Global Environment Facility (GEF)
- 2) Green Climate Fund
- 3) Adaptation Fund
- 4) US Agency for International Development (USAID)
- 5) International Climate Initiative (IKI, Germany)
- 6) German Development Bank (KfW)
- 7) Inter-American Development Bank (IADB)
- 8) Norway
- 9) US Foundations (incl. Google Foundation)

Generating increased donor funds for both the Secretariat and CBC priority projects will allow the CBC Initiative the time required to establish and raise capital for the longer-term financing options identified.



Historical Coral Reef Funding

Although government budgets cover the majority of conservation and sustainable use costs in most countries, a recent study of donor financing for coral reefs has shown that a large portion of donor funds over the period from 2010-2016 came from five main organizations who contributed more than \$300 million in the six-year period studied (UN, 2018). These main donors include the following:

- Global Environment Facility (GEF)
- Green Climate Fund
- Oak Foundation
- European Union (including EC Framework Programme 7)
- Caribbean Development Bank

Most of the donor funding was focused on four main areas: conservation and sustainability, marine protected area management, promoting sustainable living and alternative livelihoods, and fisheries management.

4.1.3 Establishing an Endowment Fund in Partnership with the Caribbean Biodiversity Fund

The Caribbean Biodiversity Fund has been identified as a key partner for the financial sustainability of the CBC Initiative.

The Caribbean Biodiversity Fund is a multi-country donor supported independent Conservation Trust Fund (CTF) that acts as a “Fund of Funds” in that it provides matching financing to CTFs established and operating in the Caribbean countries that are the focus of the Fund.

Conservation Trust Funds are independent grant-making institutions providing sustainable, long-term financial resources to areas of conservation interest. CTF’s encompass either one or more endowments, sinking funds, and revolving funds and use investment and other income to channel monetary support, mostly through grants, and long-term investment for conservation (CTIS, 2014). These different types of trusts funds are defined as follows (Spergel, 2004, others):

- 1) Endowment funds: In this fund, a large amount of seed capital is typically invested in commercial banks, stocks, and bonds. This generates interest that is used to finance conservation activities, with the original capital never being spent.
- 2) Sinking fund: A sinking fund provides income to earmarked projects that require a large upfront investment and are in the initial stages of development. All the capital in these funds are used over the course of the fund time period.
- 3) Revolving funds: A revolving fund seeks to harness a flow of income through fees, tariffs, taxes or other sources and provide stable long-term funding for conservation.



4.1.3.1 Overview of the Caribbean Biodiversity Fund

Established in 2012, the Caribbean Biodiversity Fund (CBF) is the realization of a bold vision to create reliable, long-term funding for conservation and sustainable development in the Caribbean region. The CBF and its partner national funds together form the Caribbean Sustainable Finance Architecture, which supports and incentivizes targeted Caribbean nations to meet the goals of the Caribbean Challenge Initiative (CCI) and other international and regional commitments.

An international regional voluntary commitment, the Caribbean Challenge Initiative was launched in 2008 at the Conference of the Parties of the Convention on Biological Diversity (CBD COP-9), with two goals:

- Goal 1 - the 20-by-20 goal, which is to effectively conserve and manage at least 20% of the marine and coastal environment by 2020;
- Goal 2 - the sustainable finance goal, which is to establish fully functioning sustainable financial mechanisms that will provide reliable funding over the long term. The CBF and its national partner funds together form the Caribbean Sustainable Finance Architecture, created to fulfill CCI's goal 2.

The CBF is an umbrella fund (“Fund of Funds”) with a flexible structure to implement innovative solutions for resource mobilization at the regional level through a range of financial instruments. Currently, it manages about US\$70 million through a conservation-focused endowment, which anchors its Conservation Finance Program, and a sinking fund to support Ecosystem-based Adaptation initiatives, which anchors its Climate Change Program.

Conservation Finance Program

The Conservation Finance program focuses on the protection and management of biodiversity and natural resources and is mainly supported through the CBF Endowment Fund, with initial commitments of US\$42 million (current market value at US\$45M). The proceeds of this Fund will benefit the partner national funds, who in turn lead the grant-making programs at the national level. One of the CBF Endowment’s key principles is that national partner funds need to establish additional financial mechanisms to match CBF endowment payments. The revenue sources could be private and/or public. The program also includes an organizational development component aimed at strengthening the network of conservation trust funds that are part of the regional Finance Architecture.

The CBF Endowment instrument focusses on the following countries and principle CTF partners:

1. Antigua and Barbuda: The Marine Ecosystem Protected Area (MEPA) Trust, Inc.
2. Dominican Republic: Fondo MARENA
3. Grenada: Grenada Sustainable Development Trust Fund (GSDTF)
4. Jamaica: National Conservation Trust Fund of Jamaica (NCTFJ)
5. Saint Kitts and Nevis: St. Christopher and Nevis Conservation Foundation (SCNCF)
6. Saint Lucia: Saint Lucia National Conservation Trust Fund (SLUNCF)



7. Saint Vincent and the Grenadines: The Saint Vincent and the Grenadines Conservation Fund (SVGCF)
8. The Bahamas: The Bahamas Protected Area Fund (BPAF)
Observer countries/territories: British Virgin Islands, Haiti: Haiti Biodiversity Fund, Puerto Rico

Partner donors to date for the CBF Endowment include the Government of Germany through the German Development Bank (KfW), The Nature Conservancy (TNC), and the Global Environment Facility (GEF) — through the World Bank and the United Nations Development Programme (UNDP).

Climate Change Program: Ecosystem-based Adaptation Facility

With about USD 26.5 million, this is a sinking fund to provide resources directly to selected national and regional projects on Ecosystem-based Adaptation to climate change.

With a focus on Ecosystem-based Adaptation (EbA), the CBF established the EbA Facility to support the use of biodiversity and ecosystem services for effective climate change adaptation measures. These measures will help people adapt to adverse effects of climate change, reduce disaster risk, and build resilient ecosystems and economies. The EbA Facility was established initially with US\$26.5 million, which will be distributed as grants directly to national and regional projects through competitive Calls for Proposals.

The EbA Facility is supported by the Government of Germany through the German Development Bank (KfW), with resources from the International Climate Initiative (IKI) of the German Ministry of the Environment, Nature Conservation and Nuclear Safety.

As a regional independent organization, the CBF offers multiple benefits to partners, grantees and donors:

- A flexible structure
- Independence
- Adherence to internationally recognized standards for conservation funds
- Alignment with international agreements
- Economies of scale
- Convenience for donors and partners interested in regional or multi-country impact
- A core endowment that provides stability and leverages additional funding
- Multi-stakeholder representation
- Capacity building and technical assistance
- Awareness raising at the regional and international level



Source: www.caribbeanbiodiversityfund.org

4.1.3.2 CBC and CBF Partnership

There are several ways in which a partnership between the CBF and the CBC Initiative could be beneficial for financial sustainability. First, as the overall missions are in alignment, most financial support that the CBF provides to the countries in the CBC support the overall objectives of the CBC. As well, there are substantial opportunities for technical and financial collaboration among the CBC and the CBF to support CBC programmatic priorities in target countries including Dominican Republic, Haiti, Jamaica, and eventually Cuba and Puerto Rico. Finally, the CBF would be an ideal financial and administrative partner for the establishment of a dedicated Endowment Fund to be raised by the CBC and partners and housed and managed by the CBF along with the other funds in their endowment.

The CBF's Conservation Program efforts and partnerships in the CBC countries are presented in the paragraphs below:

Dominican Republic

- CBF and Fondo MARENA signed a Partnership Agreement in December 2016.
- CBF has made two payments to Fondo MARENA
- Fondo MARENA has already issued its first set of projects in Estero Hondo in the northern part of the country

Haiti

- CBF has been working with partners and assisting in the establishment of the Haiti Biodiversity foundation, which is poised to become the national conservation trust fund partner of the CBF.
- CBF is expecting to open a Haiti Sub-Account in its endowment towards the end of calendar year 2019 or the beginning of 2020. CBF currently expects the Government of Germany (through KfW) and GEF 9 through World Bank) to be the initial donors of the Haiti sub-account.

Cuba

- The CBF is currently advancing on a legal and operational analysis to determine the best approach to engage with Cuba.

Jamaica

- CBF and the National Conservation Trust Fund of Jamaica (NCTFJ) signed a Partnership Agreement in March 2019.
- CBF is expecting to make a first payment to NCTFJ in the coming months.

Puerto Rico



- CBF has been working with partners and assisting in the establishment a Puerto Rico Protected Area Trust Fund
- Concrete efforts to fundraise for a CBF Puerto Rico sub-account are yet to be materialized.

In addition to the above, as the CBF EbA Facility initiates financing adaptation projects in the region there are also potential links with the CBF areas of action.

The establishment of an Endowment Fund, managed through the CBF, would have multiple benefits for the CBC and the CBF. It would solidify the collaboration and provide benefits for both parties. For the CBC, it would be extremely useful in that it would provide an administrative home for the endowment that has already figured out the legal and financial requirements to function in the CBC countries. Second, by pooling the modest endowment fund capital, the CBC will save money that would otherwise be spent paying a financial manager (the CBC could save up to 50% of the financial management costs). Thirdly, the CBC would not have to establish investment committees as they could benefit from the committees and the administrative procedures established and managed by the CBF. Finally, the CBF would benefit from having a strong technical partner that could help countries identify conservation and sustainable development priorities, open an investment window that could directly fund projects, and facilitate ties to government actors in CBC countries.

A rough calculation indicates that if the CBC were to raise an endowment fund of around \$11 million, investment revenues could produce a steady annual stream of interest income of approximately \$330,000 available for use. This would be net of fees for financial management, CBF administrative fees (to be determined), and a set aside for inflation or other risks.

4.1.4 Charges from Project Management and Support

Many organizations including non-profit organizations charge fees for project and programme management. This is often termed “overhead” and a certain percentage of project budgets is allocated for overhead. In many cases the overhead charges are used to cover general administrative costs of the organization and can cover the costs of grant writing (a cost that is almost never directly included in grants). Donor organizations can limit the percentage of overhead that is charged to a grant and some organizations such as the Global Environment Facility generally limit overhead to 5%. Other donors will allow as much as 20% for overhead. The CBC should make sure that grant proposals that are to be managed by the CBC include overhead charges and that the CBC administrative team (currently the CBC Secretariat and UN Environment) can retain most of these charges. Although overhead charges cannot cover all of the recurring operational costs of the CBC, they can contribute to covering certain administrative costs and importantly, they scale with project activity. The more projects that are being run through the CBC, the greater the overhead income.



The CBC is likely to play an increasing role in managing multi-country grants with an initial focus on DR, Haiti, and Cuba. The CBC can offer implementing partners a means of facilitating grant management and financial flows among the countries due to its multi-country operations. In addition to charging a percentage of overhead for project management, the CBC can also work with the grant proponents to include direct costs to the CBC as part of the project budget. This will allow CBC Secretariat staff to provide management, M&E, and administrative time to each project.

Direct charges and overhead fees from managing CBC associated projects including regional and bi-lateral will be variable but can be expected to be from \$50 to \$150,000 depending on the year and scale of managed projects.

4.2 Funding CBC Priority Projects and Programs

The CBC is in the process of identifying priority species, habitats and programs as part of its strategic plan. The priority projects and programs to be identified in the CBC strategic plan will require direct funding that the CBC Secretariat will seek to raise. To achieve this, the CBC has a range of options including 1) directly writing funding proposals to a range of donors, 2) seeking government financial commitments through the various ministries or departments of environment, agriculture, research or protected areas agencies, 3) working closely with the Caribbean Biodiversity Fund and its local partner funds in each country, and 4) working with private sector partners. As well, over time, some priority programs could be funded through investment income from a future Endowment Fund as described above.

4.2.1 Donor Funding

Donor funding for priority CBC actions and programs will continue to be an important part of the finance mix for the CBC Initiative. As noted above, success in this domain requires a range of elements including the ability of the CBC Secretariat to successfully prepare, submit, win and execute projects; cultivating relations with a broader range of donors including those that are already active in the region and those who are thematically aligned and are willing to enter the region; and working with a broad range of partners who have existing relationships with donors interested in the region. Some donors and partners who could be valuable for financing CBC priorities are included in the section 4.1.2 for bi-lateral and multilateral donors but could also include donors and development banks that are offering concessional loans and other financial products including:

- European Investment Bank
- Caribbean Development Bank
- Microfinance Partners
- KfW (non-grant instruments)
- GEF (non-grant instruments)
- CAF - Corporation Adina de Fomento <https://www.caf.com/en/>



- Banco Centroamericano de Integración Económica (BCIE) <https://www.bcie.org/>

4.2.2 Government Finance

Governments are the most important source of stable long-term financing for biological conservation and sustainable development and it is essential to include government ministries, departments, and agencies in the mix of finance solutions for CBC priorities. To optimize funding for priority species, habitats, and projects, the CBC should establish clear priorities in collaboration with key government counterparts, NGOs, research organizations and private sector partners (this work is ongoing) and communicate these priorities along with strong justifications for why these targets and projects have been prioritized. It is important that all parties involved understand and master the national budgeting process and timeline, establish clear indicators that are relevant to decision-makers, and establish clear and well justified budgets in the correct government formats. Governments often use two types of funding – recurring operational budgets which can be difficult to change and “development” budgets that can fund specific projects, are shorter term and are much more flexible – and thus a good target for government funding when available. Strategies for enhancing national government funding should be developed with key government counterparts of the CBC.

4.2.3 CBF and Partner Funds

The CBF has developed the ability to provide financing directly for projects through the Ecosystem based Adaptation (EbA) Fund and can encourage certain types of projects through its co-financing of country Conservation Trust Funds (CTFs). As such, a technical collaboration between the CBC and the CBF would create opportunities to directly or indirectly finance key CBC priorities. As well, the prioritization efforts currently being undertaken by the CBC could be extremely useful not only to the CBF but also to the country based CTFs as well.

4.2.4 Private Sector Partners

There are private sector partners in each country whose collaboration could advance the priority goals of the CBC through direct donations for projects, corporate social responsibility (donations and volunteerism), strategic partnerships such as Public Private Partnerships, and through the support to biodiversity beneficial businesses. There are very few private sector partners acting across more than one of the CBC countries and, as such, most partnerships will act within a country, but could still be encouraged to support CBC priorities. Some multi country private sector actors include the Cruise Ship industry and other elements of the tourism sector – such as private Yachts, tour operators, hotel chains, etc. There could be opportunities for the countries to come together to negotiate with the Cruise Ship industry to standardize port and visitation fees. Ideally if the CBC organized this negotiation, a percentage of fees collected could be contributed to the CBC Initiative.



4.3 Funding National Conservation Priorities

Conservation finance tools can be extremely valuable for funding national conservation priorities that will reach beyond the identified priorities of the CBC Initiative but will include important conservation and sustainable development objectives. Although exploring finance tools for national priorities is beyond the scope of this report, there are numerous options at the national level that can contribute to both the CBC objectives as well as other national priorities. Some options that have strong potential in the region include: tourism related fees and charges, biodiversity offsets and compensation for damages, green taxes with revenue earmarked for nature conservation, improved national budgeting processes, reduction of harmful agricultural and fisheries subsidies, integration of natural capital accounting into the national system of accounts (i.e. GDP calculations), and more. It is important to highlight the fact that most of the countries already have a certain level of finance devoted to nature conservation. The CBC could effectively encourage national funding organizations to incorporate CBC priorities into their own funding priorities and to support accounting for the level of conservation investment in CBC priorities, if better socioeconomic information was available on the benefits of achieving CBC priorities.

Case - Gardens of the Queen National Park in Cuba

The Gardens of the Queen National Park in Cuba has 1,975 visitors/year, of which 71% are divers and the rest are sport catch-and-release fishermen (mainly for bonefish and tarpon).

Table 3 Gardens of the Queen MPA Total Visitation from 2006-2011

Gardens of the Queen Visitation by Activity: 2006 - 2011					
Year	Total	Primary Activity: Fishing	Percentage of Fishers	Primary Activity: Diving	Percentage of Divers
2015	2141	607	28.4	1534	71.6%
2016	2472	623	25.2	1849	74.8%
2017	2210	577	26.1	1633	73.9%

Source: (Martin et al., 2012) and stakeholder interviews.

The Gardens of the Queen is managed by a public-private partnership between the Cuban government and a tourist operator. The collaboration saves the government substantial park management costs and assures high quality conservation of the protected area.

Tourism is an expanding opportunity in the region and there are many ways to capture tourism value at the local and national level. Some elements of the tourism sector include:

- Two of Cuba's key national protected areas, the Garden of the Queen Marine National Park and Zapata Swamp National Park receive 12,000 visitors per year. Tourist numbers in Cuba increased from 2.8 million in 2013 to almost 4 million by 2016 (WCS, 2017).

- Tourists in Dominican Republic reached almost 5 million in 2018 (Caribbean Journal, 2018).
- Tourists in Haiti are usually under a million given economic development concerns, but recent trends are positive for this sector in this country.
- Tourists in Puerto Rico reaches around 3.5 million per year, with current concerns about rebuilding from Hurricane Maria damage potentially reducing this amount in the coming years.

In addition to tourism, there may be additional opportunities in the fisheries sectors for national level revenues. Licensing and landing fees can be accompanied by sustainable fisheries management tools to increase productivity and profits while reducing fishing effort. For example, Cuban landings of a finfish and shellfish are usually more than 88,000 metric tons per year, including a large variety of high-valued species—spiny lobster, shrimp, and sponges along with pelagic fish such as mackerels, tunas, and swordfish (Adams, 1998). Dominican Republic’s 11,000 metric ton catch in 2006 declined to 9,000 metric tons in 2015, making sustainable fisheries a key issue (UN, 2018) – and one that can be addressed with fisheries quotas and other tools of improved finance and management.



Conclusions and Next Steps

To be written following workshop.

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6 Appendix

List of Potential Finance Solutions for CBC Initiative and National Partners

CBC Focused

Improve CDC and national CTFs Fundraising Capabilities and Materials through building capacity in 1) Fundraising Strategy, 2) Brochures, 3) Conferences / Meetings, 4) TV / Radio communications, 5) Other Media – Social etc.	Capacity
Partnership with the Caribbean Biodiversity Fund (CBF): Raise an Endowment Fund for the CBC to be housed within the CBF as a funding window – use endowment investment revenue to finance CBC Secretariat	CTF
Partner with the CBF to identify and support the financing of projects that have been identified as technical priorities for the CBC through CBFs Ecosystem based Adaptation Fund or through National Funds.	CTF
Build on relation with the EU for a follow up grant with a focus on CBC Priority Projects (but not CBC Secretariat)	Multilateral, Bilateral, and Philanthropic Donors
Provide Project Management Services - charge projects an overhead / project management fee for facilitating project administration and oversight	Multilateral, Bilateral, and Philanthropic Donors
Develop outreach and finance proposals with an expanded range of Donors including but not limited to: 10) GEF 11) Green Climate Fund 12) Adaptation Fund 13) USAID 14) IKI (Priority) 15) KfW 16) IADB 17) Norway 18) US Foundations (incl. Google Foundation)	Multilateral, Bilateral, and Philanthropic Donors

Establish a system of annual government contributions (Dues) of 5-20k towards Secretariat operations	Government
Governments can encourage donors to use the CBC for project management and financing	Government
Engage and expand investment and lending partners: <ul style="list-style-type: none"> - European Investment Bank - Caribbean Development Bank - Microfinance Partners - KfW (non-grant instruments?) - GEF (non-grant instruments) - CAF - Corporation Adina de Fomento https://www.caf.com/en/ - Banco Centroamericano de Integración Económica – BCIE https://www.bcie.org/ 	Investment
Partner with existing platforms for sustainable development or sustainable fisheries and align programs and projects	Partnership
Expand and expand the effectiveness of collaborations with Finance and Development Partners: <ul style="list-style-type: none"> - UNDP - TNC - IUCN - GIZ - UNESCO 	Partnership
Collaborate with other international NGOs to increase conservation effectiveness – including: TNC, EDF, USAID – Binational Projects DR and Haiti	Partnership
Develop a clear vision and marketing strategy for the CBC including video and talk presentations to sell projects and the CBC to cruise ships and other tourism industry partners	Tourism
Establish a system of presentations for Cruise ships to encourage private donations and if presentation is very good / can perhaps charge basic fee for presentation	Tourism



Both CBC and Country-based

CBC develops a strong partnership with EcoRed (http://www.ecored.org.do/) to engage the private sector in a range of sustainability efforts that support the CBC priorities and contribute to CBC supported projects financially and through volunteerism.	Companies
Develop and implement an outreach program to identify and secure corporate donations (project funding and contributions to the proposed CBC/CBF endowment) from large companies in the region including tourism companies, industry associations, and foundations.	Companies
Review the possibility for Debt Swaps / Debt Conversions in target countries in collaboration with CBF and national CTFs	Debt
Collaboration with donor countries for directing bilateral finance and aid towards the priorities of the CBC	Donors
Support CBC partners in each country to seek improved government budgeting towards nature conservation and specifically encourage government investment in the priorities of the CBC.	Government
Identify and support the establishment of green taxes (e.g. focused on reducing pollution and plastics) in partner countries with a percentage of new tax revenue earmarked for CBC, National CTFs, and PA networks.	Government
Establish an online portfolio of projects and facilitate voluntary donations / donor / private sector interest through marketing of the online platform and individual projects related to the CBC priorities	Investment / Donors
Design and support the implementation of an Airport “Green Tax” for countries in the region with a percentage going to CTFs or the CBC/CBF endowment	Tourism
Partner with tourism foundations and associations to design and plan a range of finance solutions for the CBC and local conservation priorities	Tourism
Design and help finance a “Small Grants Program” with the BCF and a range of CTFs	CTF
Fundraise and build a coalition of engaged High Net Worth Individuals (as investors or donors)	Donors



Develop a national or regional “Green Bond” (Debt investment vehicle) with a focus on establishment of renewable energy (reducing pressure on forests for fuel wood), water provisioning (including supporting watersheds), and waste treatment (water and solid waste).	Investment
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National Finance Options

Seek direct financing from and partnerships with the agricultural sector - especially tobacco companies	Agriculture
Work with the agricultural sector more intensely to direct existing financial flows (especially government support) towards improved conservation outcomes (Eco-products, growing demand – 3 rd party certification)	Agriculture
Explore the potential for Blue Carbon Credits – climate mitigation through sequestration of carbon via mangroves, reefs, and sea grass.	Carbon
Work with the Fisheries sectors to use effective economic / finance / management tool to achieve sustainability outcomes including Quotas / TURS / License / Organize	Fisheries
Explore the system of government fines for damages to the environment (Natural Resource Damage Assessment) and support an improved collection system where a part of the economic damage fines is sent to national CTFs to finance conservation and restoration.	Government
Work with insurance company partners to develop innovative insurance products that promote protection from extreme events – Mangroves, coral reefs, tourism, etc.	Insurance
Support national efforts at renewable energy financing - wind and solar	Investment
Explore the possibility of impact investing opportunities (direct private investment that seek social and environmental returns in addition to financial returns) that support conservation businesses that contribute to CBC priorities	Investment
Support diverse solutions for plastic recycling and waste to energy projects	Investment
Explore opportunities for different types of Payments for Ecosystem Services (PES) including – Water, Carbon, biodiversity offsets, Coral Reef and hotels, etc.	PES



Build voluntourism programs around turtle nesting programs and communication services to support the programs and generate donations.	Tourism
Build Artificial Reefs for developing tourist sites with partners in the tourism sector and capture user fees as revenues.	Tourism
In DR – reform the tax free 10-year lease program to reduce harmful “development” of hotels.	Tourism
Explore expanded possibilities for Public Private Partnerships for PA management	Tourism
Explore possibilities for expanded private PA systems	Tourism
Help establish Water Funds for key watershed in the region that provide important hydro or urban water services	Water
Provide clear guidance on improving water tariff systems to better design fees and to direct more revenues to watershed protection	Water



Figure XX: Cuban crocodile at the Zapata Swamp. Photo Credit: Venkat Iyer