



**The role of
conservation
Trust Funds
in the
pandemic
context: The
FAPBM**

***IUCN
Congress
4 September
2021***



Table of content

1. Recent History and Context of Madagascar's Protected Areas
2. The Role of the FAPBM
3. The FAPBM's Endowment Fund
4. Other Funds under FAPBM's Management
5. Achievements of the FAPBM
6. Future Needs of the FAPBM
7. Governance and Organization

1. Recent History and Context

❖ *Late 80s*

Development of the first aspects of Madagascar's environmental programs.

❖ 1990

Establishment of a National Environmental Action Plan (PNAE) subdivided into three 5-year phases with support of multilateral donors (esp. World Bank), bilateral cooperation and international NGOs.

❖ 1995

Ratification of the Convention on Biological Diversity (CBD) leading subsequently to the establishment of a system of protected areas to be called "Système des Aires Protégées de Madagascar (SAPM)".

❖ 2003

Madagascar's "Durban Promise" with the commitment to increasing protected areas (PAs) from 1 million ha in 2003 to 6 million ha in 2012 (or 10% of the 58.7 million ha of the national terrestrial territory).

Reference:

*The Terrestrial Protected Areas of Madagascar: their History, Description, and Biota
Volume I: Introduction*

*Edited by S.M. Goodman, M-J. Raherilalao & S. Wohlauser
Association Vahatra - 2018*



❖2005

With the technical support of IUCN, starting the categorization and definition of different types of management & governmental approaches while determining the stakeholders to be involved in the management of the PAs.

❖2010

Madagascar's objectives aligned with the "Aichi Biodiversity Targets" through national strategies and action plans developed for 2015-2020.

❖2014

Madagascar's "Sydney Promise" to triple the surface of its marine protected areas.

❖2015

Series of governmental decrees leading to the number of 122 (mainly terrestrial) PAs covering 7,090,606 Ha.

Reference:

The Terrestrial Protected Areas of Madagascar: their History, Description, and Biota
Volume I: Introduction

Edited by S.M. Goodman, M-J. Raherilalao & S. Wohlauser
Association Vahatra - 2018



2.The Role of the FAPBM as a Conservation Trust Fund

- ❖ Over the last two decades, **costs of managing Madagascar's protected areas have been 80% funded by external sources**, either directly or through the Government or through local associations / NGOs.
- ❖ National sources are governmental budget and national parks' entry fees.
- ❖ The FAPBM, created and governed by Law No. 2004-014 on Foundation regime in Madagascar, is a Malagasy private entity, tax-exempted, recognized of public utility.
- ❖ The FAPBM was established in 2005 as a financing structure under the lead of the Malagasy State, WWF and Conservation International (CI).



FAPM's mission:

Contributing to sustainable human development through biodiversity conservation & enhancement and mobilizing sustainable funding for the SAPM.

4 Types of funds under management

❖ **An endowment fund**, a financial capital fed by contributors, aimed at **generating annual revenues in order to sustainably finance the SAPM**.

❖ **Sinking funds**, case-by-case capital entrusted to FAPBM for **limited time periods** by some donors to **financing specific PAs**.

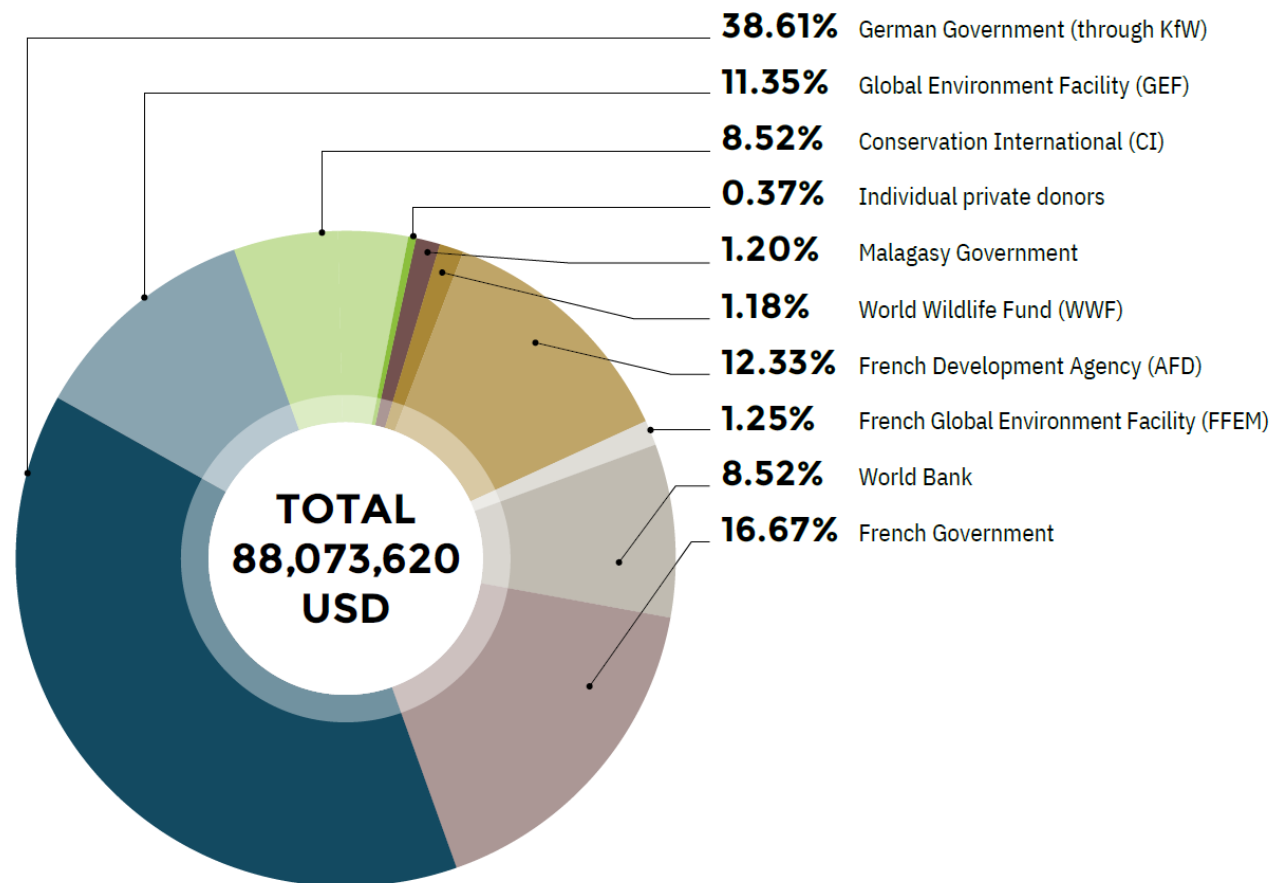
❖ **Management mandates**, case-by-case capital entrusted to FAPBM by various donors to financing specific projects (**technical assistance**, safeguard plans, **establishment of new PAs**, information and awareness, **offsetting investment programs** etc.).

❖ **Revolving funds**, repayable funding allocated as a loan to PAs (possibility not activated yet by donors).

www.fapbm.org



3.The Endowment Fund: past and current contributors



**Nominal Value of the Fund end 2020 :
USD 88.07 million**

**Market Value of the Fund end 2020 :
USD 101.01 million**

The market value of the Fund was USD 50 million end 2015 while the main donors have roughly contributed additional USD 40 million capital during the period 2016-2020. Meantime, the Fund has annually disbursed a share of its value to financing the PAs.

Step by step, trust from the current contributors has gradually increased thanks to the FAPBM's proven professionalism, independence, transparency, accountability, willingness to applying the best practices, catching-up and compliance with the highest standards and capacity to providing a wide range of services.

3.The Endowment Fund: How it works

Donors provide capital to FAPBM

FAPBM invests capital in financial markets

Invested capital generates revenues & capital gains

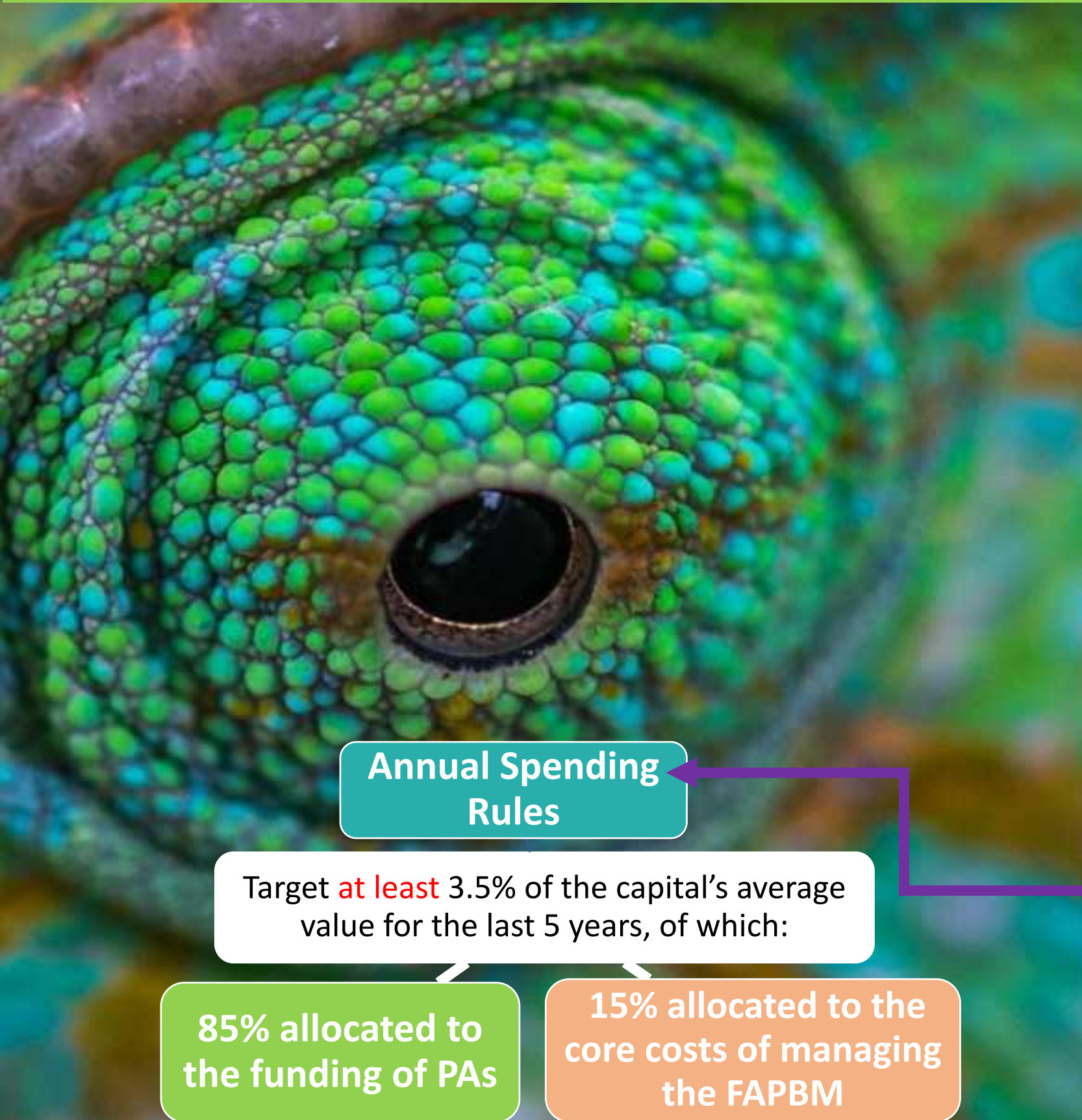
FAPBM annually spends part of revenues / gains

Annual Spending Rules

Target **at least** 3.5% of the capital's average value for the last 5 years, of which:

85% allocated to the funding of PAs

15% allocated to the core costs of managing the FAPBM



4.Sinking Funds

- ❖ Only one provider so far, **KfW**: through FAPBM, it directs the proceeds of a Malagasy Government Debt (to Germany) Swap towards the financing of 5 (five) designated protected areas managed by Madagascar National Parks (MNP) *.
- ❖ Amount: **EUR 517.000 per year** from 2016 to 2025.

FAPBM 2020 Annual Report

www.fapbm.org

Madagascar National Parks website

www.parcs-madagascar.com

***Madagascar National Parks or MNP** is a private association legally recognized of public utility. It operates since 1991 under the supervision of the Malagasy ministry responsible for the environment. Its mission is “to establish, conserve and sustainably manage a national network of parks and reserves representative of the biological diversity and the natural heritage of Madagascar”.

Currently, **MNP manages 43 PAs** of which 5 RAMSAR sites, 5 Biosphere reserves and 7 sites labelled as UNESCO National Heritage.

MNP budget is funded by the Malagasy Government, multilateral & bilateral institutions, non-governmental entities such as the FAPBM and park entrance fees. Its technical partners are local and external entities that could be public and non-governmental organizations.

4. Various Management Mandates

HELMSLEY FOUNDATION

Support, through FAPBM, the establishment and the management of New Protected Areas–
Spent

WWF (US)

Fund management to expand and consolidate marine protected area network –
Part I : Spent ; Part II called GEF6-WWF to be signed soon: USD 6 million to be spent 2020-2025

UNESCO

Assistance for the conservation and management of the Eastern Madagascar's rainforests - *Spent*

JRS FOUNDATION

Development of Madagascar Lemurs Portal to exchange on lemurs' conservation– Part I : *Spent ; Part II USD 51.000 to be spent 2020-2021*

MAC ARTHUR FOUNDATION

Support for strengthening fundraising capacity in order to diversify the source of funding for PAs in Madagascar - *Spent*

WORLD BANK

Fund management of the implementation of Environmental and Social Safeguard Plans (PSSE) in 13 protected areas - *Spent*

QMM (QIT Madagascar Minerals –Rio Tinto)

Financing the implementation of a QMM's offsetting program – *USD 300.000 to be spent 2019-2022*

5. Achievements : Good performances of our investment portfolio

1. Global performance of our portfolio in 2020

❖ 7.58%, compared to the benchmark of our portfolio with 8%

2. Global performance of our portfolio since 2016

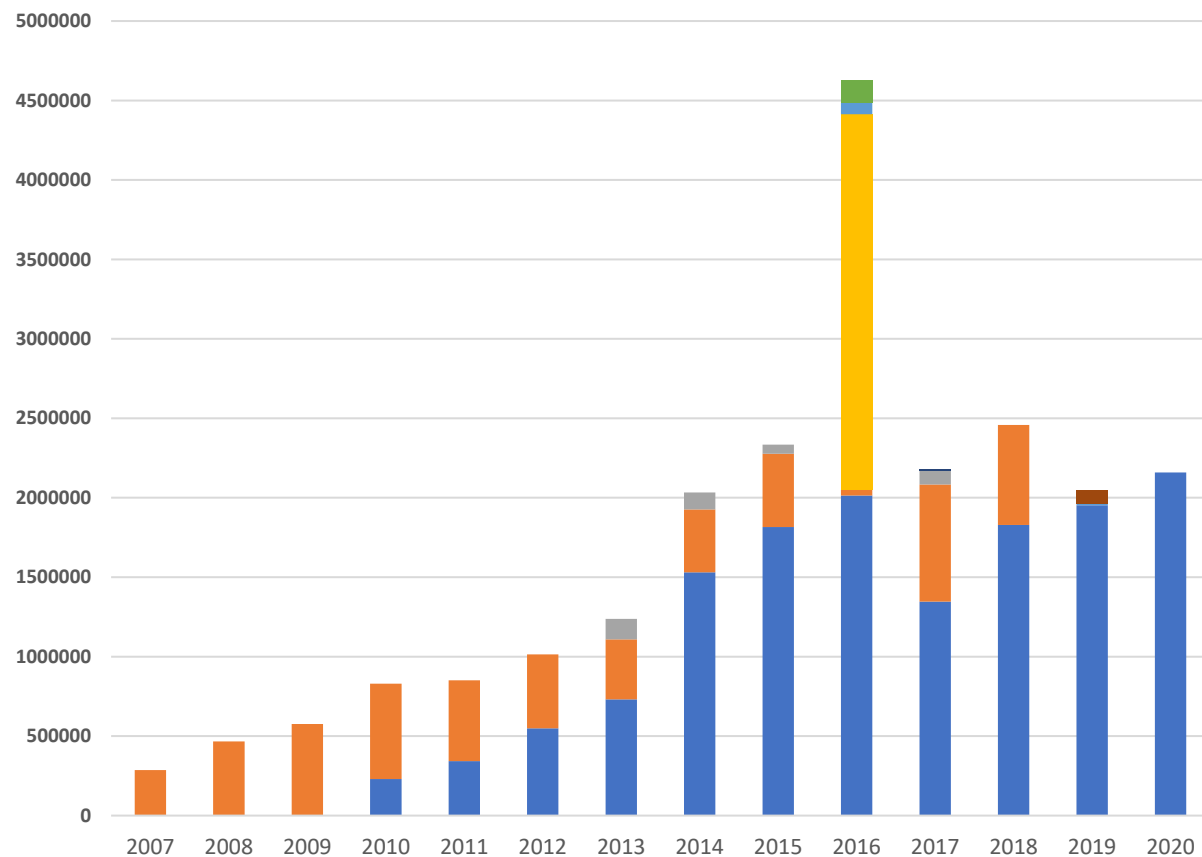
❖ 6,4% compared to our objective of 4%.



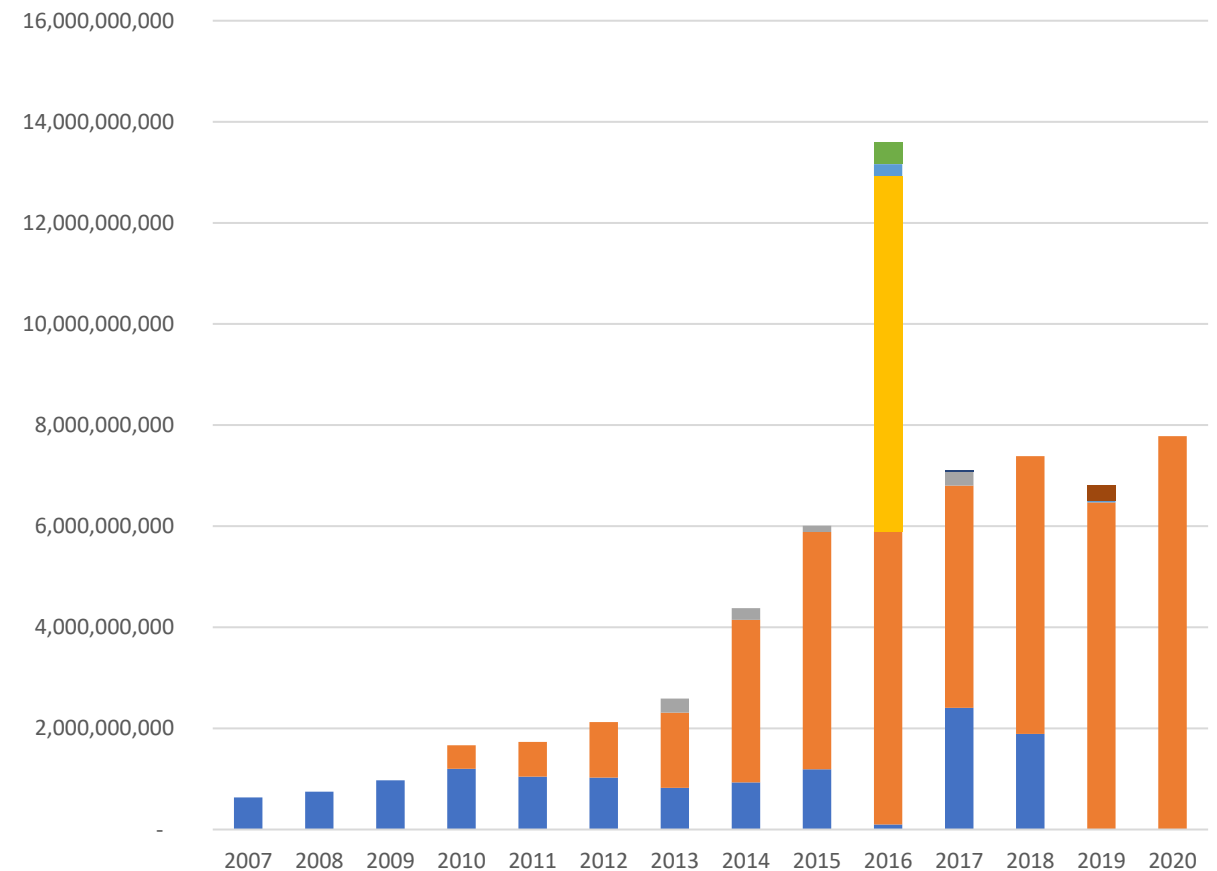
5.Achievements : gross figures

- ❖ Disbursements to PAs in USD and MGA
- ❖ Endowment Capital Investment Performance

in USD



in MGA



■ CAPITAL RETURNS ■ SF-KfW ■ HELMSLEY ■ PSSE ■ FFEM ■ LEMURS PORTAL ■ UNESCO ■ OFFSET

■ SF-KfW ■ CAPITAL RETURNS ■ HELMSLEY ■ PSSE ■ FFEM ■ LEMURS PORTAL ■ UNESCO ■ OFFSET

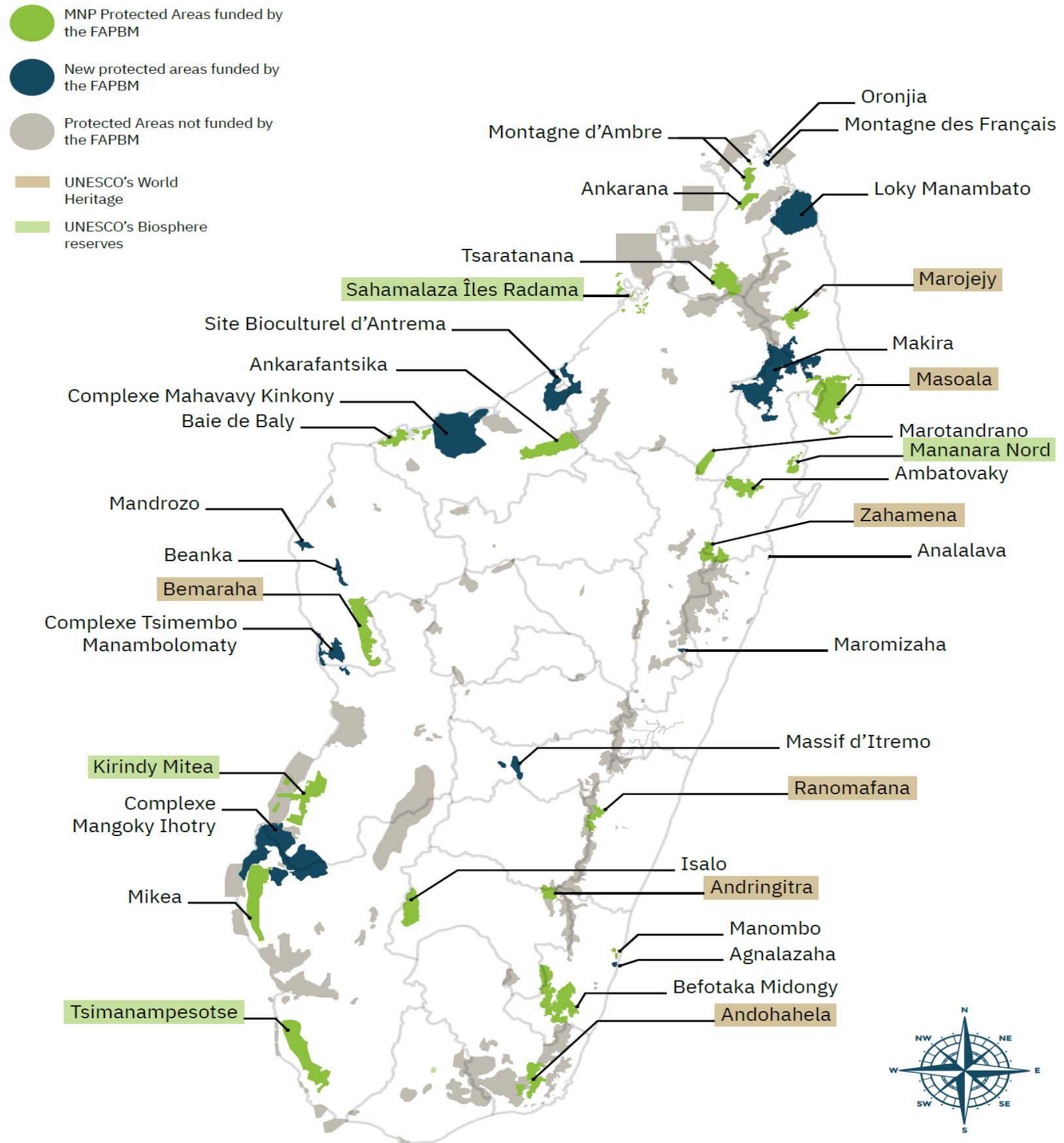
	2014	2015	2016	2017	2018	2019	2020
End-year value of the Endowment Fund (USD million)	53.2	50.1	72.7	76.4	76.9	83.4	101.1
Investment Performance	+5,30%	+1,03%	+3,40%	+10,76%	-3,25%	+12,45%	+7,58%



5. Achievements : PAs funded, conservation/social impacts

FAPBM 2020 ANNUAL REPORT

- ❖ **36 PAs** (co-)funded for 2020 : of which **1 Strict Nature Reserve, 18 National Parks, 5 Special Reserves, 9 Protected Landscapes, 3 Nature Resource Reserves.**
 - ❖ These PAs cover **3.5 million Ha.**
 - ❖ Through these PAs, **11 managers funded** of which MNP is first with 22 PAs.
- ❖ Around 500 endangered / vulnerable (of which 94 critically endangered) wildlife species benefitting protection through the FAPBM funding.
 - ❖ 19 agricultural value-chains receiving support with 12,675 direct beneficiaries.
 - ❖ 3.5 million people in the neighboring of financed PA benefitting from such PAs' ecosystem services.



5. Achievements : contribution to PA's budgets

Extracts from the FAPBM 2020 Annual Report

- ❖ For the 23 MNP PAs: 1) the allocation comprises the KfW Sinking; 2) significant part finances the parks' administrative management costs.
- ❖ For the 13 NPAs: FAPBM contributes in average to 29% of their budgets (within a range [10%-80%]).

Figure 7. Evolution of FAPBM share in the budget of the funded NPAs (2017-2020)

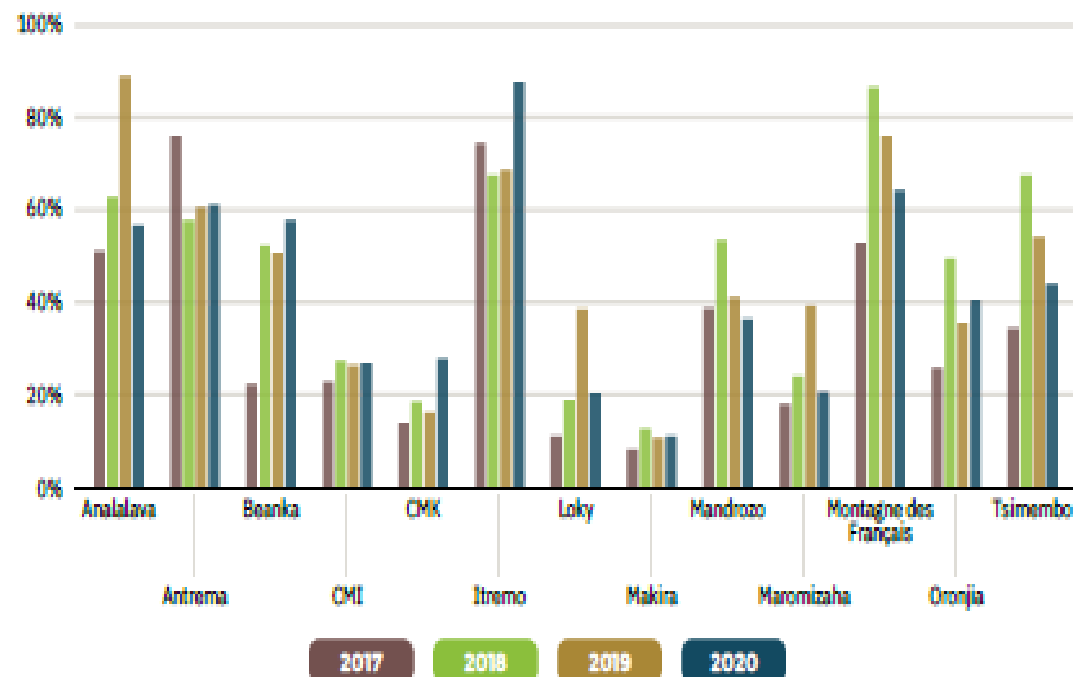


Figure 6. Evolution of FAPBM's share in the needs of funded MNP PAs (2017-2020)

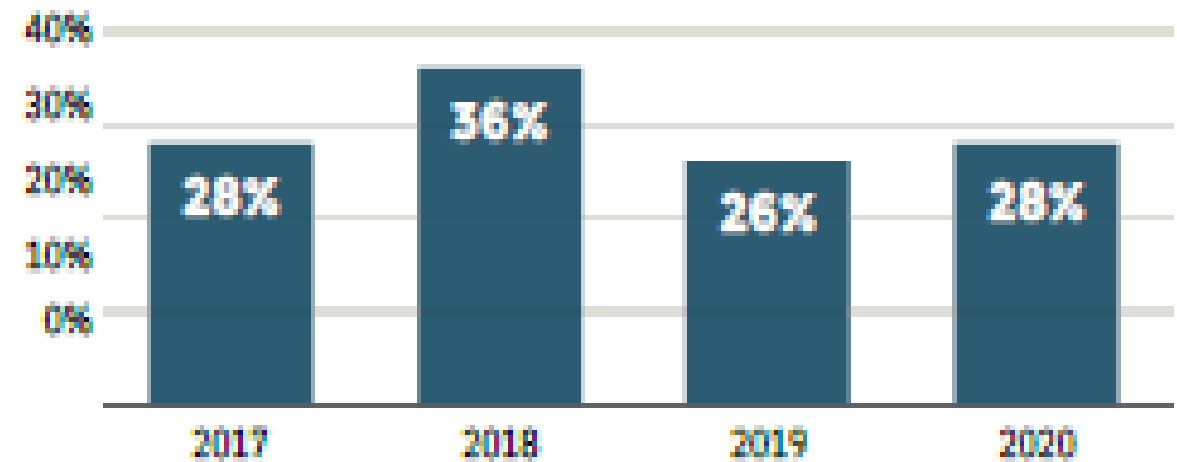
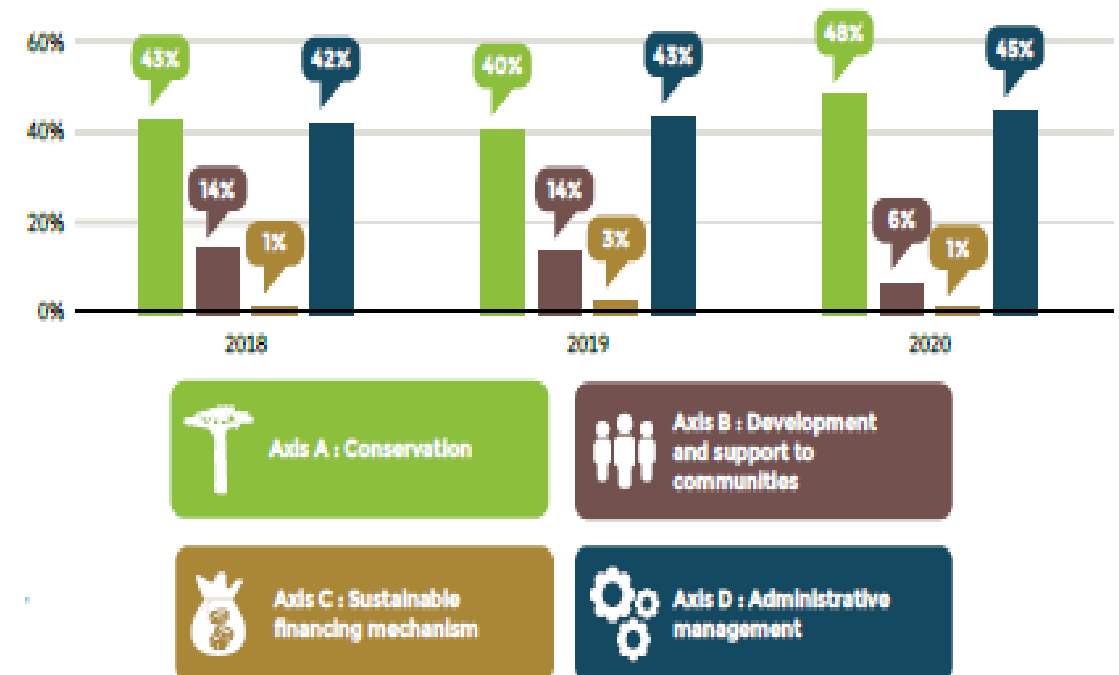


Figure 8. Evolution of funding axes at the 13 NPAs supported (2018-2020)



5. Lessons learned

- ❖ The funding from FAPBM is the only sustainable funding to Madagascar National Parks and to the New protected areas
- ❖ The funding from FAPBM has proven its relevance during the Covid-19 pandemic
- ❖ The financing model of FAPBM is working
- ❖ One sustainable way to protect the biodiversity of Madagascar is to increase the endowment capital of FAPBM

6.Future Needs : endowment capital as the centerpiece

Financing needs of PAs :

- ❖ **Conservation : essential actions** undertaken by PA managers and communities (essentially surveillance & patrols, securization, ecological monitoring); then **sustainable actions** involving third-parties (research & development, specific scientific projects, self-financing from activities such as biodiversity offsetting, REDD+, PES).
- ❖ **Development & Support to communities** : assuring **minimum livelihoods** then improving **life quality** especially through direct jobs, alternative activities and social infrastructures; then **support to development** of value chains and **capacity building** for various economic activities.
- ❖ **Administrative management costs** : salaries and various material / operational needs of PA managers.

Assessment on Madagascar :

- ❖ Difficulty for the Government to dedicate stable national budget for conservation ; however, more than ever needed enforcement of its sovereign power in PAs.
- ❖ Fundings for conservation from international donors, be they public or private, are short-term, scattered with insufficient coordination and lack post-evaluation.

- ❖ **Priorities** : ensuring durable financing for conservation essential actions, minimum livelihoods & life quality of communities and administrative management costs.
- ❖ **More efficient funding approach** (duration, leverage effect) of conservation sustainable actions, support to development and capacity building of communities for economic activities.

FAPBM financial needs :

- ❖ Annual financial needs of terrestrial PAs : based on USD 3 per ha, **USD 21 million** (source: FAPBM)
- ❖ Annual financial needs of marine PAs : up to **USD 7 million** (source: WCS)
- ➔ **“Theoretical” size of endowment capital to achieving the 1/3 target**, based on 4% annual return: **USD 175 million capital for terrestrial and USD 58 million for marine.**
- ❖ “Ideal” allocation of FAPBM sources of funding:
 - ➔ **ENDOWMENT CAPITAL** for priorities.
 - ➔ **SINKING FUNDS or REVOLVING FUNDS** for conservation sustainable actions or economic project supports requesting medium to long-term monitoring and controls.
 - ➔ **MANAGEMENT MANDATES** for short-term projects.



Contact :

Alain Liva RAHARIJAONA
Executive Director

iraharijaona@fapbm.org

(+261) 20 22 605 13



F A P B M