CFA | CONSERVATION FINANCE ALLIANCE

2020

PRACTICE STANDARDS FOR CONSERVATION TRUST FUNDS

2020 Update by Paquita Bath, Viviana Luján Gallegos, and Amílcar Guzmán Valladares

Original 2014 Edition by Barry Spergel and Kathleen Mikitin

FONDS FRANÇAIS POUR L'ENVIRONNEMENT MONDIAL · MAVA · TRILLION TREES · BirdLife INTERNATIONAL · WWF · WCS · gef GLOBAL ENVIRONMENT FACILITY · ASOCIACIÓN COSTA RICA POR SIEMPRE · MG CAPITAL · REDLAC · café

PROLOGUE

In October 2019, the Conservation Finance Alliance (CFA) invited a group of Conservation Trust Fund (CTF) leaders to join a working breakfast in Mérida, Yucatán, México, during the 21st Congress and 20th anniversary of the Latin American and Caribbean Network of CTFs (RedLAC).

One of the items in the session's agenda was the progress review of the second edition (2020) of these Practice Standards, originally published in 2014. This document has been a formidable tool during the last six years, guiding new CTFs during their design and start-up period and helping existing ones improve and consolidate their operations and administration.

No one imagined during those days, just a few months in the past, that a pandemic of the magnitude we are experiencing today, would make us rethink our relationship with the planet and its finite natural resources. No one imagined either that a global tragedy originating in nature would stop the world in its tracks and open our eyes as humans, inviting us to reconsider our vision of development, prosperity, and quality of life.

Most of my 45+ years of professional life have been devoted to conservation, and for the last 25 years in particular, until December 2019, I had the opportunity and privilege of leading a CTF in Latin America.

During this period as CEO, I had to learn how to run our institution through practice, mistakes, and trial and error, hand in hand with many colleagues, first of Latin America and the Caribbean, and later on also from Africa and Asia-Pacific. The immensely gratifying experience of helping design and launch learning networks and communities of practice, such as RedLAC, plus the opportunity of collaborating in functional and practical alliances such as the CFA, definitely flattened the learning curve and blessed me, as well as many CTF leaders, with one of the most precious ingredients for success today: diversity of ideas. The spirit of CFA and RedLAC could not be expressed better than in the recent book by Matthew Syed, "Rebel Ideas, the Power of Diverse Thinking," where in the "Innovation" chapter he shares this jewel of objective wisdom with us:

"The social context of creativity confers a holistic perspective, enabling us to note the inspiring truth that innovation is partly about the creativity of the brains within the social network, but that the creativity of brains is also partly about the diversity of the networks they are plugged in."

CTFs are versatile institutions, knowledgeable about the in-country culture, needs, political environment and socio- economic context around conservation initiatives and programs. They require a diversity of thought and a diversity of approaches and tools to make the best use of their constrained technical, human, and financial resources. At the same time, they are subject to diligent scrutiny by donors -- public and private, bilateral and multilateral -- and also by the private sector companies they partner with. This new version of Practice Standards serves an invaluable purpose, levelling the ground for CTFs, allowing their 100+ institutional constituency, currently managing close to 2 billion dollars (USD) in endowment and project funds, to concentrate in innovation and the scaling-up of conservation finance tools.

Lorenzo Rosenzweig Pasquel

Founding Partner
Terra Habitus A.C.
October 2020

FOREWORDS

The evidence is unequivocal, nature is being changed and destroyed by us at a rate unprecedented in history" (WWF - Living planet report 2020). In this pivotal year for humanity and the planet, all environmental indicators are in the red and the solutions envisaged to respond to the multiple ecological crises are not yet at the scale needed. At the same time, the global COVID-19 pandemic shows new weaknesses of modern societies. It is in this exceptional context, which also favors systemic changes, that this expanded version of the *Practice Standards for Conservation Trust Funds* is published.

This new enriched edition of the *Practice Standards* complements the version published in 2014, which has been broadly appreciated and has become a reference for many professionals of nature conservation. The 2020 *Practice Standards* provide clear guidelines, relevant to both existing CTFs that have reached promising levels of maturity and those in the process of being set up.

It is hoped that in the years to come, CTFs will successfully multiply their sustainable impact in the field, by inspiring each other, by replicating innovative ideas and good practices, and by reaching ever-more ambitious goals. This publication contributes to that objective.

For many years, the MAVA Foundation and the French Facility for Global Environment (FFEM) have partnered to support the development of CTFs, as well as the networks that support them. These include the Conservation Finance Alliance (CFA), the Latin American and Caribbean Network of Environmental Funds (RedLAC) and the Consortium of African Funds for the Environment (CAFÉ). The MAVA and the FFEM are delighted to acknowledge the tremendous progress made to ensure that CTFs are synonymous with good management, transparency and maximized positive impacts. A shared knowledge of the main features of CTFs has emerged across the world and is showcased in this guide. It is reasonable to hope that in the near future, an increased number of CTFs will gain additional strength and become essential institutions that invest in increased sustainability in their countries while ensuring increased financial resources for conservation.

The MAVA Foundation and the FFEM would like to take this opportunity to congratulate all the stakeholders who have played a role in the development of these institutions and networks. The MAVA Foundation and the FFEM join forces to invite CTFs to follow the proposed *Practice Standards* and to implement an ever-increasing number of ambitious initiatives to make a difference on the field. The theoretical basis of the CTFs is now well established, and the way is now paved to multiply a positive environmental impact at all scales. This is certainly a significant step for a better environmental future in this extraordinary year 2020.

Constance Corbier-Barthaux

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RedLAC and CAFÉ are pleased to partner once again with CFA in the expansion and strengthening of the *Practice Standards for Conservation Trust Funds*, consistent with both networks' goals for knowledge sharing and capacity building. The original *Practice Standards* have served as a vital resource for all CTFs, in all stages of development, to become efficient, transparent, and accountable centers of excellence in conservation finance. Now bolstered with new core areas of content, the Standards speak to a shared commitment to continuous improvement.

Globally, CTFs fill a pivotal niche in bridging global conservation priorities and local community needs, and in using expert local knowledge to deploy global funding in field programs that achieve objectives for conservation, livelihoods, community governance, and sustainable resource management. As partners of government, civil society, the private sector, and academia, CTFs are uniquely positioned to marshal resources to achieve these outcomes. The CTF networks – RedLAC, CAFÉ and APNET – have enabled CTFs to share in a community of practice, collaborate on regional programs, and elevate key conservation issues to international platforms.

2020 was expected to be the Superyear for biodiversity conservation, with many international conventions and challenges set to be renewed and expanded. Instead, the global Covid19 pandemic has stressed CTFs' resources and pushed them to new levels of creativity, flexibility, and resilience. CTF Networks such as CAFÉ and RedLAC have also had to adapt to a new reality by developing virtual spaces for members to meet. As we move forward into new unknowns, we are confident that CTFs will continue to play a critical role in conservation policy and finance, both in their own countries and on the global stage – a role that is ever more important in this challenging new decade.

Zdenka Piskulich
President
RedLAC

Karen Price
President
CAFÉ

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Task Force 2020

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Core Group 2013- 2014

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WOLFS COMPANY

ALIGNING VISIONS

BACKGROUND

These Practice Standards for Conservation Trust Funds (CTFs), updated in 2020, provide evidenced-based norms for use by CTFs and those institutions and individuals who provide CTFs with financial and technical support.

This initiative has been led and managed by the Conservation Finance Alliance (CFA) – a global network established in 2002 to promote awareness, expertise, and innovation in conservation finance globally. The CFA includes almost all CTFs and major donors to CTFs, as well as many other conservation organizations, networks, and individual experts.

The Practice Standards for Conservation Trust Funds (CTFs) were originally prepared in 2014 by Kathy Mikitin and Barry Spergel for the Conservation Finance Alliance. The standards have been enormously influential in helping CTFs document and improve their operations and for donors to have a greater understanding of, and impact on, CTF capacity at different points in their institutional maturation.

In 2019, the Conservation Finance Alliance (CFA), along with a strong task force of experienced volunteers from CTFs and donor organizations, and in collaboration with the networks of Conservation Trust Funds – RedLAC (the Latin American and Caribbean Network of Environmental Funds), CAFÉ (the Consortium of African Funds for the Environment) and APNET (Asia-Pacific Conservation Trust Fund Network) began the planned updating of the Practice Standards with the aim of maintaining the same evidenced-based norms that have proven so useful for the CTFs and the institutions and individuals who support them.

Under the overall guidance of the CFA through the CTF Project Task Force and the Environmental Funds Working Group, Paquita Bath (Aligning Visions), Viviana Luján, and Amílcar Guzmán (Wolfs Company) partnered to update and expand the Practice Standards to reflect new opportunities and challenges faced by the CTFs. This revision also built on the findings of *Conservation Trust Funds 2020: Global Vision, Local Action,* conducted by the same team in parallel.

These voluntary 2020 Practice Standards for Conservation Trust Funds are intended to continue to serve as a tool for improving the design, management, and monitoring and evaluation of CTFs. CTFs and their donors can decide to use, aspire to, or adapt the Practice Standards to fit their particular needs. It is hoped that they will also serve as a basis for greater harmonization of international donor rules, standards, and policies for CTFs, resulting in lower transaction costs.

CONSERVATION TRUST FUNDS

Conservation Trust Funds (CTFs), often called Environmental Funds in Latin America, are **private, legally independent institutions that provide sustainable financing for biodiversity conservation**. The core business of CTFs is to mobilize resources from diverse sources – including international donors, national governments and the private sector – and to direct them, primarily through grants, to a diverse range of environmental programs and projects through non-governmental organizations (NGOs), community based-organizations anda governmental agencies (such as national parks agencies). Historically, most CTFs were created to finance part of the long-term management costs of a country's protected area system as well as conservation and sustainable development activities in the surrounding areas. However, over the past decade, more CTFs are also investing in nature-based solutions to advance the United Nations Sustainable Development Goals (SDGs), for example through support to climate change mitigation and adaptation efforts.

Managing funds and grant-making continue to be core strategies for CTFs. Over the past decade, many also increasingly play roles in policy making, capacity building, strengthening of civil society, designing granting mechanisms, and fiduciary management for the assets of Indigenous communities. Others have become accredited with multi-lateral funds such as the Global Environment Facility or the Green Climate Fund to streamline funding to the field. As we move into the 2020s more CTFs are also working with the private sector on corporate responsibility actions, impact investing, improved mitigation and offset programs, and/or entrepreneurial investments to transform traditional production practices.

CTFs use varied financial arrangements. Many begin by managing one single Program Account, an endowment or a sinking fund, as is the case of CTFs that were created to support a given protected area or a network of protected areas. Over time, CTFs have diversified their programs and their funding mechanisms, with the creation of new Program Accounts and other innovations. As many CTFs mature they begin to manage multiple Program Accounts, usually including a combination of endowments, sinking funds, and/or revolving funds.

CTFs are also responsible for the efficient management of financial assets. The CFA sponsors the publication of an annual Conservation Trust Fund Investment Survey (CTIS) that collects and analyzes information about the investment practices and performance of CTFs. In addition, as part of a new study, *Conservation Trust Funds 2020: Global Vision, Local Action* that explores CTF activity between 2019 and 2020, a global CTF survey was conducted which included questions regarding asset management. In aggregate, the world's CTFs are estimated to hold and manage over US$1.9 billion in endowments and sinking funds. Investable assets (endowments plus sinking funds) of the CTFs that participated in the global survey ranged from US$300,000 up to US$190 million.

The Practice Standards are explicitly designed for CTFs that are independent non-governmental institutions as historically they can aspire to high levels of financial accountability and transparency, ensure government agencies that receive grants meet specified performance targets, reflect the views of diverse stakeholders, and flexibly manage diverse investment portfolios. CTFs are characterized as public-private partnerships with diverse governing bodies typically composed of a majority of civil society/private sector representatives, and often including public representatives. CTFs are created as independent non-governmental institutions to attract and manage resources to finance environmental programs and projects aligned with their objectives (e.g. protected area management, climate adaptation etc.). This requires extremely close alignment with national implementing agencies to ensure both supportive outreach to international donors as well as coordinated expenditures in the field.

As public-private partnerships, CTFs' independence from government budgetary systems provides much needed flexibility to both account for, and manage, a diverse programmatic portfolio. In addition, CTFs provide continuity of purpose during government transitions, ensuring continued financing for conservation priorities. Finally, independent CTFs can efficiently partner directly with the private sector and other civil society organizations to test innovative program ideas and rapidly deploy funds during emergencies such as wildfires. The agility and flexibility of independent CTFs make them an excellent ally of government agencies that are often more constrained by political and financial approval mechanisms and reporting requirements.

There are many publicly controlled CTFs that manage funds from international cooperation agreements as well as nationally generated resources such as tourism

fees and payments for environmental services. In these cases, public sector actors commonly retain final decision-making power. While these Practice Standards are written for legally-independent non-governmental CTFs, they can also be usefully applied to (or be adopted and adapted for) environmental funds that are hosted by (or are part of) government agencies or ministries.

Over the last three decades, CTFs derived valuable lessons from their experiences and have shared best practices among themselves, through the CFA, and via the CTF networks such as RedLAC, CAFÉ and the newly formed APNET. Select international donors and non-governmental organizations have also contributed to the development and strengthening of CTFs. With the growth of this sector comes new challenges and opportunities. These standards are updated to reflect this new experience and learning.

OBJECTIVES

These voluntary Practice Standards for Conservation Trust Funds are intended to serve as a tool for improving the design, management, and monitoring and evaluation of CTFs. CTFs and their donors can decide to use, aspire to, or adapt the Practice Standards to fit their particular needs. It is hoped that they will also serve as a basis for greater harmonization of international donor rules, standards, and policies for CTFs, resulting in lower transaction costs and greater conservation impact.

Since 2014, the Practice Standards have increased the understanding of how CTFs can function most effectively, by current and potential donors, national governments, civil society organizations, and CTFs themselves. CTFs have also pointed to the Practice Standards as helping jumpstart new CTFs by providing clear guidelines for effective creation and consolidation. Many CTFs use the Practice Standards to improve their efficiency and effectiveness, often doing an annual review of their alignment with the Practice Standards. Similarly, many donors have used the standards to evaluate CTFs and streamline **due diligence** when considering investing in new or established CTFs.

The Practice Standards are organized by core areas. In 2020, changes were made to divide the Operations Standards into two new core areas: Institutional Effectiveness and Programs. The Programs Standards were also expanded to integrate standards from the 2014 core area: Reporting, Monitoring and Evaluation. Over the past decade there has been increased attention to Risk Management and Safeguard requirements, the newest core area. The seven core areas listed below are considered essential to the effective development and management of CTFs:

Core Areas

Governance addresses the composition, functions and responsibilities of a CTF governing body or bodies and the content and role of governing documents.

I

Institutional Effectiveness addresses strategic planning, interactions with government, partnerships with other organizations, and effective communications.

II

Programs covers how CTFs achieve their missions through grant-making and other expenditures, set goals and targets, manage the grant cycle, and monitor and evaluate both grants and projects.

III

Administration takes up the themes of human resource policies, staff roles and responsibilities, operations manuals, use of financial resources, audits, and the use of technology.

IV

Asset Management discusses the components of investment strategies, fiduciary responsibilities, and relationships with various types of investment professionals.

V

Resource Mobilization covers fundraising and managing relationships and funding sources to enhance the overall financial sustainability of biodiversity conservation, particularly protected area systems, but also including funding for sustainability goals and climate action programs.

VI

Risk Management and Safeguards addresses the policies and procedures needed to identify and address risks and adopt national and internationally used environmental and social safeguards.

VII

In addition, ongoing changes in technology, and a need to strengthen effective practices for CTF communications and human resource management, led to the desire to emphasize these cross-cutting themes throughout the 2020 Practice Standards. Monitoring and Evaluation Standards, while a critical component of Programs, also cuts across other core areas and has therefore also become a cross-cutting theme. Relevant cross-cutting themes are identifed in each standard, when applicable, and a full list of the standards in each cross-cutting theme is provided in Annex 3:

- **Communications Standards** touch on the policies for reporting and disseminating information about the CTF to key audiences through various media.
- **Human Resources Standards** address how CTFs organize and support staff to advance the mission and goals of the organization.
- **Monitoring and Evaluation Standards** cover the periodic collection and analysis of data relative to stated project goals and objectives to enable practitioners to then evaluate the impact, adjust management decisions, and generate learning.
- **Technology Standards** consider how CTFs set internal controls and policies to manage technology use, increase efficiencies, and minimize risks in a digital age.

Finally, the Practice Standards are not "set in stone" but will continue to evolve and be periodically updated by the CFA. Although it is possible that they could eventually evolve into a system of voluntary "certification" standards for CTFs, they are not designed to serve that purpose in their current form.

USING THE STANDARDS

In an attempt to make the Practice Standards understandable and easy to use for the variety of purposes described above, the following format was adopted:

A Table of Standards provides the text of each standard in the seven core areas for easy reference.

A section titled **Expanded Standards** repeats each standard supported by

Reason(s) for the Standard - i.e. why is the standard important for the effective and efficient operation of a CTF

Practical Considerations that are based on practices that have been successfully used by CTFs for achieving a particular standard or overcoming difficulties associated with achieving the standard (i.e. how have CTFs approached a standard). When relevant, the practical considerations describe which function, governing body, management, chief executive, etc. has responsibility for key actions (i.e. who is responsible for preparing or deciding on the actions, the measures or the tools).

Evidenced by provides guidance on what "evidence" or common usage documents help to establish whether and how the CTF achieves a standard (i.e. where to look for identifiable and measurable evidence of actions, measures or tools).

Related to indicates other practice standards, outside of that core area, that complement and reinforce the standard.

Cross-cutting theme indicates if this standard falls into one of the four cross-cutting themes.

Following the Expanded Standards section for the seven core areas there are five Annexes:

- Annex 1: *Prioritizing Practice Standards at Different Stages of CTF Evolution* provides a general sense of which standards may have more immediacy for CTFs at different stages of their institutional evolution. With time and increased resources, CTFs can be expected to adopt an ever-greater number of the Practice Standards.
- Annex 2: *Assessing a CTF's Use of the Practice Standards* provides an Assessment Tool Example and the variables that CTFs are currently using in their self-assessments.
- Annex 3: *Cross-cutting Themes in the 2020 Practice Standards* lists all of the standards that fall within each cross-cutting theme, so that users can find all of the technology standards, for example, at a glance.
- Annex 4: *Transposition Table Between the 2014 and 2020 Practice Standards.* Given that changes were made to the organization of the standards, Annex 4 is a matrix that links the numeration from the structure of the 2014 Practice Standards to their new location in this 2020 edition. The purpose of this table is to help CTFs that have been doing an annual review of their organization relative to the standards, to transition their past scores easily to the new structure.
- Annex 5: *Glossary of Terms*. The Glossary includes the general usage of terms used frequently in the CTF community and this document. In the text of the standards, specific terms highlighted with bold lettering refer to terms found in the Glossary.

TABLE OF STANDARDS

GOVERNANCE

Governance Standard 1:
Governing documents clearly define the purposes for which a Conservation Trust Fund's or a Program Account's assets may be used.

Governance Standard 2:
Governing documents clearly define the composition, powers and responsibilities of the governing body (or bodies). A governing body's composition is designed so that its members will have a high level of independence and stakeholder representation.

Governance Standard 3:
Governing body members are selected or appointed based on their competencies and commitment to contribute meaningfully to the CTF's (or Program Account's) overall mission and responsibilities.

Governance Standard 4:
Specialized committees are established by governing bodies to provide advice and to perform certain functions of the CTF or Program Account more effectively and efficiently.

Governance Standard 5:
A governing body has at least three meetings per year and maintains accurate written records of all meetings and decisions.

Governance Standard 6:
Governing body members understand their fiduciary responsibilities and ensure they have (or acquire) the competence necessary to carry them out.

Governance Standard 7:
CTFs establish effective conflict of interest policies to identify, avoid, and manage potential and actual conflicts of interest and reduce exposure to favoritism and reputational risk.

Governance Standard 8:
The governing body recruits and oversees a full-time chief executive, and as needed, Program Account managers.

Governance Standard 9:
CTFs keep a "compliance list" to monitor and ensure full compliance with all applicable laws and regulations, their own governing documents, and all legal agreements between a CTF and its donors.

Governance Standard 10:
CTFs are established under the laws of a country that effectively ensures a CTF's independence from government, has clear and well enforced laws concerning private non-governmental organizations (including foundations or trusts), and does not subject a CTF to paying substantial taxes.

STANDARDS FOR INSTITUTIONAL EFFECTIVENESS

Institutional Effectiveness Standard 1:
CTFs prepare strategic and financial plans that translate their values, broad vision, and mission statements into specific goals, objectives and activities.

Institutional Effectiveness Standard 2:
As public benefit organizations, CTFs actively pursue opportunities to collaborate with all relevant levels of national government(s) on achieving conservation and sustainable development priorities.

Institutional Effectiveness Standard 3:
CTFs actively seek partnerships at the national or international levels with key actors in donor agencies, businesses, non-governmental organizations, communities, and research and academic institutions.

Institutional Effectiveness Standard 4:
CTFs monitor and evaluate their programs in relation to their mission and strategic plan, and in relation to national-level and international-level conservation indicators, targets, and strategies.

Institutional Effectiveness Standard 5:
CTFs track their institutional evolution with internal reporting, monitoring and evaluation, and financial management reporting, to support informed decision-making by their governing bodies.

Institutional Effectiveness Standard 6:
CTFs actively manage their image, clearly convey their values, mission, program goals and impact, and define staff authority for communicating with external audiences through a comprehensive communications policy.

Institutional Effectiveness Standard 7:
CTFs maintain a public presence on the internet through a website(s) and/or social media.

Institutional Effectiveness Standard 8:
CTFs report to different audiences for different purposes.

TABLE OF STANDARDS

PROGRAMS

Program Standard 1:
CTFs design programs/projects to include monitoring and evaluation indicators that support evidence-based reporting of conservation, sustainable development, or climate action impacts.

Program Standard 2:
When awarding grants, CTFs evaluate potential grantees by requiring them to submit key information and by making direct contact with them.

Program Standard 3:
CTFs establish well-defined grant award processes that aim to select high quality proposals in a timely manner through competitive means.

Program Standard 4:
CTFs conclude grant-award cycles with a signed contract with their grantees that sets out all important understandings and obligations related to the financing CTFs will provide.

Program Standard 5:
CTFs strengthen the capacity of potential grantees to prepare responsive proposals and effectively implement grant-funded activities.

Program Standard 6:
CTFs support their grantees by providing clear reporting templates, frameworks and information requirements for monitoring and evaluating grant performance.

Program Standard 7:
CTFs establish indicators and measures in the grant agreement and/or its required monitoring plan.

Program Standard 8:
CTFs mobilize staff, contractors, and often the grantee itself to monitor grantees' progress.

Program Standard 9:
CTFs ensure that grantees apply effective, efficient and transparent procurement processes and practices such that appropriate, high-quality goods or services are obtained at the best prices for value in a given market.

Program Standard 10:
CTFs that accept execution responsibility apply the same standards to the service they provide for grantees as they apply to the service they carry out for their own administration.

Program Standard 11:
CTFs develop systems that enable online proposal applications and track project progress with grantees.

Program Standard 12:
CTFs conduct feasibility assessments to evaluate new program opportunities.

ADMINISTRATION

Administrative Standard 1:
CTFs' Human Resources policies conform to their country's laws, policies and regulations.

Administrative Standard 2:
CTFs set clear job descriptions, and budget adequate resources, to allow the chief executive, managers, and staff to perform effectively and efficiently.

Administrative Standard 3:
CTFs prepare clear organizational charts that clarify reporting lines and management responsibilities.

Administrative Standard 4:
CTFs provide all staff members with clear annual goals and periodic written performance reviews.

Administrative Standard 5:
CTFs offer staff members compensation and benefits within a pre-specified range based on experience, education and performance.

Administrative Standard 6:
CTFs allocate their available resources to maximize funding for grant making and programs, while also setting an overhead rate sufficient to achieve institutional strategic objectives.

Administrative Standard 7:
One or more operations manuals with up-to-date policies, procedures, and practices guide the day-to-day management of CTFs or Program Accounts.

Administrative Standard 8:
CTFs procure the goods and services needed to carry out everyday activities through processes and practices which: are efficient, cost-effective and transparent; assure the appropriate quality of goods and services; and aim to obtain the best price for value in the market.

Administrative Standard 9:
CTFs undergo an annual audit by independent external auditors who apply standards that are consistent with internationally accepted accounting standards.

Administrative Standard 10:
CTFs select and track the information technology they adopt to ensure secure and standardized operations.

Administrative Standard 11:
CTFs implement a cybersecurity policy to keep their data and systems safe.

Administrative Standard 12:
CTFs have up to date software in place for automated accounting, financial administration, contract management, and procurement.

ASSET MANAGEMENT

Asset Management Standard 1:
Clear and comprehensive investment policies set out the core principles CTFs apply for managing their assets.

Asset Management Standard 2:
CTFs manage their investment portfolios in accordance with investment guidelines that set out the specific parameters to be applied by their investment management consultants, financial advisors and/or the investment managers.

Asset Management Standard 3:
CTFs' governing bodies, or their committees responsible for overseeing investment management, invest and manage as a prudent investor would invest his or her own funds.

Asset Management Standard 4:
CTFs seek to preserve endowment capital in order to protect future earnings streams.

Asset Management Standard 5:
CTFs' governing bodies approve their investment policies, investment guidelines, the process and the outcome of selecting a financial consultant and/or investment manager(s), reports on investment, and financial consultant and/or asset manager performance.

Asset Management Standard 6:
CTFs' governing bodies: (i) have at least one member who is a qualified professional with knowledge and experience in one or more of the fields of finance, business, or economics; and (ii) provide all members targeted training on the key concepts required to make informed investment management decisions.

Asset Management Standard 7:
CTFs assess their existing investment capacity, identify what types of investment professionals they may require, and select these professionals through a competitive process and from among investment industry service providers of recognized quality.

Asset Management Standard 8:
CTFs contract investment professionals by describing the services to be provided in a clear and comprehensive manner, the objectives of the services, the costs of delivering the services, and the responsibilities of both the service provider and the CTF.

Asset Management Standard 9:
CTFs engage in regular reviews of investment management performance.

Asset Management Standard 10:
CTFs recognize the importance of investing their assets in a manner consistent with their own missions and values, and implement an appropriate strategy to achieve that consistency

TABLE OF STANDARDS

RESOURCE MOBILIZATION

Resource Mobilization Standard 1:
CTFs have strategies to diversify, multiply and increase their short-term and long-term sources of financing, so as not to depend on a single source or a single funding mechanism.

Resource Mobilization Standard 2:
CTFs develop resource mobilization strategies and action plans to raise long-term capital as well as shorter-term funding for particular projects or programs.

Resource Mobilization Standard 3:
CTFs have policies to screen and determine which donor contributions and conditions they will accept.

Resource Mobilization Standard 4:
CTFs analyze and pursue opportunities for using funds from particular donors or government sources to leverage additional resources.

Resource Mobilization Standard 5:
CTFs analyze and explore opportunities to serve as financial intermediaries for donor programs, voluntary and mandatory cash flows, or other finance arrangements, to further the cause of environmental conservation and climate change adaptation and mitigation.

Resource Mobilization Standard 6:
CTFs seek the support of national government ministries, politicians and international donors to mobilize additional financial resources for the CTF and aligned strategic programs.

Resource Mobilization Standard 7:
CTFs commit to using specific formats, provide requested information, and comply with the procedures and timing for technical and financial reports via signed agreements relating to CTF programs, such as those between CTFs and their donors.

Resource Mobilization Standard 8:
CTFs encourage cost-sharing arrangements through which grantees contribute a portion of the project or activity cost or raise funding from others.

Resource Mobilization Standard 9:
CTFs effectively communicate their role, providing long-term financial support to advance critical global and national social and environmental goals, to potential donors and partners.

RISK MANAGEMENT AND SAFEGUARDS

Risk Management and Safeguards Standard 1:
CTFs develop risk management policies and procedures to reliably achieve their objectives, manage uncertainty, address grievances and act with integrity.

Risk Management and Safeguards Standard 2:
CTFs adopt and/or adapt recognized national and international environmental and social safeguards and policies.

Risk Management and Safeguards Standard 3:
When accepting funding, CTFs assume responsibility for creating policies and procedures to meet all donor required standards and apply them to the donor-financed projects.

Risk Management and Safeguards Standard 4:
CTFs adopt a gender mainstreaming policy to promote gender equality in all operations.

Risk Management and Safeguards Standard 5:
CTFs set clear roles and accountability for risk oversight and safeguard implementation.

Risk Management and Safeguards Standard 6:
CTFs set policies to protect the safety and well-being of staff members and provide safe working conditions.

Risk Management and Safeguards Standard 7:
CTFs have a policy to protect whistleblowers.

EXPANDED STANDARDS

GOVERNANCE

GOVERNANCE

STANDARD 1

Governing documents clearly define the purposes for which a Conservation Trust Fund's or a Program Account's assets may be used.

Reason for the Standard:

Clearly written governing documents enable CTFs and **Program Accounts** to effectively and efficiently achieve their purpose in a predictable manner.

Practical Considerations:

The governing documents provide a clear statement of the purposes of a CTF or Program Account. In the event that specific governance rules do not provide the **governing body** with sufficient guidance on an issue, the governing body will have to seek guidance from the statement of purpose.

It is understood that a CTF's or Program Account's purposes include not only the achievement of conservation impacts, but also the efficient management of the CTF's financial assets (including the preservation or growth of its capital, in the case of an **endowment**).

The governing documents clearly state the charitable purpose of a CTF. A statement of charitable purpose may be necessary to obtain preferential tax treatment for the CTF either in the country where it is legally established, or in countries where it operates, fundraises or invests its assets.

Evidenced by:

Governing document(s)

GOVERNANCE

STANDARD 2

Governing documents clearly define the composition, powers and responsibilities of the governing body (or bodies). A governing body's composition is designed so that its members will have a high level of independence and stakeholder representation.

Reason for the Standard:

A **governing body** is responsible for achieving the CTF's or **Program Account's** purposes and overseeing its activities, which is best achieved by an independent governing body that is representative of primary stakeholders, and that has clearly defined responsibilities and operating rules, including clear procedures for selecting members and setting term limits. Having a diverse multi-stakeholder governing body can help to maintain the CTF's autonomy and avoid the governing body becoming dominated or controlled by any one type of stakeholder. When new Program Accounts are established within a CTF, clear guidelines are put into place to establish if the governing body of the CTF, or that of the Program Account (if different), can make the final decision in cases of a material conflict.

Practical Considerations:

Governing bodies generally have five to 20 members from various sectors and backgrounds. A governing body of fewer than five members may not be able to provide sufficient diversity and representativeness, lack the different types of expertise that are needed by a governing body, or maintain strong institutional memory through governing body transitions. Small governing bodies can also lack adequate checks and balances against the power of a small number of individual members, in particular for a CTF with an expansive scope of activities. Governing bodies of more than 20 members may face difficulties in scheduling meetings, reaching decisions, and having members feel meaningfully engaged.

The size of a governing body will depend on many different factors, including:

1) legal requirements in the country where the CTF is established;
2) the scope of the CTF's or the Program Account's mission (a more expansive mission can require a greater variety of competencies); and
3) the number of different stakeholders that must be given a right to appoint governing body members (rather than merely being consulted or asked to provide advice), for political reasons in the CTF's specific context, such as stakeholders from different regions (in the case of a CTF established for a large and diverse country), or different countries (in the case of a multi-country CTF), or different key government ministries whose interests may differ significantly, or different donors that require representation on the governing body as a condition for making a large donation.

Governing bodies have a quorum for holding meetings to ensure that decisions cannot be approved by only a small subset of the members (such as the members appointed by government or by international donors).

A consistently important consideration for CTFs is the mix of public and private representatives on the governing body. Many donors have policies that they will only contribute to CTFs or Program Accounts that are not "controlled" by government, meaning that members of a governing body appointed by the government of the country where the CTF or Program Account operates, should not be able to form a majority voting block. Some CTFs operate as quasi-governmental agencies, having guaranteed government representation on the governing body and consistently playing a complementary role to government agencies.

Having majority non-governmental appointees on the governing body historically has helped to ensure greater transparency, broader local "buy in" and support, and greater long-term continuity of programs (e.g. by insulating a governing body from frequent changes in government administrations). In addition, independence can help to prevent a CTF's grants from being used simply to replace government budgetary support for protected areas and conservation or misused for political purposes. An additional advantage is that governing bodies ensure a greater degree of independence when the members are not interested parties at all, which is why some donors prefer not to have a vote in the governing bodies but to be an observer with voice. On similar lines, many CTFs will not give grants to organizations that are represented on their governing body to avoid conflicts of interest. In a few cases, governing bodies have been composed entirely of non-governmental approved members. In these and other cases, CTFs manage the alignment with government priorities through other effective means such as, *inter alia*, regular high-level meetings with government officials, carefully crafted MOUs with government agencies.

CTFs address the challenge of selecting the appropriate balance of public and private representatives, recognizing that public representatives on the governing body is one way to enhance effective coordination with government priorities, policies, and institutions in support of biodiversity conservation and/or the **Sustainable Development Goals.** Some CTFs encourage government representatives on the governing body but may choose to prohibit them from holding officer positions to avoid **conflict of interest** perceptions. Having government appointed representatives can also help to attract funding from international donors, because this can be seen as evidence of the government's political commitment to a CTF.

Governing body members should have the same "one voice one vote" rights, with no member being able to hold up or control decisions with a special veto right or superpower. An exception to "one voice one vote" for CTFs is that in the case of some Program Accounts, the major donor will sometimes maintain specific veto rights to ensure their donor intent is maintained. While most decisions are made by majority vote, some decisions such as, *inter alia*, changes to the governing documents, accessing CTF capital, dissolving the CTF, can require higher quorums or higher majorities such as a 2/3 majority, 3/4 majority, 4/5 majority, or unanimity.

Evidenced by:

Governing document(s)
CVs of governing body members

GOVERNANCE

STANDARD 3

Governing body members are selected or appointed based on their competencies and commitment to contribute meaningfully to the CTF's (or Program Account's) overall mission and responsibilities.

Reason for the Standard:

The rules for selection and appointment of a governing body need to ensure that the governing body has the competence and commitment for effective decision-making and oversight.

Practical Considerations:

Governing body members appointed by non-governmental constituencies (either NGOs, academia, private sector, etc.) are commonly either nominated in consultation with the constituency, or else the governing body nominates and elects its non-government appointed members. Where available, Directors and Officers (D&O) liability insurance is procured to protect governing body members from claims that may arise from decisions taken within the scope of their fiduciary duties.

The governing body and staff maintain a list or table of the skills and diversity desired for the governing body, current members' competencies, and members' terms end. This list can be used for **succession planning** to determine skill sets or cultural/geographic backgrounds that may add greater insights into governing body decision-making. For example, it is useful to select at least some governing body members who have the ability to fundraise, if a CTF's (or a Program Account's) strategy is to raise additional monies. It is also useful to select at least some governing body members who have expertise and experience in investing in financial markets. Actively identifying and including under-represented groups and/or leaders from influence areas of the CTF can also bring greater perspective to decision-making and facilitate succession planning. Some CTFs have the governing body members determined by specific institutions or with desired

competencies defined in their founding documents. Even in cases of institutional nomination, the CTF requests specific profiles when asking the institutions to indicate their representatives and the governing body officially elects members.

The terms of office of governing body members are generally staggered in time and limited in number**. Governing documents** generally limit the number of consecutive terms that can be held by a governing body member to no more than two consecutive three-year terms. Governing bodies can allow a member to rejoin if they step off the governing body for a certain length of time after having served for the maximum allowable number of consecutive terms. Limiting the number of terms that members serve facilitates the introduction of new ideas and reduces the chances that a governing body may be dominated by one or more strong personalities for a long period of time. Staggering the terms of office of governing body members (i.e., ensuring that their terms do not all end at the same time) provides greater institutional continuity.

Governing documents usually specify the causes for which a member can be dismissed from the governing body, including undisclosed material conflicts of interest, as well as for malfeasance, gross negligence, or failure to attend a specified number of meetings.

Evidenced by:

Governing document(s)
CVs of governing body members

Related to:

Resource Mobilization 1
Risk Management and Safeguards Standard 1

GOVERNANCE

STANDARD 4

Specialized committees are established by governing bodies to provide advice and to perform certain functions of the CTF or Program Account more effectively and efficiently.

Reasons for the Standard:

Certain governance activities may require highly specialized knowledge and experience. In order to more effectively carry out their fiduciary responsibilities, governing bodies usually require support in those areas from specialized advisory committees (which may include non-members as well as members of the governing body) that make recommendations to (or make decisions on behalf of) the full governing body. Committees have clear mandates with delegated responsibilities from the governing body.

Practical Considerations:

Delegation to specialized committees can make the work of the full governing body more efficient; however clear guidelines are needed to clarify decision-making responsibilities between committees and the governing body. Most committees are advisory, advancing the work of the full governing body by using the expertise of their members to prepare recommendations. The governing body must determine what decisions specialized committees can make and when they bring their recommendations to the full governing body for a vote. For example, the governing body is responsible for ensuring an independent audit (Administrative Standard #9). They could ask the Finance Committee to select, hire, and review the report of an independent auditor and then bring all recommendations back to the full governing body for a final decision. Written descriptions of the terms of reference for the specialized committee are compiled to clarify roles and indicate the term limits for members, quorum, and meeting frequency.

The most common examples of specialized advisory committees are:

Finance and Investment Committee/s. **Financial management** (accounting, internal controls, budgeting, audits, cash management, etc.) and asset management (capital markets, selection and review of **investment managers** or consultants, asset management, **benchmarking**, formulation and review/ revision of investment policies and guidelines, etc.) are critical functions for CTFs. Committee/s usually include one or two governing body members with expertise in this field and, ideally, one or more outside experts in finance and investment who volunteer their time but are not governing body members (or are only governing body members for the committee's limited purposes). Smaller CTFs often combine these functions into one committee albeit with very different functions. Larger and more established CTFs manage two committees, one for each of these topics, and also often appoint an Audit Committee to provide oversight on internal controls and **compliance**, supervise the annual audit, and review financial reporting processes; and

Scientific and Technical Committee. This committee usually includes one or two governing body members and then a number of outside scientific and conservation experts. This committee could be asked to review grant proposals and suggest ways to improve them from a scientific or operational perspective, as well as advise the governing body on scientific and technical matters. The consideration of conservation **impact** or **monitoring** and **evaluation** policies and procedures, can also reside within this committee. CTFs whose purpose is to support conservation in large diverse countries sometimes establish separate regional committees, with greater participation of local stakeholders, to review and recommend grant proposals in a particular geographical region.

Governing bodies also have an important role to play in resource mobilization and in many cases form **Fundraising Committees**. While all members of the governing body are expected to actively look for funding opportunities, usually the senior members such as the Chair and Vice Chair have especially important roles on this committee. A number of CTFs are also forming **Communications Advisory Committees** to attract expertise that is increasingly needed for effective outreach.

Another type of committee that has often been established by relatively large governing bodies (e.g., having 15 or more members) is a small **Executive Committee** that meets more frequently. While traditionally, an Executive Committee made decisions between meetings of the governing body, with modern technology, urgent decisions can now be handled by email voting etc. Therefore, in more recent times, the Executive Committee provides a regular sounding board for the chief executive, sets the agendas for meetings, and determines when decisions need to be made outside of the regular meeting schedule, including ensuring there is a **business continuity plan**.

Finally, in a few cases, CTFs have formed **Ethics Committees** and/or **Governance Committees**. When used, they have demonstrated their value in cases of undeclared **conflict of interest** due to fear of reprisals on whistleblowers. The committee can draft guidelines, but also serves as an independent accountability mechanism to address grievances. Larger CTFs consult an external law office or an internal auditor for consultation if an issue arises involving top management. In addition, Governance Committees often focus on succession planning for the governing body and take the lead in organizing periodic performance reviews of the chief executive.

It is necessary for each committee of a CTF or a Program Account to keep written minutes of its meetings, in order to inform the governing body, avoid potential later disputes, and to inform new committee members about what has been discussed or decided in the past.

Evidenced by:

Governing document(s)
Committee terms of reference
Minutes of committee meetings
Minutes of governing body meetings
List of committee members

Related to:

Administrative Standard 9
Risk Management and Safeguards Standard 1

GOVERNANCE

STANDARD 5

A governing body has at least three meetings per year and maintains accurate written records of all meetings and decisions.

Reasons for the Standard:

A governing body meets as often as necessary in order to ensure that it is able to make informed decisions and to carry out its fiduciary responsibilities to govern the CTF or Program Account. Accurate signed minutes of governing body meetings and copies of governing body decisions and policies constitute an official record to which governing body members, staff, donors and other stakeholders may refer.

Practical Considerations:

Most CTFs have a minimum of three (and preferably at least four) evenly spaced regular meetings per year. Distance is a factor in selecting members of the governing body given that it is more expensive and time consuming for international participants – or regionally distant members – to attend in person and entails a greater carbon footprint. While it is preferable to have members physically present, improvements in technologies are increasingly enabling electronic meetings to integrate geographically distant members. Online meetings using telephone, video conference, web-conferencing and other electronic means can make it easier to have a quorum (particularly in the case of a large governing body or one with members living abroad).

Face-to-face in person meetings are preferable as they can lead to more discussions between members (including both formal and informal discussions), which can make it easier for the governing body to reach consensus on difficult issues. At the same time, video conferencing is increasingly being used to enable discussions for those unable to attend in person. Some CTFs set a minimum number of in-person meetings expected of governing body members per year to build the relationships, *esprit de corps*, and passion for the mission that often binds governing body members.

Governing documents specify the rules for providing notice of and conducting governing body meetings. They specify that decisions can be taken without a meeting if they are agreed to in writing by a sufficient number of governing body members (unanimous agreement is often required for this), particularly in cases where decisions need to be taken urgently. The documents also address the process for electronic voting in and between officially scheduled meetings. A person records and retains written minutes for each meeting, and these minutes are formally approved by the governing body at the next meeting, signed by the Chair and made easily accessible to all governing body representatives.

A CTF's chief executive or a Program Account's manager is present and allowed to speak at meetings of the governing body (except when his/her own performance or **compensation** is being discussed or if the governing body meets in a closed session), but is not a voting member of the governing body, and normally is not asked to record the minutes. The chief executive or Program Account manager's primary responsibility is to implement the governing body's policies and decisions. Allowing him/her to vote on what he/she must execute could create perceived or real conflicts of interest.

CTF governing bodies may decide to allow observers or experts to attend or speak at meetings, but observers and experts do not participate in deliberations or decisions. Governing bodies may also close part or all of a meeting to anyone who is not a member of the governing body (including closing the meeting to the chief executive and other staff members). A closed meeting is commonly referred to as an "executive session."

Evidenced by:

Governing document(s)
Governing body meetings minutes and resolutions

GOVERNANCE

STANDARD 6

Governing body members understand their fiduciary responsibilities and ensure they have (or acquire) the competence necessary to carry them out.

Reasons for the Standard:

The fiduciary responsibilities of members of a board of directors or board of trustees of a charitable institution are defined by both the English "common law" (which applies in the United Kingdom, United States, and British Commonwealth countries) and by the statutory laws of most "civil law" countries, but generally focus on providing a high standard of care – acting with the utmost responsibility to guide the CTF towards a sustainable future in furtherance of its mission. Even when national laws do not mandate fiduciary responsibilities, the **governing documents** generally obligate governing body members to satisfy a certain minimum standard of care in performing their duties.

Practical Considerations:

Governing body members need to understand their fiduciary responsibilities, and the legal liabilities associated with failure to carry out those responsibilities. Governing board members are asked to make good faith decisions that support the best interests of the CTF in alignment with its mission. They need to receive relevant short training (especially when first joining the governing body) by experts on legal, financial and investment issues related to CTFs. They need to read materials that are distributed for governing body meetings, and to participate meaningfully in governing body discussions and decision-making.

BOX 1 - **FIDUCIARY RESPONSIBILITIES OF GOVERNING BODY MEMBERS**

The following is a partial list of governing body fiduciary responsibilities, as the duty of care will vary with different legal systems and CTFs. In general, governing body members are asked to work together to:

Ensure legal accountability.

- ensure that the CTF or the Program Account complies with its purposes as stated in its registration documents
- ensure that the CTF complies with all applicable laws and regulations, its own governing documents, and signed contracts
- ensure that the CTF or the Program Account operates in a transparent, accountable manner, as required by its legal documents and operations manual(s)
- declare and avoid conflicts of interests
- ensure CTF resources have been used appropriately
- ensure that the CTF or Program Account comply with national and donor safeguards.

Set the mission, strategic direction and policies of the CTF.

- contribute to and approve the CTF Strategic Plan
- approve and periodically review the CTF's or Program Account's annual work plan
- ensure that neither the CTF nor the Program Account is subjected to unnecessary risk
- ensure appropriate resources are allocated so the CTF can meet its objectives
- approve all CTF policies
- review monitoring and evaluation reports on program progress to support adaptive management

Ensure financial stability.

- review and approve the CTF's or the Program Account's annual budget – its projected spending, grant portfolio, overhead, and sources of revenue
- set the CTF's investment policies
- approve the selection of, and review the work of, investment consultants and/or asset manager(s)
- regularly review investment management performance
- establish a formal annual independent financial audit, hire the auditor, and review and respond to audit findings
- establish and follow spending policies that balance the CTF's or the Program Account's short- and long-term needs, including a year-end financial review
- verify that the CTF's financial systems and practices meet International Financial Reporting Standards (IFRS) and/or generally accepted accounting principles (GAAP) as well as any further standards and procedures specifically agreed upon in agreements between CTFs and their donors

Hire and support the chief executive.

- write the job description and provide clear direction to the chief executive
- delegate the financial and management authority needed for the chief executive to implement the policies and decisions of the governing body
- hire and set compensation levels for the chief executive
- supervise and review the performance of the chief executive annually

Governing body members' responsibilities need to be clearly specified in the governing documents. In some cases, a formal "job description" is given to incoming members and/or they actually sign a declaration that they understand their responsibilities.

Evidenced by:

Governing document(s)
National laws
Description or declaration of governing body members' responsibilities

Related to:

Administrative Standard 7
Asset Management 3, 5 & 6

GOVERNANCE

STANDARD 7

CTFs establish effective conflict of interest policies to identify, avoid, and manage potential and actual conflicts of interest and reduce exposure to favoritism and reputational risk.

Reason for the Standard:

Conflicts of interest may lead to favoritism or even corrupt activities that are in breach of certain laws, regulations, policies or ethics rules. A loss of public confidence and reputation may damage a CTF's effectiveness if governing body members, management, or staff are determined to have, or appear to have, an undeclared and unmanaged **conflict of interest**. This might affect, or appear to affect, their ability to fully and fairly represent the CTF's interests. Members of a governing body have a "duty of loyalty" to place the interests of the CTF or Program Account above their personal interests, and above the interests of whatever organization appointed or employs them. For staff, a conflict of interest may exist when the real or potential interests of close relatives, or any individual, group or organization to which he or she has allegiance, may impair their impartiality and their loyalty to the CTF.

Practical Considerations:

The governing body approves the conflict of interest and/or ethics policy and the procedures to be followed if these are not detailed in its governing document and also ensures that a policy is in place for the governing body members, chief executive, staff, and consultants.

It is a common practice to require that all members of the governing body(ies) (as well as all committee members), staff, and consultants sign a statement, or disclosure form, acknowledging that they have read and understood the CTF's conflict of interest policy. They are expected to disclose in writing any conflict of interest that they may have (according to the policy's definition of what constitutes an actual or potential conflict of interest). These statements and disclosures are

filed, renewed/updated annually, and amended if a new real or potential conflict emerges.

Where governing body members have a material conflict of interest (as defined more specifically in the conflict of interest policy), managing this conflict usually includes:

- not voting on, or participating in, discussion of a matter;
- not being counted towards the quorum; and
- withdrawing, or recusing oneself, from that part of the meeting at which a matter is discussed.

In some cases, the governing body can vote to allow the member with a disclosed conflict to nevertheless discuss and vote on the matter, such as when government representatives on the governing body weigh in on grants in a protected area.

In line with commonly accepted practice for charitable organizations, governing body members do not receive salaries or other payments - such as sitting fees, (except if the CTF's chief executive is part of the governing body). However, CTFs may reimburse governing body members for reasonable expenses that are directly related to carrying out their duties, such as travel expenses to attend meetings of the governing body. Governing body members who represent donors or international NGOs usually do not receive such reimbursement.

Evidenced by:

Governing document(s)
Conflict of interest policy
Signed conflict of interest disclosures.

Related to:

Asset Management Standard 5
Risk Management and Safeguards Standard 5

Cross-cutting theme:

Human Resources

GOVERNANCE

STANDARD 8

The governing body recruits and oversees a full-time chief executive, and as needed, Program Account managers.

Reasons for the Standard:

The governing body has general oversight responsibility for ensuring that the CTF or Program Account efficiently and effectively pursues its conservation mission, preserves or increases its financial resources, and complies with its **governing documents** and all applicable laws. However, the governing body only meets several times during the year, and therefore requires the support of a chief executive and other staff to effectively and efficiently manage the CTF's or Program Account's daily operations.

Practical Considerations:

CTFs clearly distinguish the respective roles of the governing body and chief executive or the Program Account manager in the governing documents and/or an operations manual(s), in order to minimize the likelihood of conflicts or inefficiencies between them. Governing bodies delegate management authority to a chief executive or Program Account manager, who is then accountable for executing the policies and decisions of the governing body.

To ensure this, the employment contract of a chief executive or Program Account manager states that his/her performance will be evaluated annually and provides the basis for the review. Governing bodies monitor execution but do not interfere with the actions of the chief executive or Program Account manager, because this could compromise the authority of the chief executive or Program Account manager and make it difficult or impossible to hold that person fully accountable. Ultimate fiduciary accountability for the CTF or Program Account rests with its governing body or bodies, making it their responsibility to oversee, and if necessary, dismiss and replace, the chief executive or the Program Account manager.

The CTF chief executive or the Program Account manager is responsible for hiring other staff, based on budgets and written job descriptions that have been approved by the governing body. Depending on the relevant laws and practices in a country, a CTF's chief executive or a Program Account manager may also serve as a non-voting member of the governing body, provided that the voting members can decide to not allow him or her to participate in a closed meeting (executive session) of the governing body, in order to avoid potential conflicts of interest and to allow the voting members to speak more freely.

In some cases, a CTF or a Program Account hires a third-party administrator (such as an NGO or other service provider) to provide specific services, such as managing the CTF's or Program Account's grants program in accordance with specified procedures.

Evidenced by:

Governing document(s)
Operations manual(s)
Minutes of governing body meetings
Chief executive's or Program Account manager's terms of reference and employment contract
Administrator's Contract

Related to:

Administrative Standards 2, 3, 4, & 5

Cross-cutting Theme:

Human Resources

GOVERNANCE

STANDARD 9

CTFs keep a "compliance list" to monitor and ensure full compliance with all applicable laws and regulations, their own governing documents, and all legal agreements between a CTF and its donors.

Reasons for the Standard:

Full **compliance** showcases a CTF's ability to effectively receive and manage national and international funds. Non-compliance with applicable laws, regulations or **governing documents** could result in government supervisory authorities intervening to fine the CTF or canceling its charitable status (and in extreme cases, dissolving the CTF).

Non-compliance with donor agreements may constitute a breach of legal contract, which could expose the CTF to payment obligations resulting from such breach and damage the CTF's reputation. Failure to submit reports that are legally required could in some cases result in fines, penalties, loss of capital, loss or suspension of tax privileges, or even cancellation of a CTF's legal registration. All of these scenarios damage the CTF's ability to attract new funding from donors and achieve its mission.

Practical Considerations:

Laws and regulations that may be applicable to a CTF include laws and regulations of the country or countries (1) where it operates, (2) where it is legally established, (3) where the CTF's investments are located or managed and (4) where the CTF fundraises. These may be different countries or the same country. CTFs may also be subject to other countries' laws and regulations which are applied to a CTF by its donors, such as anti-corruption, anti-terrorism, Know Your Client (KYC), anti-money laundering, or privacy/data protection laws. In addition, many specific policies and procedures to avoid, or minimize, adverse environmental consequences and social grievances may be required by international donor agencies. Audit Committees can be an effective mechanism for ensuring a current "compliance list."

CTFs maintain a regularly updated checklist and schedules for all of the reports that they are required to submit to government agencies in the country where the CTF is legally registered and the countries where the CTF operates or has investments. This standard includes (but is not limited to) filing financial reports that are required by the government authorities responsible for overseeing charitable organizations, not-for-profit companies or foundations, as well as financial reports that are required to be filed with national tax authorities. Such reports generally require a list of the CTF's current governing body members and senior management staff. In addition, reports often request a listing of all grants that a CTF has made, all donations that it has received, its total operational expenses, and its annual investment income or losses. A related point is that some CTFs may need to prepare and file financial reports in different currencies, depending on the legal requirements of the country or countries in which a CTF is legally registered or operates (which may differ), and the requirements of donors to the CTF.

A CTF governing body often retains legal counsel for advice in cases of uncertainties or apparent conflicts between different laws, regulations and agreements that apply to the CTF, or in the case of a contractual dispute or human resource complaint. Agreements between donors and CTFs often include provisions for mediation or arbitration in case of disputes or uncertainties.

Evidenced by:

List of applicable laws and regulations
Governing document(s)
Minutes of governing body meetings (or committee meetings)
Agreements with donors
Archives of documents relating to legal, regulatory and contractual obligations

Related to:

Institutional Effectiveness Standard 8
Resource Mobilization Standard 7

GOVERNANCE

STANDARD 10

CTFs are established under the laws of a country that effectively ensures a CTF's independence from government, has clear and well enforced laws concerning private non-governmental organizations (including foundations or trusts), and does not subject a CTF to paying substantial taxes.

Reasons for the Standard:

Most international donors strongly prefer to contribute to a CTF or a Program Account that is legally independent and not controlled by government, but preferably aligned with government environmental and sustainable development priorities. Such legal independence allows a CTF to more effectively reflect the views of diverse stakeholders, provide continuity to environmental programs during government transitions, generate transparent financial reports, have greater flexibility in managing diverse investments, and ensure that the CTF's grantees (including national protected areas agencies) are required to meet specified standards, conditions and performance targets. Being exempt from taxes or subject only to low taxes enables more of a CTF's revenues to be used to support activities related to conservation.

Practical Considerations:

Generally, it will be most efficient to legally establish a CTF in the country that benefits from the CTF's grants and programs. There will of necessity be local activity in providing and managing financing to beneficiaries, and many of the people who are most interested in the CTF's operations will be located in-country. The main international donors and partners for CTFs are used to working with locally based CTFs. There can be a variety of models for establishing a CTF in country. Most CTFs are established as a foundation (nonprofit) in country for greater flexibility in establishing bylaws and retaining autonomy.

However, in countries where:

- the legal system is not able to ensure a CTF's autonomy;
- a basic fabric of legal institutions in which people have confidence is lacking;
- there are extremely burdensome restrictions or controls on transferring monies into and out of the country;
- CTFs may be subject to high levels of taxation; or
- in cases of regional (i.e., multi-country) CTFs, if there are concerns that legally incorporating the CTF in one of the beneficiary countries could result in that country having greater influence or control over the CTF,

a CTF can be legally established "offshore" in another country where the CTF does not provide any financing but whose legal system can ensure autonomy and which has a low level of taxation (or substantial tax exemptions) for charitable organizations.

If a CTF is legally established outside of the beneficiary country or countries, then it is important to ensure that the laws and regulations of the "offshore" location do not restrict any of the following:

- the nationality of the CTF governing body's members (beyond requiring that at least one member is a resident of the country where the CTF is legally incorporated)
- where the CTF's operational headquarters is located, or where governing body meetings can be held
- the CTF's ability to carry out activities outside the "offshore location"
- the CTF's right to hold assets outside the "offshore location"
- acceptance of contributions from legitimate foreign and local sources
- the source of contributions to the CTF (whether from governments, the private sector, other non-profit organizations, or individuals)

Public benefit recognition is often required in the country of operation for CTFs created "offshore" and is sometimes required for CTFs operating in their own country. In some countries, CTFs can only receive public funds (including some public donor funds) if they have public benefit recognition.

Evidenced by:

National laws and regulations
Governing document(s)

EXPANDED STANDARDS

INSTITUTIONAL EFFECTIVENESS

INSTITUTIONAL EFFECTIVENESS

STANDARD 1

CTFs prepare strategic and financial plans that translate their values, broad vision, and mission statements into specific goals, objectives and activities.

Reason for the Standard:

A **strategic plan** focuses the governing body on the key values of the CTF and the future **goals** of the CTF or the Program Accounts it manages and gives direction to the activities of the chief executive and staff.

Practical Considerations:

The governing body is responsible for defining the values or ethics of the CTF based on the founding documents. Aligning with these, they also set the CTF's or **Program Account's** future goals through the strategic plan. **Strategic plans** include specific approaches to achieving the CTF's goals, and are usually written for a set time period, such as three or five years. Once completed, they are often complemented by more detailed annual **work plans** to guide staff efforts. In some cases, CTFs will also develop a complementary **Business Plan** that provides more detailed **financial planning** to generate excitement about the initial formation of a CTF or when a new initiative is being launched.

A values statement expresses a CTF's motivations and helps define the operational culture for employees, volunteers, and donors. Clear vision and mission statements are the basis for developing the strategic and financial plan of a CTF. The plan aims to be realistic and attainable by identifying the specific actions and resources needed to achieve the goals that move the mission forward. Management prepares the plan with participation of the governing body and CTF staff and gains insight through discussions with donors, government, partners (private and non-profit sectors, community leaders and academics) and potential **grantees**, as appropriate.

Strategic and financial plans may be prepared at the level of a Program Account to focus on achieving the stated objectives of the program in an effective and efficient manner.

BOX 2 - STRATEGIC PLAN

While there is no commonly accepted format, a strategic plan generally addresses the following:

- *Values* – statement of the shared beliefs that underlie the work of the CTF
- *Vision* – a statement describing the CTF's aspiration for the future of the country/area where it works
- *Mission* – the fundamental purpose of the CTF that addresses what the CTF does, for who, and how it will contribute to the vision for the future
- *Goals* – a formal statement of the desired impacts of a program such as the future status of a conservation target. A good goal meets the criteria of being *specific, measurable, achievable, relevant,* and *timely* (SMART).
- *Outcomes* – the desired future state of a threat or opportunity factor. An intermediate-term result
- *Outputs* – the desired product of an activity or task and generally short-term
- *Activities* – Specific actions or sets of tasks undertaken by project staff and/or partners to reach one or more objectives
- *Strategies* – A group of actions with a common focus that the CTF implements. They include one or more activities and are designed to achieve specific outcomes and goals
- *Who* is going to carry out each activity, keeping in mind that CTF's often need to work with other partners to undertake activities and achieve the desired outcomes
- *Resources* which are needed (human and financial) to carry out the strategic plan
- *Metrics, benchmarks or key performance indicators (*at the goal, outcome and/or output level) to identify how the CTF will measure its progress relative to goals

(To encourage greater alignment on nomenclature within the conservation community, many of these definitions are taken from the Conservation Measures Partnership's *Open Standards for the Practice of Conservation*, Version 4.0 2020.)

A well-crafted strategic plan, and the accompanying financial projections, articulate the CTF's highest priority goals in terms of specific results, and guide decision-making. While the plan does not itemize all the work that the CTF will undertake, all of the CTF's **projects** and day-to-day work are explicitly linked to achieving the results laid out in the strategic plan.

A participatory process which begins by allowing key stakeholders to express their views on possible goals, outcomes, strategies, and activities and which ends with a presentation of the broad lines of the completed strategy can help a CTF to involve a wider public and create more buy-in for the conservation and sustainable development objectives that the CTF supports. Ongoing internal communications emphasize the importance of alignment of individual goals and CTF projects to the strategic plan.

A strategic plan can address conservation, climate change mitigation and adaptation goals, and/or sustainable development priorities. A clear strategic focus provides a framework for the design of grant-making and other Program Account activities. The plans also include the CTF's institutional changes and growth that will be necessary to implement the plan. Many CTFs work to align their plans with international priorities such as the **Sustainable Development Goals**, the Paris Agreement, or the Aichi Biodiversity Targets, particularly when their country's governments are parties to these agreements.

An approved strategic plan, and accompanying financial projections, are periodically reviewed and adjusted in light of changing conditions. Most strategic plans are developed with a three to five-year planning horizon and require regular **adaptive management** to stay abreast of new opportunities and challenges.

At the end of its implementation period, the execution of the strategic plan is evaluated, and lessons learned are incorporated into the subsequent strategic plan.

Operating plans, annual **work plans**, budgets and, when needed, **business plans**, are all consistent with the approved strategic plan. In addition, a CTF's Annual Report (and/or website) also includes a description of the CTF's mission and its strategic plan, and a summary of the progress made, and challenges encountered, during the preceding year in meeting the CTF's institutional and strategic program goals.

Evidenced by:

Strategic plan and accompanying financial projections
Statement of values
Operating or annual work plans
Budgets
Annual report
Business plan

Related to:

Program Standards 1 & 12
Asset Management Standards 1 & 10
Resource Mobilization Standards 1, 2 & 9

Cross-cutting themes:

Communications and Monitoring and Evaluation

INSTITUTIONAL EFFECTIVENESS

STANDARD 2

As public benefit organizations, CTFs actively pursue opportunities to collaborate with all relevant levels of national government(s) on achieving conservation, climate change mitigation and adaptation, and sustainable development priorities.

Reason for the Standard:

CTFs can be more effective if they are viewed as trusted and supportive partners by their national government(s) and agencies, and in turn can help government(s) and agencies achieve conservation, advance the **Sustainable Development Goals** (SDGs), and fight climate change by contributing complementary knowledge, experience and resources and promoting innovation.

Practical Considerations:

Opportunities for collaboration could include:

- Actively engage in the revision and improvement of national regulatory and policy frameworks
- Contribute to national strategic planning for biodiversity conservation, climate change and sustainable development
- Support the government's commitments to meet international biodiversity, climate action goals, and SDGs
- Identify priority areas for biodiversity conservation to guide the use of the CTF's grant financing
- Work with the government on budgeting and funding for protected areas to demonstrate matching for international cooperation funds
- Finance sustainable development objectives by restoring and managing natural resources and ecosystems that provide direct benefits to communities

- Support nature-based-solutions that contribute to biodiversity and natural resources conservation and restoration, while contributing to mitigate and/or adapt to climate change
- Lay the groundwork for new financing mechanisms from international cooperation funds and **private sector engagement**, to advance climate change mitigation and adaptation, invest in the SDGs, and support biodiversity conservation
- Become accredited as agencies with multilateral funds such as the Global Environment Facility, the Green Climate Fund, or the Adaptation Fund
- Support efforts to build in-country financing mechanisms through **biodiversity offsets**, mitigation, **environmental compensation**, payment for environmental services, etc.
- Facilitate access of civil society (especially communities and national NGOs) to government through the CTF's mixed public-private governing body and/or convening opportunities
- Actively engage in the revision of tax policies to allow for the collection of special taxes and to provide incentives for personal and corporate contributions to charitable conservation entities thereby increasing resources for conservation
- Finance capacity building and institutional strengthening for public agencies, including the protected areas' management teams

CTFs that provide grants in support of communities living in or adjacent to protected areas ensure that local government is informed and involved in planning of sustainable development activities.

Multi-country CTFs can be efficient fundraisers by working on behalf of several national governments at once and may actually raise more by promoting the cooperation of several governments than if each government only sought financing for the conservation needs of its own part of a shared ecosystem or a trans-boundary conservation area.

Evidenced by:

National or regional planning and strategy documents related to biodiversity conservation, climate change and sustainable development
CTF strategic and financial plan
CTF annual report
CTF accreditation with multilateral agencies

Related to:

Program Standard 12
Resource Mobilization Standards 2, 3, 4, 5 and 6.

INSTITUTIONAL EFFECTIVENESS

STANDARD 3

CTFs actively seek partnerships at the national or international levels with key actors in donor agencies, businesses, non-governmental organizations, communities and research and academic institutions.

Reason for the Standard:

Partnering provides CTFs with opportunities to expand their involvement beyond grant-making, as well as to leverage their resources and achieve greater **impact** on conservation as a whole. By building a broad base of partners — at local, regional, national and international levels — CTFs are well placed to play a role as "conveners" of stakeholders when changes are needed in policy, strategy or approach to biodiversity conservation or as a builder of networks.

Practical Considerations:

The CTF governing body, managers and staff all work toward developing good relationships with partners to further the mission of the CTF and to build a positive public image for it.

Strategic plans include the development of partnership relationships as a means of achieving the CTFs objectives.

To the extent possible, CTFs seek opportunities to work with donors toward harmonizing donor requirements for management tools and systems such as accounting, procurement, operations manuals, investment policies, **monitoring** and **evaluation** systems and **reporting**. An effective way to do this is for a CTF to apply best practices, adopt recognized safeguards and global standards (such as ISO 9000) and develop high quality tools and systems of its own. In addition, there are many environmental and social safeguards that are increasingly being required by donors in this field.

CTFs can be actively opportunistic by bringing together partners who have not previously worked together but whose needs and abilities are complementary (i.e. communities and academics).

CTFs can partner with industries on national environmental and sustainable development opportunities and help them incorporate solutions into their operating practices. CTFs can also build the capacity of beneficial social and environmental businesses to better absorb **impact investments** to reach greater scale. Some partnerships evolve to help the private partner comply with a legal environmental obligation, with the CTF acting as a specialized service provider. Additional win-win partnerships with businesses can be developed where the CTF receives financing and the business partner receives external communication opportunities that promote a commitment to significant biodiversity conservation goals and the **Sustainable Development Goals**.

Nevertheless, partnerships with some private sector businesses, especially those associated with extractive industries, may raise sensitive issues that a governing body needs to weigh carefully. Openness, outreach and communication on planned involvement can mitigate potential reputational risk and negative fallout to a CTF.

Resources, both human and financial, can be pooled or funded in parallel with those of non-governmental organizations with compatible objectives in areas of common interest such as training of **grantees** or training for governing body members (on topics such as governance or investment management) and for staff (communications, monitoring and evaluation).

Partnerships are clearer with written agreements that specify the shared goals of the **project**, the roles and responsibilities of each party, any legal or financial arrangements including the application of safeguards. Written agreements also provide guidance on how to communicate about the partnership to the public and with donors.

Evidenced by:

Strategic plan
Annual work plan and budget
MOUs with partners
Governing or promotional documents of Program Accounts created as partnerships

Related to:

Resource Mobilization Standards 2, 3, 4, 5 and 6

INSTITUTIONAL EFFECTIVENESS

STANDARD 4

CTFs monitor and evaluate their programs in relation to their mission and strategic plan, and in relation to national-level and international-level conservation indicators, targets, and strategies.

Reason for the Standard:

The success of a CTF is dependent upon the effectiveness of its contribution to the broader national conservation agenda, and increasingly also to the broader climate change and sustainable development agendas. The national level agenda may also be tied to international conventions' goals or targets. The perceived relevance of the CTF in the national context will open opportunities for greater engagement, political support and fundraising.

Practical considerations:

As the basis against which to measure the achievement towards goals and targets, the governing body approves well-written plans, particularly strategic and conservation plans, with clear cause-and-effect logical connections and measurable goals, for example based on internationally used tools such as output/outcome/impact or **theory of change** frameworks. Both performance and impact **evaluation**s and **adaptive management** require this type of planning framework.

Many nations have their national-level conservation **indicators,** targets and strategies linked to commitments to international conventions such as the Sustainable Development Goals, the Convention on Biological Diversity Aichi Conservation Targets, and/or the Paris Agreement on Climate Change. As a result, many CTFs adopt similar indicators and targets in their own **strategic plans** and will be incorporating post-2020 targets.

When appropriate and possible, CTFs make use of existing information from the protected area systems, other national or governmental agencies, publicly available

scientific data or data obtained from the reporting by their grantees or other program beneficiaries, rather than developing expensive **monitoring** systems on their own.

CTFs can showcase their **impact** and national/international contribution by reporting on their indicators and targets in their Annual Reports. They also benefit from a comprehensive independent evaluation at least once every three to five years and use the feedback to modify their plans accordingly.

Evidenced by:

Strategic plans
Annual reports
Reports of internal and independent evaluations of a CTF

Related to:

Institutional Effectiveness Standard 1
Program Standard 1
Resource Mobilization Standard 9
Risk Management and Safeguards Standard 4

Cross-cutting theme:

Monitoring and Evaluation

INSTITUTIONAL EFFECTIVENESS

STANDARD 5

CTFs track their institutional evolution with internal reporting, monitoring and evaluation, and financial management reporting, to support informed decision-making by their governing bodies.

Reasons for the Standard:

Whether CTFs are designed to be sustainable institutions managing long-term conservation finance, or time-limited institutions, their governing bodies and management must strive for managerial excellence, transparency, and **program** effectiveness and efficiency. To do so, the governing body must be capable of ensuring compliance, reviewing progress, and making informed dynamic decisions based upon well-written planning, budgeting, and financial reports from the CTF management and staff. Such demonstrated competency also give donors confidence about the quality of CTF management.

Practical Considerations:

When CTF management and staff prepare internal reports, their content and timing respond to the needs of the governing body.

Many CTFs adopt "Performance Management" (a.k.a. managing for results) which is the systematic process of **monitoring** the implementation of program activities; collecting and analyzing performance information to track progress towards planned results; using performance information and evaluations to influence decision-making and resource allocation; and communicating results to advance organizational learning and stakeholders.

BOX 3 - INTERNAL REPORTING

Periodic reports generally include:

- Quarterly or semi-annual work program and budget-to-actual analysis, interim financial statements, balance sheets and cash flow statements
- End of year work program and budget-to-actual analysis to support the next year's requested budget
- Progress of the grant and other programs (financial and technical)

Budget-to-actual reports include:

- Clearly presented calculation for overhead and its use
- Clearly presented tables of project/grant disbursements
- Supporting explanations and analysis
- Performance ratios and indicators that compare actual performance against initial or revised projections
- Forecasts developed by the CTF's management to indicate any predicted variance to the budget, based on actual performance to date, new information, and managerial judgment, including forecasted cash availability

Many CTFs also track their ability to implement these Practice Standards using tools such as those presented in Annexes 1 and 2.

Evidenced by:

CTF internal planning, budgeting and financial reports
Minutes of CTF governing body meetings
Strategic plans
Conservation plans

Related to:

Governance Standard 6
Institutional Effectiveness Standard 8
Administrative Standards 6, 9 & 12
Annexes 1 and 2

Cross-cutting theme:

Communications
Monitoring and Evaluation

INSTITUTIONAL EFFECTIVENESS

STANDARD 6

CTFs actively manage their image, clearly convey their values, mission, program goals and impact, and define staff authority for communicating with external audiences through a comprehensive communications policy.

Reason for the Standard:

A CTF's reputation is critical to attract funding, engage partners, and build support for conservation and sustainable development. Effectively communicating a CTF's role, values, goals, and **impact** bolsters and protects that reputation. Clearly defined spokespersons provide clarity about the role of the CTF and are responsible for avoiding mixed messages and staying on point.

Practical Considerations:

To actively manage a coherent communications approach to build CTF reputation, credibility and brand, CTFs dedicate part of their annual budget to the communication function. Normally, communication budgets are composed of a minimum of institutional resources and additional resources coming from the different **programs** and **projects** managed. Similarly, CTFs budget some staff time for communications as managing the press and public presentations requires a strong degree of experience and capability; misstatements or erroneous information can be costly to the reputation of a CTF and hard to fix.

Many CTFs have a Communication Manual or a communication section in the Operations Manual. These manuals address a range of issues including branding and establishing clear messages built around the mission, vision, values, and programs of the CTF. Internal communications are also critical to ensure all staff have the same information and use the same procedures, methods and systems.

In addition, some CTFs invest in annual institutional or program communications plans or incorporate a strong communications component within a **Strategic Plan** or a **Business Plan**. Communications plans clearly delineate:

- Audience – there will be multiple audiences with different approaches
- Brand – how the CTF wants to be seen
- Goals – clarify how the CTF wants to use communications to
  - Share information
  - Raise its profile
  - Change public opinion
  - Influence decision makers
  - Mobilize funding support
  - Change behaviors and engage people
- Methods and Channels – how communication messages will be conceived and conveyed

A social media policy is also put in place to ensure that there is clarity about who is in charge of the organization's social media accounts, the type of posts that are appropriate and effective and how staff differentiate professional vs. personal social media posts.

Included in the Communication Manual is a Style (also called a Brand) manual that lays out specifics such as:

- How to refer to the CTF with its full name or when to use an acronym
- Standard language for use in all communications that describe the CTF
- Guidelines on how to use the logo
- Ways to credit partners and donors
- How to address branding for Program Accounts
- Fonts and design elements that are used consistently
- Guidelines for use of photographs and how to credit photographers
- Style guide to project the tone for the CTF in different types of media
- Templates such as PowerPoint and report designs

Some CTFs include a section in the Operations Manual listing levels of approval needed to

- Publicly represent the CTF at a public conference
- Send out materials on social media
- Set up websites for programs
- Talk to the press
- Manage crisis communications

All staff are oriented to the communications policy, to the CTF's style guide, and to their level of responsibility for public communications. Some CTFs also ensure that spokespersons from the governing body and management receive specialized media training.

Finally, many CTFs also develop Crisis Communication guidelines for an emergency or unexpected event such as an environmental disaster, political unrest, security issues or even a public mistake made by the CTF. These guidelines include steps to take when a crisis first emerges, succession plan if the chief executive or other major spokesperson is not available, how to communicate with the public, and in the case of a CTF misstep, how to prevent the issue from occurring again. Crisis communication plans ensure information reaches employees, partners, donors, the media, the general public, and any other valuable stakeholders. Most importantly, these plans guarantee a quick release of information, as well as a consistent message on all CTF platforms with very clearly designated spokespersons to minimize the risk of mixed messages or erroneous information flows.

Evidenced by:

Communications manual or a communications policy in the Operations manual(s)
Style/Brand manual
Communications plan
Crisis communication guidelines
Job descriptions

Related to:

Resource Mobilization Standards 4, 5, 7 & 9
Administrative Standard 2

Cross-cutting theme:

Communications

INSTITUTIONAL EFFECTIVENESS

STANDARD 7

CTFs maintain a public presence on the internet through a website(s) and social media.

Reason for the Standard:

CTFs' online presence is their face to the world, showcasing their mission, role, and **programs**. Maintaining a constant public presence on a website and through social media is essential for communicating the CTF's work to donors, partners, beneficiaries, and the public. It is also an effective way to showcase a CTF's transparency and accountability.

Practical Considerations:

A CTF communicates through a website, social media, and/or blog to

- Establish the CTF's branding and overall message
- Raise awareness of environmental and sustainable development issues and opportunities
- Enable grantee applicants to view upcoming Calls for Proposals, download applications and access other grant related information
- Engage with broader audiences than standard stakeholders
- Reinforce its credibility through transparently publishing annual reports, audits, and program reports
- Sustain or increase support from donors and volunteers

CTFs manage their website, own the domain name, and have a clear contractual relationship with the hosting service. CTFs also ensure that all intellectual property belongs to the CTF even when external consultants are brought in to design the site. CTFs maintain an annual budget for website maintenance to keep it secure and regularly updated.

Publishing an Annual Report on the CTF website is the most cost-effective way to disseminate the report to the public. A CTF's website often also include the names of all the members of a CTF's governing body, the names of a CTF's senior management staff, and a list of donors to the CTF.

Research shows that storytelling is one of the most powerful tools for capturing people's attention, emotions, and interest in engaging. As CTFs increasingly engage local people through grant making and building enabling conditions, positive stories with meaningful calls to action are effective. In addition, visuals – particularly photographs – inspire higher interaction than posted language. CTFs ensure they appropriately credit and have publishing rights for photos and graphic design elements.

Increasingly content is being seen on mobile phones or tablets so CTFs must understand how content will be displayed on these devices and ensure that the logo and format aligns with the style manual.

Over the past decade, social media networks have become the primary source of referral traffic to websites. As a result, more CTFs have social media policies as part of their communications plan (Institutional Effectiveness Standard 6) and frequently engage with platforms such as, *inter alia*, Facebook, Twitter, Instagram, Whatsapp, and LinkedIn to relay updates and build interest. Many nonprofit organizations set **benchmark** goals to track the number of followers/users or to see what updates and articles inspire the most interest.

Evidenced by:

Website
Social media accounts
Style/Brand manual
Communication plan
Registered domain name and hosting contract
Social media policy

Related to:

Program Standard 3
Resource Mobilization Standards 1 & 9

Cross-cutting themes:

Technology and Communications

INSTITUTIONAL EFFECTIVENESS

STANDARD 8

CTFs report to different audiences for different purposes.

Reason for the Standard:

Reporting is not an end in itself. The relevant question, therefore, is *to whom is the CTF reporting, on what and why?* The answer to this question provides clarity for reporting. The *audiences* for CTF reports include: CTF grantees, CTF management, CTF governing bodies, donors, and governments (often for **compliance** with international conventions). Reports can often meet the needs of different audiences. For instance, while a donor cares about a CTF's compliance with contractual obligations, it shares the desire of the CTF governing body for programs that are effective, efficient, transparent and accountable. Data collected, and the information derived, should be applicable for a variety of audiences and purposes. A CTF, therefore, concerns itself with the *type and quality of data* it – and its grantees – collect, to respond to critical audiences.

Practical Considerations:

The CTF governing body is ultimately responsible for compliance with externally prescribed reporting, **monitoring** and **evaluation** requirements (e.g. to donors), but also identifies its own "internal" requirements for the same. Management oversees the putting in place of systems that gather information, the carrying out of evaluations and the production of required reports.

Most reporting is the result of information derived from monitoring and evaluation. The information requirements for reporting drive the evaluation questions which, in turn, drive the information needed from monitoring, all of which is modified by the information revealed through the reports. This is all a part of **adaptive management**.

The purposes of reporting, monitoring and evaluation and the form that it takes, is most frequently codified in the CTF **governing documents** or donor agreements and articulated in the CTF Operations Manuals.

Many stakeholders benefit from CTF reporting. The information needs of the different audiences may vary, but almost always include requirements for annual reports, work plans, financial statements, and both program and financial audits. Donor agreements often require reporting on individual grants and their performance. Host country governments, of course, may have their own legal and regulatory reporting requirements as well. As risk management and safeguard requirements are increasingly included in contractual arrangements, reviewing policies and implementation effectiveness becomes an additional reporting requirement.

An Annual Report is a concise but comprehensive review of the activities of a CTF during the preceding year. It includes a description of all activities funded or grants made, and an annual financial statement that shows the CTF's assets, liabilities, income (from investments or donations), operating expenses, and total grants awarded or disbursed.

CTFs strive to be transparent with the donors and the public, including audit findings and yearly financial reports in statements in the annual report or other publicly accessible venues.

Evidenced by:

Grant agreements between CTFs and their grantees
Legal agreements between CTFs and donors
Relevant government regulations and standardized forms
Operations manual(s)
Reports by grantees to CTFs, by CTF management to CTF governing bodies, and by CTFs to their donors
Minutes of CTF governing bodies
Annual report (print and digital)

Related to:

Governance Standard 9
Resource Mobilization Standards 1, 7 & 9

Cross-cutting theme:

Communications
Monitoring and Evaluation

EXPANDED STANDARDS

PROGRAMS

PROGRAMS

STANDARD 1

CTFs design programs/projects to include monitoring and evaluation indicators that support evidence-based reporting of conservation, sustainable development, or climate action impacts.

Reason for the Standard:

To be successful and, therefore, to attract political, financial and partnering support, a CTF must demonstrate evidence of its **impact**.

Practical Considerations:

An indicator is an observable and measurable characteristic that can show progress towards specific outcomes. Many CTF programs set SMART goals (Specific, Measurable, Attainable, Relevant, and Timely) that facilitate monitoring program progress with aligned indicators. A CTF's strategic plan will have clear **goals**, outcomes, activities, etc. that relate to a CTF's expected results, whether it be in conservation, climate action, or sustainable development**.** Financial projections and **action plans,** within the **strategic plan** or as annexes, identify more specifically the **goals,** outcomes, and **strategies** that the CTF will undertake, and any **assumption**s made, to achieve the specified results. These plans may utilize cause-and-effect frameworks (e.g. logical frameworks or **results chain**s) to strategize and to communicate a **theory of change** that articulates causal links that can in turn help identify successful/unsuccessful strategies. Recognizing that conservation impacts are almost always due to multiple complex interactions - usually by many organisations - CTFs still have a responsibility to collect evidence of their impact through the use indicators with numeric data and trends that can complement stories, videos, case studies, and other tools.

A **baseline** is established for each of the strategic and financial plan indicators from which change will be measured and that will later inform a CTF's **performance evaluations** or the more rigorous impact evaluations. Collecting baseline data can be a time-consuming process, but clear baseline data will add

substantial value to any monitoring and evaluation system. CTFs and their **grantees** may make use of baseline data that has been collected by others or try to identify "proxy" indicators that can be monitored more easily.

Some CTFs are able to utilize baseline data and even **monitoring** data from other sources. This is helpful when the indicators are fully aligned with national and international priorities such as the Sustainable Development Goals, Aichi Biodiversity Targets, or Nationally Determined Contributions. As many countries of operation are parties to these agreements and have translated them into national plans or strategies, tracking these indicators contributes to national and international reporting. Increasingly gender-disaggregated data is also collected to enable the tracking of gender mainstreaming in investments.

The grant contract established between the CTF and the grantee, in addition to identifying administrative and financial reporting requirements, also states the requirements for the reporting, monitoring and evaluation of project impacts. The thoughtful selection of a limited and manageable number of key indicators is essential for success.

Evidenced by:

Instructions to grantees on submitting proposals
Approved grant proposals
Grant contracts between the CTF and its grantees
Strategic and financial plans
Monitoring & Evaluation plans

Related to:

Institutional Effectiveness Standards 1 and 4
Risk Management and Safeguards Standard 4

Cross-cutting theme:

Monitoring and Evaluation

PROGRAMS

STANDARD 2

When awarding grants, CTFs evaluate potential grantees by requiring them to submit key information and by making direct contact with them.

Reason for the Standard:

The potential for successful implementation is greater if a grantee has adequate human resources, basic physical means and adequate experience to manage and administer grant-funded activities and, as required, appropriate safeguards.

Practical Considerations:

CTF management requests that each potential grantee provide up-to-date background information as part of its grant application.

BOX 4 - INFORMATION REQUESTED FROM GRANTEES

Key information that is generally requested from potential grantees includes, but is not limited to:

A. Institutions

- Basis for legal establishment or recognition
- Governance structure, including names of governing body members, officers and key personnel
- Recent programs/projects/activities
- Publications
- Annual budget (last completed year, current year)
- Sources of revenue
- Financial statements (profit & loss, balance sheet, statement of cash flows) for most recently completed fiscal year
- Administration, accounting and control procedures
- Current auditing arrangements or equivalent (tax documents)
- Practices for procuring goods and services
- Experience with environmental and social safeguards

B. Individuals

- Education
- Experience
- Previous grants awarded
- Publications
- References

Interviews and pre-grant award site visits are useful to obtain a first-hand appraisal of the physical capacity and capability of an institution, community or individual to organize and execute the **project** or activity(ies) it has proposed. Interviews and visits can be used to undertake additional **due diligence** in the following areas:

- Personnel on and off site; personnel proposed to carry out the grant activity(ies)
- Material and equipment
- Record-keeping system
- Capability for accurate, and timely reporting on project progress and expenses
- If possible, the perception of the institution by key stakeholders

Many CTFs have staff/systems to ensure that all the required information has been provided prior to submitting grant applications to the review committee.

Evidenced by:

Grant application format
Documented evaluation of candidate grantees
Records of interviews or site visits
Package submitted to a review committee

Related to:

Risk Management and Safeguards Standard 3

PROGRAMS

STANDARD 3

CTFs establish well-defined grant award processes that aim to select high quality proposals in a timely manner through competitive means.

Reason for the Standard:

A process that is well understood by grant seekers and carried out in a timely manner will be less costly for the CTF to undertake, more likely to create confidence among potential **grantees** and less vulnerable to contention.

Practical Considerations:

CTF managers and staff oversee the grant award process in accordance with the grant-making procedures set out in the operations manual. The **governing body** approves grants but may also delegate approval of grants to the chief executive or an authorized manager under qualified circumstances.

At the start of the grant award process, the CTF makes available information on the objectives the grant proposals must address and provides clear instructions that allow potential grantees to prepare complete and well-thought out proposals. The steps of the grant cycle, grantee eligibility criteria, guidance for submitting proposal documents and the criteria that will be used for evaluating proposals are made public to ensure that all potential grantees have access to the same information.

When a general call for proposals is part of the grant award process, CTFs ensure that an announcement is widely distributed by as many means as reasonably possible (website, NGO networks, community organizations, etc.) in order to reach a broad representation of potential grantees. A section of the CTF website is often dedicated to the grant award process as the internet is the most democratic way of ensuring that the CTF reaches a broader more diverse audience at much lower cost. CTF web sites have a range of organizing principles, but in general major announcements can have links or collapsible content with increasing levels of detail included. Thus, a Call for Proposals can be linked to all the background

information, forms, and history that may be required by the applicant. Many CTFs also provide downloadable documents in pdf form.

The CTF designates staff to respond to questions from grant applicants which may arise during the grant award process. A CTF commonly publishes grant applicants' questions and answers on its website in the form of Frequently Asked Questions so that all concerned may benefit.

When grant funding is made available to a protected area or a network of protected areas, the CTF's funding priorities are generally arrived at through consultation with the protected area(s) leadership based on management and operating plans. Protected area financing plans that identify existing sources and uses of finance and any financing gap are a key element for the identification of financial need that the CTF can address. CTFs that support protected areas networks through grantmaking programs establish eligibility criteria that generally take into account planning, **financial management** and monitoring capacity, and often introduce an element of competition among protected areas which might otherwise view CTF funding as an entitlement.

In some countries, CTFs use a two-step process that reduces time and costs of both the CTF and potential grantees by pre-screening for projects or activities with high potential as well as to determine grantee eligibility:

- For the first step, grant seekers prepare a concept note that provides key information on the grant seeker, a brief description of the activities proposed for financing and the objectives they address, a summary of the execution approach and a rough cost estimate.
- A full proposal is prepared for those concepts judged acceptable by the CTF, which may or may not request changes to the original concept. The final proposal is evaluated according to the criteria specified in the call for proposals and an interview or site visit with the candidate grantee is carried out before the grant is awarded.

CTFs often rely on external technical reviewers or consult with advisory bodies to provide objective or specialized guidance on grant selection. Individuals giving advice should have no direct relationship with the grants or activities they are reviewing, so as not to create a perceived or actual **conflict of interest**.

When the pool of grant applicants is small and/or grant applicants' project design skills are limited, the CTF may choose to prepare the technical parameters of priority projects or activities the CTF wishes to finance and allow grantees to compete solely on the basis of their approach to implementation. As well, CTFs that provide training to potential grantees to improve their proposal writing and project design skills have seen an increase in quality and quantity of applications.

The CTF provides timely notification to all applicants that do not receive funding. Feedback is made available on an equal-opportunity basis to all rejected applicants.

The manual covering grant-making policies and procedures specifies the responsible persons and a process for handling contentious cases that might arise from the grant award and implementation process.

Evidenced by:
Operations or other manual(s) covering grant-making
CTF website
Distributed calls for proposals

Related to:
Governance Standard 4
Institutional Effectiveness Standard 7

Cross-cutting theme:
Technology

PROGRAMS

STANDARD 4

CTFs conclude grant-award cycles with a signed contract with their grantees that sets out all important understandings and obligations related to the financing CTFs will provide.

Reason for the Standard:

A contract that clearly states the understandings and obligations related to receiving and using grant funds can help to avoid disagreements during grant implementation and make it easier for **grantees** to comply. It is also an instrument for the CTF to flow-down contractual requirements from the donors that are providing the funds to the CTF for the grants.

Practical Considerations:

BOX 5 - CONTRACTS WITH GRANTEES

The content of contracts with grantees will follow legal practices in the country(ies) where the CTF operates, but generally includes the following that are specific to the grant:

- Description of legal entities entering into the contract
- Definition of terms used in the contract
- Grant amount
- Grant reference number given by the CTF
- Actions, if any, the grantee must carry out in order to receive grant funds, including the need for environmental and social safeguards
- Procedures for transferring the grant to the grantee
- Name and title of the designated representative of the grantee

BOX 5 - **CONTRACTS WITH GRANTEES** (CONTINUED)

- Confirmation that the procedures for: (i) procuring goods and services; and (ii) financial record-keeping are those submitted as part of the request for proposal process or as modified through agreement between the CTF and the grantee
- Agreed upon indicators for grant monitoring and reporting (usually an annex)
- Confirmation that the CTF has the right: (i) to visit the project site for the purposes of monitoring and evaluating; (ii) to request information on the project; and (iii) to inspect the actual financial books and records of the grantee
- Notification that expenditures determined to be ineligible will be deducted from remaining payments or reimbursed
- Reference to the approved grant proposal as the basis for grant funding (copy of proposal usually incorporated as an annex)
- Communications guidelines on how the project and the CTF are mentioned in promotional materials and reports
- Choice of law and dispute resolution mechanism
- Reporting requirements (progress and completion)

CTFs with **execution responsibility** for **procurement** of goods or services ensure that contracts with their grantees include clauses that clarify: (i) ownership once the items or infrastructure procured by the CTF are delivered to the grantee; and (ii) which party, the CTF or the grantee, has oversight responsibility for procured services while they are being rendered.

CTFs supporting protected areas or protected area networks often sign a general memorandum of understanding with their grantee(s) which states how the parties will work together (sharing of information, site visits, reporting, process for transferring funding, dispute resolution, progress reporting and completion requirements etc.) Even following an MOU or other agreements, grant contracts are still signed at the time funding is approved, focused specifically on the use of the approved grant.

Evidenced by:

Grant contracts
Memoranda of understanding

Related to:

Administrative Standard 8
Risk Management and Safeguards Standard 1

PROGRAMS

STANDARD 5

CTFs strengthen the capacity of potential grantees to prepare responsive proposals and effectively implement grant-funded activities.

Reason for the Standard:

There is a higher probability that activities will be successful, and accountability will be greater, if potential **grantees** acquire the necessary skills for proposal writing as well as for planning, managing and reporting on their grant-funded projects.

Practical Considerations:

The CTF chief executive or Program Account manager assesses the situation, reviews options and makes a proposal to the **governing body**, which needs to formally recognize the training and technical assistance function as a necessary expense of managing the grant program.

In cases where it is determined that potential grantees do not have sufficient skills or experience, CTFs assess potential grantees' needs, and support the most effective means of providing or facilitating training and/or technical assistance.

BOX 6 - STRENGTHENING GRANTEE CAPACITY

The following approaches have proven effective as means to strengthen the capacity of grantees:

- Workshops incorporated in the grant cycle that are run by CTF staff or experienced trainers
- A collective effort to train grantees organized by the CTF and other similar institutions that jointly develop a curriculum and share training costs
- Technical assistance provided to grantees as part of the CTF's project monitoring
- A "consortium" pairing a less-experienced grantee with an experienced grantee who agrees to facilitate transfer of knowledge during the execution of a grant-financed project or activity
- A small grants window aimed at less-experienced grantees that learn by doing
- Systematizing grantee experience through case studies, communication materials, field visits, and knowledge-sharing

A CTF may use its own budget to finance its staff or consultants to provide training. If eligible and qualified grantees can deliver these services, a CTF may award grants for that purpose – provided training is permitted in applicable donor agreements and the CTF's organizing documents.

When grant writing assistance is provided, the CTF ensures the independence of the final proposal review as it is often difficult to disapprove a proposal once the CTF is viewed as having participated in its drafting.

If training and technical assistance are provided, they must be accessible to all grantees on the basis of need and not be perceived to favor some over others.

Evidenced by:

Donor agreements
Budget proposal
Minutes of meeting of governing body and relevant committees
Grant-making section of the operations manual(s)

PROGRAMS

STANDARD 6

CTFs support their grantees by providing clear reporting templates, frameworks and information requirements for monitoring and evaluating grant performance.

Reason for the Standard:

Progress towards achieving a project's stated objectives, and a grantee's **compliance** with grant conditions, is easier to ascertain when its activities, **intermediate results** and outcomes and their key **indicators** are presented in a report template. Simple **logic models** or **results chain**s are commonly used for this purpose. Such discipline builds the capacity of the grantee and promotes accountability and self-reflection, essential for **adaptive management** and independence. It also enables the CTF, itself, to more efficiently and effectively manage a diverse portfolio of grants to different organizations and for different sites, and facilitates reporting, **monitoring** and **evaluation** of the CTF's entire portfolio of grants.

Practical Considerations:

Requirements are reinforced by specifying in the grant contract the standardized reporting templates, frameworks and other means of capturing information for **outcome monitoring** and evaluation of grant performance that are required of grantees.

CTFs are principally concerned with a grantee's ability, as an institution, to comply with the grant conditions established in the grant agreement and with its ability to achieve the objectives of the grant (e.g. conservation impacts). The CTF therefore ensures that grantee reporting, monitoring, and evaluation address both of these purposes.

Grantee self-assessments are a helpful contribution to the CTF grant oversight function, but alone, are not sufficient to address the CTF grant monitoring

information requirements. Monitoring requirements must be explicit and clearly communicated to the grantee and in the grant agreement. Results presented in monitoring reports are verified (by CTF staff or third-party service-providers) or verifiable (through supplementary documentation) vis-à-vis field visits or follow up meetings to ensure quality and accuracy of reporting.

When necessary, CTFs provide grantees with training and other technical assistance to enable them to conduct self-reporting, self-monitoring and self-evaluation. This technical assistance and training may be provided by CTF staff, by hired service-providers (including consultants and NGOs), or by other more experienced CTF grantees.

Evidenced by:

Instructions to grantees
Operations Manual(s)
Grant contracts between the CTF and its grantees
Reports by grantees to the CTF

Related to:

Governance Standard 4
Institutional Effectiveness Standard 1& 4
Risk Management and Safeguards Standards 1 & 4

Cross-cutting theme:

Monitoring & Evaluation

PROGRAMS

STANDARD 7

CTFs establish indicators and measures in the grant agreement and/or its required monitoring plan.

Reason for the Standard:

When a CTF includes explicit **indicators** for results-based management, the grantee better understands the basis upon which its performance is being measured.

Practical Considerations:

While the grantee may monitor project implementation for its own uses and to comply with its contract with the CTF, CTF staff have a responsibility to ensure appropriate selection of indicators and consistency in data collection across grantees. The CTF staff will use information collected from grantee written reports, but additional queries and analysis may be required to ensure that a project is achieving its purpose(s) and that the purpose(s) continue to be relevant to the CTF's mission and **strategic plan**.

CTF monitoring can generally be defined as either performance monitoring or impact monitoring. **Performance monitoring** is generally concerned with grantees' **compliance** with work plans, implementation of activities, documentation of matching funds, and delivery of **intermediate results** (often termed "outputs"). Impact monitoring focuses more on the **impact** (outcomes or goals) achieved through the grantees' compliance to project work plans and activities. A balance of both types of indicators is needed in order to assess whether a project is on track, but also to know whether the project is in fact achieving its intended results. During indicator determination, it should be considered that outcomes often require longer periods to be measurable - longer than a grant cycle – so shorter-term intermediate outputs may need to be measured.

Best practices exist for indicator use (e.g. number and selection). For instance, CTFs often strive to set SMART indicators that are Specific, Measurable, Attainable, Relevant, and Timely. The frequency of data collection against defined indicators, sampling effort required for consistency in data collection, and scope of data collection efforts are defined in the monitoring plan.

Monitoring strives to be cost-effective and reproducible. In projects that relate to protected areas, CTFs often collaborate with other institutions in the country that are already monitoring biodiversity conservation indicators. Consideration is given to adopting a suite of fund level metrics that apply across projects regardless of the context in which the project is developed. A suite of fund level metrics applicable across projects allows CTFs to understand the aggregate impact and effectiveness of their investments. By harmonization of indicators, information can be compared at larger scales and over longer periods.

Evidenced by:

Contract between the CTF and the grantee
CTF evaluation reports on individual grants
CTF fund level metrics or indicators

Related to:

Institutional Effectiveness Standards 1& 4
Resource Mobilization Standard 8
Risk Management and Safeguards Standards 1 & 4

Cross-cutting theme:

Monitoring & Evaluation

PROGRAMS

STANDARD 8

CTFs mobilize staff, contractors, and often the grantee itself to monitor grantees' progress.

Reason for the Standard:

CTFs have a responsibility to know and report on the extent to which grantees are achieving their objectives. Reliable **monitoring** is best carried out through first-hand observation of grantees' project implementation progress. Through its monitoring activity, the CTF has the opportunity to assist grantees with achieving their own target **intermediate results** and outcomes by applying principles of **adaptive management.**

Practical Considerations:

A specific reporting schedule is outlined in the grant agreement between the CTF and its grantees, and the CTF's staff remind grantees in writing several weeks before a report is due of the impending due date. In addition to submitting technical reports, grantees also submit a financial report that includes copies of receipts, an activity report, and a report on their **procurement** of goods and services. They also track any matching funds secured and in-kind contributions.

CTF staff review periodic technical and financial reports from grantees, conduct interviews with grantees and other relevant stakeholders and make field visits. CTFs and their grantees need to have the staff capacity and budget resources to monitor the technical, administrative and financial aspects of a grant and to prepare the reports on monitoring results that inform the CTF **governing body**.

Grantee reports undergo a cycle of review. A program officer and a financial officer of the CTF review reports in a timely manner and give initial feedback to grantees. CTF staff then compare grantees' expenditures on project activities with the targets and planning schedules set out in proposals and project plans. They can then ascertain whether funds have been used for the intended purposes and to adaptively manage as appropriate. As requested, grantees make corresponding

amendments to the report. The CTF may delay further funding until the grantee's reports are satisfactory to the CTF. The cycle of review is implemented in a manner to strengthen grantee capabilities.

When a project is on track and progress is satisfactory, the CTF notifies the grantee accordingly in writing or checks off the report when submissions and review are online. If the site visit reveals insufficient progress, CTF staff notify the grantee in writing and request an explanation and a proposed course of action to correct the situation. The grantee responds within the timeframe allotted by the CTF in the notice.

CTF staff determine whether a project's delays or failure to meet agreed targets is justifiable, and if corrective actions proposed by the grantee are feasible. If a grantee's response is unacceptable, the grantee is informed that the status of the project will be presented to the CTF governing body, which will decide if the grant should be suspended or terminated.

Evidenced by:

Reports, evaluations, audits, and field notes from grantees and CTF staff
CTF evaluation reports on individual grants
CTF fund level metrics or indicators

Related to:

Institutional Effectiveness Standards 1 & 4
Resource Mobilization Standard 8
Risk Management and Safeguards Standards 1 & 4

Cross-cutting theme:

Monitoring & Evaluation

PROGRAMS

STANDARD 9

CTFs ensure that grantees apply effective, efficient and transparent procurement processes and practices such that appropriate high-quality goods or services are obtained at the best prices for value in a given market.

Reason for the Standard:

By procuring goods and services of appropriate quality and cost in an open and impartial way, grantees make the best use of the funds they have received and avoid conflicts of interest.

Practical Considerations:

Information on a potential grantee's practices for procuring goods and services is requested and their acceptability determined at the earliest stage of the grant cycle; agreement to use those practices or agreed modified practices is confirmed in any grant contract.

When grantees are public entities (such as protected area agencies, local governments or other public entities) national public procurement laws are generally followed.

When grantees are non-governmental organizations, community based organizations or individuals, the CTF must be satisfied that any goods and services to be financed are appropriate for the project or activity and will be procured at fair market prices, and under contracting conditions that are reasonable.

CTF staff or consultants who carry out field evaluations verify actual ex-post procurement practices.

Training provided to potential grantees with limited project management experience on writing project proposals can include how to prepare a simple table

of goods and services and how they will be purchased, while project management training can cover topics appropriate to small, low value contracts such as obtaining several price quotes, contracting local labor, buying materials, and hiring equipment.

Qualified intermediaries may be used to assist NGOs and communities when they do not have adequate capacity to carry out procurement.

Evidenced by:

Grant request, section on grantee information
Grant contracts
Progress reports

Related to:

Administrative Standard 8

PROGRAMS

STANDARD 10

CTFs that accept execution responsibility apply the same standards to the service they provide for grantees as they apply to the service they carry out for their own administration.

Reason for the Standard:

A decision by donors or project sponsors to give the CTF **execution responsibility** will likely be based on its demonstrated performance; therefore the CTF's own rules are the appropriate ones to apply.

Practical Considerations:

If CTFs provide procurement services for a program or project, they would generally follow Administrative Standard 8. The procurement plan referred to in that Standard would be prepared in accordance with the cycle of the program or project being financed rather than the CTF's own budget process.

If CTFs provide audit services for a program or project, they would generally follow the Administrative Standard 9, taking into account grant size and grantee accounting arrangements.

Evidenced by:

Operations manual(s) section on procurement of goods and services
Documents relating to procurement for Program Accounts or projects for which the CTF has execution responsibility
Documents on auditor selection and audit report for Program Accounts or projects for which the CTF has execution responsibility.

Related to:

Administrative Standards 7, 8 & 9

PROGRAMS

STANDARD 11

CTFs develop systems that enable online proposal applications and track project progress with grantees.

Reason for the Standard:

While CTFs develop well-defined grant award processes (Program Standard 3), ever greater efficiencies and faster and more transparent services are deployed with online grantee interactions. An online system wherein the CTF and grantee can access all mutual files and see how the project is progressing both by programmatic **output** and by expenditures, facilitates communications and reduces misunderstandings. Having the vast majority of the CTF grant files in electronic form greatly reduces the administrative burden of managing multiple paper/electronic documents.

Practical Considerations:

Online proposal submission opportunities benefit many rural partners who would otherwise have long trips to deliver paper applications. Some CTFs make special efforts with particularly isolated or Indigenous communities to provide them a separate means of application.

Online proposal submission enables the CTF to quickly flag missing information from applicants. An additional benefit, is that generic questions asked by one applicant, may be addressed in a public venue such as FAQ (Frequently Asked Question) that ensures that all applicants have the same information/explanation. Online systems also provide the email and contact information for all applicants within the system, allowing for quick notification of the results of the Call for Proposals, upcoming capacity-building services, or upcoming CTF staff field trips to their geographic area. Online submission is much less costly than maintaining a dedicated platform for ongoing grant management as described below.

Once a grant is awarded, CTFs have designed online modules whereby both the CTF program manager and each grantee can submit data and see information, such as:

1. The signed contract between the CTF and the grantee
2. Key contact information for staff in both organizations
3. Program of work
4. Work completed to date
5. Disbursement schedule based on agreed upon **outputs**
6. Actual disbursements made
7. Interim and final financial reports
8. Field visit minutes
9. Any amendments, extensions etc. to the contract

For online systems, each grantee has password access solely to their own grant information.

Some CTFs have used follow up questionnaires with online survey tools to find out how satisfied grantees are with the grant application and management experience and what improvements can be made.

Evidenced by:

Clear guidance in Operations Manual(s) for grant administration
Website
Controlled access systems and platforms

Related to:

Administrative Standards 10, 11 and 12

Cross-cutting theme:

Technology

PROGRAMS

STANDARD 12

CTFs conduct feasibility assessments to evaluate new program opportunities.

Reason for the Standard:

Most CTFs have historically managed grants; many are now expanding into new program areas such as capacity building, **impact investing**, mitigation and carbon offsets, and new forms of **private sector engagement**. Tackling new programmatic and leadership roles can challenge institutions if potential programs are not effectively assessed, designed, properly resourced and staffed, and have clear goals with monitoring and evaluation components incorporated.

Practical Considerations:

CTFs are frequently provided with, or seek, opportunities to launch new programs through ongoing staff and governing body member contacts with community actors, donors, and other government and civil society organizations. These new opportunities have the potential to add great value to a CTF's impact yet could be a huge distraction from existing programs when CTFs are tempted to fund new programs or manage new funding mechanisms for which they have little expertise. Managing internal and external expectations on CTF capacity is critical for effective programming. CTFs also will provide clarity on what level of management or **governing body** approval is needed prior to initiating new projects or programs.

Key considerations that CTFs use in assessing new program opportunities include:

- Alignment of the proposed program with the Vision, Mission, Values and **Strategic Plan**
- A clear statement of goals and outcomes with clear targets, a **baseline**, and key performance **indicators**
- Potential positive impact on CTF's mission if program is successful
- Efficiencies and economies of scale: if the proposal aligns well with other geographic and/or program priorities

- Frank assessment of CTF's institutional capabilities and capacity needs
- Legal analysis to understand the regulatory and **compliance** issues
- Funding requirements and opportunities for matching funds
- Anticipated expenses
- Availability of key partners and leaders, both internal and external, who can effectively manage the program
- Availability of the necessary technical expertise in current staff, in the labor pool, via consultants, and/or in partners
- **Risk factor** assessment to determine potential reputational issues and barriers to effective execution, including potential impact on existing programs
- Required safeguards to be put in place

If the opportunity appears both feasible and impactful, then management/governing body can approve the idea for initial development. At that time, more formal discussions begin with donors and/or other partners on whether to advance with the preparation of proposals and budgets. Donor and partner (often government) commitment to a multi-year budget and plan, is needed prior to inception.

Evidenced by:

Strategic plan
Annual plan or operational plan
Risk assessment procedures
Feasibility Study

Related to:

Institutional Effectiveness Standard 1
Resource Mobilization Standards 2, 3 & 5

EXPANDED STANDARDS

ADMINISTRATION

ADMINISTRATIVE

STANDARD 1

CTFs' Human Resources policies conform to their country's laws, policies and regulations.

Reason for the Standard:

Non-**compliance** with applicable laws, regulations or governing documents could result in fines, penalties, and/or legal suits from employee grievances that could ultimately be costly, time-consuming, and damage the CTF's reputation.

Practical Considerations:

CTFs have to manage staff, volunteers, and consultants. Many countries require certain benefits for all staff (e.g., *inter alia*, paid leave, social security or health insurance payments, a "13th" month salary). In addition, many countries have very specific rules about dismissals that make terminating employees a complicated process. In these countries, CTFs often hire key potential staff as consultants to determine their "fit" before offering full-time positions or engage employees under a six-month probationary period. For countries that require a payment for years of service upon retirement, resignation, or dismissal, CTFs maintain a **compensation** pool to ensure they can meet those obligations.

Some CTFs have staff in multiple countries for fundraising or other purposes. In these cases, different laws must be complied with even when it may create some internal disparities in fair and equitable **compensation**. It should be noted that some donors set requirements (such as prohibiting hiring discrimination on the basis of gender or sexual orientation) that may require stronger guidelines than in-country legislation.

Safeguarding the health and safety of staff is often a direct legal obligation. This can be manifested in clear internal policies to target required areas of compliance concern such as:

- Trafficking in Persons
- Child Safeguarding and Protection
- Discrimination and Harassment Prevention
- Labor related risks, either associated with office or field work

In other instances, values statements or a code of ethics are used to help safeguard ethical and equitable employment and the well-being of staff members.

Evidenced by:

Compilation of applicable employment, social security, etc. laws and regulations
Operations Manual (and or Human Resources Manual)
Job descriptions for all staff
Budget with compensation pool in countries where needed.

Related to:

Governance Standard 9
Administrative Standard 5
Cross-cutting Theme: Human Resources

ADMINISTRATIVE

STANDARD 2

CTFs set clear job descriptions, and budget adequate resources, to allow the chief executive, managers, and staff to perform effectively and efficiently.

Reason for the Standard:

Management and staff have a clear understanding of the work that is expected of them as well as the skills, resources, timeline and motivation needed to achieve it. The **governing body** supervises the chief executive who in turn supervises staff and consultants.

Practical Considerations:

It is common practice to use a general template for all job descriptions in a CTF covering topics such as: job title; location, regular/temporary; full/part-time; clarity on the department/reporting structure for the job; responsibilities and scope; required minimum qualifications; and preferred qualifications. Non-discriminatory language in these templates ensures that diverse candidates can apply and the best candidate can be selected on a competitive basis.

Recruitment and open hiring processes require clarity about the job description and the qualifications needed. Job descriptions describe the working conditions, physical demands, and often include the salary range. Once hired, clear roles and responsibilities are needed for staff to appropriately use their time and skills. Job descriptions are also necessary for effective performance evaluation.

In addition to total **compensation**, all staff require equipment, workplace tools and a conducive environment to do their job well. Chairs, desks, appropriate computer systems, adequate vehicles for field work, cell phones for remote staff, gas, and travel costs must all be incorporated into the budget.

Chief Executive:

The governing body is responsible for writing the chief executive's job description, recruiting, hiring, and managing that position. The job description clarifies the CTF chief executive's relationship with Program Accounts' managers and the governing bodies. The chief executive and managers recruit CTF staff in accordance with a clear and complete job descriptions, ensure governing body approval for the annual budget (including staff salaries and benefits), and keep the governing body informed of staff recruitments.

Mature CTFs increasingly plan for leadership **successions**, not just for the chief executive but also for other senior staff, and governing body members. The governing body leads the process for fellow members and the chief executive, while management takes the lead in reviewing other key

positions. Managing successful leadership transitions is critical to the financial and organizational health of the CTF and the relationships with donors, stakeholders, and staff. The ability of CTFs to maintain credibility, legitimacy and a clear institutional identity with a change of spokespersons speaks to the need for effective succession planning.

BOX 7 - RESPONSIBILITIES OF THE CHIEF EXECUTIVE

Responsibilities of the chief executive generally include, but are not limited to

- Hire and manage the staff
- Execute the strategic planning process involving the governing body, CTF staff and stakeholders
- Prepare a work plan for the governing body's approval, and oversee and ensure the quality and effectiveness of its execution
- Make sound financial decisions within the rules established by the governing body with the focus on budget preparation, mid-year evaluation and year-end actual budget analysis
- Monitor compliance with legal and regulatory requirements and assist the governing body to implement the actions for compliance
- Develop policies for governing body approval, and ensure their day-to-day compliance
- Manage risk factors by identifying, analyzing and responding to risks that might adversely affect the realization of the CTF's Goal. Establish risk management policies and safeguards with the governing body for implementation by CTF, or Program Account, staff and partners
- Provide the governing body with information and administrative support, including serving and supporting in a manner that facilitates decision-making in the best interest of the organization
- Prepare a resource mobilization strategy and build relationships with key partners and ensure effective governing body involvement in fundraising; the chief executive is the "public face" of the CTF, serving as its primary spokesperson and representative.

Evidenced by:

Operations manual(s) (and/or Human Resources Manual)
Chief executive job description
Job descriptions for all staff
Documents on the recruitment/selection process for all staff
Performance evaluations of staff
Budget

Related to:

Governance Standard 8
Institutional Effectiveness Standards 1& 6
Administration Standard 4
Risk Management and Safeguards Standards 1 & 5

Cross-cutting Theme:

Human Resources

ADMINISTRATIVE

STANDARD 3

CTFs prepare clear organizational charts that clarify reporting lines and management responsibilities.

Reason for the Standard:

The organizational chart graphically defines lines of authority, responsibility and communication between the governing body and staff and among staff. The chart clarifies relationships and the relative ranking of the jobs, providing a quick visual depiction of decision-making authority within the CTF.

Practical Considerations:

It is common practice to list the governing body at the head of the sheet and then the chief executive with others below in order of rank. Job titles, and sometimes the individuals' names, are enclosed in boxes. Lines are generally drawn between boxes to show the relation of one official or department to the others. While most are hierarchical charts, some CTFs have more of a matrix organization in which some individuals report to more than one supervisor, described on the chart through solid and dotted lines.

Organizational charts are helpful visual guides in indicating areas where the organization is prioritizing its resources via staff allocation. They also can identify areas where a manager may have too many direct reports. They also align with job descriptions which include the department in which the job is located and the reporting line (to whom the position reports and what positions it supervises).

Evidenced by:

Operations manual(s) (and/or Human Resources Manual)
Organizational chart
Job descriptions for all staff

Related to:

Governance Standard 8

Cross-cutting Theme:

Human Resources

ADMINISTRATIVE

STANDARD 4

CTFs provide all staff members with clear annual goals and periodic written performance reviews.

Reason for the Standard:

The job description and annual performance goals provide all staff members with a clear roadmap for where to invest time and energy in given time periods as aligned with the CTF's strategic priorities. By providing periodic written performance reviews the CTF ensures a clear communication of expectations between managers and staff and provides the opportunity to work through difficulties, note and reward excellence, and make hard decisions if staff regularly underperform.

Practical Considerations:

Internal communications clarify the procedures for staff goal setting and performance reviews. Staff members often initiate their own annual goal setting based on their job description and known program/project work that is then reviewed with their supervisor.

Staff member's immediate supervisor initiates performance reviews. A one-on-one performance review generally focuses on how performance related to job responsibilities and goals is viewed by the manager. Some CTFs request broader input from co-workers and colleagues such as donors, grantees, **investment managers**, and others that the staff member works closely with, as well as a self-assessment by the employee. This is often called a 360° review and provides a broader view of how the employee's attitude and contributions affects the work of others. Given that a 360° can take substantial time to organize, some CTFs do that only periodically. However, regular meetings between the supervisor and employee are encouraged to provide the support and feedback needed.

Every country has different labor laws that must be followed. In many cases a regimented set of written steps and officially worded warnings are needed to

permit terminating for cause, so employee missteps or poor work products, as well as written feedback, must be carefully documented.

Human resource files, which contain information such as salary levels and performance appraisals, are considered confidential and maintained in a secure area or under lock and key (physically or digitally).

Evidenced by:

Operations Manual(s) (and/or Human Resources Manual)
Written annual goals
Written confidential performance appraisals.

Related to:

Governance Standard 8

Cross-cutting Theme:

Human Resources

ADMINISTRATIVE

STANDARD 5

CTFs offer staff members compensation and benefits within a pre-specified range based on experience, education and performance.

Reason for the Standard:

To attract and maintain qualified staff that can effectively advance the goals of the CTF, **compensation** packets that are competitive with those of similar job titles in other organizations must be offered. CTFs benefit from a diverse workforce, with women and minorities well represented, when fair and equitable compensation is offered.

Practical Considerations:

Many HR professionals share information with similar organizations on the salary range provided for similar job responsibilities. This provides a **baseline** for setting a salary scale for each job that reflects different levels of education and experience. Benefits supplement salary compensation by covering paid time off, sick pay, medical insurance, contributions towards a retirement plan etc. Some benefits are mandatory based on government regulations, while others are voluntarily offered to attract and retain top professionals. A comparison of total compensation packets between employees is used to minimize inequities between coworkers within the CTF.

Performance-based compensation increases can be provided through either salary raises for the following year, or through incentive payments that provide one-time bonuses, but maintain the same salary level. In addition to performance incentives, many CTFs budget for salary adjustments based on the anticipated effects of inflation in their country to ensure a **cost of living** adjustment.

The entire governing body is aware of, and annually approves, the chief executive's compensation. To demonstrate that appropriate steps were taken to ensure executive compensation is not excessive: (1) the compensation arrangement is approved in advance

by the governing body; (2) prior to making its determination, the governing body obtains and relies upon appropriate data as to comparability; and (3) the governing body documents the basis for its determination in an adequate and timely fashion.

While compensation and benefits are tangible, there are many intangible rewards to working for a CTF such as seeing the impact of the work in the field, work-life balance, flexible work schedules, tele-working options, and training and professional development opportunities. Intangible rewards are important for staff satisfaction and motivation and can be major incentives for attracting and retaining staff.

Evidenced by:

Operations Manual(s) (and/or Human Resources Manual)
Annual budget for staff
Governing body minutes approving chief executive total compensation
Salary scales for positions within a CTF

Related to:

Governance Standard 8
Cross-cutting theme: Human Resources

ADMINISTRATIVE

STANDARD 6

CTFs allocate their available resources to maximize funding for grant making and programs, while also setting an overhead rate sufficient to achieve institutional strategic objectives.

Reason for the Standard:

Better resource allocation and financial decisions are possible when the full costs of delivering a grant program (and other strategic areas) are clear and well understood. While the impact of programs is of great importance, the CTFs that manage or administer them will be more effective if they are appropriately resourced and the CTF's institutional goals are also supported. CTFs must invest in their institutional capacity to build the transparent and efficient institutional systems needed to plan, fundraise for, and administer effective programs.

Practical Considerations:

The chief executive is responsible for preparing budget requests, updating the governing body on the use of financial resources, proposing a reasonable **overhead** rate, and supervising actual budget implementation. The chief executive justifies that the level of overhead requested or utilized is "reasonable" by demonstrating that the budget allows adequate progress toward meeting program and strategic objectives, and that agreed performance **indicators** are within an acceptable range. Both the rationale for the overhead allocation and the basis for its calculation need to be defined when agreeing on an appropriate ratio. The governing body of a CTF or a Program Account approves the annual budget request and monitors the use of the approved budget and the level of overhead.

Existing and potential donors often focus on a "cost ceiling" that limits the percentage allocation of overhead in the hopes of maximizing monies that will be available to finance programs. Some donors may have unrealistic expectations that CTFs can manage programs with extremely small overhead rates. This can fuel underinvestment in infrastructure needs, new technologies, staff, and visionary

thinking. A CTF cannot manage strong programs with a weak institution. CTFs can educate donors and others on the importance of a competitive overhead rate as a means of ensuring accountability, strong financial health, and organizational sustainability by investing in the staff, capacity-building, technology systems, and infrastructure needed.

A CTF is able to demonstrate through analysis and use of common performance indicators what its own "reasonable" overhead rate is. In some cases, overhead rates may vary between Program Accounts depending on funding source or the administrative roles the CTF plays. Typically, CTF overhead rates range between 12-16% of the yearly budget;[1] however this can fluctuate with variables such as size, location, stage of organizational evolution, and ambiguity about expenses that could be defined as administrative or program costs. CTFs in start-up or termination phases (see Annex 1) generally have a higher proportion of overhead expenses to total expenses; the former because start-up costs are front-loaded while grant portfolios grow gradually, and the latter because fixed costs that must ensure monitoring, reporting, and compliance remain even while the grant portfolio diminishes. Establishing maximum overhead rates provides the opportunity to show organizational efficiency, comply with national tax rules, and focus management attention on the balance between program delivery, fundraising, and administration.

The majority of CTFs' non-grant and program expenses are typically made up of personnel and personnel-related costs, making this category an obvious target for diligent review and oversight by management and the governing body. A budget presentation that facilitates analysis (e.g. presenting resource use according to spending categories such as programs, grants, fundraising, and administrative areas) can be used by CTF or Program Account managers to identify trade-offs and support decision-making. CTFs include overhead costs in budget presentations to allow the governing body to understand and analyze the full costs of delivering grant-making programs and/or any other strategic objectives. Performance indicators that link the use of resources to achievement of strategic objectives help management and the governing body monitor institutional and operational effectiveness and efficiency.

Evidenced by:

Approved annual budget
Grant allocation ratio
Calculation for a "reasonable" overhead rate.

Related to:

Governance Standard 6
Institutional Effectiveness Standards 1 & 5
Resource Mobilization Standard 3

1 Importantly, any rate or ratio is dependent upon the precision of its definition. Consequently, some caution must be used in interpretation of this overhead range as some readers may conflate overhead, management expenses, administrative expense, and similar terms. The Glossary in Annex 5 applies the intended use of the term 'Overhead.'

ADMINISTRATIVE

STANDARD 7

One or more operations manuals with up-to-date policies, procedures, and practices guide the day-to-day management of CTFs or Program Accounts.

Reason for the Standard:

Managers and staff need an Operations Manual in order for processes and procedures to be performed reliably and consistently, and as both a reference and training tool for newly hired personnel.

Practical Considerations:

The governing body approves the initial operations manual and may choose to approve substantive revisions. What constitutes "substantive revisions" to the operations manual(s) is defined in collaboration with the governing body and could include a fully revised manual or just key policies.

Operations manuals cover administrative, financial and operational topics. The administrative section may include practices and procedures related to the governing body, or these may be collected in a separate manual or be covered in part by by-laws.

An operations manual is revised regularly. Maintaining an up-to-date operations manual ensures that the actions of managers and staff are in **compliance** with the internal regulations of the CTF that the manual spells out.

The chief executive, in consultation with the CTF's managers, decides when a revision is required.

One manual may provide the rules and procedures for all Program Accounts hosted by a CTF, or each Program Account may have a separate manual covering its specific administrative and operational practices. Ideally, a CTF's general administration, accounting, budgeting, and information technology rules and procedures would apply to all Program Accounts it hosts.

BOX 8 - GENERAL CONTENT OF OPERATIONS MANUAL(S)

A comprehensive manual, or series of manuals, generally includes the following:

1. Introduction

- The reasons, responsibility and process for updating the manual
- A description of the CTF (or Program Account), its mission, its structures (governing body, committees, management including its managerial units) and their general responsibilities
- General responsibilities of managers and staff

2. Administration

- Procurement of goods and services (including process, approval authority, contracting and payment)
- Inventory (small equipment, consumables)
- Vehicles and materials (conditions for use, repair, fuel)
- Travel (reimbursable expenses for internal and external travel)
- Correspondence and other forms of communication (mail, e-mail, fax, telephone, etc.)
- Internal controls with clear **segregation of duties** particularly for financial transactions
- Information management and document retention

3. CTF or Program Account operations

- Summary of the roles of the key structures (governing body, committees, management) in the operational processes
- Description of the grant award cycle
- Process and procedures for awarding grants
- Process and procedures for making payments to grantees
- Monitoring and evaluation of grants under execution
- Grant completion, final evaluation and closing
- Process for handling issues of contention

4. Finance

A. Accounting

- Principles and rules of the accounting system
- Accounting framework
- Process to establish accounting records
- Accounting software instructions
- Codification and filing of justifying documentation
- Entry of transactions into accounting journals
- Preparation of financial statements

B. Budgeting

- Budget cycle
- Budget format
- Budget analysis, including key indicators

C. Management of CTF or Program Account investments

- Investment policy
- Relations with the financial consultant and/or investment managers
- Annual portfolio performance review
- Review of financial consultant and/or investment manager(s)

5. Risk Management and Safeguards

- Lists of the safeguards used across Program Accounts
- Grievance procedures
- Whistleblowing policy

6. Communications

- Brand/Style guide
- Web sites and Social media
- Spokespersons

7. Information Technology

- Responsibility for employee technical support, maintenance, installation, and long-term technology planning
- How technology needs and problems will be addressed
- Password rules (minimum strength; change password)

BOX 8 - **GENERAL CONTENT OF OPERATIONS MANUAL(S)** (CONTINUED)

- What constitutes "valid use" of assets (what can and cannot be installed on computers or mobile devices)
- Internet restrictions
- E-mail policies
- Rules for remote access
- Remote management of mobile devices (i.e., wipe or lock the device if lost)
- Authority for granting access to employee e-mails and record of authorization decision
- Rules for terminated employees or users

8. Human Resources

- Workplace policies
- Recruitment policies
- Job positions and organizational chart
- Labor agreements
- Personnel files
- Resignation, redundancy and layoffs
- Salary system
- Staff performance appraisal system
- Benefits
  - Vacations
  - Sick leave
  - Insurance coverage
  - Retirement / pension / social security
- Training
- Complaints procedure
- Conflict of Interest

9. Key forms in annexes to the manual and cross-referenced in the text

For each topic a manual clarifies the key actors who execute, review, approve, and receive a copy.

A manual can use flow charts to illustrate the different steps of a procedure (creation, review, approval, control, etc.) or explain the steps using text.

Each section:

- begins with an explanation of the relevance or importance of the procedures to place them in the overall context of the institution
- shows the initial date of release and, if relevant, the date on which that section was updated

Evidenced by:

Operations Manual(s)
Minutes of governing body meeting

Related to:

Procedures to support all the standards can be found in the Operations Manual

ADMINISTRATIVE

STANDARD 8

CTFs procure goods and services needed to carry out everyday activities through processes and practices which: are efficient, cost-effective and transparent; assure the appropriate quality of goods and services; and aim to obtain the best price for value in the market.

Reason for the Standard:

Limited CTF resources will be used prudently if quality and cost are appropriately considered when acquiring goods and services.

Practical Considerations:

An annual plan showing the approximate value and method for the **procurement** of goods and services is included in the budget request that is approved by the governing body. The plan is updated when a budget update is presented.

BOX 9 - PROCUREMENT PROCESS AND PROCEDURES

A section of the CTF manual covering administration is dedicated to the processes and procedures to be followed for the procurement of goods and services. Consistent with the anticipated purchases of the CTF, the manual covers:

- types of procurement (goods and services)
- methods of procurement (competitive bidding, shopping, direct contracting) and when they are appropriate
- procurement thresholds that define methods of acquisition needed for a given contract value or range of values
- the importance given to quality and cost for the various types and methods of procurement

BOX 9 - **PROCUREMENT PROCESS AND PROCEDURES** (CONTINUED)

- responsibilities of the governing body, CTF managers and staff, and any other participants in the organization and management of the procurement process
- detailed steps of the procurement process (preparation of bid documents/proposals, bid requests/ request for proposals, bid evaluation/proposal evaluation, contract award) for each method of procurement
- content of bidding documents for goods and the request for proposals for services
- types of contracts (time-based, lump sum, etc.)
- linkages between procurement, accounting and recordkeeping functions
- elements to ensure transparency, especially for procurement following competitive bidding processes, such as advertising, public bid opening and publication of contract awards.

For many CTFs, large procurements needs are posted online, to reach a larger number of potential providers, and also comply with donor agreements as to the need to get multiple bids and reach out for best sources.

Efficient and effective procurement of goods and services is more likely to be achieved when the CTF and its donors reach agreement on the processes and procedures that the CTF will apply to all procurements, irrespective of the funding source.

Evidenced by:

Budget request and updating report(s)
Operations manual(s) covering administration and procurement
Records of acquisitions

Related to:

Program Standards 4, 9, & 10
Asset Management Standard 7 & 8

Cross-cutting theme:

Technology

ADMINISTRATIVE

STANDARD 9

CTFs undergo an annual audit by independent external auditors who apply standards that are consistent with internationally accepted accounting standards.

Reason for the Standard:

Independent external audits carried out in accordance with international standards provide a high level of assurance to the governing body and donors that CTF financial statements are accurate and that any material **financial management** issues have been identified for corrective action.

Practical Considerations:

The governing body approves the terms of reference for the audit and the selected audit firm and signs the contract with the firm. The auditors report directly to the governing body.

The independent opinions of auditors provide insight into the quality of CTF management. Therefore, independent external audits are based on terms of reference that may include auditing any financial operation or transaction for which the CTF's governing body would like specific assurance of accuracy and completeness or **compliance** with regulations.

External auditors report to a CTF's governing body, or to a committee of that body. The external auditors' terms of reference provide for (i) a letter to CTF management that summarizes the improvements, if any, that need to be made to the CTF's accounting and internal control systems, and (ii) the audit of the financial statements prepared by the CTF's accounting staff. Auditors also verify how governance decisions are made and implemented. Many CTFs publish the external audit reports on the CTF website or in annual reports as part of their efforts to showcase accountability and transparency.

As far as possible, a CTF's external auditors carry out their audit in accordance with standards consistent with the International Financial Reporting Standards ("IFRS"), which were developed as a common standard to which many countries could align their accounting principles and practices.

Audits of grantees are required to give assurances that grantees keep appropriate records and that the grant monies awarded were used solely for the purposes of carrying out the grant-funded activities approved by the CTF. It is the grantee's responsibility to keep records and account for the grant monies received and spent and therefore the grantee's responsibility to provide an audited statement. In those instances where individual audits by grantees are not practical, for example when there are many small grants that can be grouped or grantees do not have the capacity to engage audit services, the CTF takes on the **execution responsibility** and prepares terms of reference, selects an auditor, and oversees the auditor's work. The audit is separate from the CTF's own audit of financial statements since the CTF does not spend the funds or keep records of fund use.

Evidenced by:

Audit terms of reference
Auditor's contract
Audit report
Audit management letter

Related to:

Governance Standard 4

ADMINISTRATIVE

STANDARD 10

CTFs select and track the information technology they adopt to ensure secure and standardized operations.

Reason for the Standard:

CTF staff members need compatible **hardware** and **software** to share files, exchange devices, receive standard training and coaching, hold virtual meetings, and manage upgrades. Although most devices allow safe connectivity, limiting the diversity of devices and software programs facilitates sharing and greatly reduces the complexity and expense in providing the security and support needed.

Practical Considerations:

Using the same operating system and compatible computers enables CTFs to easily share documents and data sets, interface with shared devices such as printers, and train and coach staff in the same hardware and software. With the growth of cloud-based software and data storage, some CTFs may find they can be more flexible by sharing documents through the cloud. The benefits of cloud systems must be weighed against the likelihood of intermittant electricity and internet outages, and appropriate safeguards should be used to avoid loss of documents.

CTFs include a budget line item for the cost of maintenance, support, and security of the computers and technology used, keeping software licenses up to date, and to the extent possible, preparation for upgrades and new technologies. As part of identifying a CTF's assets, a full hardware and software inventory is maintained. The information technology policy covers data storage, management, and back up to ensure redundancy.

More flexibility in the workplace is now possible thanks to technology and more staff are asking for home and mobile internet and wireless services. CTFs provide their employees with needed business equipment usually including computers, telephones, printers, etc. Wireless devices, especially cell and smart phones and

tablets usually require a cost-benefit analysis and clear policy to ensure they are used for business purposes. The policy covers what the CTF will/will not support, and what employees must provide (e.g. minimum speed for internet service to participate in online meetings, anti-virus software, etc.) to take advantage of "work from home" opportunities. Separate devices and email accounts for personal and business use are generally required.

Evidenced by:

Technology policy
Budget
Overview of software licenses and compliance
Hardware and software inventory

Related to:

Program Standard 11

Cross-cutting theme:

Technology, Human Resources

ADMINISTRATIVE

STANDARD 11

CTFs implement a cybersecurity policy to keep their data and systems safe.

Reason for the Standard:

CTFs, like all businesses, need to ensure that they can operate day to day and can prevent hacking of critical data and financial information. Cybersecurity systems dramatically lessen the risk of being extorted into paying for access to their own systems or online presence, or the need to invest precious time and resources to clean up a data breach.

Practical Considerations:

Recommended practices include:

- Deploy current anti-virus, anti-malware, firewalls and intrusion prevention systems. Download anti-virus and anti-malware software on all computers that are allowed to connect to networks or shared data.
- Require password security for all users. Strong, unique passwords (at least 12 characters long with upper/lower case, numbers, and special characters) are in place for every organizational account. Digital password managers are worthwhile as they provide consistent updated unique passwords (every 3 months), and/or multi-factor authentication that uses multiple ways to prove identification.
- Maintain both an on and off-site system back-up
  - Mobile devices that connect to systems require greater security such as a strong password, facial recognition, or fingerprint for access. If a device is lost or stolen, organizational data is immediately wiped.
  - Identify how to organize data access on a "need to know basis." CTFs can categorize their data as: 1) public; 2) internal; 3) restricted; and 4) highly confidential (e.g. passwords, online bank account access, staff addresses/bank accounts) and set access rules accordingly and restrict staff access to the data they need. For example, not all staff need access to donor records, so minimi-

zing the entry to these "restricted" files limits the potential for data breaches.
- Higher security is needed for banking that will require a secure browser connection.
- Make one person the primary responsible (with a trained backup) to maintain information systems, manage backups, and ensure up-to-date security systems are in place.
- Have an information technology disaster recovery plan in place as part of a broader **Business Continuity Plan.**

In a related vein, all staff and volunteers require orientation to the systems and the technology policies, and access to the accounts and data needed. Key training issues include:

- Always use a strong password and update it regularly (usually every 3 months)
- Never share usernames or passwords
- Never download unlicensed software on CTF equipment or systems
- Do not open unexpected attachments. Review the actual web address to ensure attachments are legitimate
- Do not use business computers for personal activities such as web surfing, gaming, video downloads etc.
- Never use office equipment to endorse for-profit products or political candidates
- Do not share USB drives between personal and business computers or insert unknown drives
- Only download software approved by the CTF
- Block popups when using the internet
- Regularly backup files.

Departing employees promptly return all CTF-owned property, have their access passwords removed from the system, and their computers wiped for reuse by other staff.

Evidenced by:
Technology security policy
Operations manual(s)
Staff orientation checklist

Related to:
Program Standard 11
Risk Management and Safeguards Standard 5

Cross-cutting theme:
Technology, Human Resources

ADMINISTRATIVE

STANDARD 12

CTFs have up to date software in place for automated accounting, financial administration, contract management, and procurement.

Reason for the Standard:

For CTFs, showing proficiency and transparency in **financial management** and accounting is a critical skillset. Avoiding lengthy and repetitive manual transactions to obtain real-time integrated financial data on demand, enhances CTF decision making.

Practical Considerations:

New technologies greatly reduce the manual transactions and accumulated errors that occur when entering or manipulating transactional and financial data. Less dependence on multiple manual transactional entries greatly reduces the time spent on repetitive tasks. Furthermore, many CTFs struggle with different accounting and financial management applications, requiring manual copying and pasting for effective data movement between the two. To reduce labor costs and cycle times while increasing accuracy, many software applications now provide account reconciliation, journal entries, and financial statements. Financial managers are therefore able to spend more time interpreting and reviewing the data for projections, reports, etc. with real-time data, increasing the agility and effectiveness of the CTF.

Similar software advances have been made in contract management and in procurement. Procurement software automates purchases such as approving purchase orders, selecting products, matching invoices and orders, and paying bills. It also enables CTFs to control vendors so that all employees can take advantage of negotiated rates for frequently used services/products that can lead to cost savings. As with all systems, they impose a set process for all employees, thus eliminating variability in how processes are performed.

Looking forward, robotic process automation (RPA) is being increasingly used in banking and corporate worlds to reduce data transcribing tasks, manage tax accounting and handle payroll, accounts payable, and accounts receivable among many other tasks.

Evidenced by:

Overview of software licenses and compliance
Hardware and software inventory

Related to:

Institutional Effectiveness Standard 5
Program Standard 4, 6, & 11

Cross-cutting theme:

Technology

EXPANDED STANDARDS

ASSET MANAGEMENT

ASSET MANAGEMENT

STANDARD 1

Clear and comprehensive investment policies set out the core principles CTFs apply for managing their assets.

Reason for this Standard:

A clear and comprehensive investment policy provides assurance that the governing body can appropriately exercise its fiduciary duty. Implementing the policy confirms that the governing body is fulfilling its fiduciary duty.

Practical Considerations:

The governing body that is accountable for management of the assets formally approves the investment policy related to those assets.

A governing body, or a committee to which it has delegated responsibility for oversight of investment management, may seek guidance from an investment professional when preparing or reviewing an investment policy.

A CTF's founding legal documents may specify certain elements that an investment policy must address.

A CTF's investment policy aligns with its mission and goals.

A CTF reflects in the investment policy those conditions which are clearly and specifically imposed by donors.

A CTF may have (i) one over-arching investment policy with sub-sections that set out strategies specific to individual Program Accounts or **sub-accounts** when the objectives of the individual Program Accounts or sub-accounts are different from each other or (iii) separate investment policies for each individual Program Account or sub-account.

In order to establish for all involved parties as clear and comprehensive an understanding as possible of the objectives of investing the CTF's assets, an investment policy will generally:

- Define and assign the responsibilities of all parties involved in decisions on investing CTF assets. The parties may include, but are not limited to, the governing body, the investment committee, and whichever of the following are engaged by the CTF: the **investment management consultant**, the **financial advisor**, the investment manager(s) and the **custodian**.
- State the elements the governing body considers as part of its exercise of prudent decision making
- Establish the relevant **investment horizon** for which the Fund's assets will be managed
- State the investment objective(s) and goal(s)
- Define risk factors and the CTF's **tolerance for risk**
- Define the **spending rule** that determines the income that can be distributed annually for the purpose of financing the CTF's budget and grant program
- Offer clear guidance and limitations to the investment professional(s) for the investment of the CTF's assets
- Establish a basis for evaluating investment performance, as well as the events that signal the governing body's need to consider changing investment management consultants, financial advisors or investment managers
- Define the basis and requirements for reporting by the investment management consultant and/or the investment manager
- State the approach to addressing **environmental, social and governance** considerations
- Provide for regular review of the investment policy at least every year, a formal review no less often than every three years, and for an exceptional review when warranted by major financial market or institutional events

The commonly accepted objective when investing **endowment capital** is to provide a relatively steady and strong stream of distributable returns and protect **purchasing power** in order to meet a long-term stream of expenses; the general objective when investing non-endowment funds is to ensure adequate liquidity to meet short-term and medium-term project or program expenses. In the case of long-term sinking funds, a mixed strategy may be required.

Investment performance is generally measured by considering (i) actual return compared with an absolute **benchmark** such as target return and (ii) returns by asset class compared with appropriate relative benchmarks. The investment policy will state the principles to be applied; the principles will be further developed in investment guidelines that will state the target return and relevant relative benchmarks.

Evidenced by:

Investment policy adopted by the governing body

Minutes of the governing body or its committee responsible for oversight of investment management covering approval of the investment policy, documenting reviews of the investment policy and performance reviews of **investment professionals.**

Related to:

Governance Standards 4 and 6
Institutional Effectiveness Standard 1
Asset Management Standards 2, 3 and 10

ASSET MANAGEMENT

STANDARD 2

CTFs manage their investment portfolios in accordance with investment guidelines that set out the specific parameters to be applied by their investment management consultants, financial advisors and/or the investment managers.

Reason for the Standard:

Investment guidelines translate the general principles of the investment policy into the transactions **financial advisors** or investment managers will execute to produce the earnings the CTF will need to meet its investment objectives. The guidelines also provide the basis for measuring whether the objectives are being achieved. Approval of guidelines consistent with the investment policy is further proof that fiduciary duty is being carried out appropriately.

Practical Considerations:

The governing body, or a committee of the governing body responsible for overseeing investment management, prepares the investment guidelines in collaboration with an **investment management consultant** or investment manager(s) as either or both will be legally bound to act in accordance with them.

The governing body formally approves the investment guidelines.

The investment guidelines will be fully consistent with the investment policy to ensure they contribute to achievement of the CTF's investment objectives.

BOX 10 - INVESTMENT GUIDELINES

Investment guidelines generally include, but are not limited to

- Strategic asset allocation
- Diversification obligations of the investment manager
- Specific guidelines for types of assets
- Target return
- **Risk management** strategies that will be applied
- Allowable asset class categories
- Prohibited asset class categories
- Percentage limitations for asset classes, industries or individual investments
- Liquidity of assets
- **Benchmarks** against which the investment manager and overall investment performance will be measured annually
- Selected approach for taking **environmental, social, and governance** factors into account
- Reporting requirements.

The investment guidelines are reviewed with the investment management consultant and/or investment manager(s) no less than once per year; the review includes a determination of consistency with the statement of investment policy and recommends any needed modifications.

The target return is generally based on the total returns (income + capital gains) that are estimated to be necessary to cover: (i) the CTF's target distribution of earnings to cover spending on CTF operations and program activities (as established by a **spending policy**), (ii) an inflation offset to account for changes in purchasing power, (iii) consulting and/or investment manager fees.

CTFs may use one or more strategies to smooth distributions over time. One option is to use a three or five-year rolling average to calculate appropriate spending levels, to smooth out highs and lows and seek a more stable distribution. Another strategy is to move returns that exceed inflation and annual spending needs in any given year, into a reserve or "rainy day" fund, which can be used to increase expendable income in years of lower returns.

Once a CTF has identified its target return, it then seeks to create an investment portfolio that will optimize the likelihood of delivering that return while minimizing risk of capital losses.

Relative **benchmarks** are consistent with the asset classes and financial markets in which the assets are being traded.

Specific parameters of the investment guidelines can only be determined once there is a firm commitment on the capital contributions that will be available to be invested.

The investment management consultant or investment manager(s) are required to provide (i) a monthly or quarterly report on investment performance, risk surveillance and **compliance** with investment guidelines and (ii) an annual report of full cost disclosure covering the costs of investment management and **custodian** fees as well as any trading, administration and marketing costs paid to investment managers or companies, especially those that provide mutual, exchange-traded or other types of funds that are not normally required to disclose those costs.

For the purposes of measuring the performance of investment management consultants or investment managers, the investment guidelines specify whether absolute or relative benchmarks will be used as the primary performance benchmark. If other benchmarks are also tracked, the investment management consultant or investment manager still reports on them, but those will not be used to measure their performance.

CTFs that select and monitor their own investments, put in place a system to monitor purchases, sales, maturity dates, redemptions, etc. in lieu of reports provided by **investment professionals** and provide quarterly performance reports to the governing body or its committee responsible for investing.

Evidenced by:

Investment guidelines adopted by the governing body
Investment policy
Contract with investment management consultant and/or investment manager(s)
Minutes of the governing body or committee responsible for overseeing investment management
Reports of the investment management consultant and/or investment manager(s) or quarterly reports produced by the CTF's own monitoring system.

Related to:

Governance Standards 4 and 6
Asset Management Standard 4

ASSET MANAGEMENT

STANDARD 3

CTFs' governing bodies, or their committees responsible for overseeing investment management, invest and manage as a prudent investor would invest his or her own funds.

Reason for the Standard:

Appropriate duty of care for the management and investment of **endowment** or non-endowment funds requires governing body members to act as prudent investors.

Practical Considerations:

The governing body may appoint a committee that, among its responsibilities related to oversight of investment management, has the responsibility for review of the general economic and CTF-specific investment factors that result in informed, prudent decisions. The committee will present the results of its review to the governing body.

In its review of the investment factors, the governing body or the committee it appoints may seek and rely on information from an **investment management consultant,** investment manager, or other professional who is qualified to provide investment advice.

The generally accepted factors for consideration include:

- general economic conditions
- the possible effect of inflation or deflation
- exchange rate factors
- the expected tax consequences, if any, of investment decisions or strategies
- the role that each investment plays within the overall investment portfolio of the fund

- the expected total return from income and the appreciation of investments;
- the CTF's **tolerance for risk** as defined in the investment policy
- other resources of the institution
- an asset's special relationship or special value, if any, to a CTF that supports sustainable natural resource use and development activities

The factors for consideration will be documented in the CTF's investment policy and guidelines.

Exchange rate factors take into account the relationship between the currency of invested assets and the currency in which the CTF incurs its expenses.

Evidenced by:

Terms of reference of the investment or finance committee
Minutes of the investment or finance committee
Minutes of meetings of the governing body
Content of meetings with investment management consultant, investment manager or other qualified professional providing investment advice
Content of the investment policy

Related to:

Governance Standards 4 and 6

ASSET MANAGEMENT

STANDARD 4

CTFs seek to preserve endowment capital in order to protect future earning streams.

Reason for the Standard:

In periods of declining markets or as a result of unforeseen events that curtail earnings, CTFs may be faced with a choice of reducing considerably the distribution of earnings for CTF operations or spending a portion of **endowment capital**. The greater the number of measures a CTF can employ to lower the risk of depleting its capital, the less likely it will have to face a tradeoff that would impact its perceived or real effectiveness.

Practical Considerations:

A donor's expressed conditions for its contribution to an endowment may obligate a CTF to preserve the **endowment capital**.

BOX 11 - BALANCING CAPITAL PRESERVATION WITH ACHIEVEMENT OF THE TARGET RETURN

To ensure that measures taken to preserve capital are not so restrictive that they prevent achievement of the long-term target return; CTFs can:

- carefully consider risk/return tradeoffs with a long-term view: a more conservative asset allocation may decrease the risk of market loss and depreciation of the CTF's capital base in any given year, but that allocation may also be less likely to deliver the return necessary to meet programmatic objectives over the long-term
- require their **investment professionals** to undertake probability analysis aimed at achieving an appropriate balance between the two investment goals of capital preservation and achieving target returns
- practice diversification, through investing in different asset classes that are not highly correlated, to create a portfolio of investments that collectively have a lower risk than one individual investment
- Some CTFs permit capital invasion but only when coupled with a spending policy that preserves endowment capital by measuring its value as the average of 5 to 10-year financial or market cycles. This means capital invasion can occur in years with negative or zero yield and there is a required reinvestment of income, beyond the amount established in the spending policy, in good financial yield years. Example: if a CTF spending policy is 6%, not including inflation, and the 10-year average yield is 8% then the CTF has preserved the endowment corpus.

A CTF can incorporate general strategies in its investment policy and guidelines to lower the risk that capital would need to be spent to meet distribution requirements, which would result in lower future earnings streams. Strategies may include:

- *Maintain a realistic spending policy* – An out-of-date spending policy that maintains a rate of spending which exceeds earnings will lead to invasion of **endowment capital**.
- *Establish a reserve fund* - a reserve fund that can manage operating expenses for many months, as dictated by governing body policy, is usually adequate to withstand the majority of capital market declines. A reserve fund can be created through an allocation from earnings in years when the invested portfolio exceeds target returns or by consistently allocating a small portion of capital gains. The source of the allocation to a reserve fund may be constrained in some countries by laws governing endowments or trusts that limit the spending of income.
- *Obtain some capital in the form of a sinking fund or revolving fund*– the ability to spend down a sinking fund (or project funding that acts as a sinking fund) or identify recurring revenue streams to meet distribution obligations can help maintain and even increase endowment capital.

- *Investigate ways to reduce investment expenses* – Investment managers may be required by their applicable laws and regulatory authorities to disclose all investment expenses. When this is not applicable, or not all investment expenses are required to be disclosed by law, as part of reporting requirements, **investment professionals** can be required to provide a report that completely discloses costs. The governing body or its committee responsible for investing can assess those costs and seek potential economies.

Strategies for new CTFs that are building up endowment capital can include:

- *Establish a sinking fund for use following the endowment's creation* - a sinking fund that allows endowment capital to grow for at least three years if the governing body would otherwise be forced to spend part of the capital during a period of market decline.
- *Begin investment of an endowment with a "phased allocation"* - investment that starts with an initial lower allocation to riskier assets (low risk tolerance) and moves to a long-term higher risk-tolerant allocation over a defined timeline. This approach can mitigate losses if capital markets decline in the initial years of investing.

Evidenced by:

Investment policy
Investment guidelines
Investment reports

Related to:

Governance Standards 4 and 6

ASSET MANAGEMENT

STANDARD 5

CTFs' governing bodies approve their investment policies, investment guidelines, the process and the outcome of selecting a financial consultant and/or investment manager(s), reports on investment, and financial consultant and/or asset manager performance.

Reason for the Standard:

Fiduciary responsibility is exercised collectively by the governing body members who ensure that they have or acquire the knowledge needed to exercise that responsibility. A CTF governing body may delegate responsibilities related to investing the CTF's assets to a committee of the governing body or **investment professionals**, but the governing body itself must have the final authority to review and approve the investment policy, investment guidelines, the process and the outcome of selecting a financial consultant and/or investment manager(s), and reports on investment and financial consultant and/or asset manager performance.

Practical Considerations:

Responsibilities of an investment committee are documented in a Terms of Reference approved by the governing body and may include drafting and updating the investment policy and investment guidelines, evaluating the candidates for **investment management consultant** and investment manager, and conducting detailed review, analysis and scrutiny of portfolio performance.

CTFs ensure, through a combination of the knowledge of their governing body (or its committee), staff, and paid advisors, that they have the capacity to (i) develop an investment policy that reflects the strategic goals of the CTF; (ii) translate the policy into investment guidelines; (iii) select managers to make investments; (iv) compare service provider contract conditions to arrive at the arrangement that is in their best interest; (v) evaluate the performance of the managers; (vi) select a risk measure for investment volatility and ensure

appropriate reporting; (vi) ensure that investment decisions and performance are consistent with the investment policy; and (vii) re-evaluate the investment policy in light of changes to the CTF strategy, the investment environment, or changing market condition and make revisions as appropriate.

Transfer of knowledge by an investment management consultant or investment manager to the CTF's governing body, investment committee, and senior staff is useful and can be incorporated into the process of preparing and reviewing the investment policy and guidelines and investment performance reports.

The CTF's governing body is intentional in its choice of the type of investment management services the CTF uses, whether an investment management consultant or investment manager(s), or in-house investment management.

Investment professionals such as an investment management consultant and investment manager(s) can be in a better position to advise CTFs on the management of, or manage, the assets of a CTF, due to their expertise, experience with financial markets, and the duty of care under which they are commonly required to act by law or regulations. If a CTF is carrying out its investment management in-house through its governing body or an investment or finance committee, the governing body manages potential conflicts of interest by undertaking yearly independent reviews.

Evidenced by:

Minutes of the governing body meetings
Terms of reference of investment or finance committee
Minutes of investment or finance committee meetings

Related to:

Governance Standards 3, 4, 6 and 7

ASSET MANAGEMENT

STANDARD 6

CTFs' governing bodies: (i) have at least one member who is a qualified professional with knowledge and experience in one or more of the fields of finance, business, or economics; and (ii) provide all members targeted training on the key concepts required to make informed investment management decisions.

Reason for the Standard:

A governing body member is individually responsible for exercising his/her fiduciary duty and would not be considered to have exercised that duty by relying solely on the judgment of others, even if the others are governing body directors with expertise. Individuals with expertise can help the governing body in its consideration of complex issues, but a minimum level of understanding is required from every governing body member in order for their fiduciary duty to be carried out appropriately.

Practical Considerations:

CTFs engage in knowledge sharing and learn from best practice examples of other CTFs through participation in the annual **Conservation Trust Investment Survey**.

Targeted training is delivered by a professional who is well-versed in the subject and experienced in the delivery of knowledge of institutional investing. Professionals who provide investment training are objective and unbiased so that they do not favor the products or market the approach of any one firm.

Evidenced by:

CVs of governing body members
Training related materials from presentations or seminars

Related to:

Governance Standards 3 and 6

ASSET MANAGEMENT

STANDARD 7

CTFs assess their existing investment capacity, identify what types of investment professionals they may require, and select these professionals through a competitive process and from among investment industry service providers of recognized quality.

Reason for the Standard:

The type of professional(s) that a CTF hires is a function of internal capacity, available resources, and investment goals. A competitive process is generally accepted as the way to obtain the highest quality services at the lowest price.

Practical Considerations:

The governing body is responsible for approving the selection process as well as the choice of investment professional.

The governing body, or its committee responsible for investing, may seek guidance from qualified **investment professionals** when preparing the selection documents, evaluating proposals, and entering into a contract for investment management services. A CTF may also seek guidance from other CTFs with similar goals and objectives when carrying out the selection process.

The type of investment professional(s) that the CTF hires will be a function of the skills, knowledge, and experience of the governing body members (or investment committee), the skills, knowledge, and experience of the staff, and the size and resources of the CTF.

Pooling of assets for investment purposes may bring benefits to smaller CTFs if the fees of investment professionals are thereby lowered and the CTFs can share each other's investment management expertise; in such cases each CTF still retains accountability for ensuring **compliance** with its own investment policy.

CTFs seek investment professionals with competencies and experience in investing for entities with needs similar to the CTF seeking the services, such as foundations or other nonprofits.

The competitive process used will depend on the location in which assets will be invested: (i) an international competitive search conducted for offshore investments in major financial markets; (ii) a national competitive search is conducted for investments in the country in which the CTF operates.

The existence of many candidate firms in the investment industry warrants use of a two-part process that initially qualifies a small number of firms and then requests the qualified firms to submit complete requests for proposals (RFPs).

The qualification process employs a request for a basic description of the firm and the services it can provide (individuals to be assigned, asset managers and investment styles to be employed, asset allocation process given the value of the CTF's capital, general investment review and reporting process). Clearly stating the investment goals of the CTF helps to ensure that the service provider assigns the portfolio to its most appropriate unit. Any factors of critical importance that the CTF would use to eliminate firms are stated at this point (e.g. language ability). The qualification process provides essential information in a short timeframe, allowing the field of firms to be narrowed efficiently without discouraging quality firms that would not otherwise want to incur the high cost of preparing a full RFP if they must compete with many other firms.

The full RFP provides candidate service providers with more detailed information on the CTF and the assets for which it is seeking management services as well as a copy of the current investment policy. The qualified firms will be requested to furnish (i) detailed information on the services to be offered and the individuals who will provide them; (ii) an asset allocation strategy; iii) a reaction to any issues that arise from the CTF's investment policy or contemplated change in investment practice; (iv) performance measurement practice (use of **benchmarks**, other performance measurement sources, report content and frequency); iv) cost structure and fees; (v) a model contract; and (vi) a description of how the provider will work with the governing body or investment committee. The proposal is supported with sample documents.

It is generally accepted as part of the selection process to include interviews with and presentations by the **investment management consultant** or **investment manager**(s) who will be responsible for managing the CTF's investments.

Fees are an important consideration in evaluating proposals of candidate investment professionals but are weighed carefully with the services offered and commitment to the investment goal.

Evidenced by:

Letter establishing qualifications to bid
Request for proposals
Report on evaluation of proposals
Contract(s)

Related to:

Governance Standard 6
Administrative Standard 8

ASSET MANAGEMENT

STANDARD 8

CTFs contract investment professionals by describing the services to be provided in a clear and comprehensive manner, the objectives of the services, the costs of delivering the services, and the responsibilities of both the service provider and the CTF.

Reason for the Standard:

A governing body must be entirely satisfied that the agreement(s) entered into for the management of assets fully support(s) the exercise of its fiduciary duty and that costs are in line with the services that will be provided.

Practical Considerations:

The governing body is responsible for signing the contract with the investment professional. The contract is reviewed by the CTF committee responsible for investment management which conveys its recommendations to the governing body.

Model contracts are requested from potential service providers as part of the Request for Proposal for investment services.

BOX 12 - KEY ELEMENTS OF AN INVESTMENT SERVICE PROVIDER CONTRACT

Whether the services are to provide advice or to execute transactions, contracts include, but are not limited to, the following:

- The exact services to be provided
- The type of arrangement (**discretionary** or non-discretionary)
- Services will be delivered in accordance with the objectives and parameters established by the investment guidelines
- Fees, expenses and/or commissions that will be charged
- Reporting arrangements (which reports, how often, availability of service provider to discuss the reports)
- Means CTF will use to convey instructions (in writing)
- Restrictions on services resulting from conflicts of interest
- Confidentiality of reports and other information related to the CTF
- Governing law and applicable regulations
- Right to terminate the services

A CTF reserves the right to terminate investment services for any reason and on short notice without penalty.

To ensure a smooth transition, contracts with **financial advisors** and **investment managers** state the arrangements for transfer of assets following service agreement termination.

Evidenced by:

Offer of service provider
Service provider contract
Minutes of governing body or investment committee that reviewed the service provider contract

Related to:

Governance Standard 6
Administrative Standard 8
Asset Management Standards 2 and 7

ASSET MANAGEMENT

STANDARD 9

CTFs engage in regular reviews of investment management performance.

Reason for the Standard:

The governing body or its committee responsible for overseeing investment must show evidence that they are engaged in regular periodic oversight of the management of the CTF's assets.

Practical Considerations:

The committee responsible for overseeing investment management undertakes a review of investment management performance at least quarterly and, in many cases, monthly.

The CTF normally engages its investment professional to provide the information for the review process.

Although the investment professional can be responsible for providing reports and information, the investment committee members still engage in a critical review to make sure all necessary information has been covered and that any changes required are authorized in order to maintain the desired standard of performance and reporting.

BOX 13 - ELEMENTS OF AN INVESTMENT PERFORMANCE REVIEW

1. Economic Briefing

- Commentary on key economic events
- Economic forecast from a reputable economist or investment firm
- A review of the quarterly and trailing annual total return of major investment markets and investment indices

2. Investment Account Overview

- Current balance of accounts
- Comment on major receipts or disbursements
- A review of the CTF's current asset allocation and distribution of investments among asset managers
- Standard deviation or volatility of returns from a defined reference investment or a historic average return in the investment category

3. Investment Performance Review

- Total return report - prior quarter, year-to date, three year and five year
- Comparison to primary benchmarks (risk adjusted) for each period

4. Investment Manager Review

- Performance review of investment accounts by manager
- Managers with exceptional performance: evaluate returns
- Managers with negative returns or under-performing benchmarks: evaluate returns
- Managers placed on "watch list" for potential replacement

5. Investment Allocation Review

- Statement of current asset allocation
- Comparison to the institution's current target allocation
- Discussion of recommended asset allocation and rationale for changes
- Review of specific transfers to be made to update the asset allocation to the desired balances

6. Investment Committee Executive Process

- Summary of key action points recommended by the Investment Professional
- Discussion with Investment Professional – question and answer period
- Investment Committee executive decision-making session
- Statement of authorization to take actions authorized by the Committee
- Schedule date for the next quarterly review meeting

7. Follow-up to Actions Authorized by the Investment Committee

- Actions authorized are provided in writing to the Investment Management Consultant or Investment Manager(s)
- Portfolio changes are made by the Investment Management Consultant and/or Investment Managers and written confirmation provided to the CTF
- A summary of the Quarterly Review process and all documented actions are recorded by the Investment Committee Secretary and distributed to all Investment Committee members prior to the next meeting

Performance of an investment management consultant, financial advisor or investment manager is closely monitored with **substantive performance reviews** no less than every five years or earlier if there is a need due to any of the following: consistent underperformance compared to a relative benchmark and/or target return, an unacceptable justification of poor results, significant qualitative changes to the investment management organization, failure to adhere to any aspect of the investment policy or investment guidelines which results in material negative consequences. A substantive performance review incorporates an:

- Organization Review: An examination of the capabilities of the individuals and the firm providing investment consulting or investment management.
  - Documentation Review: A review of documentation provided by the investment professional(s), including:
    a) quarterly summary reports
    b) economic information and advice
    c) investment performance reports
    d) investment manager searches, profiles and reviews (for the substantive review is of an investment management consultant)
    e) custodial reporting including cash flows
    f) investment policy adherence reports

  - Performance Review: A review of quarterly and annual performance for the past five years. This should compare performance after all fees are deducted against:
    a) the absolute percentage return target
    b) the relevant composite benchmark.

The substantive performance review can be performed internally or can be contracted to an independent consultant. The results are normally reported and discussed in detail with the committee of the governing body responsible for investment management. The outcome of the review will form the basis for the committee's recommendation to either renew the investment professional's contract or else to proceed with a new competitive selection process.

Evidenced by:

Agenda for each quarterly review meeting
Documents provided for each section of the review process
Summary of recommended actions to be taken as a result of the review
Record of confirmation that all actions authorized by the committee responsible for overseeing investment management were carried out

Related to:

Governance Standards 4 and 6

ASSET MANAGEMENT

STANDARD 10

CTFs recognize the importance of investing their assets in a manner consistent with their own missions and values, and implement an appropriate strategy to achieve that consistency.

Reason for this Standard:

Aligning a CTF's investment policy with its mission and values provides another means to increase impact, and can help mitigate investment, program, reputational and other risks.

Practical Considerations:

There are different strategies and approaches that a CTF can adopt to align its investments with its mission and values. Some strategies are shown in the box below.

BOX 14 - STRATEGIES OR APPROACHES THAT CTFS CAN CONSIDER FOR MISSION ALIGNMENT OF THEIR INVESTMENTS

1. Negative screening excludes certain companies or sectors whose practices or products are not consistent with the ethical standards or environmental or social mission of a CTF (e.g. companies that engage in deforestation, companies that use child-labor, companies that use unsustainable palm oil in their products).
2. Best-in-class (or positive) screening selects companies based on their performance, highlighting positive examples of biodiversity friendly products and socially responsible practices that further the CTF's mission and goals.
3. Norms-based screening may exclude companies from an investment if they fail to meet internationally accepted norms that are central to a CTF's mission, such as the UN Declaration of Human Rights, the UN Declaration on the Rights of Indigenous Peoples, or the conventions of the International Labour Organization (ILO).

BOX 14 - **STRATEGIES OR APPROACHES THAT CTFS CAN CONSIDER FOR MISSION ALIGNMENT OF THEIR INVESTMENTS** (CONTINUED)

4. **Environmental, Social and Governance (ESG)** integration focuses on the assessment of the structural integration of ESG factors that are aligned with a CTF's mission into investment decision making.
5. Sustainability themed investing has a broad meaning, which includes companies making social and environmental achievements in line with the CTF's mission and priorities. As most of the 3000 largest companies in the world report against the **Sustainable Development Goals** (SDGs), sustainability reporting has migrated to reporting in relation to specific measures of performance against these goals. This strategy may result in inclusion of financial products such as blue and green bonds, sukuk, microfinance, and other investments that fulfill progress on those SDGs that a CTF identifies as the most relevant for its mission and goals, such as #13 (climate change), #14 (life on land), and/or #15 (life in the sea).
6. **Impact investing** includes an explicit intention to produce a positive impact in line with the CTF's mission and priorities as well as produce a financial return; this requires impacts to be measured and reported against the intended **targets**.
7. Corporate engagement and shareholder action aim to push corporations to address environmental and social issues that are at the heart of a CTF's mission and goals, by exercising shareholder rights in the CTF's portfolio of investments.

Adapted from the Global Sustainable Investment Alliance

Sustainable, Responsible, and Impact Investing (SRI) is an umbrella term for approaches to mission-alignment in investment strategy. CTFs can advance their missions through **impact investment**, particularly in conservation-beneficial enterprises. Given the risk profile of most impact investments, CTFs would typically commit only a small portion of its investment portfolio to impact investing. A CTF can engage in impact investment through existing investment funds or through more direct investing in conservation enterprises; both approaches should be implemented through specialized investment professionals, and must consider the specific tax and legal requirements depending on where the CTF is legally based.

Program-related investments (PRI) are a specific type of impact investing in which the CTF may offer low-cost financing to potential grantees. These investments are expected to generate returns, but these may be below market returns. Typically, if the investment produces a beneficial conservation outcome, but a financial loss, the investment will be converted to a grant. PRI requires clear policies, and potential investments must be evaluated on both investment and programmatic criteria. The practical considerations for these strategies go beyond investment management considerations alone and are also linked to the practical considerations for initiating new programs, with special attention to the legal and regulatory framework in the country/ies where the CTF is legally established and where it proposes to invest.

When developing its investment policy, the CTF's governing body and finance or investment committee give thorough and careful consideration as to which mission alignment strategies or approaches would be the most appropriate for the CTF, and the mission-related investment criteria to be included in such alignment. Some CTFs may already have certain ESG or other mission-related investment criteria, or negative or positive asset lists, in their constituting documents, which in any case must be incorporated in the investment policy and investment guidelines. Other key considerations could include:

- What are the unique elements of the CTF's mission, objectives and values, specific to the CTF, that should be reflected in the investment policy? While it may be natural for members of the governing body to reflect on their own beliefs and values, it is important in making decisions about the CTF's investment policy to remain focused on and limited to that which aligns directly with the mission of the CTF.
- Has the CTF identified which SDGs align most closely with its mission and goals?
- Are there donor requirements that must be considered?
- Are there legal, tax, or regulatory requirements that must be considered?
- Does the CTF have, at that point in time, the capacity to effectively oversee and evaluate the results of the implementation of the selected approach and investment criteria by the **investment professionals**?
- If necessary, is the CTF willing to incur additional investment management fees to ensure that the selected mission alignment strategy and investment criteria are incorporated into its investment portfolio?

The results of the chosen mission alignment strategy and investment criteria are included in the CTF's investment policy and guidelines. These are also referenced in the contractual arrangements with the investment professionals retained by the CTF. An important consideration will also be to specify how the investment professionals will monitor and report to the CTF on the realization of the adopted mission alignment strategy and investment criteria in the investment portfolio, both in terms of the assets selected as well as their financial and investment criteria performance. In particular, the ESG or sustainability/SDG reporting methodology is to be agreed and understood from the beginning, between the CTF and its investment professional(s), as there may be important differences between index providers and rating agencies in this area. The information on the implementation of the mission alignment strategy and investment criteria in the investment policy and guidelines is also considered in the regular reviews of investment management performance.

Evidenced by:

Investment policy
Investment guidelines
Contract with investment professional(s)
Investment reports
Agenda and summary of quarterly review meetings

Related to:

Institutional Effectiveness Standard 1
Asset Management Standard 9

EXPANDED STANDARDS

RESOURCE MOBILIZATION

RESOURCE MOBILIZATION

STANDARD 1

CTFs have strategies to diversify, multiply, and increase their short-term and long-term sources of financing, so as not to depend on a single source or a single funding mechanism.

Reason for the Standard:

Diversifying funding sources can increase a CTF's independence from any one donor or other source of funding (such as a government agency or a private company), thus minimizing the risk of losing significant amounts of funding at one time. If all (or most) of a CTF's funding comes from a single donor, the CTF may become too closely associated in people's minds with that particular donor, thereby affecting the CTF's political legitimacy and its ability to influence national environmental policies or to serve as a convener of different stakeholder groups.

It is less likely that a set of different funding sources will all be simultaneously or gradually reduced than that a single funding source might be reduced or be used up, due to factors such as shifts in a particular donor's priorities, reductions in a donor's budget, or a decrease in a particular source of on-going revenue such as tourism fees, **payments for environmental services**, **biodiversity offsets**, **environmental compensation** payments or fines.

Practical Considerations

Finding, utilizing or creating additional new sources of funding for CTFs depends on each country's particular legal, political and economic system as well as the mission of the CTF. The findings from the 2020 Global CTF Survey indicate that the majority of funding to CTFs has come through the main funding mechanisms described below. While new short- and long-term funding mechanisms are surfacing, a number of the listed emerging funding mechanisms have been explored for some time to complement and diversify the mix of funding mechanisms for CTFs. As a whole, however, they are not yet living up to their full potential for generating higher levels of funding, and as such continue to be explored and redesigned.

BOX 15

Main Sources of Funding	Emerging Sources of Funding
- National or local government/s - International non-governmental organization/s - Bilateral cooperation - Multilateral cooperation - Family or private foundation (international)	- Private sector - National or local non-governmental organizations - Individuals
Main Funding Mechanisms	**Emerging Funding Mechanisms**
- Donations (to endowment funds) - Donations (to sinking funds) - Donations to fund specific programs or expenses - Unrestricted donations - Other grants - Debt conversion (specifically debt-for-nature swap) **- Flow-through funds**/grant administration for international funders and donors	- Payment for ecosystems services - Co-funding partnerships, in-kind support, and revolving funds with the private sector often linked to Corporate and Social Responsibility programs - Loan guarantees with the financial (banking) sector - Earmarked pollution taxes and environmental fees - Carbon offsets - Biodiversity offsets - Earmarked user/tourism fees and taxes - Water tariffs - Impact investments - Blended finance

Different types of resource mobilization may require different types of specialized expertise and experience. International conservation NGOs often provide expert advice and sometimes partner directly with a CTF for fundraising. It can also sometimes be cost-effective for CTFs to pay for the services of outside experts for certain types of resource mobilization.

CTF governing body members are often the most effective fundraisers for their CTFs through using their personal contacts in the private sector and the public sector. Fundraising is often one of the key responsibilities and key skills of CTF governing body members.

In order to attract contributions from individual or corporate donors outside the country where a CTF is legally established, some CTFs establish a legally separate charitable organization to raise funds for the CTF in countries where there are a

significant number of potential donors (which in the US is often called "Friends of…" organization). This is done to make it possible for individual and corporate donors to be eligible to claim a tax deduction for contributions to a CTF that is legally established under the laws of another country. Setting up such an organization usually requires the services of a specialized tax lawyer in the country where the charity to support the CTF is going to be established.

Another alternative in the US is to seek a determination from the Internal Revenue Service that a foreign-registered CTF is "equivalent" to a US tax-exempt charitable organization, for investment purposes. This also requires seeking advice and assistance from a tax law specialist.

Evidenced by:

Governing body minutes
Resource mobilization strategy/ plan
Correspondence with potential donors

Related to:

Governance Standard 3
Institutional Effectiveness Standards 1 & 7

RESOURCE MOBILIZATION

STANDARD 2

CTFs develop resource mobilization strategies and action plans to raise long-term capital as well as shorter-term funding for particular projects or programs.

Reason for the Standard:

A proactive, planned and methodical approach to resource mobilization is more likely to focus the attention and efforts of the CTF's governing body and chief executive on resource mobilization (and is more likely to result in successful resource mobilization).

Practical Considerations:

CTF Management is responsible for overseeing preparation of a resource mobilization plan or strategy and may use the services of professional fundraising consultants for this, as well as governing body members. A resource mobilization plan or strategy identifies who will be responsible for carrying out specific actions or activities.

CTFs allocate sufficient time and budgetary resources for achieving the financial targets set forth in the resource mobilization strategy or plan.

A CTF's resource mobilization strategy or plan is based on

- The results of **financial planning** that establishes resource mobilization targets.
- Identifying potential donors and funding sources, including those listed in Resource Mobilization Standard 1
- Aligning carefully with national government interests and ministries, particularly the Finance Ministry (that usually works with bilateral and multilateral donors) and the Environmental Ministry, to craft effective requests

- Researching potential donors' requirements, priorities and available budgets for the country (or region) where the CTF operates and for cross-cutting global themes such as tropical forest conservation, coastal and ocean conservation, sustainable development or climate change mitigation and adaptation
- Analyzing whether and how a CTF can be promoted as an attractive vehicle or mechanism for implementing a particular donor's, government agency's, or private sector company's strategic priorities and programs, or for complying with their own national environmental, sustainable development or climate action obligations (in the case of governments and private sector)
- Preparing a sufficient number of different financing proposals to submit to a sufficient number of different potential funders so as to make it likely that the CTF's funding needs or targets will be met, since a significant percentage of a CTF's proposals to funders may receive only partial or zero funding.

CTFs that prioritize resource mobilization early in their life cycle, when the CTF may be better capitalized, are in a better position to attract additional resources than if and when a CTF has few funds left.

A resource mobilization strategy or plan needs to be reviewed and updated every two to three years, in order to identify new potential financing sources and decide whether to stop pursuing others that have not produced tangible results.

Evidenced by:

Governing body minutes
Resource mobilization strategy or plan
CTF budget allocations for carrying out the strategy or plan

Related to:

Institutional Effectiveness Standard 1
Program Standard 12

RESOURCE MOBILIZATION

STANDARD 3

CTFs have policies to screen and determine which donor contributions and conditions they will accept.

Reason for the Standard:

CTFs may decide not to accept donations from companies that fail to meet environmental and social criteria, because this could damage the CTF's own reputation, undercut the CTF's mission, goals and programs, or deter other potential donors to the CTF. For the same reasons, CTFs may also decide not to accept large donations from individuals whose reputation is questionable or who do not meet "Know Your Client" and/or "**Anti-Money Laundering**" criteria. Finally, some donors set overhead rates so low that a CTF may decide they would hurt their institutional resiliency by accepting the funds.

Practical Considerations:

Screening principles can either be set forth in a separate document called a "Gift Acceptance Policy," which is approved by a CTF's governing body, or the principles can be included in a CTF's governing legal documents, bylaws, or operations manual.

Gift Acceptance Policies or gift screening principles often also specify the minimum size (or other features) of a grant or donation that would justify the establishment of a separate program account for a donor who requests this as a condition for making a donation to a CTF. This decision does not involve environmental or social criteria, but whether or not the extra funds are enough to justify the extra costs of administering such a separate account, and whether this may lead to a shift in the CTF's strategic focus. The key is being able to articulate the policy or rationale clearly to the prospective donor. Gift Acceptance Policies also clearly spell out who is authorized to accept contributions on behalf of the CTF, to avoid any confusion or misunderstandings.

There are operational implications of seeking contributions from individuals. Specifically, there can be significant **compliance** obligations (which entail significant transaction costs) for CTFs, such as the costs of direct correspondence with many small individual donors, provision of tax receipts to donors, and the demonstration that there is no **conflict of interest** with respect to accepting donations from different individuals. As more safeguards are included by donors in their contracts, the added costs of adopting and implementing them often require the CTF to weigh the administrative costs of the donation.

Evidenced by:

Gift acceptance policy or equivalent document (such as relevant sections of Operations Manual(s))

Related to:

Administrative Standard 6
Risk Management and Safeguards Standards 2 and 3

RESOURCE MOBILIZATION

STANDARD 4

CTFs analyze and pursue opportunities for using funds from particular donors or government sources to leverage additional resources.

Reason for the Standard:

Leveraging makes scarce resources go farther and ensures increased resources for mission purposes.

Practical Considerations:

Some international donors require that their contributions to a CTF's **endowment capital** must be *matched* either by contributions from other international donors, or by increased budgetary contributions or dedicated revenues (such as new earmarked fees and taxes) from the national government, based on a ratio that typically varies between 1:1 to 1:3. In some cases, CTFs also engage grantees in securing matching funds.

Matching fund requirements can be viewed as a challenge (i.e., to raise the required extra amounts) as well as an opportunity, because a CTF can try to convince other potential donors that their possible contributions will have a multiplier (i.e., leveraging) effect.

Many private charities in the US use fundraising "challenge campaigns" (e.g., offers by a particular donor to match each contribution by other donors) as a way to create stronger incentives for other donors to give.

Matching requirements can be used to provide an incentive for national governments to increase their budgets for protected areas.

Evidenced by:

Resource mobilization strategy/plan
Correspondence with (and proposals sent to) relevant government officials or donors

Related to:

Institutional Effectiveness Standards 2, 3 & 6
Resource Mobilization Standard 8

RESOURCE MOBILIZATION

STANDARD 5

CTFs analyze and explore opportunities to serve as financial intermediaries for donor programs, voluntary and mandatory cash flows, or other finance arrangements, to further the cause of environmental conservation and climate change adaptation and mitigation.

Reason for the Standard:

CTFs are well-positioned to manage funding streams for purposes aligned with the CTF mission, on behalf of governments, corporations and donors. This can include **payments for environmental services**, **biodiversity offsets**, environmental compensation, user/tourism fees, fines, and/or intermediating in other environmental markets such as voluntary and **compliance** carbon offsets and **REDD+** etc. These mechanisms are potentially a large source of additional funding for conserving biodiversity and sustainably managing natural ecosystems, and for engaging other actors within the government and civil society in the CTF's conservation efforts.

Practical Considerations:

Governing bodies and management identify and analyze potential new environmental financing mechanisms as part of the process of developing their resource mobilization strategy. The CTF's chief executive and governing body members, especially those with links to government and private sector, then promote the CTF as a possible manager, bridge player, or intermediary for the funds that will become available through these mechanisms.

CTF governing bodies and management carefully consider:

- how adding new programs based on "innovative," or not previously implemented, funding sources could either fit into, require expanding, or be inconsistent with, the purposes set forth in a CTF's governing legal documents
- whether certain specific cases of accepting new types of funding could damage a CTF's reputation (for example, if the positive impacts of a **biodiversity offset** turn out to be much less than the negative environmental impacts of a new development, which is something that can be quite complex and controversial to determine)
- the extent to which a CTF's current technical capacity and expertise is sufficient for carrying out its proposed new roles in managing or intermediating such funding sources, and the estimated costs and time needed by the CTF for building up new capacities that may be required (including recruiting new staff, and training current staff)
- whether it would be necessary to change certain laws and regulations, or obtain high level government approval, in order for a CTF to be able to play the role of a financial intermediary for the funding that foreign governments have committed to pay under international treaties for climate change, or that corporations and individuals are obligated to pay under national laws (such as user fees, fines, environmental taxes and compensation). Unlike voluntary contributions, such mandatory payments might be considered by some countries to be public revenues (i.e., belonging to the government), and therefore special new laws might need to be enacted in order to allow a legally independent civil society organization (i.e., the CTF) to receive and disburse such funds.

Evidenced by:

Resource mobilization strategy/plan
Communications with the government, private sector, donors or other potential parties involved in the financing mechanisms.
Feasibility and legal analysis for implementation of new financing mechanisms.

Related to:

Institutional Effectiveness Standards 2, 3 & 6
Program Standard 12

RESOURCE MOBILIZATION

STANDARD 6

CTFs seek the support of national government ministries, politicians and international donors to mobilize additional financial resources for the CTF and aligned strategic programs.

Reason for the Standard:

Many international donor agencies regard contributions to CTFs as part of their annual development assistance budget for a particular country or region, and therefore it may be important for the government(s) of the recipient country (or countries) to affirm that the government(s) want(s) the international donor agency to contribute to the CTF, and consider(s) this to be a politically high priority in the government's national (sustainable) development strategy.

CTFs align with national government policy not just to obtain national and international government funding, but also because they want to support national programs, and the **compliance** of national governments with their internationally acquired obligations, as part of their mission. This is often found in a CTF's governing documents.

Practical Considerations:

Some of the most successful examples of resource mobilization by CTFs have involved requests made by a country's President or Prime Minister for international donors to contribute to the CTF. Some donor agencies require that requests for contributions to a CTF must be officially endorsed by a country's government.

Several global environmental conventions require any local projects to be consistent with the national level programs and strategies.

For a CTF to become accredited with a multilateral financing mechanism such as the Green Climate Fund or Global Environment Facility, it must demonstrate

alignment with government defined priorities and receive government endorsement to support the **accreditation** steps. In turn, this accreditation allows CTFs to become fund recipients and assist the government with readiness and preparedness and/or development of national strategies to enable the implementation of projects with funding from these financing mechanisms.

Evidenced by:

Resource mobilization strategy/plan
Correspondence with (and proposals sent to) relevant government officials

Related to:

Institutional Effectiveness Standards 2, 3 & 6

RESOURCE MOBILIZATION

STANDARD 7

CTFs commit to using specific formats, provide requested information, and comply with the procedures and timing for technical and financial reports through signed agreements, such as those between CTFs and their donors.

Reason for the Standard:

Clarity in agreements on the form and substance of information the CTF must provide can prevent unnecessary delays and expense created by misunderstandings, as well as allow a CTF to mirror those requirements, where applicable, in the grant contracts.

Practical Considerations:

As far as possible, CTFs and donors try to harmonize reporting requirements as this leads to greater efficiencies and reduced costs for CTFs.

The Paris Declaration on Aid Effectiveness (signed by almost all major bilateral and multilateral donors) commits international aid donors to "harmonize their monitoring and reporting requirements, and…with partner countries to the maximum extent possible on joint formats for periodic reporting." However, donors may still insist that CTFs use separate reporting systems with particular formats that allow the donors to show their governments and public constituents how aid contributions were used. This can increase a CTF's administrative expenses and be a source of inefficiency. The CTF governing bodies can use the efficiency case to engage donors early in an attempt to harmonize reporting formats.

Evidenced by:

Minutes of negotiations
Donor agreements

Related to:

Governance Standard 9
Institutional Effectiveness Standard 8
Program Standard 6
Administrative Standard 6

Cross-cutting theme:

Communications
Monitoring and Evaluation

RESOURCE MOBILIZATION

STANDARD 8

CTFs encourage cost-sharing arrangements through which grantees contribute a portion of the project or activity cost or raise funding from others.

Reason for the Standard:

Agreeing to provide a portion of the costs indicates commitment by the grantee and allows a CTF's limited financing to leverage more projects or activities, with the possibility of greater impact.

Practical Considerations:

The governing body approves guidelines on **cost-sharing** as part of the manual covering grant-making. The chief executive or appropriate manager ensures the guidelines are applied and justifies any special cases at the time the grant program is considered for approval.

Grants at community level or to small NGOs often allow in kind contributions.

When grantees are protected areas, cost-sharing may include contributions from the government budget, park fees and other revenues. CTFs seek agreements that government contributions to the operating costs of protected areas will be at least maintained, but ideally will increase, in protected areas supported by the CTF.

Payment of cost-sharing commitments may be structured as conditions precedent to grant disbursements to ensure critical funds are available when needed.

Cost-sharing commitments are monitored as part of project or activity implementation and taken into account when evaluating grantee performance.

Evidenced by:

Operations or other manual covering grant-making
Approved grant proposals
Grant contracts
Project or grantee accounts
Grantee progress reports

Related to:

Program Standards 7 and 8

Cross-cutting Theme:

Monitoring & Evaluation

RESOURCE MOBILIZATION

STANDARD 9

CTFs effectively communicate their role, providing long-term financial support to advance critical global and national social and environmental goals, to potential donors and partners.

Reason for the Standard:

In many cases, international donors and national governments view CTFs primarily as a long-term sustainable financing mechanism for supporting a national protected area system (or particular protected area(s)), and/or to help the government meet their commitments to international conventions such as the Sustainable Development Goals, the Paris Agreement on Climate Change, or the Aichi Biodiversity targets. For purposes of resource mobilization, it is often useful or necessary to show potential donors, national governments and other partners the role that a CTF plays (or could play) in filling financial gaps of what is needed to fully manage specific protected areas, the protected area system (including activities in "buffer zones"), and/or support advances in meeting other globally important goals.

Even in cases where donors only (or primarily) wish to support the conservation activities of non-governmental organizations, these activities are often linked to supporting protected areas (e.g. by providing local communities with sustainable livelihoods that relieve human pressures on protected areas), or to national environmental and sustainable development strategies, or to climate action (e.g. by providing nature based solutions for climate change mitigation and adaptation).

Practical Considerations:

A CTF's communications strategy can focus on the connection between the CTF's strategic plan and the need for additional funding to fulfill important national and global social and environmental goals. For example, some CTFs use existing tools, such as UNDP's Financial Scorecard for National Systems of Protected

Areas, to analyze the financial gaps of protected areas and the potential or current role of CTFs in filling those gaps. Similarly, tracking the Sustainable Development Goals or biodiversity conservation targets and referring to CTFs' contributions to specific goals or targets ties into both national and international funding priorities. A CTF's Monitoring and Evaluation activities (or program), linked to key communications messages, can provide an evidence-based case demonstrating the CTF's cross-cutting conservation impacts to potential donors and to the national government.

As more CTFs engage in **blended finance** structures and encourage greater **private sector engagement** using rigorous financial models to show the gap needed to fulfill social and environmental goals, communicating this additionality is key. Similarly, communications materials that highlight how CTFs help local businesses that are investing in sustainable activities develop stronger business models, can help attract impact investments.

Regular exchanges and information sharing with donors outside the fundraising cycle using communication tools such as newsletters, annual reports and participation in international events and conferences allows donors to remain current with CTF achievements.

Evidenced by:

CTF budgets and protected areas budgets
UNDP Financial Scorecard
Strategic and financial plans
CTF fund level metrics or indicators
Annual report

Related to:

Institutional Effectiveness Standards 1, 4, 6, 7 and 8

Cross-cutting themes:

Communications and Monitoring & Evaluation

EXPANDED STANDARDS

RISK MANAGEMENT AND SAFEGUARDS

RISK MANAGEMENT AND SAFEGUARDS

STANDARD 1

CTFs develop risk management policies and procedures to reliably achieve their objectives, manage uncertainty, address grievances, and act with integrity.

Reason for the Standard:

Risks may be specific to the CTF as an institution or to the programs that it administers. While the ultimate risk may be to the reputation of the institution, program risks are more often focused on the environmental and social risks and impacts in field implementation. Donor requirements can address both the institution and the project, but most often they are concerned with their project investment. CTFs will not realize their objectives and may face a loss in reputation if they have not built the institutional capacity to set and implement policies and procedures to assess and manage risks. This includes reviewing and applying the specific safeguards needed in each project.

Practical Considerations:

CTFs, like most organizations, face risks in all aspects of their work from investments, currency exchange rates, legal challenges from human resource complaints, to project impacts on local people and ecoregions. The primary response is to ensure the CTF is in full **compliance** with all applicable laws and regulations. Clear policies and careful contracts as discussed in many of these Practice Standards also lower the chances of misunderstandings and risk. Another aspect of **risk management** is legal and insurance coverage. The availability of coverage varies between nations but can include things like Directors and Officers (D&O) insurance, general liability insurance, property insurance, and auto insurance. Additionally, CTFs may incorporate **hold-harmless clauses** in certain contracts.

A generally useful approach is to have a formal annual process to identify risks, evaluate their likelihood and potential **impact**, determine appropriate action, assign responsibility and a timeline, monitor status, and capture the above decisions in a risk register.

CTFs – and by extension grantees and other beneficiaries – can designate risk categories to the projects they support, or implement, based on the potential level of adverse environmental or social impacts. Projects can be categorized as having minimal to no social or environmental impact; projects that require mitigation and active attention to address issues; and projects that may require higher level of management or governing body approval due to their sensitivity or magnitude. CTFs assess the sensitivity of different projects reviewing factors such as: political issues; type of donor; high press coverage; impacts on Indigenous peoples; the potential for involuntary resettlement; and trade-offs such as minimizing the negative biodiversity impacts of large infrastructure projects through **environmental compensation** or **biodiversity offsets**. The risk level can then determine a proportional response with regard to the level of effort needed to implement a select set of safeguards.

One tool for responsive management of risks in field projects is to have an established grievance procedure. Grievance redress mechanisms are usually included in administrative procedures within the CTF management. Additionally, larger well-capitalized organizations may have actual Independent Accountability Mechanisms (IAMs), the major difference being the independence from management to report findings and recommendations directly to the governing body. These organizations, however, invest in larger riskier projects than do most CTFs. Both IAMs and grievance mechanisms share generally common procedures which can include:

1) Proactive Disclosure: The availability of the procedure is announced and discussed in appropriate written or oral media. This can be extended to Indigenous languages in areas where Indigenous peoples are affected.
2) Reception and Registration: Grievances may be presented orally or in writing to any member of the team and can be registered in a standard format indicating the nature of the complaint and the objectives of the offended party. A protection from possible reprisals must be assured.
3) Research and Findings: Once a grievance has been filed, it is assigned to a member of management (not the person who is the object of the complaint) who can ascertain the facts of the case. Care is taken to avoid bias or favoritism.
4) Delivery of Recommendations: The normal period for assessment is established, normally about 2 – 4 weeks unless prevented by specific circumstances; the results are delivered in writing to the offended party.
5) Appeals: Offended parties have the right of appeal. Typically, this would involve bringing a respected figure from outside the project to assist in the review of the case.[2]
6) Review: There is a periodic management review of grievances to determine whether policy changes need to be made.

Since grievance procedures could have legal implications for the CTFs and their partners and stakeholders, they are prepared with care and often reviewed by a legal specialist.

Finally, many CTFs develop a **business continuity plan** that encompasses how the CTF will function, and recover, in the event of a catastrophic natural or man-made disaster. These plans provide clear information on the chain of command, including who can do what in the event the chief executive or governing body chair is unavailable or incapacitated. They also address how key information technology functions will perform when many staff are offsite, backups are needed, bills need to be paid, and staff and governing body members need to communicate among themselves and with other key stakeholders.

2 Third party facilitation or mediation is common to IAMs under their Dispute Resolution track. There is also a Compliance track which can be selected by the offended party to review the organizations adherence to its own safeguards or policies.

Evidenced by:

List of risk management policies and procedures
Grievance policy and procedure
Whistleblower policy
Insurance coverage
Risk register

Related to:

Governance Standard 3, 4 & 7
Institutional Effectiveness Standard 1
Program Standards 4, 6 & 7
Administrative Standard 1, 2 and 7
Asset Management Standard 1& 3

RISK MANAGEMENT AND SAFEGUARDS

STANDARD 2

CTFs adopt and/or adapt recognized national and international environmental and social safeguards and policies.

Reason for the Standard:

Environmental and Social Safeguards and policies are designed to prevent and mitigate undue harm to people and their environment as the projects that CTFs finance unfold. During the project design process, safeguards help assess the possible environmental and social risks associated with project interventions. During project implementation, safeguards help define measures and processes to effectively manage risks and enhance positive **impacts**. Donors and governments often condition donations to the adoption of specific safeguards and policies.

Practical Considerations:

Many multilateral organizations had long-standing policies – such as gender mainstreaming – prior to establishing environmental and social safeguards. Thus, to help mitigate risks, the terms safeguards and policies are often used somewhat interchangeably.

Donors and governments can sometimes require the CTFs to adopt specific safeguards or policies such those for **Anti-Money Laundering** (AML). This is particularly true when a CTF becomes accredited as an implementing entity for a multi-donor climate fund or the equivalent (e.g. Global Climate Fund, Adaptation Fund, Global Environment Facility).

Environmental and social safeguards and policies can be expensive and time consuming and often require entire systems to implement (e.g. screening tools, staff, resources, monitoring protocols, reporting frameworks, grievance mechanisms). Fully implementing all safeguards in all projects can be overwhelming and too expensive for many CTF and grantees. Therefore, CTFs can explore ways to reduce the costs or the scope of the CTF **risk management** mechanisms. For instance, projects can be screened for plausible impacts and designated risk categories to apply the safeguards/policies differently according to rank. Oftentimes CTFs will decide to implement certain safeguards only in projects over a certain size such as US$1million. Donor agreements often establish these limits.

Another way to reduce the scope of the safeguards is to be selective in their adoption. Between environmental and social safeguards and related organizational policies, the list of topics can be quite extensive. By way of illustration, the table below provides a rather lengthy list of safeguards or policy themes adopted by different CTFs:

BOX 16 - ILLUSTRATIVE EXAMPLES OF SAFEGUARD OR POLICY CONSIDERATIONS

Environment	*Social*	*Institutional or Process Topics*
- Pollution Prevention and Abatement	- Consultation and Stakeholder Engagement	**- Anti-Money Laundering** (AML)
- Hazardous Waste/Material	- Labor and Working Conditions	- Anti-corruption/Anti-Bribery Laws
- Resource Efficiency	**- Gender Mainstreaming**	**- Countering the Financing of Terrorism** (CTF)
- Biodiversity, Natural Habitat	- Community Health and Safety	- Know Your Client (KYC)
- Natural Disaster	- Guards/Security Personnel	- Information Disclosure
- Environmental Assessments (EIA, ESIA)	- Social Assessment (ESIA, SIA)	- Financial Intermediary Oversight
- Climate change (including greenhouse gases)	- Cultural Heritage	- E&S Performance Reporting by Grantee
-Transboundary	- Vulnerable groups	- Grievance Mechanism (internal)
- Pest Management (particularly important for invasive species)	**- Free, Prior and Informed Consent** with Indigenous Peoples	
	- Involuntary resettlement (physical displacement)	
	- Economic displacement (including loss of use of resources/land)	
	- Maintaining Physical and Cultural resources to protect historic sites, archaeological sites, graveyards, and sites that have significant cultural value.	

When safeguards and policies are adopted by the CTF and integrated into project designs, they can be an important opportunity for stakeholder engagement, enhancing the quality of project proposals and increasing local ownership.

Evidenced by:

Lists and descriptions of safeguards
Operations manual(s)
Contracts with donors
Strategic plan

Related to:

Institutional Effectiveness Standard 1
Resource Mobilization Standard 3

RISK MANAGEMENT AND SAFEGUARDS

STANDARD 3

When accepting funding, CTFs assume responsibility for creating policies and procedures to meet all donor required standards and safeguards and apply them to the donor-financed projects.

Reason for the Standard:

Donors increasingly include risk management and environmental and social safeguard requirements into their contractual agreements. CTFs need to build the institutional capacity to adopt policies and procedures on risk management and **environmental and social safeguards**, to successfully meet the donors' requirements. This could be done either through demonstrating that the CTF already has the relevant policies and procedures in place, by strengthening any areas which are not yet meeting donor requirements, and by strengthening grantees capacity to meet the standards. Once a CTF governance body assesses the costs and benefits of accepting the suite of safeguards required by a donor, full **compliance** is then essential for a CTF's reputation and future funding.

Practical Considerations:

CTFs review the donor requirements, prior to accepting funding, to ensure that the management expenses and additional time required for safeguard implementation can be met. CTFs put in place policies and risk-assessment procedures that specify the criteria and circumstances under which full assessments are conducted to ensure safeguards can be appropriately implemented.

Compliance with local and national legislation with regard to **Environmental and Social Impact Assessment** (ESIA) is often included in both the CTFs standards and repeated in donor requirements.

Donors are clear about their standards so CTFs review donor requirements for safeguards, risk management and institutional transparency prior to accepting funds. High bars are set for CTFs who wish to become accredited with different global agencies. While CTFs describe the process as lengthy and expensive, successful CTFs all acknowledge that their institutional capacity is stronger for having developed an Environmental and Social Management Framework.

Many CTFs keep separate operations manuals to cover compliance for different donors. However, with maturity, they strive to put in the highest standards and safeguards across all Program Accounts, thus having one institutional manual and approach. As an example of adopting high standards, policies, and safeguards, the list below includes some of the requirements to be accredited as a GEF Project Agency:

BOX 17 - GEF REQUIREMENTS FOR ACCREDITATION AS A PROJECT AGENCY[3]

Project Criteria	a) Procurement Processes b) Monitoring and Project-at-Risk Systems c) Evaluation Function.
Governance Framework or Institutional Criteria	a) External Financial Audit b) Financial Management and Control Frameworks c) Financial Disclosure d) Codes of Ethics e) Internal Audit f) Investigations function for allegations of fraudulent and corrupt practices g) Hotline & Whistleblower Protection
Environmental and Social Safeguard and Gender Mainstreaming Criteria	a) Environmental Assessment that includes policies around: Maintaining Natural Habitat, Involuntary Resettlement, Indigenous Peoples, b) Pest Management, c) Physical Cultural Resources, d) Safety of Dams e) Gender Mainstreaming

3 Draft Procedures Manual for the Accreditation of GEF Project Agencies. GEF Council Meeting May, 2011. Agenda Item 15.

The cost of implementing safeguards can be substantial. Many CTFs are careful to not commit to all the safeguards unless the size of the grant can cover the time and resources needed.

Evidenced by:

Risk management procedures
Contracts with donors
Strategic plan

Related to:

Program Standard 2
Resource Mobilization Standards 3 & 5

RISK MANAGEMENT AND SAFEGUARDS

STANDARD 4

CTFs adopt a gender mainstreaming policy to promote gender equality in all operations.

Reason for the Standard:

Environmental programs and policies will be far more successful if they respond to the needs of both men and women and recognize that different genders have the ability to influence in, participate in, and benefit from CTF actions. Effective **gender mainstreaming** reduces or eliminates inequality by ensuring that women's concerns, and solutions to the barriers they face, are incorporated in the design, implementation, and monitoring and evaluation of programs, as well as in the operation of the CTF itself.

Practical Considerations:

Governments, donors, and most civil society organizations recognize that promoting gender equality and women's empowerment are integral to environmental sustainability and the Sustainable Development Goals. More systematic inclusion of gender aspects in projects can create positive synergies between conservation **impact** and greater gender equality. Thus, gender mainstreaming is a policy and strategy deployed by many CTF donors and a requirement for accreditation with many agencies.

Incorporating a gender perspective in the selection of projects entails the adoption of

1) A gender analysis that: a) identifies and describes the different roles and responsibilities of men and women; b) assesses the different implications that actions have for men and women; c) describes the political context and how policies, customary practices and social norms affect men and women; and d) analyzes the risks and opportunities to address gender gaps and promote the empowerment of women

2) Gender-responsive measures to address differences, identified impacts and risks, and opportunities through a gender action plan or equivalent that considers men and women's needs and priorities and ensures women's participation in planning and decision-making
3) Results frameworks or logic models that include gender-sensitive **indicators** and sex-disaggregated targets.

CTF projects that effectively mainstream gender ensure that financed activities do not exacerbate existing gender-based inequalities and include program aspects such as:

- Improving women's access, use, and control of resources, including land, water, forest, and fisheries
- Increasing women's participation and role in natural resources decision-making processes, enabling women as agents of change at all levels
- Targeting women as specific beneficiaries and creating opportunities from sustainable livelihoods and income-generation opportunities such as conservation, rehabilitation, and restoration actions that take into account women's time demands
- Investing in women's skills and capacity by supporting capacity development of different groups, including communities and women's organizations
- Building the capacity of partners on gender mainstreaming.

A gender mainstreaming policy ensures the CTFs consider the promotion of gender equality in all their operations, including in the programs and projects they fund and in their own governance and operations. Some CTFs report that integrating gender mainstreaming precipitated a process of organizational change as gender mainstreaming must be institutionalized through concrete steps, mechanisms, and processes in all parts of the organization. Consciously addressing opportunities to ensure equal access, opportunities to participate, and benefits, can lead to changes in the composition of governing bodies and committees, hiring and human resources policies, decision making processes, and program design and implementation throughout the CTF. Several CTFs that developed a gender mainstreaming policy have also invested in training their staff to implement it.

Evidenced by:

Gender mainstreaming policy
Gender analysis tool
Sex-disaggregated data and gender-sensitive indicators requirements in project templates.

Related to:

Governance Standards 2 and 9
Institutional Effectiveness Standards 1 and 4
Program Standards 1, 6, 7 & 8

Cross-cutting theme:

Monitoring and Evaluation

RISK MANAGEMENT AND SAFEGUARDS

STANDARD 5

CTFs set clear roles and accountability for risk oversight and safeguard implementation.

Reason for the Standard:

CTFs are exposed to a wide range of risks (e.g. investment risks, information security risks, project implementation risks). Ensuring staff are fully aware of the processes for minimizing risk is key. Assigning accountability for risk management propels risk discussions into all project reviews, governance decisions, and job descriptions.

Practical Considerations:

Potential for risk can be managed at different levels throughout the CTF; however, usually the governing body provides oversight of the risk strategy and governs management in achieving business strategy and objectives, and often sets an ethics policy or a set of organizational values. The governing body sees risk analysis and management as a primary responsibility, reviewing significant risks, effectiveness of risk treatment, and defining the risk appetite for the CTF.

The chief executive is generally responsible for risk management and reporting and delegates responsibility to other members of the management team, through job descriptions and annual objectives. A clear chain of command is also included in a **Business Continuity Plan** in case of an emergency or if leadership is unavailable.

In addition, risk can be assessed by CTFs with an Internal Audit function, and by all project managers responsible for carrying out safeguards. The International Financial Reporting Standards, which are used by external auditors, also require a review of financial risks such as liabilities, foreign exchange rates, and borrowing costs.

In addition to signing **conflict of interest** or ethics statements, staff members need to know how to act in the event of real or potential conflicts of interest. In many CTFs, where staff members or consultants have a real or potential conflict of interest, they immediately notify their supervisor and Human Resources Director, and follow ethics guidance to develop a course of action to mitigate the conflict or remove themselves from related decision-making. Safeguards are implemented by CTF staff and Program Account managers in accordance with Operating procedures.

CTFs that have been accredited as agencies of global funds need to have an ethics training annually for the whole staff and the declaration that they know the Ethics Code.

Evidenced by:

Chief executive job description
Governing body description
Operations manual(s) (and/or human resources manual)

Related to:

Governance Standard 7
Institutional Effectiveness Standard 1
Administration Standards 2 & 11

Cross-cutting theme:

Human Resources

RISK MANAGEMENT AND SAFEGUARDS

STANDARD 6

CTFs set policies to protect the safety and well-being of staff members and provide safe working conditions.

Reason for the Standard:

Many parts of the world where CTFs operate are dangerous, further compounded by the isolation of working in rural wilderness areas. Accidents can happen or staff/partners could be threatened by robbery, assault, or kidnapping. Tragically, environmentalists have been targeted for their work in some areas. This standard largely addresses institutional risk.

Practical Considerations:

Some CTFs have mapped out the probability of different risks in geographies that the CTF is investing in. They then designate areas of low risk, medium risk, high risk, and critical risk. Appropriate preventative measures are then put in place such as required cell phone coverage, not travelling alone, not travelling at night, and prohibiting staff from entering critical risk areas. Concern for grantees is expressed through CTFs' policies, safeguards and grant agreements, but CTFs often share – and receive – advice about local conditions from grantees and other partners to help minimize risks.

In addition to field work concerns, many CTFs have written procedures to ensure staff have appropriate tools (chairs/desks, clean air, secure offices) that promote workplace security and limit occupational hazards in an office setting. This can include limits on the weight of objects staff are expected to carry, security doors, lights and cameras, and in some areas even night watchmen or guards so staff feel secure at work.

Evidenced by:

Human resources manual
Risk management procedures
Map indicating risk levels in CTF program geographies.
Life and health insurance policies for staff.

Related to:

Administrative Standards 1, 2 and 7

Cross-cutting theme:

Human Resources

RISK MANAGEMENT AND SAFEGUARDS

STANDARD 7

CTFs have a policy to protect whistleblowers.

Reason for the Standard:

Having a defined procedure to report suspicions about potential wrongdoings within the CTF, or related to a CTF's program, increases the chances for the governing body or senior management to be informed and address any wrongdoings swiftly. One of the key elements of this procedure is protecting staff who file these reports, as well as defining a person within the CTF who will handle them. Organizations that deal with large amounts of funding have to be aware that illegal or unethical behavior is always a possibility and will have serious repercussions. CTFs that apply multiple tools, including protecting whistleblowers, limit the opportunities and potential for misconduct. This standard largely addresses institutional risk.

Practical Considerations:

Informants within a CTF who are aware of potentially illegal or unethical behavior need to have a way to report that information without retribution from supervisors. A whistleblower policy provides all persons covered by the policy the opportunity to raise concerns about any potential malpractice. CTFs strengthen the culture of the organization to be one of openness and to address concerns as part of a staff member's duty to the organization. Whistleblower anonymity should be an available option and if the governance body is implicated, an Ethics Committee is sometimes a viable option.

Whistleblowing must be for the organizational best interest and not due to personal grievances. Most whistleblowing cases are of staff members reporting potential:

- Criminal offenses such as fraud or financial impropriety
- Failure to comply with a legal obligation
- Endangering the health and safety of another person
- Damage to the environment
- Cover ups of any of the above

The whistleblowing policy, and CTF leadership, seek to remove the fear of reprisal from the staff member and to provide clear indications that action will be taken if malpractice is found. The policy states that an employee will not be terminated, transferred, demoted, lose pay or receive any other form of retaliation for whistleblowing. Generally, this also requires maintaining the confidentiality of the whistleblower to the extent possible. A feedback process is also put in place to inform the whistleblower of any follow up actions and timetables. By providing an opportunity for all staff to feel supported in resolving wrongdoings quickly, the CTF can act promptly and potentially handle the matter internally rather than having it become externally visible.

In some cases, CTFs also provide a "Suggestions" box (locked) for staff to put in suggestions (digitally or in writing) if they are not confident enough to personally talk with a more senior member of management. While these anonymous notes make it more difficult for the organization to do follow up questions, they often point out areas for greater management attention.

Evidenced by:
Operations manual(s)
Whistleblowing policy
Anonymous suggestions box

Related to:
Administrative Standards 1 and 7

Cross-cutting theme:
Human Resources

ANNEX 1

PRIORITIZING PRACTICE STANDARDS AT DIFFERENT STAGES OF CTF EVOLUTION

Ideally CTFs will strive to implement all of the Practice Standards; however, resource limitations, time, and experience will lead to prioritizing some standards over others at different stages of CTF evolution and to fit individual CTF needs. While by necessity somewhat subjective, for the purpose of this analysis the authors have used the following categorization of five stages in a CTF's evolution. This does not track directly with asset size as some relatively small CTFs may be effective national institutions with a multi-decade history while other CTFs with substantial assets are early in the operational phase.

Five Stages in CTF Evolution
(adapted from Yabanex Batista)

1	Pre-registration	The period of design and legal incorporation
2	Start-up	Initial capitalization and staffing
3	Operational	Grant making, clear operating procedures, and increased resource mobilization and asset management
4	Institutional	Sophisticated asset management, multiple finance mechanisms, possible accreditation with multilateral institutions and program investments beyond grant making.
5	Termination	Final spend down of time-limited program accounts or forced closure due to financial challenges or changing institutional accords.

At each of these different levels of evolution CTFs will find some standards have more immediacy than others. Some CTFs will be able to invest in standardizing more procedures and systems during their start up and early operational phases while other CTFs may have to prioritize different standards to meet donor expectations in any given period. There will also be different levels of sophistication at different stages of evolution. As an example, we will use Administrative Standard 10: *CTFs select and track the information technology they adopt to ensure secure and standardized operations*. As remote work becomes ever more mainstreamed, it is highly probable that even early start-ups will need to make some calculated investments. They may choose videocall systems that satisfy their privacy concerns and buy commonly used software licenses for easy sharing. By contrast institutional CTFs may have their own secure firewalls, file-sharing systems, and/or communication systems/platforms. CTFs can track their level of effectiveness applying the standards over time (see Annex 2). With additional resources and experience, CTFs can be expected to adopt an ever-greater number of the Practice Standards.

The exception is when CTFs prepare for closure, as with CTFs established as time-limited organizations to manage specific Program Accounts. In these cases, effective management of the CTF's closure includes preparing donor reports, a final external audit, asset and equipment distribution, and appropriate termination of all leases, contracts, and staff compensation. Ideally, CTFs also use this time to bolster grantees' capacity to continue their projects without CTF funding. This is a particularly difficult period that requires a high degree of governance vigilance and strong adherence to a subset of critical standards.

The following tool, *Prioritizing Practice Standards at Different Stages of CTF Evolution,* is a very general characterization of which Practice Standards can be most essential at different stages of CTF evolution, recognizing that prioritized standards will change with the specific needs and opportunities of each CTF.

Prioritizing Practice Standards at Different Stages of CTF Evolution

Governance

2020 Governance Standards	Evolutionary stages of a CTF				
	Pre-registration	Start-up	Operational	Institutional	Termination
Governance Standard 1: Governing documents clearly define the purposes for which a Conservation Trust Fund's or a Program Account's assets may be used.	X	X	X	X	X
Governance Standard 2: Governing documents clearly define the composition, powers and responsibilities of the governing body (or bodies). A governing body's composition is designed so that its members will have a high level of independence and stakeholder representation.	X	X	X	X	X
Governance Standard 3: Governing body members are selected or appointed based on their competencies and commitment to contribute meaningfully to the CTF's (or Program Account's) overall mission and responsibilities.	X	X	X	X	X
Governance Standard 4: Specialized committees are established by governing bodies to provide advice and to perform certain functions of the CTF or Program Account more effectively and efficiently.		X	X	X	X
Governance Standard 5: A governing body has at least three meetings per year and maintains accurate written records of all meetings and decisions.	X	X	X	X	X
Governance Standard 6: Governing body members understand their fiduciary responsibilities and ensure they have (or acquire) the competence necessary to carry them out.	X	X	X	X	X
Governance Standard 7: CTFs establish effective conflict of interest policies to identify, avoid, and manage potential and actual conflicts of interest and reduce exposure to favoritism and reputational risk.	X	X	X	X	X
Governance Standard 8: The governing body recruits and oversees a full-time chief executive, and as needed, Program Account managers.		X	X	X	X

Governance (continued)

2020 Governance Standards	**Evolutionary stages of a CTF**				
	Pre-registration	Start-up	Operational	Institutional	Termination
Governance Standard 9: CTFs keep a "compliance list" to monitor and ensure full compliance with all applicable laws and regulations, their own governing documents, and all legal agreements between a CTF and its donors.		X	X	X	X
Governance Standard 10: CTFs are established under the laws of a country that effectively ensures a CTF's independence from government, has clear and well enforced laws concerning private non-governmental organizations (including foundations or trusts), and does not subject a CTF to paying substantial taxes.	X	X	X	X	X

Prioritizing Practice Standards at Different Stages of CTF Evolution

Insitutional Effectiveness

2020 Institutional Effectiveness Standards	Evolutionary stages of a CTF				
	Pre-registration	Start-up	Operational	Institutional	Termination
Institutional Effectiveness Standard 1: CTFs prepare strategic and financial plans that translate their values, broad vision, and mission statements into specific goals, objectives and activities.		X	X	X	
Institutional Effectiveness Standard 2: As public benefit organizations, CTFs actively pursue opportunities to collaborate with all relevant levels of national government(s) on achieving conservation and sustainable development priorities.	X	X	X	X	X
Institutional Effectiveness Standard 3:CTFs actively seek partnerships at the national or international levels with key actors in donor agencies, businesses, non-governmental organizations, communities, and research and academic institutions.	X	X	X	X	
Institutional Effectiveness Standard 4: CTFs monitor and evaluate their programs in relation to their mission and strategic plan, and in relation to national-level and international-level conservation indicators, targets, and strategies			X	X	X
Institutional Effectiveness Standard 5: CTFs track their institutional evolution with internal reporting, monitoring and evaluation, and financial management reporting, to support informed decision-making by their governing bodies.		X	X	X	X
Institutional Effectiveness 6: CTFs actively manage their image, clearly convey their values, mission, program goals and impact, and define staff authority for communicating with external audiences through a comprehensive communications policy.			X	X	

Insitutional Effectiveness (continued)

2020 Institutional Effectiveness Standards	Evolutionary stages of a CTF				
	Pre-registration	Start-up	Operational	Institutional	Termination
Institutional Effectiveness Standard 7: CTFs maintain a public presence on the internet through a website(s) and/or social media.		X	X	X	
Institutional Effectiveness Standard 8: CTFs report to different audiences for different purposes.			X	X	X

Prioritizing Practice Standards at Different Stages of CTF Evolution

Programs

2020 Program Standards	Evolutionary stages of a CTF				
	Pre-registration	Start-up	Operational	Institutional	Termination
Program Standard 1: CTFs design programs/projects to include monitoring and evaluation indicators that support evidence-based reporting of conservation, sustainable development, or climate action impacts.		X	X	X	
Program Standard 2: When awarding grants, CTFs evaluate potential grantees by requiring them to submit key information and by making direct contact with them.			X	X	
Program Standard 3: CTFs establish well-defined grant award processes that aim to select high quality proposals in a timely manner through competitive means.		X	X	X	
Program Standard 4: CTFs conclude grant-award cycles with a signed contract with their grantees that sets out all important understandings and obligations related to the financing CTFs will provide.			X	X	
Program Standard 5: CTFs strengthen the capacity of potential grantees to prepare responsive proposals and effectively implement grant-funded activities.			X	X	X
Program Standard 6: CTFs support their grantees by providing clear reporting templates, frameworks and information requirements for monitoring and evaluating grant performance.			X	X	X
Program Standard 7: CTFs establish indicators and measures in the grant agreement and/or its required monitoring plan.			X	X	

Programs (continued)

2020 Program Standards	**Evolutionary stages of a CTF**				
	Pre-registration	Start-up	Operational	Institutional	Termination
Program Standard 8: CTFs mobilize staff, contractors, and often the grantee itself to monitor grantees' progress.			X	X	X
Program Standard 9: CTFs ensure that grantees apply effective, efficient and transparent procurement processes and practices such that appropriate high-quality goods or services are obtained at the best prices for value in a given market.			X	X	X
Program Standard 10: CTFs that accept execution responsibility apply the same standards to the service they provide for grantees as they apply to the service they carry out for their own administration.			X	X	X
Program Standard 11: CTFs develop systems that enable online proposal applications and track project progress with grantees.				X	
Program Standard 12: CTFs conduct feasibility assessments to evaluate new program opportunities.			X	X	

Prioritizing Practice Standards at Different Stages of CTF Evolution

Administration

2020 Administration Standards	Evolutionary stages of a CTF				
	Pre-registration	Start-up	Operational	Institutional	Termination
Administrative Standard 1: CTF's Human Resources policies conform to their country's laws, policies and regulations.	X	X	X	X	X
Administrative Standard 2: CTFs set clear job descriptions, and budget adequate resources, to allow the chief executive, managers, and staff to perform effectively and efficiently.		X	X	X	X
Administrative Standard 3: CTFs prepare clear organizational charts that clarify reporting lines and management responsibilities.			X	X	X
Administrative Standard 4: CTFs provide all staff members with clear annual goals and periodic written performance reviews.		X	X	X	X
Administrative Standard 5: CTFs offer staff members compensation and benefits within a pre-specified range based on experience, education and performance.		X	X	X	X
Administrative Standard 6: CTFs allocate their available resources to maximize funding for grant making and programs, while also setting an overhead rate sufficient to achieve institutional strategic objectives.			X	X	
Administrative Standard 7: One or more operations manuals with up-to-date policies, procedures, and practices guide the day-to-day management of CTFs or Program Accounts.			X	X	X

Administration (continued)

2020 Administration Standards	**Evolutionary stages of a CTF**				
	Pre-registration	Start-up	Operational	Institutional	Termination
Administrative Standard 8: CTFs procure the goods and services needed to carry out everyday activities through processes and practices which: are efficient, cost-effective and transparent; assure the appropriate quality of goods and services; and aim to obtain the best price for value in the market.		X	X	X	X
Administrative Standard 9: CTFs undergo an annual audit by independent external auditors who apply standards that are consistent with internationally accepted accounting standards.		X	X	X	X
Administrative Standard 10: CTFs select and track the information technology they adopt to ensure secure and standardized operations.		X	X	X	
Administrative Standard 11: CTFs implement a cybersecurity policy to keep their data and systems safe.		X	X	X	X
Administrative Standard 12: CTFs have up to date software in place for automated accounting/financial administration, contract management and procurement.				X	X

Prioritizing Practice Standards at Different Stages of CTF Evolution

Asset Management

2020 Asset Management Standards	Evolutionary stages of a CTF				
	Pre-registration	Start-up	Operational	Institutional	Termination
Asset Management Standard 1: Clear and comprehensive investment policies set out the core principles CTFs apply for managing their assets.		X	X	X	
Asset Management Standard 2: CTFs manage their investment portfolios in accordance with investment guidelines that set out the specific parameters to be applied by their investment management consultants, financial advisors and/or the investment managers.		X	X	X	
Asset Management Standard 3: CTFs' governing bodies, or their committees responsible for overseeing investment management, invest and manage as a prudent investor would invest his or her own funds.		X	X	X	
Asset Management Standard 4: CTFs seek to preserve endowment capital in order to protect future earnings streams.		X	X	X	
Asset Management Standard 5: CTFs' governing bodies approve their investment policies, investment guidelines, the process and the outcome of selecting a financial consultant and/or investment manager(s), reports on investment, and financial consultant and/or asset manager performance.		X	X	X	
Asset Management Standard 6: CTFs' governing bodies: (i) have at least one member who is a qualified professional with knowledge and experience in one or more of the fields of finance, business, or economics; and (ii) provide all members targeted training on the key concepts required to make informed investment management decisions.	X	X	X	X	

Asset Management (continued)

Asset Management Standard 7: CTFs assess their existing investment capacity, identify what types of investment professionals they may require, and select these professionals through a competitive process and from among investment industry service providers of recognized quality.		X	X	X	
Asset Management Standard 8: CTFs contract investment professionals by describing the services to be provided in a clear and comprehensive manner, the objectives of the services, the costs of delivering the services, and the responsibilities of both the service provider and the CTF.		X	X	X	
Asset Management Standard 9: CTFs engage in regular reviews of investment management performance.		X	X	X	X
Asset Management Standard 10: CTFs recognize the importance of investing their assets in a manner consistent with their own missions and values, and implement an appropriate strategy to achieve that consistency.				X	

Prioritizing Practice Standards at Different Stages of CTF Evolution

Resource Mobilization

2020 Resource Mobilization Standards	Evolutionary stages of a CTF				
	Pre-registration	Start-up	Operational	Institutional	Termination
Resource Mobilization Standard 1: CTFs have strategies to diversify, multiply, and increase their short-term and long-term sources of financing, so as not to depend on a single source or a single funding mechanism.	X	X	X	X	
Resource Mobilization Standard 2: CTFs develop resource mobilization strategies and action plans to raise long-term capital as well as shorter-term funding for particular projects or programs.		X	X	X	
Resource Mobilization Standard 3: CTFs have policies to screen and determine which donor contributions and conditions they will accept.		X	X	X	
Resource Mobilization Standard 4: CTFs analyze and pursue opportunities for using funds from particular donors or government sources to leverage additional resources.		X	X	X	
Resource Mobilization Standard 5: CTFs analyze and explore opportunities to serve as financial intermediaries for donor programs, voluntary and mandatory cash flows, or other finance arrangements, to further the cause of environmental conservation and climate change adaptation and mitigation.			X	X	
Resource Mobilization Standard 6: CTFs seek the support of national government ministries, politicians and international donors to mobilize additional financial resources for the CTF and aligned strategic programs.	X	X	X	X	

Resource Mobiization (continued)

2020 Resource Mobilization Standards	Evolutionary stages of a CTF				
	Pre-registration	Start-up	Operational	Institutional	Termination
Resource Mobilization Standard 7: CTFs commit to using specific formats, provide requested information, and comply with the procedures and timing for technical and financial reports through signed agreements, such as those between CTFs and their donors.		X	X	X	X
Resource Mobilization Standard 8: CTFs encourage cost-sharing arrangements through which grantees contribute a portion of the project or activity cost or raise funding from others.			X	X	
Resource Mobilization Standard 9: CTFs effectively communicate their role, providing long-term financial support to advance critical global and national social and environmental goals, to potential donors and partners.			X	X	

Prioritizing Practice Standards at Different Stages of CTF Evolution

Risk Management & Safeguards

2020 Risk Management & Safeguards Standards	Evolutionary stages of a CTF				
	Pre-registration	Start-up	Operational	Institutional	Termination
Risk Management and Safeguards Standard 1: CTFs develop risk management policies and procedures to reliably achieve their objectives, manage uncertainty, address grievances, and act with integrity.			X	X	X
Risk Management and Safeguards Standard 2: CTFs adopt and/or adapt recognized national and international environmental and social safeguards and policies.			X	X	X
Risk Management and Safeguards Standard 3: When accepting funding, CTFs assume responsibility for creating policies and procedures to meet all donor required standards and apply them to the donor-financed projects.		X	X	X	
Risk Management and Safeguards Standard 4: CTFs adopt a gender mainstreaming policy to promote gender equality in all operations.				X	
Risk Management and Safeguards Standard 5: CTFs set clear roles and accountability for risk oversight and safeguard implementation.				X	X
Risk Management and Safeguards Standard 6: CTFs set policies to secure the safety and well-being of staff members and provide safe working conditions.			X	X	X
Risk Management and Safeguards Standard 7: CTFs have a policy to protect whistleblowers.			X	X	X

ANNEX 2

ASSESSING A CTF'S USE OF THE PRACTICE STANDARDS

The standards are presented to inspire ongoing improvements in CTF capacity, rather than as "certification" standards. Every Practice Standard in this document can be used in the assessment of a CTF. Each standard is an "evidenced-based norm" that states what is commonly observed. CTF managers and staff or third parties can establish if the CTF has the characteristics, policies, manuals, skills and tools for each standard, but also whether it makes good use of them in accordance with accepted practice that is commonly applied in a Core Area.

Since the publication of the 2014 Practice Standards, CTFs have striven to assess their adoption of the standards in their structures and operations. Many have developed impressive yearly assessments that can be shared with the Board, donors, or others as desired.[4] The assessments provide metrics that can be used to set priorities and improve performance over the following year. Donors and large environmental NGOs also use the Practice Standards to evaluate CTFs when exploring opportunities to provide funding, to evaluate the success of a grant, or in the course of assessing whether an existing CTF would be a suitable organization to function as the financing mechanism for a new program.

The following *Assessment Tool Example* is presented as a starting point to assist CTFs that do not yet have an assessment tool in place. When deciding to use or adapt this tool, a CTF should carefully consider the goal, audience, methodology, resources available, and other relevant criteria for the CTF. In general, when adopting or adapting an assessment tool, CTFs have considered the following five factors:

1) **Metric:** A simple assessment uses a 3-part response: 1) Satisfactorily implemented, 2) Partially implemented, and 3) Not implemented. Given that many standards have a number of different practical considerations and levels of sophistication, some CTFs use a more nuanced 5-part assessment system: 1) Fully Implemented, 2) Satisfactorily implemented, 3) Partially implemented, 4) Unsatisfactorily implemented, 5) Not implemented. In addition, a sixth column – Not applicable – is often added, particularly for public CTFs that may not meet specific standards, particularly in Governance.
2) **Indicator:** What is the best indicator for assessing standard implementation? In assessments shared with the authors, CTFs have written their own indicators to relate how they interpret what is recommended in the standard to their own documents and policies. In other situations, CTFs have described extremes: What does the best-case scenario looks like for "Fully Implemented" and what does a worst-case scenario look like? The authors have chosen to use the information provided in the Expanded Standards of **Evidenced by** as clear indicators that assessors may review to determine how well the CTF meets the standard.
3) **Numerical Rating:** To develop a quantitative assessment of the CTF, different point scores can be allocated. Usually these range from 0 points (not implemented) to a high number for fully implemented. However, a CTF may choose to have a minimal point difference between fully and satisfactorily implemented and a larger point spread between satisfactorily and partially implemented – to prioritize the importance of moving from partial to satisfactory implementation in future years. A more complex idea, pursued by a few CTFs, is to provide a weighted score to different standards. The idea is that Governance Standard 2, describing the composition of the governing body, is absolutely critical to a CTF whereas updating accounting and contract management software (Administration 12) is important for efficiency, but not essential. In this scenario a CTF will assign more points for fully implementing Governance Standard 2. The authors have chosen not to use a weighted scoring in the accompanying *Assessment Tool Example* as some standards will be more important at different stages of evolution (see Annex 1) and/or CTFs will prioritize some standards to meet donor expectations in any given period.
4) **Methodology:** While independent consultants and contractors will use their own methodology, self-assessment can take place using many different approaches. Many CTFs recommend that during a self-assessment, a group jointly reviews a standard and reaches agreement on a shared response. Some CTFs use a highly participatory approach by engaging full staff teams (by expertise) to do the assessment, in part to ensure that they all

4 The authors are particularly grateful to the Asociación Costa Rica por Siempre, the Caribbean Biodiversity Fund, the Fundo Brasileiro para a Biodiversidade (Funbio), Kathy Mikitin, and Camila Monteiro for sharing their assessment methodologies.

know about and utilize the Practice Standards. Alternatively, different knowledgeable individuals (Board, staff and even external partners) can be asked to complete the assessment for the full set of standards, or by core area. Their rankings are then integrated into a final score. CTFs that are concerned about having comparable data over multiple years, need to choose and consistently apply a specific methodology.

5) **Presentation:** Once the full set of standards are assessed, many CTFs have developed tools to showcase their current level of performance through dashboards. Some examples, adapted for illustration purposes, are shown below:

a) A simple dashboard with different colors that indicate the performance level of each standard and give an impression of the implementation levels across core areas. This type of demonstration allows CTFs to present the level of implementation in a core area based on the number of standards that score in each category. This example is adapted from the "Summary of Implementation of the Standards" data included in the lower sections of the accompanying *Assessment Tool Example*.

Standard satisfactorily implemented:

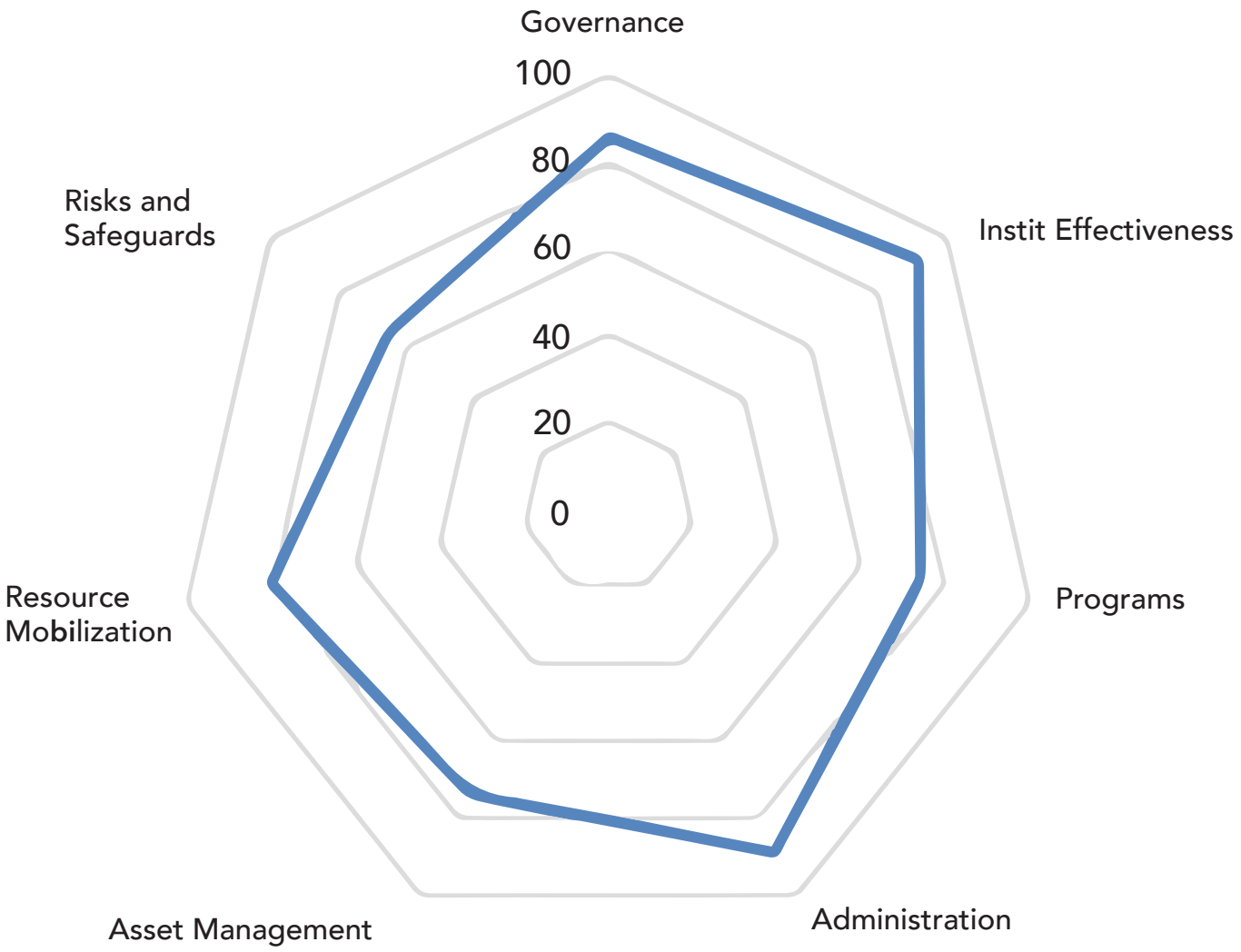
Standard partially implemented:

Standard not implemented:

b) A spider web (radar) evaluation tool visually displays performance based on the overall percentage score by core area. The calculation formula in the attached *Assessment Tool Example* is: Total score/(#standards*4) where:
   - Total core area score is the aggregated score of all the standards in the core area;
   - # of standards is the number of standards in the core area; and
   - "4" represents, in the *Assessment Tool Example*, the highest possible score for a standard (for satisfactorily implemented).

The result is a clear visualization of areas of comparative strengths and weakness across the core areas.

GRAPH 1
% SCORE BY PRACTICE STANDARD CORE AREA



Assessment Tool Example

Governance

Governance Standards	Evidenced by	Satisfactorily implemented (4)	Partially implemented (2)	Not implemented (0)	Not applicable	Comments
Governance Standard 1: Governing documents clearly define the purposes for which a Conservation Trust Fund's or a Program Account's assets may be used.	Governing document(s)					
Governance Standard 2: Governing documents clearly define the composition, powers and responsibilities of the governing body (or bodies). A governing body's composition is designed so that its members will have a high level of independence and stakeholder representation.	Governing document(s) National laws Declaration of governing body members' responsibilities					
Governance Standard 3: Governing body members are selected or appointed based on their competencies and commitment to contribute meaningfully to the CTF's (or Program Account's) overall mission and responsibilities.	Governing document(s) CVs of governing body members					

Assessment Tool Example

Governance (continued)

Governance Standards	Evidenced by	Satisfactorily implemented (4)	Partially implemented (2)	Not implemented (0)	Not applicable	Comments
Governance Standard 4: Specialized committees are established by governing bodies to provide advice and to perform certain functions of the CTF or Program Account more effectively and efficiently.	Governing document(s) Committee terms of reference Minutes of committee meetings Minutes of governing body meetings List of committee members					
Governance Standard 5: A governing body has at least three meetings per year and maintains accurate written records of all meetings and decisions.	Governing document(s) Governing body meetings Minutes and Resolutions					
Governance Standard 6: Governing body members understand their fiduciary responsibilities and ensure they have (or acquire) the competence necessary to carry them out.	Governing document(s) National laws Declaration of governing body members' responsibilities					
Governance Standard 7: CTFs establish effective conflict of interest policies to identify, avoid, and manage potential and actual conflicts of interest and reduce exposure to favoritism and reputational risk.	Governing documents Conflict of interest policy Signed conflict of interest disclosures					

Assessment Tool Example

Governance (continued)

Governance Standards	Evidenced by	Satisfactorily implemented (4)	Partially implemented (2)	Not implemented (0)	Not applicable	Comments
Governance Standard 8: The governing body recruits and oversees a full-time chief executive, and as needed, Program Account managers.	Governing document(s) Operation Manual Minutes of governing body meetings TORs and employment contracts					
Governance Standard 9: CTFs keep a "compliance list" to monitor and ensure full compliance with all applicable laws and regulations, their own governing documents, and all legal agreements between a CTF and its donors.	List of Applicable laws and regulations Governing document(s) Minutes of governing body meetings Agreements with donors Archives of documents relating to legal, regulatory and contractual obligations					
Governance Standard 10: CTFs are established under the laws of a country that effectively ensures a CTF's independence from government, has clear and well enforced laws concerning private non-governmental organizations (including foundations or trusts), and does not subject a CTF to paying substantial taxes.	National laws and regulations Governing document(s)					

Assessment Tool Example

Governance (continued)

Governance Standards	Evidenced by	Satisfactorily implemented (4)	Partially implemented (2)	Not implemented (0)	Not applicable	Comments
Numerical Score Governance						
Sub-score Governance	0	0	0	0	0	
Total score Governance						
Total % score Governance	Total score/(# standards * 4)					
Summary of Implementation of the Governance Standards						
# Standards	10					
# Applicable Standards						
# Standards Satisfactorily Implemented						
# Standards Partially Implemented						
# Standards Not Implemented						

Assessment Tool Example

Institutional Effectiveness

Institutional Effectiveness Standards	Evidenced by	Satisfactorily implemented (4)	Partially implemented (2)	Not implemented (0)	Not applicable	Comments
Institutional Effectiveness Standard 1: CTFs prepare strategic and financial plans that translate their values, broad vision, and mission statements into specific goals, objectives and activities.	Strategic plan and accompanying financial projections Statement of values Operating or annual work plans Budgets Annual report Business plan					
Institutional Effectiveness Standard 2: As public benefit organizations, CTFs actively pursue opportunities to collaborate with all relevant levels of national government(s) on achieving conservation and sustainable development priorities.	National or regional planning and strategy documents CTF strategic and financial plan CTF annual report CTF accreditation with multilateral agencies					
Institutional Effectiveness Standard 3:CTFs actively seek partnerships at the national or international levels with key actors in donor agencies, businesses, non-governmental organizations, communities, and research and academic institutions.	Strategic plan Annual work plan and budget MOUs with partners Governing or promotional documents of Program Accounts created as partnerships					

Assessment Tool Example

Institutional Effectiveness (continued)

Institutional Effectiveness Standards	Evidenced by	Satisfactorily implemented (4)	Partially implemented (2)	Not implemented (0)	Not applicable	Comments
Institutional Effectiveness Standard 4: CTFs monitor and evaluate their programs in relation to their mission and strategic plan, and in relation to national-level and international-level conservation indicators, targets, and strategies	Strategic plans Annual reports Reports of internal and independent evaluations of a CTF					
Institutional Effectiveness Standard 5: CTFs track their institutional evolution with internal reporting, monitoring and evaluation, and financial management reporting, to support informed decision-making by their governing bodies.	CTF internal planning, budgeting and financial reports Minutes of CTF governing body meetings Strategic plans Conservation plans					
Institutional Effectiveness 6: CTFs actively manage their image, clearly convey their values, mission, program goals and impact, and define staff authority for communicating with external audiences through a comprehensive communications policy.	Communications manual or a communications policy in the Operations manual(s) Style/Brand manual Communications plan Crisis communication guidelines Job descriptions					

Assessment Tool Example

Institutional Effectiveness (continued)

Institutional Effectiveness Standards	Evidenced by	Satisfactorily implemented (4)	Partially implemented (2)	Not implemented (0)	Not applicable	Comments
Institutional Effectiveness Standard 7: CTFs maintain a public presence on the internet through a website(s) and/or social media.	Website Social media accounts Style/Brand manual Communication plan Registered domain name and hosting contract Social media policy					
Institutional Effectiveness Standard 8: CTFs report to different audiences for different purposes.	Grant agreements Legal agreements Relevant government regulations and standardized forms Operations manual(s) Reports by grantees to CTFs, by CTF management to CTF governing bodies, and by CTFs to their donors Minutes of CTF governing bodies Annual report (print and digital)					

Assessment Tool Example

Institutional Effectiveness (continued)

Institutional Effectiveness Standards	Evidenced by	Satisfactorily implemented (4)	Partially implemented (2)	Not implemented (0)	Not applicable	Comments
Numerical Score Institutional Effectiveness						
Sub-score Institutional Effectiveness	0	0	0	0	0	
Total score Institutional Effectiveness						
Total % score Institutional Effectiveness	Total score/(# standards * 4)					
Summary of Implementation of the Institutional Effectivenes Standards						
# Standards	8					
# Applicable Standards						
# Standards Satisfactorily Implemented						
# Standards Partially Implemented						
# Standards Not Implemented						

Assessment Tool Example

Program

Program Standards	Evidenced by	Satisfactorily implemented (4)	Partially implemented (2)	Not implemented (0)	Not applicable	Comments
Program Standard 1: CTFs design programs/projects to include monitoring and evaluation indicators that support evidence-based reporting of conservation, sustainable development, or climate action impacts.	Instructions to grantees on submitting proposals Approved grant proposals Grant contracts between the CTF and its grantees Strategic and financial plans					
Program Standard 2: When awarding grants, CTFs evaluate potential grantees by requiring them to submit key information and by making direct contact with them.	Grant application format Evaluation of candidate grantees Records of interviews or site visits Package submitted to a review committee					
Program Standard 3: CTFs establish well-defined grant award processes that aim to select high quality proposals in a timely manner through competitive means.	Operations or other manual(s) covering grant-making CTF website Distributed calls for proposals					
Program Standard 4: CTFs conclude grant-award cycles with a signed contract with their grantees that sets out all important understandings and obligations related to the financing CTFs will provide.	Grant contracts Memoranda of understanding					

Assessment Tool Example

Program (continued)

Program Standards	Evidenced by	Satisfactorily implemented (4)	Partially implemented (2)	Not implemented (0)	Not applicable	Comments
Program Standard 5: CTFs strengthen the capacity of potential grantees to prepare responsive proposals and effectively implement grant-funded activities.	Donor agreements Budget proposal Minutes of meeting of governing body and relevant committees Grant-making section of the operations manual(s)					
Program Standard 6: CTFs support their grantees by providing clear reporting templates, frameworks and information requirements for monitoring and evaluating grant performance.	Instructions to grantees Operations Manual(s) Grant contracts between the CTF and its grantees Reports by grantees to the CTF					
Program Standard 7: CTFs establish indicators and measures in the grant agreement and/or its required monitoring plan.	Contract between the CTF and the grantee CTF evaluation reports on individual grants CTF fund level metrics or indicators					
Program Standard 8: CTFs mobilize staff, contractors, and often the grantee itself to monitor grantees' progress.	Reports, evaluations, and field notes from grantees and CTF staff CTF evaluation reports on individual grants CTF fund level metrics or indicators					

Assessment Tool Example

Program (continued)

Program Standards	Evidenced by	Satisfactorily implemented (4)	Partially implemented (2)	Not implemented (0)	Not applicable	Comments
Program Standard 9: CTFs ensure that grantees apply effective, efficient and transparent procurement processes and practices such that appropriate high-quality goods or services are obtained at the best prices for value in a given market.	Grant request, section on grantee information Grant contracts Progress reports					
Program Standard 10: CTFs that accept execution responsibility apply the same standards to the service they provide for grantees as they apply to the service they carry out for their own administration.	Operations manual(s) section on acquisition of goods, services and works Documents relating to acquisition for Program Accounts or projects for which the CTF has execution responsibility Documents on auditor selection and audit report for Program Accounts or projects for which the CTF has execution responsibility					
Program Standard 11: CTFs develop systems that enable online proposal applications and track project progress with grantees.	Clear guidance in Operations Manual(s) for grant administration Website Controlled access systems and platforms					

Assessment Tool Example

Program (continued)

Program Standards	Evidenced by	Satisfactorily implemented (4)	Partially implemented (2)	Not implemented (0)	Not applicable	Comments
Program Standard 12: CTFs conduct feasibility assessments to evaluate new program opportunities.	Strategic plan Annual plan or operational plan Risk assessment procedures					
Numerical Score Programs						
Sub-score Programs	0	0	0	0	0	
Total score Programs	0					
Total % score Program	Total score/(# standards * 4)					
Summary of Implementation of the Program Standards						
# Standards	12					
# Applicable Standards						
# Standards Satisfactorily Implemented						
# Standards Partially Implemented						
# Standards Not Implemented						

Assessment Tool Example

Administration

Administrative Standards	Evidenced by	Satisfactorily implemented (4)	Partially implemented (2)	Not implemented (0)	Not applicable	Comments
Administrative Standard 1: CTF's Human Resources policies conform to their country's laws, policies and regulations.	Compilation of applicable employment, social security, etc. laws and regulations Operations Manual(s) and/or HR Manual Job descriptions for all staff Budget with compensation pool in countries where needed.					
Administrative Standard 2: CTFs set clear job descriptions, and budget adequate resources, to allow the chief executive, managers, and staff to perform effectively and efficiently.	Operations Manual(s) and/or HR Manual Chief executive job description Job descriptions for all staff Documents on the recruitment/ selection process for all staff Performance evaluations of staff Budget					
Administrative Standard 3: CTFs prepare clear organizational charts that clarify reporting lines and management responsibilities.	Operations Manual(s) and/or HR Manual Organizational chart Job descriptions for all staff					
Administrative Standard 4: CTFs provide all staff members with clear annual goals and periodic written performance reviews.	Operations Manual(s) and/or HR Manual Written annual goals Written confidential performance appraisals.					

Assessment Tool Example

Administration (continued)

Administrative Standards	Evidenced by	Satisfactorily implemented (4)	Partially implemented (2)	Not implemented (0)	Not applicable	Comments
Administrative Standard 5: CTFs offer staff members compensation and benefits within a pre-specified range based on experience, education and performance.	Operations Manual(s) and/or HR Manual Annual budget for staff Governing body minutes approving chief executive total compensation Salary scales for positions within a CTF					
Administrative Standard 6: CTFs allocate their available resources to maximize funding for grant making and programs, while also setting an overhead rate sufficient to achieve institutional strategic objectives.	Approved annual budget Grant allocation ratio Calculation for a "reasonable" overhead rate.					
Administrative Standard 7: One or more operations manuals with up-to-date policies, procedures, and practices guide the day-to-day management of CTFs or Program Accounts.	Operations Manual(s) Minutes of governing body meeting					
Administrative Standard 8: CTFs procure the goods and services needed to carry out everyday activities through processes and practices which: are efficient, cost-effective and transparent; assure the appropriate quality of goods and services; and aim to obtain the best price for value in the market.	Budget request and updating report(s) Operations manual(s) covering administration and acquisition Records of acquisitions					

Assessment Tool Example

Administration (continued)

Administrative Standards	Evidenced by	Satisfactorily implemented (4)	Partially implemented (2)	Not implemented (0)	Not applicable	Comments
Administrative Standard 9: CTFs undergo an annual audit by independent external auditors who apply standards that are consistent with internationally accepted accounting standards.	Audit terms of reference Auditor's contract Audit report Audit management letter					
Administrative Standard 10: CTFs select and track the hardware and software they adopt to ensure secure and standardized operations.	Technology policy Budget Overview of software licenses and compliance Hardware and software inventory					
Administrative Standard 11: CTFs implement a cybersecurity policy to keep their data and systems safe.	Technology security policy Operations manual(s) Staff orientation checklist					
Administrative Standard 12: CTFs have up to date software in place for automated accounting/ financial administration, contract management and procurement.	Overview of software licenses and compliance Hardware and software inventory					

Administration (continued)

Administrative Standards	Evidenced by	Satisfactorily implemented (4)	Partially implemented (2)	Not implemented (0)	Not applicable	Comments
Numerical Score Administration						
Sub-score Administration	0	0	0	0	0	
Total score Administration						
Total % score Administration	Total score/(# standards * 4)					
Summary of Implementation of the Administration Standards						
# Standards	12					
# Applicable Standards						
# Standards Satisfactorily Implemented						
# Standards Partially Implemented						
# Standards Not Implemented						

Assessment Tool Example

Asset Management

Asset Management Standard	Evidenced by	Satisfactorily implemented (4)	Partially implemented (2)	Not implemented (0)	Not applicable	Comments
Asset Management Standard 1: Clear and comprehensive investment policies set out the core principles CTFs apply for managing their assets.	Investment policy adopted by the governing body Minutes of the governing body or its committee responsible for oversight of investment management					
Asset Management Standard 2: CTFs manage their investment portfolios in accordance with investment guidelines that set out the specific parameters to be applied by their investment management consultants, financial advisors and/or the investment managers.	Investment guidelines adopted by the governing body Investment policy Contract with investment management consultant and/or investment manager(s) Minutes of the governing body or committee responsible for overseeing investment management Reports of the investment management consultant and/or investment manager(s) or quarterly reports produced by the CTF's own monitoring system.					

Assessment Tool Example

Asset Management (continued)

Asset Management Standard	Evidenced by	Satisfactorily implemented (4)	Partially implemented (2)	Not implemented (0)	Not applicable	Comments
Asset Management Standard 3: CTFs' governing bodies, or their committees responsible for overseeing investment management, invest and manage as a prudent investor would invest his or her own funds.	Terms of reference of the investment or finance committee Minutes of the investment or finance committee Minutes of meetings of the governing body Content of meetings with investment management consultant, investment manager or other qualified professional providing investment advice Content of the investment policy					
Asset Management Standard 4: CTFs seek to preserve endowment capital in order to protect future earnings streams.	Investment policy Investment guidelines Investment reports					
Asset Management Standard 5: CTFs' governing bodies approve their investment policies, investment guidelines, the process and the outcome of selecting a financial consultant and/or investment manager(s), reports on investment, and financial consultant and/or asset manager performance.	Minutes of the governing body meetings Terms of reference of investment or finance committee Minutes of investment or finance committee meetings					

Assessment Tool Example

Asset Management (continued)

Asset Management Standard	Evidenced by	Satisfactorily implemented (4)	Partially implemented (2)	Not implemented (0)	Not applicable	Comments
Asset Management Standard 6: CTFs' governing bodies: (i) have at least one member who is a qualified professional with knowledge and experience in one or more of the fields of finance, business or economics; and (ii) provide all members targeted training on the key concepts required to make informed investment management decisions.	CVs of governing body members Training related materials from presentations or seminars					
Asset Management Standard 7: CTFs assess their existing investment capacity, identify what types of investment professionals they may require, and select these professionals through a competitive process and from among investment industry service providers of recognized quality.	Letter establishing qualifications to bid Request for proposals Report on evaluation of proposals Contract(s)					
Asset Management Standard 8: CTFs contract investment professionals by describing the services to be provided in a clear and comprehensive manner, the objectives of the services, the costs of delivering the services, and the responsibilities of both the service provider and the CTF.	Offer of service provider Service provider contract Minutes of governing body or investment committee that reviewed the service provider contract					

Assessment Tool Example

Asset Management (continued)

Asset Management Standard	Evidenced by	Satisfactorily implemented (4)	Partially implemented (2)	Not implemented (0)	Not applicable	Comments
Asset Management Standard 9: CTFs engage in regular reviews of investment management performance.	Agenda for each quarterly review meeting Documents provided for each section of the review process Summary of recommended actions to be taken as a result of the review Record of confirmation that all actions authorized by the committee responsible for overseeing investment management were carried out					
Asset Management Standard 10: CTFs recognize the importance of investing their assets in a manner consistent with their own missions and values, and implement an appropriate strategy to achieve that consistency.	Investment policy Investment guidelines Contract with investment professional(s) Investment reports Agenda and summary of quarterly review meetings					

Assessment Tool Example

Asset Management (continued)

Asset Management Standard	Evidenced by	Satisfactorily implemented (4)	Partially implemented (2)	Not implemented (0)	Not applicable	Comments
Numerical Score Asset Management						
Sub-score Asset Management	0	0	0	0	0	
Total score Asset Management						
Total % score Asset Management	Total score/(# standards * 4)					
Summary of Implementation of the Asset Management Standards						
# Standards	10					
# Applicable Standards						
# Standards Satisfactorily Implemented						
# Standards Partially Implemented						
# Standards Not Implemented						

Assessment Tool Example

Resource Mobilization

Resource Mobilization Standards	Evidenced by	Satisfactorily implemented (4)	Partially implemented (2)	Not implemented (0)	Not applicable	Comments
Resource Mobilization Standard 1: CTFs have strategies to diversify, multiply, and increase their short-term and long-term sources of financing, so as not to depend on a single source or a single funding mechanism.	Governing body minutes Resource mobilization strategy/ plan Correspondence with potential donors					
Resource Mobilization Standard 2: CTFs develop resource mobilization strategies or action plans to raise long-term capital as well as shorter-term funding for particular projects or programs.	Governing body minutes Resource mobilization strategy or plan CTF budget allocations for carrying out the strategy or plan					
Resource Mobilization Standard 3: CTFs have policies to screen and determine which donor contributions and conditions they will accept.	Gift acceptance policy or equivalent document (such as relevant sections of Operations Manual(s)					
Resource Mobilization Standard 4: CTFs analyze and pursue opportunities for using funds from particular donors or government sources to leverage additional resources.	Resource mobilization strategy/ plan Correspondence with (and proposals sent to) relevant government officials or donors					

Assessment Tool Example

Resource Mobilization (continued)

Resource Mobilization Standards	Evidenced by	Satisfactorily implemented (4)	Partially implemented (2)	Not implemented (0)	Not applicable	Comments
Resource Mobilization Standard 5: CTFs analyze and explore opportunities to serve as financial intermediaries for donor programs, voluntary and mandatory cash flows, or other finance arrangements, to further the cause of environmental conservation and climate change adaptation and mitigation.	Resource mobilization strategy/ plan Communications with the government, private sector, donors or other potential parties involved in the financing mechanisms. Feasibility and legal analysis for implementation of new financing mechanisms.					
Resource Mobilization Standard 6: CTFs seek the support of national government ministries, politicians and international donors to mobilize additional financial resources for the CTF and aligned strategic programs.	Resource mobilization strategy/ plan Correspondence with (and proposals sent to) relevant government officials					
Resource Mobilization Standard 7: CTFs commit to using specific formats, provide requested information, and comply with the procedures and timing for technical and financial reports through signed agreements such as those between CTFs and their donors.	Minutes of negotiations Donor agreements					

Assessment Tool Example

Resource Mobilization (continued)

Resource Mobilization Standards	Evidenced by	Satisfactorily implemented (4)	Partially implemented (2)	Not implemented (0)	Not applicable	Comments
Resource Mobilization Standard 8: CTFs encourage cost-sharing arrangements through which grantees contribute a portion of the project or activity cost or raise funding from others.	Operations or other manual covering grant-making Approved grant proposals Grant contracts Project or grantee accounts Grantee progress reports					
Resource Mobilization Standard 9: CTFs present their role in providing long-term financial support to advance critical global and national social and environmental goals to potential donors and partners.	CTF budgets and protected areas budgets UNDP Financial Scorecard Strategic and financial plans CTF fund level metrics or indicators Annual report					

Assessment Tool Example

Resource Mobilization (continued)

Resource Mobilization Standards	Evidenced by	Satisfactorily implemented (4)	Partially implemented (2)	Not implemented (0)	Not applicable	Comments
Numerical Score Resource Mobilization						
Sub-score Resource Mobilization		0	0	0	0	
Total score Resource Mobilization						
Total % score Resource Mobilization	Total score/(# standards * 4)					
Summary of Implementation of the Resource Mobilization Standards						
# Standards	9					
# Applicable Standards						
# Standards Satisfactorily Implemented						
# Standards Partially Implemented						
# Standards Not Implemented						

Assessment Tool Example

Risk Management & Safeguards

Risk Management and Safeguard Standards	Evidenced by	Satisfactorily implemented (4)	Partially implemented (2)	Not implemented (0)	Not applicable	Comments
Risk Management and Safeguards Standard 1: CTFs develop risk management policies and procedures to reliably achieve their objectives, manage uncertainty, address grievances, and act with integrity.	List of risk management policies and procedures Insurance coverage Risk register					
Risk Management and Safeguards Standard 2: CTFs adopt and/or adapt recognized national and international environmental and social safeguards and policies.	Lists and descriptions of safeguards Operations manual(s) Contracts with donors Strategic plan					
Risk Management and Safeguards Standard 3: When accepting funding, CTFs assume responsibility for creating policies and procedures to meet all donor required standards and apply them to the donor-financed projects.	Risk management procedures Contracts with donors Strategic plan					
Risk Management and Safeguards Standard 4: CTFs adopt a gender mainstreaming policy to promote gender equality in all operations.	Gender mainstreaming policy Gender analysis tool Sex-disaggregated data and gender-sensitive indicators requirements in project templates.					

Assessment Tool Example

Risk Management & Safeguards (continued)

Risk Management and Safeguard Standards	Evidenced by	Satisfactorily implemented (4)	Partially implemented (2)	Not implemented (0)	Not applicable	Comments
Risk Management and Safeguards Standard 5: CTFs set clear roles and accountability for risk oversight and safeguard implementation.	Chief executive job description Governing body description Operations manual(s) and/or HR manual					
Risk Management and Safeguards Standard 6: CTFs set policies to secure the safety and well-being of staff members and provide safe working conditions.	Operations Manual(s) and/or HR Manual Risk management procedures Map indicating risk levels in CTF program geographies. Life and health insurance policies for staff.					
Risk Management and Safeguards Standard 7: CTFs have a policy to protect whistleblowers.	Operations Manual(s) (and/or HR Manual) Whistleblowing policy Anonymous suggestions box					

Assessment Tool Example

Risk Management & Safeguards (continued)

Risk Management and Safeguard Standards	Evidenced by	Satisfactorily implemented (4)	Partially implemented (2)	Not implemented (0)	Not applicable	Comments
Numerical Score Risk Management and Safeguards						
Sub-score Risk Management and Safeguards	0	0	0	0	0	
Total score Risk Management and Safeguards						
Total % score Risk Management and Safeguards	Total score/(# standards * 4)					
Summary of Implementation of the Risk Management and Safeguards						
# Standards	7					
# Applicable Standards						
# Standards Satisfactorily Implemented						
# Standards Partially Implemented						
# Standards Not Implemented						

ANNEX 3

CROSS-CUTTING THEMES IN THE 2020 PRACTICE STANDARDS

Annex 3 is designed to help staff responsible for key jobs, such as human resources or project monitoring, quickly find pertinent Practice Standards in the four cross-cutting areas:

1. **Communications**
2. **Human Resources**
3. **Monitoring and Evaluation**
4. **Technology**

Communications

Institutional Effectiveness Standard 1: CTFs prepare strategic and financial plans that translate their values, broad vision, and mission statements into specific goals, objectives and activities.

Institutional Effectiveness Standard 5: CTFs track their institutional evolution with internal reporting, monitoring and evaluation, and financial management reporting, to support informed decision-making by their governing bodies.

Institutional Effectiveness Standard 6: CTFs actively manage their image, clearly convey their values, mission, program goals and impact, and define staff authority for communicating with external audiences through a comprehensive communications policy.

Institutional Effectiveness Standard 7: CTFs maintain a public presence on the internet through a website(s) and/or social media.

Institutional Effectiveness Standard 8: CTFs report to different audiences for different purposes.

Resource Mobilization Standard 7: CTFs commit to using specific formats, provide requested information, and comply with the procedures and timing for technical and financial reports through signed agreements, such as those between CTFs and their donors.

Resource Mobilization Standard 9: CTFs effectively communicate their role, providing long-term financial support to advance critical global and national social and environmental goals, to potential donors and partners.

Human Resources

Governance Standard 7: CTFs establish effective conflict of interest policies to identify, avoid, and manage potential and actual conflicts of interest and reduce exposure to favoritism and reputational risk.

Governance Standard 8: The governing body recruits and oversees a full-time chief executive, and as needed, Program Account managers.

Administrative Standard 1: CTFs' Human Resources policies conform to their country's laws, policies and regulations.

Administrative Standard 2: CTFs set clear job descriptions, and budget adequate resources, to allow the chief executive, managers, and staff to perform effectively and efficiently.

Administrative Standard 3: CTFs prepare clear organizational charts that clarify reporting lines and management responsibilities.

Administrative Standard 4: CTFs provide all staff members with clear annual goals and periodic written performance reviews.

Administrative Standard 5: CTFs offer staff members compensation and benefits within a pre-specified range based on experience, education and performance.

Administrative Standard 10: CTFs select and track the information technology they adopt to ensure secure and standardized operations.

Administrative Standard 11: CTFs implement a cybersecurity policy to keep their data and systems safe.

Risk Management and Safeguards Standard 5: CTFs set clear roles and accountability for risk oversight and safeguard implementation.

Risk Management and Safeguards Standard 6: CTFs set policies to secure the safety and well-being of staff members and provide safe working conditions.

Risk Management and Safeguards Standard 7: CTFs have a policy to protect whistleblowers.

Monitoring & Evaluation

Institutional Effectiveness Standard 1: CTFs prepare strategic and financial plans that translate their values, broad vision, and mission statements into specific goals, objectives and activities.

Institutional Effectiveness Standard 4: CTFs monitor and evaluate their programs in relation to their mission and strategic plan, and in relation to national-level and international-level conservation indicators, targets, and strategies.

Institutional Effectiveness Standard 5: CTFs track their institutional evolution with internal reporting, monitoring and evaluation, and financial management reporting, to support informed decision-making by their governing bodies.

Institutional Effectiveness Standard 8: CTFs report to different audiences for different purposes.

Program Standard 1: CTFs design programs/projects to include monitoring and evaluation indicators that support evidence-based reporting of conservation, sustainable development, or climate action impacts.

Program Standard 6: CTFs support their grantees by providing clear reporting templates, frameworks and information requirements for monitoring and evaluating grant performance.

Program Standard 7: CTFs establish indicators and measures in the grant agreement and/or its required monitoring plan.

Program Standard 8: CTFs mobilize staff, contractors, and often the grantee itself to monitor grantees' progress.

Resource Mobilization Standard 7: CTFs commit to using specific formats, provide requested information, and comply with the procedures and timing for technical and financial reports through signed agreements, such as those between CTFs and their donors.

Resource Mobilization Standard 8: CTFs encourage cost-sharing arrangements through which grantees contribute a portion of the project or activity cost or raise funding from others.

Resource Mobilization Standard 9: CTFs effectively communicate their role, in providing long-term financial support to advance critical global and national social and environmental goals, to potential donors and partners.

Risk Management and Safeguards Standard 4: CTFs adopt a gender mainstreaming policy to promote gender equality in all operations.

Technology

Institutional Effectiveness Standard 7: CTFs maintain a public presence on the internet through a website(s) and/or social media.

Program Standard 3: CTFs establish well-defined grant award processes that aim to select high quality proposals in a timely manner through competitive means.

Program Standard 11: CTFs develop systems that enable online proposal applications and track project progress with grantees.

Administrative Standard 8: CTFs procure the goods and services needed to carry out everyday activities through processes and practices which: are efficient, cost-effective and transparent; assure the appropriate quality of goods and services; and aim to obtain the best price for value in the market.

Administrative Standard 10: CTFs select and track the information technology they adopt to ensure secure and standardized operations.

Administrative Standard 11: CTFs implement a cybersecurity policy to keep their data and systems safe.

Administrative Standard 12: CTFs have up to date software in place for automated accounting, financial administration, contract management, and procurement.

ANNEX 4

TRANSPOSITION TABLE BETWEEN THE 2014 AND 2020 PRACTICE STANDARDS

Changes were made in the organization and numeration between the 2014 edition and the 2020 edition of the Practice Standards. Annex 4 is a matrix that links the numeration from the structure of the 2014 Practice Standards to their new location in this 2020 edition. The purpose of this table is to help CTFs that have been doing an annual review of their organization relative to the standards, transition their past scores easily to the new structure.

Transposition Table Between the 2014 and 2020 Practice Standards

Governance

Practice Standards 2020 Revision	Practice Standards 2014
Governance Standard 1: Governing documents clearly define the purposes for which a Conservation Trust Fund's or a Program Account's assets may be used.	**Governance Standard 1:** Governing documents clearly define the purposes for which a Conservation Trust Fund's or a Fund's assets may be used.
Governance Standard 2: Governing documents clearly define the composition, powers and responsibilities of the governing body (or bodies). A governing body's composition is designed so that its members will have a high level of independence and stakeholder representation.	**Governance Standard 2:** Governing documents clearly define the composition, powers and responsibilities of the governing body (or bodies). A governing body's composition is designed so that its members will have a high level of independence and stakeholder representation.
Governance Standard 3: Governing body members are selected or appointed based on their competencies and commitment to contribute meaningfully to the CTF's (or Program Account's) overall mission and responsibilities.	**Governance Standard 3:** Governing body members are selected or appointed based on their competencies and commitment to contribute meaningfully to the CTF's (or Fund's) overall mission and responsibilities.
Governance Standard 4: Specialized committees are established by governing bodies to provide advice and to perform certain functions of the CTF or Program Account more effectively and efficiently.	**Governance Standard 4:** Specialized committees are established by governing bodies to provide advice and to perform certain functions of the CTF or Fund more effectively and efficiently.
Governance Standard 5: A governing body has at least three meetings per year and maintains accurate written records of all meetings and decisions.	**Governance Standard 5:** A governing body has at least two faceto-face meetings per year, and maintains accurate written records of all meetings and decisions.
Governance Standard 6: Governing body members understand their fiduciary responsibilities and ensure they have (or acquire) the competence necessary to carry them out.	**Governance Standard 6:** Governing body members understand their fiduciary responsibilities and ensure they have (or acquire) the competence necessary to carry them out.
Governance Standard 7: CTFs establish effective conflict of interest policies to identify, avoid, and manage potential and actual conflicts of interest and reduce exposure to favoritism and reputational risk.	**Governance Standard 7:** An effective conflict of interest policy is in place to identify, avoid and manage potential and actual conflicts of interest to reduce exposure of the CTF to favoritism and reputational risk.
Human Resource Management	
Governance Standard 8: The governing body recruits and oversees a full-time chief executive, and as needed, Program Account managers.	**Governance Standard 8:** The governing body recruits a full-time chief executive or Fund manager to manage the CTF's or Fund's daily operations, and oversees his/her performance, which is evaluated annually.
Human Resource Management	

Governance (continued)

Practice Standards 2020 Revision	Practice Standards 2014
Governance Standard 9: CTFs keep a "compliance list" to monitor and ensure full compliance with all applicable laws and regulations, their own governing documents, and all legal agreements between a CTF and its donors.	**Governance Standard 9:** A CTF keeps a "compliance list" in order to monitor and ensure its full compliance with all applicable laws and regulations, with all legal agreements between the CTF and donors, and with the CTF's own governing documents.
Governance Standard 10: CTFs are established under the laws of a country that effectively ensures a CTF's independence from government, has clear and well enforced laws concerning private non-governmental organizations (including foundations or trusts), and does not subject a CTF to paying substantial taxes.	**Governance Standard 10:** A CTF is established under the laws of a country that effectively ensures the CTF's independence from government, that has clear and well enforced laws concerning private non-governmental organizations (including foundations or trusts), and that does not subject the CTF to paying substantial taxes.

Transposition Table Between the 2014 and 2020 Practice Standards

Insitutional Effectiveness

Practice Standards 2020 Revision	Practice Standards 2014
Institutional Effectiveness Standard 1: CTFs prepare strategic and financial plans that translate their values, broad vision, and mission statements into specific goals, objectives and activities.	**Operations Standard 1**: A CTF prepares a strategic and financial plan that translates its broad vision and mission statements into specific goals, objectives and activities.
Communications | Monitoring & Evaluation	
Institutional Effectiveness Standard 2: As public benefit organizations, CTFs actively pursue opportunities to collaborate with all relevant levels of national government(s) on achieving conservation and sustainable development priorities.	**Operations Standard 2:** As public benefit organizations, CTFs actively pursue opportunities to collaborate with all relevant levels of national government(s) on achieving conservation priorities.
Institutional Effectiveness Standard 3: CTFs actively seek partnerships at the national or international levels with key actors in donor agencies, businesses, non-governmental organizations, communities, and research and academic institutions.	**Operations Standard 3:** CTFs actively seek partnerships at the national or international levels with key actors in donor agencies, businesses, nongovernmental organizations, communities and research and academic institutions.
Institutional Effectiveness Standard 4: CTFs monitor and evaluate their programs in relation to their mission and strategic plan, and in relation to national-level and international-level conservation indicators, targets, and strategies	**Reporting, Monitoring & Evaluation Standard 4:** A CTF monitors and evaluates its programs in relation to the CTF's purpose and its strategic plan, and in relation to national level and international-level conservation indicators, targets and strategies.
Monitoring & Evaluation	
Institutional Effectiveness Standard 5: CTFs track their institutional evolution with internal reporting, monitoring and evaluation, and financial management reporting, to support informed decision-making by their governing bodies.	**Reporting, Monitoring & Evaluation Standard 5:** A CTF designs internal reporting, monitoring and evaluation, including financial management reporting, to support informed decision-making by its governing body about the functioning of the CTF as an institution.
Communications | Monitoring & Evaluation	
Institutional Effectiveness 6: CTFs actively manage their image, clearly convey their values, mission, program goals and impact, and define staff authority for communicating with external audiences through a comprehensive communications policy.	
Communications | Monitoring & Evaluation	

Insitutional Effectiveness (continued)

Practice Standards 2020 Revision	Practice Standards 2014
Institutional Effectiveness Standard 7: CTFs maintain a public presence on the internet through a website(s) and/or social media.	
Communications | Technology	
Institutional Effectiveness Standard 8: CTFs report to different audiences for different purposes.	**Reporting, Monitoring & Evaluation Standard 1:** CTFs are intentional about reporting to different audiences for different purposes.
Communications | Monitoring & Evaluation	

Transposition Table Between the 2014 and 2020 Practice Standards

Programs

Practice Standards 2020 Revision	Practice Standards 2014
Program Standard 1: CTFs design programs/projects to include monitoring and evaluation indicators that support evidence-based reporting of conservation, sustainable development, or climate action impacts.	**Reporting, Monitoring & Evaluation Standard 7:** CTFs design monitoring and evaluation to support evidence-based reporting of conservation impacts.
Monitoring & Evaluation	
Program Standard 2: When awarding grants, CTFs evaluate potential grantees by requiring them to submit key information and by making direct contact with them.	Operations Standard 4: When awarding grants, a CTF evaluates potential grantees by requiring them to submit key information and by making direct contact with them.
Program Standard 3: CTFs establish well-defined grant award processes that aim to select high quality proposals in a timely manner through competitive means.	**Operations Standard 5:** CTFs follow a well-defined grant award process that aims at selecting high quality proposals in a timely manner through competitive means.
Technology	
Program Standard 4: CTFs conclude grant-award cycles with a signed contract with their grantees that sets out all important understandings and obligations related to the financing CTFs will provide.	**Operations Standard 6:** The grant award cycle concludes with the signature of a contract between the CTF and the grantee; the contract sets out all important understandings and obligations related to the financing the CTF will provide.
Program Standard 5: CTFs strengthen the capacity of potential grantees to prepare responsive proposals and effectively implement grant-funded activities.	**Operations Standard 8:** Measures to strengthen grantee capacity are carried out which enable grantees to prepare responsive proposals and implement grantfunded activities.
Program Standard 6: CTFs support their grantees by providing clear reporting templates, frameworks and information requirements for monitoring and evaluating grant performance.	**Reporting, Monitoring & Evaluation Standard 8:** CTFs support their grantees by providing clear reporting templates, frameworks and information requirements for monitoring and evaluation of the grant performance in achieving planned outputs and outcomes.
Monitoring & Evaluation	
Program Standard 7: CTFs establish indicators and measures in the grant agreement and/or its required monitoring plan.	**Reporting, Monitoring & Evaluation Standard 6:** CTF staff, and often the grantee itself, monitor grants using indicators and measures agreed upon in the grant agreement, or its required monitoring plan
Monitoring & Evaluation	

Programs (continued)

Practice Standards 2020 Revision	Practice Standards 2014
Program Standard 8: CTFs mobilize staff, contractors, and often the grantee itself to monitor grantees' progress.	**Reporting, Monitoring & Evaluation Standard 9:** CTF staff (and/or independent evaluators performs due diligence and monitor grantees' progress towards achieving outputs and outcomes.
Monitoring & Evaluation	
Program Standard 9: CTFs ensure that grantees apply effective, efficient and transparent acquisition processes and practices such that appropriate high-quality goods, works or services are obtained at the best prices for value in a given market.	**Operations Standard 9:** A CTF ensures that the entities to which it awards grant funding apply effective, efficient and transparent acquisition processes and practices such that appropriate quality goods, works or services are obtained at the best prices for value in a given market.
Program Standard 10: CTFs that accept execution responsibility apply the same standards to the service they provide for grantees as they apply to the service they carry out for their own administration.	**Operations Standard 10:** A CTF that accepts execution responsibility applies the same standards to the service it provides for grantees as it applies to the service it carries out for its own administration.
Program Standard 11: CTFs develop systems that enable online proposal applications and track project progress with grantees.	
Technology	
Program Standard 12: CTFs conduct feasibility assessments to evaluate new program opportunities.	

Transposition Table Between the 2014 and 2020 Practice Standards

Administration

Practice Standards 2020 Revision	Practice Standards 2014
Administrative Standard 1: CTF's Human Resources policies conform to their country's laws, policies and regulations.	
Human Resource Management	
Administrative Standard 2: CTFs set clear job descriptions, and budget adequate resources, to allow the chief executive, managers, and staff to perform effectively and efficiently.	**Administrative Standard 1:** Clarity of roles and organization and adequate resources allow the chief executive, managers and CTF staff to perform effectively and efficiently.
Human Resource Management	
Administrative Standard 3: CTFs prepare clear organizational charts that clarify reporting lines and management responsibilities.	
Human Resource Management	
Administrative Standard 4: CTFs provide all staff members with clear annual goals and periodic written performance reviews.	
Human Resource Management	
Administrative Standard 5: CTFs offer staff members compensation and benefits within a pre-specified range based on experience, education and performance.	
Human Resource Management	
Administrative Standard 6: CTFs allocate their available resources to maximize funding for grant making and programs, while also setting an overhead rate sufficient to achieve institutional strategic objectives.	**Administrative Standard 2:** When proposing a budget or reviewing budget implementation, transparent presentation of management expenses allows a governing body to understand and analyze the full costs of delivering grant programs and any other strategic objectives.
	Administrative Standard 3: A reasonable allocation of the available budget between management expenses and a grant program seeks to maximize funding for the grant program, but also recognizes the importance of achieving the institutional strategic objectives of the CTF.

Administration (continued)

Practice Standards 2020 Revision	Practice Standards 2014
Administrative Standard 7: One or more operations manuals with up-to-date policies, procedures, and practices guide the day-to-day management of CTFs or Program Accounts.	**Administrative Standard 4:** One or more operations manuals with up-to-date policies, procedures and practices guide the day-to-day management of a CTF or Fund.
Administrative Standard 8: CTFs procure the goods and services needed to carry out everyday activities through processes and practices which: are efficient, cost-effective and transparent; assure the appropriate quality of goods and services; and aim to obtain the best price for value in the market.	**Administrative Standard 5:** A CTF acquires the goods, works and services needed to carry out its own everyday activities through processes and practices which are efficient, cost-effective and transparent; assure the appropriate quality of goods, works and services; and aim to obtain the best price for value in the market.
Technology	
Administrative Standard 9: CTFs undergo an annual audit by independent external auditors who apply standards that are consistent with internationally accepted accounting standards.	**Administrative Standard 6:** A CTF undergoes an annual audit by independent external auditors who apply standards that are consistent with internationally accepted accounting standards.
Administrative Standard 10: CTFs select and track the information technology they adopt to ensure secure and standardized operations.	
Human Resource Management | Technology	
Administrative Standard 11: CTFs implement a cybersecurity policy to keep their data and systems safe.	
Human Resource Management | Technology	
Administrative Standard 12: CTFs have up to date software in place for automated accounting/ financial administration, contract management and procurement.	
Technology	

Transposition Table Between the 2014 and 2020 Practice Standards

Asset Management

Practice Standards 2020 Revision	Practice Standards 2014
Asset Management Standard 1: Clear and comprehensive investment policies set out the core principles CTFs apply for managing their assets.	**Asset Management Standard 1:** A clear and comprehensive investment policy sets out the core principles the CTF applies for managing its assets.
Asset Management Standard 2: CTFs manage their investment portfolios in accordance with investment guidelines that set out the specific parameters to be applied by their investment management consultants, financial advisors and/or the investment managers.	**Asset Management Standard 2:** A CTF's investment portfolio is managed in accordance with investment guidelines that set out the specific parameters to be applied by the investment management consultant, financial advisor and/or the investment manager(s).
Asset Management Standard 3: CTFs' governing bodies, or their committees responsible for overseeing investment management, invest and manage as a prudent investor would invest his or her own funds.	**Asset Management Standard 3:** The CTF governing body or its committee responsible for overseeing investment management, invests and manages as a prudent investor would invest his or her own funds.
Asset Management Standard 4: CTFs seek to preserve endowment capital in order to protect future earnings streams.	**Asset Management Standard 4:** CTFs seek to preserve endowment capital in order to protect future earnings streams.
Asset Management Standard 5: CTFs' governing bodies approve their investment policies, investment guidelines, the process and the outcome of selecting a financial consultant and/or investment manager(s), reports on investment, and financial consultant and/or asset manager performance.	**Asset Management Standard 5:** The governing body may delegate responsibilities related to investing the CTF's assets to a committee of the governing body or investment professionals, but the governing body itself must review and approve the investment policy, investment guidelines, the process of selecting a financial consultant and/ or investment manager(s), and reports on investment and financial consultant and/ or asset manager performance.
Asset Management Standard 6: CTFs' governing bodies: (i) have at least one member who is a qualified professional with knowledge and experience in one or more of the fields of finance, business, or economics; and (ii) provide all members targeted training on the key concepts required to make informed investment management decisions.	**Asset Management Standard 6:** To appropriately carry out its own responsibilities with regard to investment management, a governing body (i) has at least one director who is a qualified professional with knowledge and experience in one or more of the fields of finance, business or economics and (ii) ensures that all its members receive targeted training on the key concepts required to make informed decisions when it carries out its responsibilities.
Asset Management Standard 7: CTFs assess their existing investment capacity, identify what types of investment professionals they may require, and select these professionals through a competitive process and from among investment industry service providers of recognized quality.	**Asset Management Standard 7:** The CTF assesses its existing investment capacity, identifies what types of investment professionals it may require, and selects these professionals through a competitive process and from among investment industry service providers of recognized quality.

Asset Management (continued)

Practice Standards 2020 Revision	Practice Standards 2014
Asset Management Standard 8: CTFs contract investment professionals by describing the services to be provided in a clear and comprehensive manner, the objectives of the services, the costs of delivering the services, and the responsibilities of both the service provider and the CTF.	**Asset Management Standard 8:** Contracts for services to be provided by investment professionals state in a clear and comprehensive manner the services to be provided, the objectives of the services, the costs of delivering the services, and the responsibilities of both the service provider and the CTF.
Asset Management Standard 9: CTFs engage in regular reviews of investment management performance.	**Asset Management Standard 9:** A CTF engages in regular reviews of investment management performance.
Asset Management Standard 10: CTFs recognize the importance of investing their assets in a manner consistent with their own missions and values, and implement an appropriate strategy to achieve that consistency.	

Transposition Table Between the 2014 and 2020 Practice Standards

Resource Mobilization

Practice Standards 2020 Revision	Practice Standards 2014
Resource Mobilization Standard 1: CTFs have strategies to diversify, multiply, and increase their short-term and long-term sources of financing, so as not to depend on a single source or a single funding mechanism.	**Resource Mobilization Standard 1:** CTFs have strategies to diversify and multiply their short-term and long-term sources of financing, rather than depending on a single source or a single funding mechanism.
Resource Mobilization Standard 2: CTFs develop resource mobilization strategies and action plans to raise long-term capital as well as shorter-term funding for particular projects or programs.	**Resource Mobilization Standard 2:** CTFs develop resource mobilization strategies or action plans for raising long-term capital as well as shorter-term funding for particular projects or programs.
Resource Mobilization Standard 3: CTFs have policies to screen and determine which donor contributions and conditions they will accept.	**Resource Mobilization Standard 3:** CTFs have policies for screening and determining which donor contributions and conditions they will accept.
Resource Mobilization Standard 4: CTFs analyze and pursue opportunities for using funds from particular donors or government sources to leverage additional resources.	**Resource Mobilization Standard 4:** CTFs analyze and pursue opportunities for using funds from particular donors or government sources as a way of leveraging additional resources.
Resource Mobilization Standard 5: CTFs analyze and explore opportunities to serve as financial intermediaries for donor programs, voluntary and mandatory cash flows, or other finance arrangements, to further the cause of environmental conservation and climate change adaptation and mitigation.	**Resource Mobilization Standard 5:** CTF governing bodies and management try to identify, analyze and utilize opportunities for the CTF to be used as the financial and institutional mechanism for disbursing PES, user fees, REDD+, climate adaptation funding, biodiversity offset payments, environmental compensation and fines, in order to support activities that are aligned with the purpose of the CTF
Resource Mobilization Standard 6: CTFs seek the support of national government ministries, politicians and international donors to mobilize additional financial resources for the CTF and aligned strategic programs.	**Resource Mobilization Standard 6:** CTF governing body members and the chief executive coordinate with, and seek the support of, national government ministries and politicians in mobilizing additional financial resources for the CTF from national governments and international donors.
Resource Mobilization Standard 7: CTFs commit to using specific formats, provide requested information, and comply with the procedures and timing for technical and financial reports through signed agreements, such as those between CTFs and their donors.	**Reporting, Monitoring & Evaluation Standard 3:** CTFs maintain a regularly updated checklist and schedules for all of the reports that they are required to submit to government agencies in the country where the CTF is legally registered and the countries where the CTF operates or has investments.
Communications | Monitoring & Evaluation	

Resource Mobilization (continued)

Practice Standards 2020 Revision	Practice Standards 2014
Resource Mobilization Standard 8: CTFs encourage cost-sharing arrangements through which grantees contribute a portion of the project or activity cost or raise funding from others.	**Operations Standard 7:** CTFs encourage cost-sharing arrangements through which grantees contribute a portion of the project or activity cost, or raise funding from others
Monitoring & Evaluation	
Resource Mobilization Standard 9: CTFs present their role in providing long-term financial support to advance critical global and national social and environmental goals to potential donors and partners.	**Resource Mobilization Standard 7**: CTFs are able to show potential donors the role that the CTF plays in providing longterm financial support for the national system of protected areas and/or for national environmental action plans and programs.
Communications | Monitoring & Evaluation	

Risk Management and Safeguards

Practice Standards 2020 Revision	Practice Standards 2014
Risk Management and Safeguards Standard 1: CTFs develop risk management policies and procedures to reliably achieve their objectives, manage uncertainty, address grievances, and act with integrity.	
Risk Management and Safeguards Standard 2: CTFs adopt and/or adapt recognized national and international environmental and social safeguards and policies.	
Risk Management and Safeguards Standard 3: When accepting funding, CTFs assume responsibility for creating policies and procedures to meet all donor required standards and apply them to the donor-financed projects.	
Risk Management and Safeguards Standard 4: CTFs adopt a gender mainstreaming policy to promote gender equality in all operations.	
Monitoring & Evaluation	
Risk Management and Safeguards Standard 5: CTFs set clear roles and accountability for risk oversight and safeguard implementation.	
Human Resource Management	
Risk Management and Safeguards Standard 6: CTFs set policies to protect the safety and well-being of staff members and provide safe working conditions.	
Human Resource Management	
Risk Management and Safeguards Standard 7: CTFs have a policy to protect whistleblowers.	
Human Resource Management	

ANNEX 5

GLOSSARY OF TERMS

This glossary of terms includes definitions for practical purposes. While some terms may have legal meaning in certain jurisdictions, this can vary. Therefore, CTFs are advised to review whether any of these terms has a specific legal definition within the laws applicable to them. The intent of the Glossary is strictly to provide a general usage of the term within the context of these Practice Standards.

Accreditation: For CTFs this refers to meeting the set standards of a multilateral fund (such as the Green Climate Fund, Global Environment Facility, or the Adaptation Fund), receiving approval and entering into a legal agreement. Once accredited, a CTF partners with the multilateral fund and national government to carry out a range of activities such as development of funding proposals and management and monitoring of projects and programs.

Action Plan: A description of a project's goals and objectives and the activities that will be undertaken to implement them within a specified period of time.

Adaptive Management: The incorporation of deliberate learning into professional practice to reduce uncertainty in decision making. Specifically, it is the integration of design, management, and monitoring to enable practitioners to systematically and efficiently test key assumptions, evaluate the results, adjust management decisions, and generate learning.

Anti-Money Laundering (AML): Refers to a set of laws, regulations, and procedures intended to prevent criminals from disguising illegally obtained funds as legitimate income. For CTFs it relates to ensuring that the source of funds being received is not disguised or misrepresented. It also ties into "Know your Client" responsibilities, which relates to due diligence to be performed on the CTFs donors, grantees, and other funding beneficiaries. It includes preventing, detecting, and reporting money laundering activities.

Assumption: An explicit statement of what a team assumes is true. The logical sequences linking project strategies to one or more targets as reflected in a theory of change. Assumptions may also include a team's expression of how they anticipate external variables may influence the achievement of results (see also 'risk factor').

Baseline: a known measure or position for a set of indicators from a particular point(s) in time that can be used as a comparison to determine the impact of a project or the overall status of an ecosystem/ conservation target/water quality/socio-economic level etc. over time.

Benchmark: A standard against which the performance of a security, an asset class or an investment manager can be measured and compared. Broad market and market-segment stock and bond indexes are commonly used for this purpose. Benchmarks can be: a) absolute, i.e. aiming to achieve a positive return regardless of market conditions – to outperform, by an agreed percentage over a specified timescale either the return on cash deposits or a chosen inflation index. This approach implies an active investment management style; or b) relative, i.e. aiming to outperform a composite index or peer group over a specified timescale. This approach often means a less active investment management style.

Biodiversity Offset: measurable conservation outcomes resulting from actions designed to compensate for significant residual adverse biodiversity impacts arising from project development after appropriate prevention and mitigation measures have been taken. The goal of biodiversity offsets is to achieve no net loss and preferably a net gain of biodiversity on the ground with respect to species composition, habitat structure, ecosystem function and people's use and cultural values associated with biodiversity.

Blended Finance: Blended finance is the use of catalytic capital from public or philanthropic sources to increase private sector investment in sustainable development.

Business Continuity Plan: A process to create a prevention and recovery system from potential disasters whether natural or manmade. They are designed to protect personnel and assets and provide a clear chain of command and guidelines on how key CTF functions will continue to operate.

Business Plan*:* A formal written document developed through consultation and analysis that summaries a CTF's plan to achieve business goals through sound management and a realistically budgeted execution plan. Business plans provide clear time frames, detailed funding needs, marketing opportunities, and can highlight potential financial returns or economic benefits in a language that potential investors and donors respect. They are often written to generate excitement about the initial formation of a CTF or when a new initiative is being launched.

Climate Resilience Practices: Practices that promote the ability to anticipate, prepare for, and respond to hazardous events, trends, or disturbances related to climate. Improving climate resilience involves assessing how climate change will create new, or alter current, climate-related risks, and taking steps to better cope with these risks.

Compensation: Typically refers to the salary an individual is paid. "Total compensation" includes all benefits such as health insurance, retirement contributions, paid leave, overtime, bonuses, etc. The recurring cost to the CTF of new employees is total compensation plus any associated payroll taxes.

Compliance: Conforming to stated requirements. At an organizational level, it is achieved through management processes which identify the applicable requirements (defined for example in laws, regulations, contracts, strategies and policies), assess the state of compliance, assess the risks and potential costs of non-compliance against the projected expenses to achieve compliance, and hence prioritize, fund and initiate any corrective actions deemed necessary.

Computer Security: Also called cybersecurity or information technology security (IT security) is the protection of computer systems and networks from the theft of or damage to their hardware, software, or electronic data, as well as from disruption or misdirection of the services they provide.

Conflict of Interest: A conflict of interest arises when a member of the governing body, chief executive, consultant or staff member, who is responsible for acting in the best interests of the CTF, may be in a position, or perceived to be in a position, to benefit personally (or to create a benefit to a family member or other organization with which he or she is associated) that may impair their loyalty to the CTF.

Conservation Trust Fund ("CTF"): Conservation Trust Funds are private, legally independent institutions that provide sustainable financing for biodiversity conservation. They often finance part of the long-term management costs of a country's protected area system and conservation and sustainable development initiatives outside of protected areass. Many CTFs also invest in nature-based solutions to support climate change mitigation and adaptation efforts and advance the United Nations Sustainable Development Goals. CTFs raise and invest funds to invest in programs and make grants to non-governmental organizations (NGOs), community-based organizations, governmental agencies (such as national protected areas agencies), and increasingly small and medium enterprises. CTFs are financing institutions rather than institutions that implement biodiversity conservation. Within one CTF there may be one, or more than one, Program Account, often from different donors.

Conservation Trust Investment Survey (CTIS): An annual study of the investment management policies, practices, and results of CTFs throughout the world, first published in 2006. The CTIS reports are published annually on the Conservation Finance Alliance website.

Cost of Living: This is a price index that measures how much you pay for essential items such as housing, gas, food and clothing in a given region/ nation. Cost of living calculations allow for the comparison of expenses between regions as well as over time in the same area.

Cost-sharing: Monies contributed by the grantee from its own resources or from another source that

are used to complete a CTF grant-funded project or activity's financing plan. These are also termed "matching funds."

Countering the Financing of Terrorism (CFT): Refers to a set of laws, regulations, and procedures intended to prevent individuals and organizations involved in terrorist activities, or other illegal activities, from accessing funding. For CTFs it relates to ensuring that the funds being disbursed do not constitute Financing of Terrorism and preventing, detecting, and reporting Terrorist Financing. These are sometimes called "Exclusion Lists."

Custodian: A custodian (usually a bank or other financial institution) maintains possession of securities owned by the CTF, collects dividend and interest payments, redeems maturing securities, and handles receipt and delivery of securities following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the CTF's investment accounts.

Debt Conversion: a mechanism by which the government of an indebted country is enabled to reduce or restructure a portion of its debt with one or more creditors in return for a promise to use the monies saved through that restructuring to achieve conservation outcomes. Typically, the government will pay a reduced annual interest rate on the re-structured debt than it was previously paying its creditor(s), but it can also mean a partial cancellation of the debt. The saving resulting from the re-structuring, including from extended loan terms and sometimes the ability to use local currency rather than hard currency, is directed to a CTF to distribute to conservation projects and programs in accordance with a pre-determined conservation strategy. Debt-for-nature swaps is a term often used to describe a type of debt conversion.

Direct Costs: Costs that can be readily identified with a particular project with relative ease and accuracy. For CTFs and Program Accounts, these are the costs (or expenses) identified with management of a program/project the CTF is funding.

Discretionary: In the context of investment advice, discretionary refers to an arrangement that gives an investment professional the authority to make decisions on behalf of the client using his or her own judgment, but within the guidelines provided by the client (i.e. the "investment guidelines" approved by a governing body or investment committee). A non-discretionary arrangement requires the investment professional to seek approval of the client when making decisions.

Diversification: A risk reduction strategy that allocates investments among various types of different financial instruments, sectors, markets, currencies etc. on the basis that the different investments in those categories will not react the same way to a given event or longer-term trends. Diversification creates a portfolio of investments that collectively have a lower risk than one individual investment.

Due Diligence: The exercise of care that a reasonable governing body or person is expected to take before entering into agreements or other contractual obligations.

Endowment: A sum of money that is intended to exist in perpetuity or to preserve its capital over a long-term timeframe; an endowment's capital is invested with a long-term horizon, and normally only the resulting investment income is spent, in order to finance particular programs and activities.

Endowment Capital: Monies invested in order to generate a steady stream of income over a long-term period. A CTF's committee that is responsible for oversight of investment management will define "capital" in a way that allows the CTF to achieve its mission and fulfill donor obligations.

Environmental Compensation: Payments that developers are legally required to pay in order to

offset, or compensate for, the negative environmental impacts of new projects. In many cases compensation funds are used to finance protected areas.

Environmental and Social Safeguards: Designed to prevent and mitigate undue harm to people and their environment in the development process. When identifying and designing a project, safeguards help assess the possible environmental and social risks and the impacts (positive or negative) associated with a project intervention. Some organizations may choose to cover potential safeguard topics as separate policies rather than list them as safeguards. During project implementation, safeguards help define measures and processes to effectively manage risks and enhance positive impacts. The process of applying safeguard policies can be an important opportunity for stakeholder engagement, enhancing the quality of project proposals and increasing ownership.

Environmental and Social Impact Assessment (ESIA): Designed to support sound decision making on specific projects. ESIAs identify and address potentially significant environmental, social, and economic risks. Assessments aim to promote sustainable development by ensuring that developing projects do not undermine critical resource and ecological functions or the well-being of communities who depend on them. The main output of the assessment process is a strategy for managing risks and mitigating negative impacts.

Environmental, Social, and Governance (ESG) Criteria: These are a set of standards for a company's operations that socially and environmentally conscious investors use to screen potential investments. Most ESG analysts use environmental criteria to consider how a company performs with regard to greenhouse gas emissions and climate change strategy, energy efficiency, water management, waste management, and biodiversity impacts. Social criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates. Governance deals with a company's leadership, executive pay, audits, internal controls, and shareholder rights.

Evaluation: A systematic and objective assessment of a program, project, or policy in relation to its own previously stated goals and objectives. The aim is to determine the relevance and fulfillment of objectives, efficiency, impact, and sustainability. An evaluation should provide information that is credible and useful, enabling the incorporation of lessons learned into the decision-making process. At its core, evaluation is a simple concept: 1) it compares results with expectations; 2) it finds drivers and barriers to expected performance; and 3) it produces action plans for improving programs so that expected performance is achieved. An evaluation is based on a cause and effect model and requires a credible and rigorously defined counterfactual to control for factors other than the intervention (e.g. project) that might account for the observed change. A baseline is required for impact evaluations.

Execution Responsibility: Refers to services required by a program or project that may be delivered by the CTF, but that are normally carried out by a grantee. Common examples of such services are procurement of goods or services for a project or program, and selecting and overseeing the auditor of a grantee.

Financial Advisor: A Financial Advisor is a licensed sales agent or broker with a securities firm.

Financial Management: The process of planning, organizing, controlling, and monitoring the financial resources of the CTF, and the transactions related to the CTF's administration and operations (e.g. accounting, budgeting, grant-making, etc.).

Financial Plan: A comprehensive evaluation of an organization's current and future financial state, including predicted expenses and income sources, by using current known financial statements — such as balance sheets, income statements and cash flow statements — to predict future income, asset values, assess potential income sources, and recommend budgets and spending plans, and resource mobilization strategies.

Flow-Through Funds or Pass-Through Funds. Funds received by a CTF from a third party donor that are then re-channeled (or sub-granted) to one or more final beneficiaries. This is usually based on a specific time-limited grant agreement between the CTF and the donor, where the donor transfers funds in regular installments to the CTF over the length of that agreement. The donor usually has a role in both the choice of final beneficiary and some oversight of the use of the funds, and the CTF is responsible for the day-to-day management and supervision of the sub-grant.

Free, Prior and Informed Consent (FPIC): Set by the International Labor Organization (ILO Convention 169), and ratified by 23 countries, it emphasizes the importance of engaging Indigenous peoples' views as key to the sustainability of policies and programmes that tackle local and global challenges, including poverty, inequality, social conflicts, and climate change.

Gender Mainstreaming: To integrate a gender perspective into the preparation, design, implementation, monitoring and evaluation of policies, regulatory measures, and field programs, with a view to promote social inclusion and equal access, and to combat discrimination. Projects are to be designed to respond effectively to the needs of all local peoples recognizing that gender roles shape the involvement and contribution of men and women with the environment, and that both men and women have the ability to influence, participate in and benefit from projects.

Governing Body (or governing bodies): The body or bodies that exercise authority over a CTF or one of its Program Accounts in accordance with the CTF's governing documents. The governing body of a CTF is usually called a Board (of Directors or Trustees) and is primarily responsible for oversight of the CTF as an institution and the CTF's monies and programs. In some cases (to the extent authorized in the governing documents), the CTF's Board may delegate some of its governance powers for a particular Program Account to a governing body for such Program Account, which is usually called a "Committee" rather than a "Board." When new Program Accounts are established within a CTF, clear guidelines are put into place to establish if the governing body of the CTF, or that of the Program Account, can make the final decision in cases of a material conflict. In these standards, "governing body" refers to any or all of the bodies that govern either: 1) a CTF and/or 2) any Program Accounts that it hosts.[5]

Governing documents: CTFs usually have two levels of governing documents, which are called (depending on a particular country's legal system): (1) a Charter, Articles of Incorporation, Statutes, or Trust Deed (which set forth the general governing principles for the CTF), and (2) the Bylaws or internal regulations (which set forth more detailed governing rules for the CTF). The first (i.e., higher) level of governing documents may be more difficult to amend, because amendments often require the approval of the authority that registered and/or regulates the CTF (sometimes including the need for approval from other governments in the case of bilateral agreement). The rules regarding these amendments can be onerous (in order to make it difficult to change key governance provisions), whereas amending the lower level of governing documents is usually easier, and usually does not require any external authority's approval but only the approval of a CTF's governing body.

5 CTFs in some countries, in addition to having a Board of Directors or Board of Trustees (which is responsible for approving grants, investment decisions, and periodic oversight of the CTF's management), may also be governed by "Members" (e.g., in the United Kingdom) or a "General Assembly" (e.g., in some civil law countries). The "Members" or the "General Assembly" usually function similarly to the "shareholders" in a for-profit corporation, and usually meet only once per year. Their responsibility is generally focused on approving any proposed changes in the CTF's governing legal document, removing CTF governing body members in exceptional cases, dissolving the CTF, and sometimes also approving the CTF's annual financial reports. Similar to the owners of stock in a corporation, a CTF's "Members" or "General Assembly" are usually not directly involved in managing the CTF or in approving grants or investments, but they may occasionally be asked to approve or vote on certain fundamental decisions.

A Program Account will be governed by the applicable governing documents of the CTF that is responsible for such Program Account. In addition to the governing documents, most CTFs also have Operations Manual(s), which set forth the internal rules and procedures for the day-to-day operations and administration of the CTF or a separate Program Account, including detailed procedures for operations, administration and grant-making.

Grantees: Are the recipients of monies and, in some instances, goods, services, and infrastructure from a CTF through a direct contractual relationship with the CTF.

Hardware: The physical tangible parts of a computer such as keyboard, graphics card, monitor, and central processing unit (CPU).

Hold-harmless Clause: Clarifies that the CTF cannot be held responsible by third parties either for damages, liabilities or losses that might result from the project or activity for which funding was awarded, or for legal and tax obligations of the grantee.

Impact Investing: Investments made with the intention to generate positive, measurable social and/or environmental impacts alongside a financial return. Impact investors have diverse expectations of the financial returns.

Indicators: Consistent metrics of a particular variable, characteristic, or dimension of project results (change in threats, progress towards an objective etc.) based on a project's results framework and underlying theory of change. Indicators are used in progress tracking (e.g. goals, outcomes). A good indicator meets the criteria of being measurable, precise, consistent, and sensitive.

Intermediate Result: A specific result that a project is working to achieve en route to accomplishing a final goal or objective ("intermediate" typically refers to a temporal dimension).

Investment Horizon: The total length of time that an investor expects to hold a security or the portfolio that achieves the specified investment goal. The investment horizon is used to determine the investor's income needs and desired risk exposure, which are then used to identify the composition of the investment portfolio.

Investment Management Consultant: A fee-based advisor operating under either a discretionary or non-discretionary contract arrangement. They provide guidance on portfolio theory, asset allocation, manager search and selection, investment policy and performance measurement. The Investment Management Consultant has a primary responsibility to provide independent advice in a fiduciary capacity to his/her client. Investment Management Consultants can help to review the performance of Investment Managers relative to the investment goals of the client and may give the client advice on which investment managers to hire and fire.

Investment Manager: Specialists in managing a portfolio or investments in a specific type of asset, such as medium quality corporate bonds; large-cap value equities, or emerging market governments' debt. Mutual fund managers, portfolio managers and hedge fund managers are examples of this. Investment Managers act with their own discretion to buy and sell investments or hire other asset managers within the parameters specified by the investment guidelines.

Investment Professionals: For the purposes of the Practice Standards, refers to an investment management consultant, financial advisor, or investment manager, either separately or jointly according to the CTF's arrangement.

Knowledge Management: The process of creating, sharing, using, and managing the knowledge and information of an organization. It refers to a multidisciplinary approach to achieving organizational objectives such as improved performance, competitive advantage, innovation, the sharing of lessons learned, integration and continuous improvement of the organization.

Know Your Client: Also known as **know your customer** or simply **KYC**, is the process of a business verifying the identity of its clients and assessing their suitability, along with the potential risks of illegal intentions towards the business relationship. It is designed to ensure that funds, received and managed by a CTF, are in compliance with bank, anti-money laundering, Countering the Financing of Terrorism, and anti-bribery regulations.

Liquidity: The "liquidity" of an asset denotes the ease with which it can be converted to cash. At the portfolio level, liquidity is achieved by holding a percentage of the portfolio in cash or cash equivalent instruments to meet unplanned cash requirements or to avoid loss in value from the forced sale of a security in order to meet distribution requirements.

Logic Model: A graphic or visual depiction that summarizes key elements of a Theory of Change, and it is often used as a facilitation tool during the design process. There are many types of logic models, including but not limited to logical frameworks (logframes), results chains, results frameworks, and local actor-oriented models.

Management: The collective function exercised by the CTF's chief executive and managers as they oversee day-to-day operations of a CTF or Program Account. The term Management is also sometimes used to refer to the CTF's chief executive and the CTF's managers as a group. In the case of some Program Accounts, the management function is supplied as part of an administrator arrangement with the CTF.

Mission-related Investments (MRI): A financial investment that furthers the investor's social or environmental mission. Investment assets such as endowment capital are used rather than program assets. MRIs are not considered charitable activities.

Monitoring: The periodic collection and analysis of data related to goals, objectives and/or key variables that may influence expected results. Monitoring generates the data necessary to evaluate the output, outcomes and/or impact of a project. Monitoring provides management and the main stakeholders of an ongoing intervention with indications of the extent of progress, achievement of objectives and progress in the use of allocated funds.

Outcomes Monitoring: The systematic collection of data, which are expected to change after a project has been constructed and is operational, to test whether any observed changes are due to the project or program. In general, the results measured are the indirect and medium to long-term consequences of the implementation of project or program activities.

Output: The desired product of an activity or task and generally short-term. Considered an intermediate result.

Overhead: Overhead represents the expenses that cannot be conveniently traced to or identified with any particular program but are necessary to operate the CTF. Overhead is essential to effective operations as it provides the critical support needed for institutional sustainability including items such as administrative costs (not otherwise apportioned as a share of a program account expense), fundraising costs, marketing and communications, board meetings, staff development and infrastructure costs (rent etc.). Some countries have specific definitions of overhead in their tax codes; however, actual accounting of activities such as marketing, communications, and even fundraising vary. As a result, a CTF must define both the rationale for the overhead allocation and the basis for its calculation when setting a rate or a range.

Payments for Environmental Services (PES): Sometimes called "Payments for Ecosystem Services" such as payments to landowners or land users for maintaining forest cover that can help regulate water flows in a watershed, conserve biodiversity, sequester carbon, or provide other benefits to downstream users and national economies. PES has also been defined as a transparent system for the additional provision of environmental services through conditional payments to voluntary providers.

Performance Evaluation: A formal procedure to measure and document an employee's work and results based on their job responsibilities and annual goals. It is used to gauge the amount of value added by an employee towards achieving the goals of the organization. It is a systematic process to periodically provide feedback on the employee's contribution to the defined performance metrics. Documenting performance provides a basis for pay increases and promotions or alternatively demotions and dismissals.

Performance Monitoring: The systematic collection of data on changes in performance indicators, revealing whether desired outputs are occurring and whether implementation is on track. In general, the outputs measured are related to compliance with and implementation of work or business plans, project activities, or strategic plans.

Private Sector Engagement (PSE): Refers to the interests of donors and others to engage the private sector as strategic partners in advancing mission-related work through many mechanisms such as impact investing, business expertise, donations of goods or services, engagement in technical working groups, donations etc. The private sector can support greater scale, sustainability, and ultimately effectiveness for conservation and sustainable development outcomes.

Procurement: the process of getting possession of goods or obtaining services with deliberate care to ensure high quality, a reasonable price, and avoid conflicts of interest.

Program: A group of projects which together aim to achieve a common broad vision. Programs are more ambitious and of longer duration than single projects and often have multiple phases.

Program Account: A sum of money that can only be used for specific purposes for funding biodiversity conservation, sustainable development, and/or climate change mitigation and adaptation programs. A Program Account may have a governing body separate from, but acting in concert with, the governing body of the CTF. For many years these were referred to as "funds," but it was confusing nomenclature given that Conservation Trust Funds as institutions are also called "funds" in common usage.

Program-Related Investments (PRI): PRIs are low-cost financing for nonprofits or social enterprises that align with a donor's mission-related purpose. They include financing methods commonly associated with banks or other private investors, such as equity investments, loans, and loan guarantees. These investments are expected to generate returns, but these may be below market returns. Typically, if the investment produces a beneficial conservation outcome, but a financial loss, the investment will be converted to a grant.

Project*:* A set of actions undertaken by a defined group of practitioners – including managers, researchers, community members, or other stakeholders – to achieve defined goals and objectives. It has a defined start and endpoint and specific objectives.

Project Finance for Permanence: A rigorous financial agreement to fund a conservation area/set of goals for the long term by bringing together all the stakeholders, resources, and commitments necessary to achieve a significant conservation goal. It avoids piecemeal and insufficient funding for protected areas by having only one agreement when all funding, legal, and financial conditions are met.

Purchasing Power: Value of a currency expressed in terms of the amount of goods or services that one unit of money can buy.

REDD: Reduced Emissions from Deforestation and Forest Degradation provides incentives for curbing CO^2 emissions and preventing forest loss or degradation. Transfer mechanisms can include carbon trading or paying for forest management in low and middle income countries. REDD+ goes beyond this and includes biodiversity conservation, sustainable management of forests, and enhancement of forest carbon stocks.

Results Chain: A visual diagram of a project's theory of change. A results chain includes core assumptions and the logical sequence linking project interventions to one or more targets. In scientific terms, it lays out hypothesized relationships or theories of change.

Risk: In the general context of investing, there are three broadly used definitions of risk: 1) The possibility that the return on an investment will vary from the expected return. 2) The possibility that an investor might lose part or all of his/her investment. 3) The "standard deviation" or variance of returns (volatility) from a reference investment or a historic average return for an investment category. "Standard deviation" is the most commonly used measure of risk by investment professionals. For CTFs, one type of risk is not achieving the target return that provides a steady stream of income and, in many instances, maintains the purchasing power of the endowment assets.

Risk Factor: A condition under which a project is expected to function, but which can cause problems for the project and for which the project often has no direct control. Killer risks are those that when not overcome, will completely stop the project from achieving its goals and objectives. Organizations routinely manage a wide range of risk factors (e.g. technological risks, commercial/financial risks, information security risks, reputational risks).

Risk Management: The set of processes through which an organization identifies, analyzes, and, where necessary, responds appropriately to address risks that might adversely affect realization of the CTF's goals. The response to risks typically depends on their perceived gravity, and involves mitigating, avoiding, accepting or transferring them to a third party.

Segregation of Duties: The creation of separate roles and responsibilities to ensure that an individual cannot process a transaction from initiation through to reporting without the involvement of others. Examples: 1) Requiring that two parties, rather than one, sign a check for the CTF. 2) Having a CTF's records reconciled by a staff person who was not directly involved with recording the transactions.

Sinking Fund: A pool of monies that will spend down its capital within a designated period of time (e.g. 5, 10, or 20 years). The entire principal and investment income is disbursed over a fairly long period until it is completely spent and thus sinks to zero.

Software: A collection of computer instructions that are stored and run by hardware to execute any command or instruction. It includes computer programs, libraries, and digital media.

Spending Policy: Based on a spending rule formula that generally takes into account earnings, investment expenses, and inflation to calculate the net amount of investment income the CTF can use for annual operations. It is designed to achieve a balance between present and future needs while providing predictability in the income available for operations. A CTF with a strategy to grow its capital would also factor in the growth it wishes to achieve. Use of a rolling average of three or five years when calculating a spending policy will smooth out highs and lows and result in a more stable distribution amount.

Strategies: A group of actions with a common focus that a project/program implements. They include one or more activities and are designed to achieve specific objectives and goals.

Strategic Plan: A document used to communicate the organization's goals and the actions needed to achieve those goals to enable governing body members, employees and stakeholders to focus energy and resources.

Sub-account: A separate grouping of investments that share a common investment strategy. A Program Account might comprise one or multiple sub-accounts.

Substantive Performance Review: An in-depth review of the performance of an investment management consultant, financial advisor, or investment manager that is carried out at least every five years.

Succession Planning: A process for identifying and developing new talent who can replace leaders when they leave, retire, or die. Succession planning increases the availability of experienced and capable employees or governing body members that are prepared to assume leadership roles as they become available.

Sustainable Development Goals (SDGs): A collection of 17 global goals designed to be a "blueprint to achieve a better and more sustainable future for all" were adopted by all United Nations Member States in 2015. It is a call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.

Theory of Change: A series of causally linked assumptions about how a team thinks its actions will help it achieve both intermediate results and longer-term conservation and human well-being goals. A theory of change can be expressed in text, diagrammatic (e.g., results chains), or other forms. It is a "development hypothesis" that embodies, for a given intervention, an explicit logic and causal relationship between the building blocks needed to achieve a long-term result. It explains why and how a proposed investment (e.g. a grant), with its activities and assumptions, will lead to specified desired outcomes.

Tolerance for Risk: In the general context of investing, tolerance for risk refers to an investor's ability to accept price volatility and the possibility of declines in value or loss of principal. For CTFs, risk tolerance also refers to the CTF's willingness to accept, along with positive returns on its investments, that the stream of revenue expected from those of investments could also potentially be reduced or even be zero for a given number of years during the period of the investment horizon.

Work Plan: A short-term schedule for implementing an action or monitoring plan. Work plans typically list: tasks required; who will be responsible for each task; when each task will need to be undertaken; and how.