

**Civil Society  
& Governance**



**Caribbean Natural Resources Institute  
Technical Report  
No. 398**



**Endowment funds - the route to financial sustainability for civil society organisations or just a distraction?**





# Endowment funds - the route to financial sustainability for civil society organisations or just a distraction?



**Caribbean Natural Resources Institute (CANARI)**

Technical Report No. 398

October 2011

## **Acknowledgements:**

This technical report was prepared by the Caribbean Natural Resources Institute (CANARI) under the “*Building civil society capacity for conservation in the Caribbean UK Overseas Territories*” project funded by the Darwin Initiative of the UK Department for Environment, Food and Rural Affairs and the “*Going from strength to strength: Building capacity for equitable, effective and sustained participation in biodiversity conservation in Caribbean islands*” project funded by the John D. and Catherine T. MacArthur Foundation

Special thanks are due to the following people, whose contributions provided the basis for this case study:

Frank Balderamos, National Trust for the Cayman Islands

Marlon Beale and Susan Otuokon, Jamaica Conservation and Development Trust

Evelyn Henville, John Guilbert and David Robinson, Nevis Historical and Conservation Society

Martin Dalglish, NevKit

Diana McCaulay, Jamaica Environment Trust

Kalli de Meyer, Dutch Caribbean Nature Alliance

We are also grateful for the insights provided by partner organisations:

Karen McDonald Gayle, Environmental Foundation of Jamaica

Judith Towle and Bruce Potter, Island Resources Foundation

Finally, the section on *Consortio Ambiental* (CAD) is largely extracted from a longer CANARI case study of CAD written by Leida Buglass, with important contributions on the topic of financial sustainability from CAD’s Executive Director, Sesar Rodriguez. Buglass 2011. *Consortio Ambiental Dominicano (CAD): A decade of networking and developing strategic partnerships to promote the conservation and participatory management of natural resources in the Dominican Republic*. CANARI Technical Report No. 396. Laventille, Trinidad.

The case study was researched and written by Sarah McIntosh, CANARI Associate, with editorial support from Nicole Leotaud, Executive Director.

**MACARTHUR**  
The John D. and Catherine T. MacArthur Foundation



**Citation:** McIntosh, S. 2011. Endowment funds – the route to financial sustainability for civil society organisations or just a distraction? Laventille: CANARI Technical Report 398.

**ISBN 1-890792-19-5**

# Table of Contents

<b>Acronyms</b>	<b>4</b>
<b>1. Why look at civil society endowment funds?</b>	<b>5</b>
<b>2. Methodology</b>	<b>8</b>
<b>3. Findings</b>	<b>9</b>
3.1. Are endowment funds contributing to improved long-term financial sustainability?	9
3.2. What has worked well?	10
3.2.1. Fundraising based on vision, persistence and connections	10
3.2.2. Conducting a feasibility study	10
3.2.3. Internal or external capacity to manage the funds effectively	11
3.3. What have been the challenges?	12
3.3.1. Changes in the economic environment	12
3.3.2. Fundraising to cover the operational costs of an environmental CSO	12
3.3.3. Identifying a champion to lead the fundraising campaign	12
3.3.4. Donors are less willing to give to endowments than to projects	12
<b>4. Lessons learned</b>	<b>13</b>
4.1. Endowment funds can be an effective channel for the type of long-term support that is needed for sustainable development in the Caribbean.	13
4.2. Combining grantmaking with endowment fund contributions can increase financial sustainability and organisational effectiveness	13
4.3. Endowment funding can provide an alternative to annual subventions – to the benefit of both the donor and the recipient.	14
4.4. Good practices are emerging to support effective and efficient use of donors' investments in endowment funds	14
4.5. Establishing and sustaining an effective and efficient endowment fund can be supported when key prerequisites are in place	14
4.6. National fiscal regimes need to be amended in order to stimulate individual and corporate giving to endowment funds	16
4.7. Innovative Caribbean approaches to philanthropy can be established, even during an economic downturn	16

<b>5. In conclusion</b>	<b>17</b>
<b>References</b>	<b>18</b>
<b>Appendix 1: Analysis of individual funds</b>	<b>19</b>
<b>1. Consorcio Ambiental Dominicano</b>	<b>19</b>
<b>2. Dutch Caribbean Nature Alliance</b>	<b>20</b>
<b>3. Jamaica Conservation and Development Trust</b>	<b>22</b>
<b>4. Jamaica Environment Trust</b>	<b>24</b>
<b>5. National Trust for the Cayman Islands</b>	<b>26</b>
<b>6. Nevis Historical and Conservation Society</b>	<b>27</b>
<b>Appendix 2: Questionnaire sent to participating organisations</b>	<b>29</b>

## Acronyms

CAD	<i>Consortio Ambiental Dominicano</i>
CANARI	Caribbean Natural Resources Institute
CEO	Chief Executive Officer
CSO	Civil society organisation
DCNA	Dutch Caribbean Nature Alliance
EFJ	Environmental Foundation of Jamaica
EU	European Union
IUCN	International Union for the Conservation of Nature
JCDT	Jamaica Conservation and Development Trust
JET	Jamaica Environment Trust
MOU	Memorandum of understanding
NHCS	Nevis Historical and Conservation Society
NTCI	National Trust for the Cayman Islands
OE	Overseas entity (of the European Union)
UK	United Kingdom
US	United States
USA	United States of America

## 1. Why look at civil society endowment funds?

In CANARI's work with civil society organisations (CSOs) in the Caribbean, financial sustainability has consistently emerged as the biggest challenge to effective civil society participation in biodiversity conservation and natural resource management.

As noted in CANARI 2010a, “when funding agencies talk about ‘sustainable’ organisations, they generally mean that revenue-generating activities should cover the full operational (or core) costs, without ongoing grant funding or technical support. In CANARI's experience, this is rarely feasible in Caribbean small island states, even with well-established groups and initiatives, because the markets to which they have ready access are limited (for example, by the level of poverty in their communities, the seasonal nature of tourism, and the high cost of meeting export standards), and because governments are rarely prepared to devolve power in ways that would allow [CSOs] to generate revenue from the services they provide.”

For the purposes of this report, we have therefore adopted the same definition of financial sustainability as CANARI 2010a, namely that “a financially sustainable [CSO] is considered to be one that sustains itself through a diversified fundraising strategy (i.e. not over-dependent on a single source but that may include grant funding), which covers its operational costs, including continuous capacity building, as well as any project or programme activity”. It is also assumed here that having a solid financial base will contribute to increasing organisational capacity and therefore the organisation's ability to fulfil its mission in relation to biodiversity conservation. Of course, as noted in CANARI 2010, financial sustainability alone cannot assure this since “there are many other aspects of [organisational] sustainability” (CANARI 2010a), which include long-term commitment of resources from technical and funding partners; an enabling policy and legal framework; relevant capacities including adaptive

capacity and a range of technical and management skills (for example, project, human resource and financial management).

Many CSOs currently feel trapped in a vicious cycle. Without enough money to cover their core operational costs, typically, the salary of the Chief Executive Officer (CEO)<sup>1</sup> and administrative staff plus other fixed costs, such as rent and utilities – the organisation cannot fulfil its mission or achieve its strategic objectives, even if they are receiving project funding to address their main programme objectives.

Since most grant makers are unwilling to cover more than a small proportion of these operational costs, CSOs try a variety of fundraising strategies to plug the gap, including fundraising events and the development of income generating activities. But the return on investment of staff and volunteer time is often low, so the effect is just to further distract the organisation from its mission. The result, CSOs would argue, can be measured in the continuing loss of biodiversity in the Caribbean and unfulfilled opportunities for livelihoods based on sustainable use of ecosystem goods and services.

In an attempt to break out of this cycle, a number of CSOs have turned to endowment funds (see Box 1) as a means of achieving financial sustainability. In some cases, the objective is to raise enough capital to generate interest that will cover all or at least a significant part of the organisation's operational costs, with the principal remaining untouched except under specified, exceptional circumstances. In other cases, the fund is designed to meet a specific strategic objective, such as the purchase of land or buildings.

Although CSO endowment funds are not yet widespread in the Caribbean, it seemed worthwhile to take stock of a varied selection of those that currently exist. This paper is therefore based on a review of nine endowment funds

<sup>1</sup> Although different organisations have different designations for the person in this position, the term CEO has been adopted throughout the paper for consistency.

## Box 1: What is an endowment fund?

An **endowment fund** is a fund that has been set aside for a special purpose. In general, endowment funds only disburse the income from the interest earned, retaining the principal (the main sum invested) intact. The terms “trust fund”, “capital fund”, “sinking fund” and “endowment fund” describe similar financial arrangements, although there are differences in the way they are managed.

For a **trust fund**, the assets are managed by a group of people (the trustees) on behalf of the intended beneficiaries. A **capital fund** is an endowment that is managed by the endowed organisation. A **sinking fund** is designed to disburse the entire principal over a fixed period. A **revolving fund** is one where money is added to the principal as funds are spent, constantly replenishing or adding to the original sum.

[Adapted from Horkan and Jordan 1996]

Newman 2005 also makes a distinction between **true or permanent endowment** (permanently restricted net assets); **quasi-endowment** (restricted net assets put into endowment but a future Board could remove the restrictions) and **term endowment** (temporarily restricted assets, with the restrictions fixed for a period of years, e.g. until the donor’s death) [adapted from Newman 2005].

For the purpose of this paper, all funds are referred to generically as endowment funds; however, the review of the specific funds in Appendix 1 describes in more detail the nature of each fund.

operated by six CSOs that are involved in some aspect of natural resource management or biodiversity conservation in Caribbean islands, including both independent countries and Overseas Entities (OEs) of the European Union (EU). It examines the funds of four national non-governmental organisations and one national and one regional network. The study primarily reviews the effectiveness of endowment funds as a tool for long-term organisational financial sustainability. Where possible, it also highlights how improved financial sustainability has contributed to enhancing the organisation’s effectiveness in biodiversity conservation, although in most cases it is difficult to establish a direct consequential link unless the trust fund has been established with a specific goal, such as acquisition of land that is then managed for conservation purposes.

The report is intended to contribute to the objectives of the following projects, in which the majority of the CSOs participating in this assessment have been involved:

- Going from strength to strength: Building capacity for equitable, effective and sustained participation of civil society organisations in biodiversity conservation in Caribbean islands (2008-2010, funded by the John D. and Catherine T. MacArthur Foundation); and
- Building civil society capacity for conservation in the Caribbean United Kingdom Overseas Territories

(UKOTs), funded by the United Kingdom (UK) Department for Food and Rural Affairs Darwin Initiative, and co-implemented by the Commonwealth Foundation and CANARI.

Specifically it is intended to contribute to the following project objectives:

- to identify the key enabling factors, at both the institutional and organisational level, for effective civil society participation in biodiversity;
- to influence the policies and practice in government agencies, CSOs, private sector companies and donor agencies to enhance civil society participation in institutions engaged in biodiversity conservation;
- to improve sharing of lessons learned between CSOs in both the independent countries of the Caribbean and the OEs of the EU.

The paper therefore analyses the extent to which the funds are actually or potentially contributing to the financial sustainability necessary to achieve the organisations’ long-term goals, and identifies a number of enabling factors and challenges. It draws some conclusions, which are tentative since several of the funds are relatively new. It also provides recommendations, both for donor agencies and for CSOs. Appendix 1 then provides brief descriptions



of the organisations and funds that were reviewed, including identification of the specific enabling factors, challenges, lessons learned and recommendations in each instance.

It does not include analysis of the various environmental funds in the Caribbean that have been specifically established to provide grants to environmental CSOs, such as the Green Fund in Trinidad and Tobago or the Forest Fund and Environmental Foundation of Jamaica (EFJ) in Jamaica. However, in 2010, CANARI facilitated an exchange visit between managers of five of these funds, including dialogue with community-based grant

recipients. This identified that “Funding agencies were challenged to understand the perspective of the CBOs applying for grants and the challenges that they face”, while also identifying the need to “identify the key issues and jointly develop strategies to address these” (CANARI 2010b). It is therefore hoped that this paper will contribute to this sort of dialogue between donors and civil society beneficiaries and to a better understanding of the funding modalities which best serve the complexities of effective CSO involvement in conserving Caribbean biodiversity and promoting sustainable livelihoods over the long term.

## 2. Methodology

From interactions under the two projects mentioned above, CANARI learned that the CSOs listed below had established endowment funds intended to support biodiversity conservation, either directly or indirectly:

- Consorcio Ambiental Dominicano (CAD)
- Dutch Nature Conservation Alliance (DCNA)
- Jamaica Conservation and Development Trust (JCDDT)
- Jamaica Environment Trust (JET)
- National Trust for the Cayman Islands (NTCI)
- Nevis Historical and Conservation Society (NHCS)

With the exception of CAD, whose staff had already been interviewed for a separate case study (Buglass 2011), they were all sent a brief questionnaire (see Appendix 2). These were followed up in most cases by telephone interviews to

clarify or amplify the responses. The questionnaires were supplemented by telephone or email exchanges with partner organisations (EFJ, Island Research Foundation and NevKit) that had provided financial, technical or management support to the featured organisations. The paper also draws on related research, both by CANARI and others, such as Buglass 2011, CANARI 2010b, CANARI 2010c, Horkan and Jordan 1996, Mukti Fund 2004 and Newman 2005.

As such, the study cannot claim to be a comprehensive review of CSO endowment funds that support biodiversity conservation in Caribbean islands, since there may be others of which CANARI is not aware. However, the benefit of this approach has been the high level of pre-existing trust and respect between CANARI and the featured organisations, which facilitated frank and detailed discussion of their successes and challenges.

## 3. Findings

### 3.1. Are endowment funds contributing to improved long-term financial sustainability?

The detailed analysis of the funds in Appendix 1 paints a mixed picture, with some endowment funds (e.g. those of CAD, DCNA, JET) clearly having contributed to the financial sustainability of the organisation or network. This has been achieved mainly through the contribution the funds have made to covering operational costs, which in turn facilitates a more strategic focus. For example, CEOs whose salaries are covered by the endowment fund do not have to spend all or most of their time on projects; instead, they can engage in activities such as advocacy, participation in policy-and decision making bodies and forums, networking and relationship building, fundraising and ongoing evaluation of the impact of programmes, none of which would be fundable under a typical project. In the opinion of several interviewees, this ability to focus on the strategic long-term goals of their organisations has contributed significantly to establishing their strong reputations in the field of biodiversity conservation and many are able to point to documented evidence of their

*“Essentially, when a donor gives to an endowment fund...they are investing in the **institution** itself. Projects don't do that. I have seen a huge amount of money spent on environmental projects [in Jamaica] – with little actual effect on the environment. Now I am not saying it is easy to find projects that will make a difference – environmental issues are complex, long term problems. But what I am saying is we need the institutions who are willing to grapple with these complex long term problems, to persist over time – and that is what is facilitated by endowment funds.” (JET CEO)*

impact on policy and practice in their respective countries or regions. This in turn makes it easier for them to attract additional funding, both through grants and donations to the endowment fund.

The experience of NTCI further emphasises how important it is for endowment funds to contribute to covering the organisation's operational costs. NTCI has been highly successful in raising funds for the acquisition of environmentally sensitive land and sites of historic interest, through its Land Reserve and 'Projects' Funds. Once acquired, the land and sites are owned and managed by the Trust, which it sees as being “the best way to protect and preserve natural environments” (NTCI questionnaire response). The Land Reserve Fund has achieved its target of raising USD 75,000 annually since it was established in 2004 and had purchased over 100 acres in the 12 months preceding the survey. This has “greatly aided the Trust's mission” but “the Trust's financial sustainability has been minimally affected” (NTCI survey response). This is because neither Fund made provision for any of the money to be used for the administrative and management costs associated with purchasing, maintaining, restoring and managing the land and buildings. In fact, some Council (Board) members were actively opposed to this idea, seeing it as deviating from the Funds' original intentions. As such, the structure of these Funds had the potential to undermine rather than enhance the financial sustainability of NTCI by exacerbating the challenge of securing sustained, long-term funding to cover the salaries of the CEO and other key strategic and administrative staff. This has now been recognised by Council and there is an emerging consensus that a percentage (as yet undetermined) of the funds needs to be allocated for administrative costs.

In the case of JCDDT and NHCS, the contribution of their endowment funds to financial sustainability is at present minimal due to the small size of the capital and therefore the interest generated, particularly at a time when interest rates are low.

## 3.2. What has worked well?

### 3.2.1. Fundraising based on vision, persistence and connections

The featured organisations received the initial capital for their endowment funds from a wide variety of different sources – the member organisations (CAD); a previous donor (NHCS); private sector or high net worth individuals (JET, NTCI); a grant from the Environmental Fund of Jamaica (JCDT); and the government of the Netherlands (DCNA). In most cases, this seed funding was secured through a combination of a clear vision, determination, persistence, organisational and individual credibility and leverage of personal relationships, often led by a single ‘champion’ who may then have attracted others to the cause.

*“They know me. They know my Board. They can get audited financial statements. They have confidence in our track record and due diligence. They have heard of us. But mostly, in my opinion, people give to people and not causes – at least in Jamaica.” (JET CEO)*

The same combination of qualities is evident in the subsequent fundraising strategies of the organisations that have been most successful in raising funds on an annual basis (JET and NTCI). At the time of the survey, both JET and NTCI had Board members and a CEO with strong connections to and credibility with the business sector in their country (and in the case of NTCI, high net worth individuals), from which most of their donations have been received. While CAD also has strong connections to some private sector companies, it has not leveraged these to the same extent for its own endowment fund. However, they are evident in the innovative mechanism that it has catalysed for the *Fondo Zorzal*, where it partners with others to raise funds for research on and monitoring of the Bicknell’s thrush (*catharus bicknelli*). Under this arrangement, the ice cream company *Helado Bon* contributes a percentage of its revenue from a specially created ‘conservation’ *choco-maple* ice cream. It also sells *bonos choco-maple* ‘bonds’ that customers can buy to make a direct contribution to the fund.

DCNA also actively cultivates its connections in the Netherlands, both with the government and with the

*“Ask! There are many people out there who will gladly give, and give generously, if only they are asked and a persuasive argument can be given as to why they should give.” NTCI General Manager*

Dutch branches of the international NGOs (IUCN and WWF) that supported the advocacy campaign to establish the Trust Fund and secure financing from the government. Most of the organisations at one time or another have set clear long-term or annual targets; the successful ones have also demonstrated a strong commitment to achieving them. In the case of DCNA, the endowment fund targets are based on a detailed analysis of the long-term financing needed to sustain the park management organisations in each of the six islands it represents. In most other cases, the targets are related to securing funds to cover specific salaries and recurrent overheads.



*JET Education Programme in Hope Gardens. Source JET*

### 3.2.2. Conducting a feasibility study

The establishment of DCNA’s endowment fund was guided by a feasibility study that identified how much money needed to be raised to have the desired impact (the eventual goal is USD 34.6 million), when and how. This helped to build donor and partner confidence in the trust as a long-term solution to funding the Dutch Caribbean

parks. It also identified the key skills (fundraising and financial management) and prerequisites (effective communication strategy targeted at potential funders) which DCNA would need to have in place, and identified partners that could assist with capacity building in these areas. DCNA's endowment fund currently stands at around USD 6.9 million, with pledges of a similar amount over the next five years.

### ***3.2.3. Internal or external capacity to manage the funds effectively***

The structures of the funds also vary in terms of oversight, management of the investments and policies on access to interest and principal. However, with the exception of NHCS, whose funds are managed by a separate entity, NevKit (see Appendix 1, Section 6) under a memorandum of understanding, most rely on some combination of the CEO and Board to perform all these functions, although JET and DCNA also outsource some aspects of the fund management to professional fund managers. In most cases the Board is formally designated the Trustee of the fund.

For the Board and CEO to perform effectively as trustees, they need to have good financial and fund management skills. Several interviewees identified key players on their Boards with relevant skills and experience. At the time of the survey, both JET and NTCI also had CEOs with a private or financial sector background, which is relatively rare in Caribbean conservation CSOs. Most organisations have written policies guiding the use of both principal and interest and some donors have also imposed specific conditions. For example, Jamaica Energy Partners, the company that provided the seed funding for JET's endowment fund, required that JET only spend the excess of the interest rate over the inflation rate in order to preserve the principal in real terms. However, in several cases, the guidelines appear to be relatively flexible, allowing the Board to authorise use of the principal at its discretion. Although this has only been resorted to during perceived crises, it has in some cases (e.g. NHCS) contributed to the erosion of the principal, along with the failure to maintain the fund's value in real terms during times of high inflation and low interest.

In practice, most Boards operate conservative fund management strategies, preferring security to more risky, higher interest investments. Nevertheless, several of them (e.g. JET and CAD) benefitted from high interest rates in their early years. In CAD's case, the interest was left to compound for several years, resulting in a rapid increase in



*Grand opening of the The Joan Robinson Oral History & Biodiversity Resource Centre at the Nevis Historical and Conservation Society. Source NHCS presentation to ARLG meeting*

the principal, which eventually enabled it to buy its own office, a strategy that has both reduced one of its highest recurrent costs (rent) and further increased the value of the fund as the property (which is considered an asset of the fund) has appreciated by more than the rate of interest on its investments.

Because the NHCS endowment fund has not been adequately capitalised, it is difficult to draw firm conclusions about the benefits of having professional fund management of the kind offered by NevKit. However, it has meant that NHCS has benefitted from NevKit's 501(c)3 status for many years. During the early years of active fundraising, this appears to have attracted significant contributions both from American expatriates living in Nevis and donors based in the United States of America (USA). A former NHCS Director also noted that "having such a professional manager adds depth and diversity to our investment portfolio. It also helps bring a few more discriminating donors who know our funds will be handled correctly. Interestingly though, many local (Nevisian) people wonder why we have others handling our funds".

*"I was always conscious of opportunities that could not be followed up simply because there was no-one really responsible and everyone was busy with the work they're actually paid to do."*

Former JCDT Executive Director

Both DCNA and JET have also associated themselves with US-based organisations that have 501(c)3 charitable status, with a view to making themselves more attractive to US-based donors, but it is too early to assess the results as the arrangements are relatively new.

### **3.3. What have been the challenges?**

#### ***3.3.1. Changes in the economic environment***

The worldwide downturn in the economy has affected all those surveyed, though in varying degrees. Everyone has suffered a reduction in interest rates and most stated that it had become more difficult to raise funds from the private sector. The negative impact has been greatest on organisations like JCDT and NCHS that have not been fundraising consistently and therefore do not have long-term or established partners, but all organisations identified the need to seek out new donors and the additional effort that this requires.

#### ***3.3.2. Fundraising to cover the operational costs of an environmental CSO***

Most interviewees felt that it was easier to fundraise for a specific programme or activity than to cover their operational costs, even though this is their highest fundraising priority. Some also indicated that they are in competition for operational funding with CSOs with a social remit such as poverty reduction, children's or educational charities, which donors tend to prefer over environmental causes, either because they understand the issues better or because they provide better public relations opportunities.

#### ***3.3.3. Identifying a champion to lead the fundraising campaign***

While JCDT is the newest of the Funds examined and NCHS the oldest, they face a common challenge – the fact that nobody on the staff or Board is actively championing or prioritising fundraising efforts to increase the endowment fund. While Board members are often in the best position to fundraise from corporations and rich private individuals because they move in the same circles, this is generally not part of the Board culture in the Caribbean, except perhaps in countries like the Cayman Islands where there are a lot of international companies. In these circumstances, the burden often falls to the CEO, who already feels over-burdened and may lack the requisite skills and contacts.



*Children on a trail at Holywell in the Blue and John Crow Mountains National Park. Source JCDT website  
[http://jcdt.org.jm/html/?page\\_id=13](http://jcdt.org.jm/html/?page_id=13)*

#### ***3.3.4. Donors are less willing to give to endowments than to projects***

Respondents generally felt that donors, and particularly grant makers, were less willing to give to endowment funds than projects. Since donors were not interviewed for this case study, it is not possible to fully determine the reasons for their hesitance to invest in CSOs through this mechanism. However, respondents felt that donor concerns revolved mainly around the perceived higher financial risk (for example, because the organisation might not be around or capable of managing the funds over the long-term). While this is probably legitimate in the case of start-up organisations or those without a track record, the experiences featured here suggest that strategies can be developed, by both donors and CSOs, to address these concerns (see Section 4.3 and Table 1 below). Another concern may be the greater difficulty in attributing long-term results to donor inputs (which also reduces the public relations opportunities). And in some instances, the donor agency may not even be certain it will still have a programme in this area by the time the long-term impacts can be evaluated.

## 4. Lessons learned

### 4.1. Endowment funds can be an effective channel for the type of long-term support that is needed for sustainable development in the Caribbean.

As noted in the case study of CANARI (CANARI 2009), “the Caribbean and its organisations need adequate and appropriate support from external agencies, including donors, over a long period [in order to achieve] equitable and effective collaboration in managing the natural resources critical to development”. It is clear from the examples of CAD, DCNA, JET and NTCI that supporting an organisation and its objectives through



*A JET-organised beach clean up helps to sensitise people to the environmental challenges. Source JET*

contributions to an endowment fund can produce long-term, sustainable results. For example, endowment funding is underpinning the National Forum on Protected

*“The Sustainability Fund has kept JET’s doors open many times, most recently in 2010, when without any notice, all funding for our main education programme was withdrawn by the Government of Jamaica. Without the income from the Sustainability Fund, we would have closed our doors and lost all our staff and the training invested in them.” (JET CEO)*

Areas in the Dominican Republic and the protected areas management arrangements in the Dutch Caribbean. And these are the kind of innovative, enduring multi-stakeholder institutions that are needed to address the complex problems underlying the continuing loss of biodiversity and related livelihoods in Caribbean islands.

Endowment funds are also contributing to civil society advocacy and public awareness initiatives, such as those led by JET and CAD, whose efforts have contributed, for example, to campaigns that overturned decisions about development projects and wider understanding of the need for environmentally sensitive tourism development in Jamaica and to shaping national environmental and protected areas policy in the Dominican Republic. In NTCI’s case, it has facilitated the acquisition of environmentally sensitive land.

### 4.2. Combining grantmaking with endowment fund contributions can increase financial sustainability and organisational effectiveness

Ironically, the major contributors to most of the endowment funds have been expatriates or the business community, a sector which is often characterised as an adversary of environmental CSOs. Among the grantmakers supporting CSO biodiversity conservation in the Caribbean, only EFJ appears to have contributed to a CSO endowment fund. EFJ has both provided grants to JET and JCDT and made contributions to their endowment funds of JJD 3 and 1 million respectively (about USD 34,470 and 11,490 at the time of writing). Although the latter was probably too small to make an impact as seed funding for JCDT’s newly-established fund, the contribution to JET provided significant financial stability at a time when the economic situation was affecting corporations’ ability to give. This in turn has enhanced JET’s ability to continue to implement its long-term programmes alongside the shorter-term projects. As with a grant, EFJ requires a report every six months on the use and impacts of the funding.

There would seem to be scope for other national environmental funds and international grant makers to adapt the design of their grant funding mechanisms along similar



*DCNA Executive Director and Board members with Queen Beatrix of the Netherlands. Source DCNA*

lines. Ideally they would contribute both directly to endowment funds that meet certain criteria (see Section 4.5) and continue to provide project grants for specific shorter-term actions. Project grants could also provide for a percentage of project funds to be transferred to the endowment fund as the mechanism for covering indirect operational costs. This combined strategy could act both as an encouragement to organisations to set up sustainable financing mechanisms of this kind and facilitate long-term evaluation of project impacts by the implementing organisation, something which donors need but currently find difficult to obtain.

#### **4.3. Endowment funding can provide an alternative to annual subventions – to the benefit of both the donor and the recipient.**

The Dutch government has provided funding for the establishment of a regional network (Dutch Caribbean Nature Alliance) and is contributing over a ten-year period to capitalising its trust fund, both directly and through the National Lottery, but with the understanding that annual funding will be reduced. Civil society organisations, such as the national trusts in both the OEs and the independent countries that rely heavily on government subventions, could consider lobbying for something similar. Receiving higher sums but over a limited timeframe to capitalise endowment funds, has the potential to improve their long term financial sustainability, reduce the insecurities associated with annual subventions and increase their independence from government. This would also contribute to their ability to lobby for changes to policies and practices, something they currently feel nervous about doing for fear of losing their subventions.

#### **4.4. Good practices are emerging to support effective and efficient use of donors’ investments in endowment funds**

This review did not identify any evidence that giving through an endowment fund is a higher risk strategy or less likely to produce tangible results than project funding; if anything, it suggests the opposite. However, in the absence of long-term comparative research, donor concerns are likely to remain. Table 1 outlines how the most prevalent concerns have been or can be addressed, through a combination of donor due diligence and CSO good practice (based in particular on the experience of and inputs from JET’s CEO).

#### **4.5. Establishing and sustaining an effective and efficient endowment fund can be supported when key prerequisites are in place**

The factors listed below are those that have emerged from this study as the most critical success factors. They largely mirror those identified in Newman 2005 as criteria for assessing the readiness of an organisation to make a success of managing an endowment fund:

- ***the board of directors and staff are committed to building the endowment and have the capacities to do so.*** This includes making the endowment fund a priority for the organisation and the understanding that endowment building is a ***long-term process*** that will require ***strong leadership***, dedication of time and the requisite skills. Most of the featured organisations have fundraising skills, including soliciting individual contributions, event fundraising and writing grant proposals. They have also established good financial management systems to ensure transparency and accountability. However, in some cases, the onus for fundraising falls heavily on one or two individuals. In particular, there is rarely a collective Board commitment to raising funds, as would be expected, for example, of Board members of United States (US) non-profits, where the attitude is often “give, get or get out”. This is particularly challenging when the responsibility then falls to the CEO as it is a time-consuming task that can detract from his or her ability to implement other strategic priorities. The CEO may also be less well connected to affluent individuals than members of the Board.
- ***the organisation is credible and has a clear mission and vision that can command donor support.***



**Table 1: Donor concerns about giving to endowment funds and approaches used by to address them**

Why donors may be reluctant to give to endowment funds	How to address these concerns
<p><b>How do I know my money will be effectively used and managed?</b>                      The organisation may have been around for a while but there is no evidence that it is managing its money effectively, efficiently, accountably and transparently.</p>	<ul style="list-style-type: none"> <li>• Donors can require/CSOs should provide:                             <ul style="list-style-type: none"> <li>- audited annual accounts;</li> <li>- financial operating procedures.</li> </ul> </li> <li>• CSOs can hire an external fund manager if they lack internal competency in this area.</li> <li>• Donors can require an independent board of trustees if the current board lacks the required skills.<sup>2</sup></li> <li>• Donors can specify the expenses or programme areas that its donations can be used for and the CSO can report accordingly.</li> <li>• Donors could adopt the NEM Insurance approach (see Section 4 of Appendix 1 on JET) of setting aside capital in the form of a bond and transferring just the interest to the CSO in quarterly tranches based on satisfactory reports on previous expenditure.</li> <li>• Donors can require reports both on what their contributions have been used for and other aspects of effective organisational management (governance structure, human resource policies and procedures, etc.).</li> </ul>
<p><b>How do I know my money is making a difference?</b>                      It is more difficult to evaluate the impact and effectiveness of such donations than project grants.</p>	<ul style="list-style-type: none"> <li>• Mutually agreed targets and indicators can still be established but these will relate to the wider organisational mission and goals rather than short-term project objectives; consequently the time frame over which these are evaluated is likely to be longer.</li> </ul>
<p><b>What happens if I am the only funder?</b>                      If my donation is not matched by others, it may sit around making very little difference to financial sustainability.</p>	<ul style="list-style-type: none"> <li>• Donors can issue challenge grants (i.e. we will give \$x once you raise \$y) or offer matching funding (we will give a \$ for each \$ your raise).</li> <li>• Donors and CSOs can agree on a small percentage being added to each project grant to be transferred to the endowment fund.</li> </ul>

Among the factors that Newman identifies as contributing to this perception are:

- respect from its constituents (stakeholders);
- a written strategic plan that includes mission, goals, objectives, specific programmes, and budgets for the organisation for the next three–five years; and
- ability to make a compelling case for future support (Newman 2005).

While most of the featured organisations broadly meet the first two criteria, several have struggled to ‘command donor

support’ in spite of having, in their own minds, ‘a compelling case’. Little research has been conducted on what makes companies and individuals give to CSOs in the Caribbean. However, it seems likely that one of the reasons environmental CSOs in the Caribbean struggle to secure as much funding as similar CSOs focusing on social issues is that they tend to ‘preach to the converted’. A quick review of the websites of the featured organisations revealed no attention-grabbing, compelling arguments for biodiversity conservation as a tool for improved quality of life, both now

<sup>2</sup> Although this suggestion by EFJ was rejected by JCDT on the grounds that it “would introduce additional costs and bureaucracy” and would mean they would have to “beg for money” and compete with others for the money (JCDT former CEO, pers. comm.). However, it appears to have worked relatively well for NHCS.

and in the future, such as its contribution to water quality and quantity, air quality, storm protection, food security etc. Instead, the assumption is generally that the reader is already aware of why nature conservation and protected areas are important.

There is also a need to craft clear messages that explain the particular challenge that most Caribbean CSOs face in securing adequate grant funding for core operational costs as this is not always easy for those outside the sector to understand. The feasibility study for the trust fund for the Dutch Caribbean (AidEnvironment et al 2005.) provides an excellent model of strategic thinking about an integrated fundraising and communication strategy, including identification of target audiences, priorities and timeframes, messages and channels of communication.

Finally, few of the websites make it easy to contribute to the organisation's endowment fund, with the exception of JET, which includes the option of donating by credit card (though there is no explanation of what the money will be used for).

- ***the organisation runs strategic, well-planned, ongoing fundraising campaigns.*** In most cases, as with JET and NTCI, these will be annual campaigns to sustain momentum. However, it is often strategic, as DCNA has done, to solicit a commitment to give over several years rather than just one. Newman also notes that “substantial gifts often inspire others to give” (Newman 2005) so even organisations with newly-established funds can point to the grant funding they have secured in the past as evidence of others being willing to invest in them.
- written endowment policies have been established by and are adhered to by the Board, including investment and spending policies, and in particular the conditions under which the principal can be spent. These were in place in all the featured organisations.

#### **4.6. National fiscal regimes need to be amended in order to stimulate individual and corporate giving to endowment funds**

While United States (US) charitable status was perceived to be an asset, none of the organisations had derived much benefit from national fiscal regimes. Even in cases where these regimes ostensibly provide for tax advantageous charitable giving by businesses, most companies seem to find the bureaucracy too onerous or had found other mechanisms for tax exempt donations, such as including them under their public relations budgets (JET CEO, pers. comm.). None of the respondents identified national tax benefits to individuals as a significant factor, in part because several of the islands do not have personal income tax regimes. However, where income tax is paid, there may be scope for CSOs to advocate for tax regimes that make giving simple and attractive (for example, schemes like *Give as You Earn* in the UK, where pre-tax deductions can be made from monthly salaries and donated to the individual's CSO or sector of choice, sometimes with matching contributions from the company).

#### **4.7. Innovative Caribbean approaches to philanthropy can be established, even during an economic downturn**

The approach adopted by *Helados Bon*, an ice cream company in the Dominican Republic, is an excellent example of an innovative and creative mechanism for a business to contribute a substantial sum of money to a fund. The company donates a percentage of the price of a special ‘conservation’ ice cream to a conservation fund for the Bicknell's thrush. It also encourages the wider public to donate through the sale of special conservation ‘bonds’, which also helps to raise public awareness of the conservation issues. Similarly, JET believes that the initial funding it received from Jamaica Energy Partners was catalysed in part by the government's requirement for environmental/social investments from the companies to which it granted licences for energy production. Both examples might serve as a model that other governments and business could adapt.

## 5. In conclusion

Caribbean CSOs have a fairly restricted range of options to secure their financial sustainability. Many are highly dependent either on government subventions or a small range of grant makers, some of whom are perceived to exacerbate CSO financial instability because their rules do not facilitate realistic contributions to operational costs.

This study, limited as it is, indicates that endowment funds can be an important part a CSO's strategy to become financially sustainable and by extension more effective and efficient in implementing the programmes, projects and partnerships through which they contribute to biodiversity conservation. However, it would be dangerous to imply that endowment funds are the solution or a silver bullet. CSOs still need diversified funding strategies, including other types of support from donors, such as technical support and grant funding.

An endowment fund is unlikely to be a viable option unless there is a real possibility of building enough capital, within a reasonable timeframe, for the interest to make a difference to day-to-day operations or the specific purpose for which the fund is intended. It is therefore recommended that any organisation considering such a fund should first conduct a feasibility study and then outline a clear fundraising and communication strategy before launching its fund.

If more grant-makers could be persuaded to contribute to endowment funds as suggested above, it would be useful to

*I agree with what you say about an endowment not being a magic bullet, and diversification of income streams is important. I feel strongly, though, that donors should stop expecting CSOs to become these strong, sustainable organisations when they are not prepared to contribute sufficient funding to that transformation (JET CEO)*

establish a collaborative medium to long term (five to ten year) research project to test and compare the outcomes of channelling funding through endowment funds as opposed to just through projects, with lessons learned being shared and incorporated in future grant making. This could yield valuable lessons and, judging by the findings of this study, better long-term results. The funding could include both donations to established funds that meet certain prerequisites and capacity building to stimulate the establishment of new endowment funds.

Finally, more opportunities, such as the CANARI exchange visit mentioned above (CANARI 2010b), are needed for dialogue between donors and CSOs so that they can collectively and regularly evaluate the most effective ways to invest in their mutual objective of conserving biodiversity and promoting sustainable development in the islands of the Caribbean.

## References

---

AIDEnvironment, B.Spergel and EcoVision. 2005. Feasibility Study of a Protected Areas Trust Fund: Sustainable Funding for the Nature Parks of the Netherlands Antilles. Curacao: MINA.

CANARI. 2009. Thirty Years in Support of Participatory Natural Resource Management: the experience of the Caribbean Natural Resources Institute (CANARI). CANARI Technical Report No. 387. Laventille: CANARI.

CANARI. 2010a. Community participation in natural resource management: lessons from Caribbean small island states. CANARI Issues paper No. 1. Laventille: CANARI.

CANARI. 2010b. Financing for sustainable forest-based livelihoods. Laventille: CANARI. Available at <http://www.canari.org/documents/finalreport.pdf>.

CANARI. 2010c. Study Tour of Bonaire: The Dutch Caribbean Nature Alliance and Stichting Nationale Parken Bonaire. Laventille: CANARI.

CANARI. 2010d. Report of the first Darwin project Action Research and Learning meeting, Nevis. Laventille: CANARI. Available at <http://www.canari.org/documents/DarwinARLG1reportfinal.pdf>.

Cooper, G., 2011. Half a century of civil society participation in biodiversity conservation and protected areas management: *A case study of Bonaire*. CANARI Technical Report No.397. Laventille: CANARI.

Horkan, K.M. and P.L. Jordan. 1996. Endowments as a tool for sustainable development. USAID Working Paper #221. Washington: USAID Center for Development Information and Evaluation.

Mukti Fund. 2004. The Mukti Fund in St. Kitts and Nevis 1983-2004: How A Small Foundation Can Make A Difference. Mukti Fund. Key West, USA.

Newman, D.S. 2005. Nonprofit Essentials: Endowment Building. New York: Wiley.

### 1. Consorcio Ambiental Dominicano

#### Overview

The *Consorcio Ambiental Dominicano* (CAD) is an environmental network (literally, ‘consortium’), based in the Dominican Republic. Its membership includes both non-governmental organisations and government agencies. It has also developed strong strategic alliances with the private sector. CAD was legally incorporated as a non-profit organisation in February 1999 but its origins date back to the *Programa Ambiental* (Environmental Programme) started in the early 1990s under a project funded by the Swiss Agency for Development and Cooperation. The Programme included a cooperation agreement between all the main CSO and government agencies with an environmental mandate, which created a culture of collaboration and round table discussion that is now an essential part of CAD’s culture (Buglass 2011).

CAD has established an endowment fund that directly supports the long-term financial stability of the organisation and contributes its day-to-day operational fund. CAD is also involved in two other funding mechanisms that are designed to provide long-term support to its conservation and sustainable livelihoods objectives.

The *fondo patrimonial* operates like an endowment or trust fund. It was funded initially by the joining fee of DR pesos 100,000 (USD 2,700 at current rates) that each of the nine founder members paid to establish CAD. In the early years, CAD also put the surplus from projects and consulting services into this fund. The capital was used to buy *certificados de inversión* (bonds) to generate interest to cover operating costs. However, neither the capital nor the interest was touched for several years, allowing the principal to increase significantly in value.

Subsequently money from the *fondo patrimonial* was used to purchase CAD’s current office. This has also appreciated rapidly in value and is now estimated to be worth USD 200,000, with the cash value of the fund currently at around USD 130,000. As operating costs are now much lower as a result of not paying rent, and with interest rates in the Dominican Republic comparatively high, the interest on the *fondo patrimonial*, which is

transferred to the operating fund (see below), has been able to cover up to 40% of the core operational costs.

The Board acts as trustee for the *fondo patrimonial* and decides how the money is invested and used. The decision has to be approved by the General Assembly (the full membership), which has the final say on how to maintain the real value of the endowment fund.

An **operating fund** is used to cover day-to-day operational expenses. It comprises the interest from the *fondo patrimonial* (40%) and the sums budgeted under projects and consultancies (60%) for the CAD Secretariat’s administrative and operational expenses and, in some cases, a portion of the Executive Director’s salary. The interest from the *fondo patrimonial* is also used to finance the National Forum for Protected Areas, a multi-stakeholder forum that CAD coordinates.

The *fondo social* (social fund) is a revolving fund for micro-credit loans that currently has capital of about DR pesos 1 million (USD 26,200). It was created as an outcome of a project called “Sustainable Management of Natural Resources in Sierra de Bahoruco” executed between 2003 and 2006. The project involved grants to support initiatives that would benefit local communities and a micro-credit scheme for micro-enterprises focusing on agriculture and food production. The legacy of the latter was the *fondo social*, which is managed by CAD member, *Instituto de Desarrollo de la Economía Asociativa*. The loans made under this fund are intended to strengthen community initiatives in *Sierra de Bahoruco*. Recipients have included small associations or enterprises including pig farmers and coffee, honey and yoghurt producers.

CAD is also in the process of co-establishing the **Fondo Zorzal** (Thrush Fund), which it describes as a *fondo hermanamiento* (brotherhood fund), with the help of the United States Fish and Wildlife Service for the Two Worlds One Bird Carbon Project<sup>3</sup> to conserve the Bicknell’s Thrush (*catharus bicknelli*), a rare, threatened songbird that breeds in high elevation areas of eastern Canada and the United States and winters in the mountainous forests of the Dominican Republic, Haiti, Jamaica, Puerto Rico, and Cuba (<http://www.bsc-eoc.org/organization/newsarchive/11-19-10.html>).

<sup>3</sup> See [http://www.dominicanaonline.org/DiccionarioMedioAmbiente/es/documentos/pago\\_Proyecto\\_Zorzal\\_Republica\\_Dominicana.pdf](http://www.dominicanaonline.org/DiccionarioMedioAmbiente/es/documentos/pago_Proyecto_Zorzal_Republica_Dominicana.pdf)

The objective of this fund is to finance research on and monitoring of the Bicknell's thrush in the Dominican Republic. The fund received seed capital of USD 2,500 from the Vermont Center for Ecostudies. This is now being supplemented by an innovative scheme operated by the ice cream company Helados Bon. In November 2010, Helados Bon created a special 'conservation' ice-cream, Choco-Maple, directly inspired by the Bicknell's Thrush. The flavour captures elements from the thrush's breeding (maple) and wintering (chocolate) ranges, and the chocolate is organic (<http://www.bsc-eoc.org/organization/newsarchive/11-19-10.html>). A contribution of 20% of the price of the ice cream is transferred to the Fondo Zorzal. Helados Bon also issues special bonos choco maple ('choco-maple bonds'), which customers purchase to make a direct contribution to the fund of DR pesos 150 (USD 4) per bond.

### **Enabling factors and challenges**

The fact that the nine founding members were each able to contribute USD 2,700 as their initial joining fee and to leave the capital untouched for several years was a critical factor in the endowment fund's success but also an indication of the comparative financial strength and vision of, and mutual trust between, the member organisations. The establishment of the *fondo patrimonial* also occurred at a time when interest rates were high and the compounded interest rapidly increased the principal to the point where the organisation could afford to buy its own office space.

The greatest challenge at present appears to be limited capacity for fundraising to increase the endowment fund. For example, one interviewee for the case study noted that "One of CAD's weaknesses is the lack of member participation in the process of developing CAD into a self-sustaining organisation". The priority accorded to fundraising by both the Board and Secretariat was also perceived to be low in comparison with other strategies, such as developing strategic alliances, leading one interviewee to complain that CAD "appears to dedicate itself more to the outside world than to its members" (Buglass 2011).

### **Lessons and conclusions**

Using part of the principal from the endowment fund to buy office space has proved to be an excellent strategy,

simultaneously eliminating one of the highest elements of most CSOs' recurrent expenditure and converting part of the endowment fund into an asset that has appreciated faster than the rate of interest it would have earned in bonds (and than inflation).

Although it is not currently a direct benefit to CAD's financial sustainability, the innovative scheme operated by *Helados Bon* for the *Fondo Zorzal* is evidence of the value of CAD's close relationship with the private sector and there is no reason why similar schemes could not be developed to support other types of endowment fund both within the Dominican Republic and elsewhere in the Caribbean.

However, in spite (or perhaps because) of the success of the *fondo patrimonial*, most of the recent fundraising efforts seem to have focused on securing grant funding rather than increasing the endowment fund. As is common in networks, there are also occasional tensions between the perceived needs of individual members and of the network as a whole, in spite of the commitment by CAD not to compete for funding with its members. The case study concludes that "greater clarity is therefore needed on what is best done by the network as a whole and what by individual organisations; how funds will be raised for the network (for example, is it the role of the Executive Director alone or also the Board as indicated in organisational documents or is there a need for a professional fundraiser or new skills to be built); and how funds can be equitably allocated when they are received (for example, the proportion retained for central administrative functions versus the amounts disbursed to members/projects)" (Buglass 2010).

## **2. Dutch Caribbean Nature Alliance**

### **Overview**

The Dutch Caribbean Nature Alliance (DCNA) was established in 2005 as a non-governmental regional network based in Bonaire, which at the time was an Overseas Entity (OE) of the Netherlands. Its mission is to support the CSOs that manage all the protected areas in the islands of the Dutch Caribbean<sup>4</sup>. One of the main reasons for establishing DCNA was to advocate for increased funding for protected area management. It also serves as a mechanism for consolidating international

<sup>4</sup> Aruba, Bonaire, Curaçao, Saba, St. Eustatius and St. Maarten

fundraising and fund management in a single organisation that acts on behalf of all the park management CSOs and, to some extent, other CSOs active in conservation.

DCNA provides support by:

- fundraising to build a conservation trust fund that will cover the recurrent expenditures of all the park management organisations;
- representing the park management organisations internationally and in particular providing a stronger voice for them in the Netherlands;
- building the institutional capacity of the park management organisations for nature conservation;
- sharing information on nature conservation between park management organisations and other conservation-oriented CSOs in the Dutch Caribbean; and
- raising awareness in the Netherlands of the importance and value of Dutch Caribbean natural resources and its conservation needs.

DCNA established its **trust fund** in 2005 with the objective of covering the recurrent management costs of one terrestrial and one marine park on each island in the Dutch Caribbean. The goal is to raise a total of Euro 24 million (approximately USD 34.6 million) and the current capitalisation is Euro 4.8 million (USD 6.9 million). The design and focus of the fund was based on a comprehensive feasibility study commissioned by the Central Government Department of Nature and the Environment and published in February 2005<sup>5</sup>.

The initial seed funding of Euros 1.8 million (equivalent to USD 2.6 million at the time the DCNA questionnaire was received) for the endowment fund came from the Dutch Postcode Lottery Special Projects Funds as a result of a proposal submitted by the International Union for the Conservation of Nature (IUCN) Netherlands. Securing this seed funding was a pre-condition for government to contribute to the fund, which it now does through the Ministry of the Interior. The Ministry of the Interior currently contributes Euro 1 million (USD 1.44 million) annually based on a ten-year contract (2007-2016), of which Euros 750,000 (USD 1.1 million) is placed into the endowment fund. The remainder is used to cover the operational costs of the Secretariat, to provide support to the park management organisations and to support

projects, workshops and training opportunities identified by the park management organisations. From 2012 onwards this subsidy will be decreased by 1.5 to 6% in line with Dutch Government cost cutting. Since 2008, DCNA has also received Euro 500,000 (USD 720,000) annually from the Dutch Postcode Lottery, of which Euro 200,000 (USD 288,000) is placed directly in the fund. IUCN Netherlands continues to provide support by administering the grant from the Ministry of the Interior and verifying the completeness and accuracy of DCNA's reporting.

The funds are managed professionally by external companies. Part of the fund was managed under contract with UBS Switzerland where it was part of a Global Consolidated Fund (i.e. it is placed in an aggregated fund) but this has now been liquidated (de Meyer, pers. comm). Part is managed by Arbor Group (a subsidiary of UBS) in the United States of America (USA), a professional fund management organisation that employs a team of fund managers to manage different aspects of the fund. The Board took a decision at the fund's inception that all interest would be re-invested in the fund for ten years (until 2015). The DCNA Trust Fund Committee makes all day-to-day decisions (which are ratified by the Board) and makes recommendations to the Board on all policy issues. The DCNA statutes make specific provision for the election of three independent (i.e. not from the park management organisations) Board members with financial expertise.

### ***Enabling factors and challenges***

There appear to have been three main enabling factors:

- Consensus between the central government of the Netherlands Antilles<sup>6</sup>, and the park managers and other CSOs on the need for a mechanism of this kind and in which organisation it should be located. This was reinforced by the support of powerful Dutch conservation NGOs under the umbrella of IUCN Netherlands in lobbying for the establishment of the fund in and getting it funded.
- The trust fund feasibility study provided a comprehensive framework for the design of the eventual DCNA fund and at the same time helped to build donor and partner confidence in the trust as a long-term solution to funding the Dutch Caribbean parks. DCNA seeks to

<sup>5</sup> AIDEnvironment *et al.* 2005

<sup>6</sup> The Netherlands Antilles federation was dissolved in October 2010 with the result that the Dutch Caribbean now comprises three independent countries (Aruba, Curacao and St. Maarten) and three special municipalities of the Netherlands (Bonaire, Saba and St. Eustatius).

reinforce this confidence by meeting or exceeding the strict reporting requirements and deadlines imposed on it by the donors.

- The commitment of substantial sums of money on a regular basis over a long period means that the fund can build up sufficient capital in a reasonably short space of time (ten years) to develop a realistic long-term strategy for meeting the recurrent operating costs of both DCNA itself and the park management CSOs, which enhances their collective contribution to biodiversity conservation. This long-term commitment also means that, unlike most of the other funds described here, less effort needs to be spent annually on fundraising.

The trust fund feasibility study also identified the key skills (fundraising and financial management) and prerequisites (effective communication strategy targeted at potential funders) which DCNA would need to have in place, and identified partners that could assist with capacity building in these areas. This appears to have been successful since participants on a study tour to Bonaire (CANARI 2010) listed among DCNA's strengths its organisational structure, strategic approaches and leadership and management. On the other hand, Cooper 2011 notes that the various park management organisations have different perspectives regarding the role of DCNA and the priorities for allocation and distribution of funding, which indicates that there may be a need for stronger internal (i.e. within the network) communication and conflict management strategies.

### ***Lessons and conclusions***

Key lessons from the DCNA example are the value of:

- collaboration between CSOs and their government partners in Overseas Entities of the European Union (EU) as well as strategic alliances with CSOs in the EU in lobbying for appropriate funding mechanisms from national (and potentially EU funders). There may also be potential for CSOs in independent countries to find strategic partners in the countries in which their major actual or potential donors are located;
- a preliminary study that identifies the rationale for the fund; the sum needed to achieve the identified goals; the preferred governance structure; and the skills needed to support the management of the fund and how these can be built. While few CSOs would be able to afford a study on the scale of AIDEnvironment et. al.

2005, these are all key points that should be assessed in advance, with strategies developed not just for fundraising but also for addressing any capacity gaps;

- identifying funding partners that are willing not only to commit a substantial annual sum but to do so over a medium-long term basis (5-10 years). This facilitates the type of long-term planning and project implementation needed for effective conservation and natural resource management. It is also a more effective return on investment of CSO human resources than annual campaigns. While CSOs in other countries may not be able to secure a similar level of commitment, the principle of focusing on high value, strategic funding partners remains the same.

The DCNA Trust Fund is a relatively new experiment that is already providing some assistance to the beneficiaries. Within the next five years, it has the potential to provide a level of financial stability to the park management organisations in the Dutch Caribbean that is unrivalled elsewhere in the region, where park managers typically rely on a much less secure mix of entrance and usage fees, government subventions and grant funding to support their operations. It would therefore be useful for DCNA to evaluate on a regular basis the impact that the Trust Fund is having on park management efficiency and effectiveness and on the biodiversity and ecosystem goods and services the parks seek to conserve. This could support both its own future fundraising efforts and demonstrate the value of the Fund as a model for others to adopt/adapt.

## **3. Jamaica Conservation and Development Trust**

### ***Overview***

Jamaica Conservation and Development Trust (JCDDT)/Green Jamaica is a not-for-profit environmental, non-governmental organisation, established in 1988 by a group of professionals who recognised that economic development in Jamaica would only be sustained if the natural environment was conserved. JCDDT co-manages Jamaica's Blue and John Crow Mountains National Park in conjunction with the Forestry Department and the National Environment and Planning Agency. JCDDT is also active in the areas of environmental education, community involvement in protected areas management, advocacy and representation of CSO views and interests to



advance environmental conservation in Jamaica (adapted from [http://jcdt.org.jm/html/?page\\_id=5](http://jcdt.org.jm/html/?page_id=5)).

The idea for JCDT's Endowment Fund arose out of its strategic planning process for the period 2005-2009, which identified the need to diversify JCDT's funding strategy. The intention was to focus more on fundraising and less on grant funding because the latter in many instances did not contribute much to covering operational costs. The objective of the Fund is "to contribute to the sustainability of JCDT" (JCDT questionnaire response) through the use of income interest to cover recurrent operational costs, such as senior management salaries, accounting, rent and utilities. The short-term target was Jamaica dollar (JD) 8 million (at the time about USD 130,000), with a long-term goal of USD 2 million. The current capitalisation is about JD 4 million (at the time of writing, about USD 46,300). This was achieved primarily through a seed grant (effectively a donation) of JD 1 million (at the time of writing USD 11,575) from the Environmental Foundation of Jamaica (EFJ) plus surpluses made from a wide range of events organised by JCDT. Some small individual and corporate donations and project surpluses have also been put into the Fund. Most funds are kept in low risk instruments such as fixed deposits or government bonds.

The Fund is overseen by the Finance Committee of the Board, which decides how the principal and interest should be used. There is a two page document outlining how the Fund will be operated, but as the principal hasn't yet grown enough to take funds from the interest, the question of use has not been documented. The thinking is that eventually (when there are significantly more funds) the CEO will request an amount to cover certain operational costs when submitting JCDT's annual workplan and budget to the Board (through the Finance Committee). The amount approved will depend on the funds available and discussions with the CEO and perhaps other relevant staff, such as the Administrative Manager (Otuokon pers. comm.).

### ***Enabling factors and challenges***

JCDT has a strong reputation for organising events and the well-known ones, such as the annual Misty Bliss and biennial Green Expo, have continued to secure corporate support and have usually generated a surplus, although there have been a couple of occasions when this was not the case or returns were small. Events are particularly challenging during an economic downturn with, for example, limited private sponsorship and low attendance

at Green Expo 2011.

The initial JD 1 million contribution from EFJ clearly played an important role in establishing the Fund but JCDT decided to forego an additional JD 1 million because it was unhappy with the initial stipulations attached to the 'grant' (such as establishment of a separate trust fund with independent trustees, of which EFJ would be one; requirement to launch a capital campaign within three months of signing the contract; and giving up the right to further EFJ funding for five years). EFJ also provided some additional funding to support fundraising activities but this did not prove sufficient to implement all the proposed strategies, and particularly those overseas targeting the diaspora.

In contrast to Jamaica Environment Trust (see below), JCDT has not been particularly successful in raising funds from the private sector and individuals, in spite of its excellent reputation. The former CEO attributes this mainly to the fact that staff have fewer personal contacts with people at the right level and that both staff and Board members, who are better connected, are 'squeamish' about fundraising. An experiment with a paid fundraising consultant did not yield the anticipated results, so the main burden of fundraising for the Endowment Fund has fallen to the CEO and the Administrative Manager, neither of whom have adequate time to dedicate to it. The former CEO summarised the dilemma as follows, "I was always conscious of opportunities that could not be followed up simply because there was no-one really responsible and everyone was busy with the work they're actually paid to do" (Otuokon, pers. comm.). And while the Fund remains under-capitalised and interest rates are low, its contribution to salaries is insufficient to free up additional staff time for fundraising.

### ***Lessons and conclusions***

JCDT established its Endowment Fund at a particularly difficult time, with the economic downturn resulting in fewer companies donating, lower attendance at events, and lower interest rates. It is clear from the interviews and documents provided that there has been a high investment of staff, and to some extent Board and member, time in fundraising, and particularly event fundraising, for the Endowment Fund. Yet the results remain relatively disappointing (and would appear even more so if the true cost of staff and volunteer time were factored into the equation). One of the proposed alternative strategies, to try and get "lots of relatively small donations from

individuals and companies” (Otuokon, pers. comm.) is superficially attractive but would rely heavily for its success on volunteer time that might be better used to develop long-term relationships with a few high net worth individuals or companies, both within and outside Jamaica (one of JCDT’s original targets was the diaspora but this has not been actively pursued).

To successfully increase the Endowment Fund to a level where it can make a real contribution to JCDT’s sustainability and, by extension, enhance its contribution to conservation, it seems probable that JCDT will need to pursue one or more of the following strategies:

- identify one or several fundraising ‘champions’ from the Board or membership, who have the connections and the skills to raise money from the private sector and high net-worth individuals;
- raise the profile of the Endowment Fund and focus on the tangible results of donating in terms not only of the conservation but also the socio-economic benefits of JCDT’s work (e.g. improved water supply, climate change mitigation, poverty reduction in the buffer zones) that inspire even those who are not ‘environmentalists’. JCDT staff noted that child welfare and health charities are more successful at fundraising, which confirms that there are still people willing to give to what they perceive to be a worthy cause;
- adopt a fund development strategy based on the development of long-term relationships with individuals and companies. This could include seeking commitments over three-five years rather than just one year and would necessitate regular communication (e.g. newsletters, updates) to maintain the connection and provide examples of the beneficial use of the funds; and
- use of electronic media and social networking as tools for fundraising. For example, JCDT is not fully exploiting the potential of its website to attract donations with the ‘Support the JCDT’ page listing only merchandise with no mention of the Endowment Fund. Tools such as Skype also provide opportunities for inexpensive communication with the proposed diaspora overseas donors.

## 4. Jamaica Environment Trust

### Overview

The Jamaica Environment Trust (JET) is a non-profit, non-governmental membership organisation operating in Jamaica. It was formed in 1991 and its main focus is environmental education and advocacy. It operates Jamaica’s largest environmental education programme, the Schools Environment Programme, which has been in continuous operation since 1997. It also delivers a legal programme, providing legal advice to communities affected by environmental issues. It also conducts advocacy campaigns to protect specific natural resources (adapted from [http://www.jamentrust.org/en/index.php?option=com\\_content&view=article&id=2&Itemid=3](http://www.jamentrust.org/en/index.php?option=com_content&view=article&id=2&Itemid=3)).

The JET Sustainability Fund was established in 1998. It was an initiative of one of its Board members, a businessman, who “saw the struggles JET had in meeting its core costs (keep a permanent staff, pay benefits, keep vehicles on the road, have an office with modern communications” (JET questionnaire response). JET secured an initial contribution of Jamaica \$ (JD) 1 million (at the time, approximately USD 22,220) from Jamaica Energy Partners, one of the new private power companies that had started operating in Jamaica. JET’s CEO recalls, though she has never seen this in writing, that one of the government’s conditions for granting licences to private energy producers was that they had to give money to environmental or social groups (JET CEO, pers. comm.). This initial contribution was supplemented through a fundraising campaign led by the Board ‘champion’ among his business colleagues.

The target was to raise JD 10 million (at the time, USD 222,200) in one year, a target that was achieved though not within that timeframe. The current target is USD 500,000, with a view to eventually covering three salaries (CEO, Administrative Officer and one project person) plus overheads, such as utilities. The fund presently stands at around USD 420,000 depending on the exchange rate. The money has been raised through a combination of strategies including:

- (mainly) direct fundraising from private sector companies;
- a three-year grant in 2008 of JD 3 million (USD 34,470 at current rates of exchange) from the EFJ (effectively a donation with small strings attached regarding reporting);

- surpluses from projects or consultancies; and
- fundraising events (though JET has generally not found these cost-effective).

JET also intends to extend its fundraising activities beyond Jamaica using its website. It has recently established a relationship with the Ocean Foundation, which is based in the United States and has 501(c)3 charitable status, to facilitate tax-efficient giving from United States (US) donors. The Ocean Foundation will issue tax receipts and take an administration fee.

The donations have taken varying forms, occasionally with conditions attached. For example, Jamaica Energy Partners require that JET only spend the excess of the interest rate over the inflation rate in order to keep the principal intact in real terms. NEM Insurance took out a bond of JD 4 million (USD 46,000 at current rates of exchange), where NEM retained the capital but paid JET the interest on a quarterly basis. For the EFJ grant, JET had to report every six months as with any other EFJ project and provide evidence as to what the interest payments were used for.

The funds are held in Jamaican dollar accounts as they have attracted higher interest rates throughout the period in question. Investment is managed internally but guided by a set of principles, such as diversification, no investment in equities, conservative attitude to risk etc. The CEO determines where to invest the funds and can determine how the interest is used. The Treasurer handles the (sometimes complex) accounting but the whole Board must approve any request to use the principal.

### ***Enabling factors and challenges***

One of JET's great strengths is that the CEO has a business background (rare in Caribbean NGOs) and has retained strong ties with the business community. This is complemented by similar links between Board members and the private sector. This facilitates both the management of the funds and the fundraising. The CEO also noted that the fact that her salary depends mainly on interest from the Fund acts as a powerful motivation for fundraising, though at times she has also recommended a temporary reduction in her salary to get through hard times.

Although Jamaica has a tax regime that provides for companies to get tax exempt status, this is a long drawn out process, which most companies in Jamaica do not seem to bother with as they can put their donations to

organisations like JET in their public relations budget, which then makes it tax deductible anyway.

The main challenge has been to find new donors and maintain existing ones to keep the fund growing (at a minimum faster than inflation so that the principal remains intact), particularly during periods when the economy is sluggish and interest rates are lower than the rate of inflation. Members of staff generally dislike fundraising, even though they are set low targets, so the burden falls mainly to the CEO. Trust fund management and administration can also be time consuming, for example follow up of documents, filing for withholding tax returns, getting interest cheques, etc.

### ***Lessons learned and conclusions***

JET's Sustainability Fund demonstrates that, under the right circumstances, a CSO can successfully raise money to cover its core operational costs through a combination of strong personal connections with private sector donors and presenting a strong case that JET can only achieve its goals with adequate staffing and facilities.

This is a particularly striking achievement for a high profile advocacy CSO, which has consistently opposed unsustainable development projects, and might therefore be considered an adversary of the private sector. It is also particularly important as grant funding for advocacy is particularly hard to come by, notably from US foundations whose charitable status could be jeopardised if grants are perceived to be for lobbying activities. The CEO attributes JET's fundraising success to a combination of personal connections and confidence in the organisation, "They know me. They know my Board. They can get audited financial statements. They have confidence in our track record and due diligence. They have heard of us. But mostly, in my opinion, people give to people and not causes – at least in Jamaica" (JET CEO, pers. comm.).

While JET has yet to achieve a level of interest from the Fund that covers all the core expenses, it has managed to cover from 28 to 76 per cent in different years. The variations are not only a function of the size of the Fund but also the level of project funding in any given year as the funding for operational costs budgeted under projects is also transferred to the Fund.

In summary, in the words of JET's CEO, "the Sustainability Fund has kept JET's doors open many times, most recently in 2010, when without any notice, all

funding for our main education program was withdrawn by the Government of Jamaica. Without the income from Sustainability Fund, we would have closed our doors and lost all our staff and the training invested in them.....The Sustainability Fund has enabled us to exist as an organisation, has made us less vulnerable to the ups and downs of donor funding, has allowed us to develop a cadre of permanent staff with employment benefits, such as paid leave, paid study leave, health insurance.” (JET CEO, pers. comm.).

## 5. National Trust for the Cayman Islands

### *Overview*

The National Trust for the Cayman Islands (NTCI) is a statutory non-governmental body, which focuses on:

- the preservation of the historic, natural and maritime heritage of the Islands through the preservation of areas, sites, buildings, structures and objects of historic and cultural significance;
- the conservation of lands, natural features and sub-marine areas of beauty, historic or environmental importance which the Trust may have acquired through gift, bequest, purchase, lease or other means; and
- the protection of native flora and fauna.

NTCI has three funds, two of which are designed for a specific purpose while the third is currently unrestricted. All three funds are managed by the Trust Council (Board), with advice from specialist subcommittees, such as the Financial Review Committee and the Environmental Programmes Committee.

There is a small **endowment fund** (currently around USD 15,000) based on income from life memberships, but this has grown slowly as the majority of life memberships have been gifts to members whom NTCI wanted to honour. Potential strategies to raise additional funds include encouraging members and supporters to include NTCI in their wills and putting a proportion of all NTCI income into the fund to increase the principal and interest to a level where it could make a significant contribution to NTCI’s operational costs and financial sustainability.

The **Land Reserve Fund** (originally known as the **Forests Forever Fund**) is a revolving fund that was set up

to purchase environmentally sensitive land in all three Cayman Islands that would then be owned and managed by NTCI. It was established in 2004 by a Council member to honour her late husband and the initial funding was from his estate. The goal is to raise at least USD 75,000 per year and so far this has been achieved. Funds are raised through an annual campaign, usually around a theme such as the International Year of the Forest. Individuals are asked to give at least USD 2,500. A dinner is then held to honour donors, at which a leading scientist gives a speech. The intention is that funds should be spent within one to three years of receipt so the assets are held in a bank account with no attempt to actively manage them or maximise interest.

The ‘**Projects**’ or ‘**Money Market**’ Fund, as it is unofficially called, was established in 2007 through a large donation from one entity. It is intended to be a revolving fund to facilitate the acquisition or renovation of natural sites and those of historic significance. However, approximately 60% of the fund has already been spent without it being replenished and the rest is likely to be spent by the end of 2011. A fundraising group is being set up to raise additional money but its focus is mainly on funding for historic sites. The assets are held in a money market fund with one institution. Plans to diversify and try to increase returns were halted by the economic downturn of late 2008.

### *Enabling factors and challenges*

The success of the Land Reserve Fund in meeting its targets owes much to the commitment of the Council member that founded it, who acts as a ‘champion’ for the fund. Her main challenge has been establishing and maintaining contact with all the donors, who are mostly high net worth individuals plus a few companies. Clearly NTCI is in a privileged position in comparison with most of the other featured CSOs in that the Cayman Islands has a comparatively high per capita GDP and a stronger tradition of individual and corporate giving.

The main challenge for NTCI has been that neither of the two main funds initially made provision for covering the administrative costs incurred by NTCI in acquiring and subsequently managing land and sites. As a consequence, the funds have not contributed to its long-term financial sustainability and may even have had a short-term detrimental effect as it has increased the amount of time staff have spent that is not covered by project funding and for which further fundraising efforts are needed. However,

the Council has started to recognise that such costs must be covered under the projects that the Funds support.

### ***Lessons and conclusions***

The Land Reserve Fund and the Projects Fund have both made important contributions to fulfilling NTCI's mission. The NTCI respondent noted that the main lesson is "Ask! There are many people out there who will gladly give, and give generously, if only they are asked and a persuasive argument can be given as to why they should". However, it remains to be seen whether NTCI will be able to sustain separate fundraising strategies to build the two revolving funds, particularly as their objectives are quite similar. It is possible that in the long run a single campaign may be the most effective way to raise contributions for both funds. A further risk is that the success of the fundraising is heavily dependent on a few key individuals, so NTCI must continue to actively recruit Council and ordinary members, who have the skills and willingness to fundraise.

In terms of its overall financial sustainability, NTCI is currently over-dependent on corporate and individual giving and has not fully exploited the grant funding opportunities open to it. There may also be additional revenue generating activities, such as consultancy services, that it could explore.

## **6. Nevis Historical and Conservation Society**

### ***Overview***

The Nevis Historical and Conservation Society (NHCS) was established in 1980 and its mission states that NHCS "exists to promote and facilitate effective management of the historical, cultural and natural resources of the island of Nevis for the benefit of all of its people" (<http://www.nevis-nhcs.org/>). It established its Endowment Fund in 1986, making it one of the earliest Caribbean CSOs to do so. It is also unique in having stimulated the creation, again in 1986, of an independent fund management entity, NevKit Foundation, which has 501(c)3 charitable status in the United States. At the time of conducting the interviews, the fund stood at around ECD 140,000 (USD 52,250).

While NevKit was originally conceptualised just as a conduit for tax deductible contributions from the US tax payers, it has since become a professionally managed fund management organisation, which aims to maximise the return on NHCS's investments. This is reflected in NevKit's website where donations are solicited not just in the form of cheques, but also "gifts by will or living trust; charitable remainder unitrusts; insurance policies; appreciated securities, annuities, IRA and 401 K) retirement plans; and real estate"<sup>7</sup>. NevKit is managed by a Board of Trustees, who at the time of the survey included Board and ex-staff members of NHCS.

The NHCS Endowment Fund is governed by an Endowment Fund Agreement, which, for example, restricts NHCS from accessing more than 50% of the interest until the principal reaches a specified sum (Dalglish, pers. comm.). NHCS and NevKit operate under a memorandum of understanding (MOU), which outlines the operating procedures. The MOU includes stipulations as to how NHCS can access funds (Board approval and 30 days notice) and makes provision for 5% (subsequently reduced to 2.5%) of each gift to be retained by NevKit to cover the legal and administrative costs of maintaining a 501(c)3 organisation. The MOU makes provision for an annual review of the agreement but nothing except the fee appears to have been changed since 2002. NevKit also offers its services to other CSOs and ten have used it as a conduit for US donations to date.

### ***Enabling factors and challenges***

The establishment of the NHCS Endowment Fund was facilitated by a privately funded US foundation called the Mukti Fund, established by Mike Dively using his own money. For over 20 years (from 1983 to 2004), Mukti concentrated its grant-making programme entirely on St. Kitts and Nevis (Mukti Fund 2004). When Mukti decided to end its programming there in 2004, its disengagement strategy included giving final grants to each of the primary organisations it had assisted over the years. The final support to NHCS was a grant for the establishment of an endowment fund, plus the offer for a period to match any donation NHCS received (NHCS questionnaire). Mike Dively also worked closely with principals in NHCS in establishing that fund, particularly since his own philanthropic work over the decades had given him experience and expertise in dealing with the ins and outs of endowment planning (Judith Towle, pers. comm.).

<sup>7</sup> However, there are mixed views within NHCS as to whether gifts of real estate should be solicited, given the high transfer tax and the difficulty of getting tax exemptions.

Several of the founder members and staff of NHCS were expatriates from the USA, including David and Joan Robinson, who conceived the idea of NevKit and 501(c)3 charitable status to make giving more appealing to other expatriates and US-based supporters. This appears to have been a successful strategy as the majority of the donations to date have come from American expatriates or citizens. Gifts have also been made to create other NHCS special purpose funds (Dalglish, pers. comm.), including a gift of USD 100,000 from a single individual with no strings attached. Following Joan Robinson's death, a special fund of EC 80,000 was set up in her memory for environmental projects. Money has also been donated to a UK academic for work on Amerindian sites but no decision has yet been taken on how to use these funds.

Fundraising in recent years has been challenging, with interviewees attributing this to a combination of factors, including the economic downturn and low level of marketing and activity (NHCS questionnaire response), lack of anyone with specialist skills in this area, and the fact that the main objective of the fund is to cover operational costs, which is inherently more difficult than raising funds for a specific purpose such as the Alexander Hamilton scholarship fund (Dalglish, pers. comm.). Also, most local Nevis businesses will donate in-kind services and goods but are reluctant to give monetary gifts (Robinson, pers. comm.). Consequently the Board has authorised withdrawals from the fund principal to cover operating costs, which further reduces the interest available.

### ***Lessons learned and conclusions***

The NHCS case illustrates that sustained fundraising for the endowment fund is a necessity if it is to make any real impact on supporting operational costs, with only Easter

Caribbean Dollars 2,300 (approximately USD 860) currently being generated in interest annually (NHCS questionnaire response). The fact that the Fund has not been adequately capitalised (or re-capitalised after Board-authorized withdrawals) means that it is also difficult to draw firm conclusions about the benefits of having professional fund management of the kind offered by NevKit. However, respondents noted that it had improved the transparency and accountability of fund management. Also, the 501(c)3 status has clearly been an asset.

The high dependence on expatriates for donations and fund management can be a two-edged sword. On the one hand, as in this instance, it can result in significant individual donations and an attempt to transfer the culture of philanthropic (individual and corporate) giving to Nevis. On the other, if the organisation becomes widely perceived to be an 'expatriate' organisation, as has happened in several of the National Trusts in the region at various times, this can act as a deterrent to attracting local funding and members (and may also be of concern to international foundations). NHCS has sought to address this over the past decade by actively trying to make its membership more representative than the historic composition of 60% expatriate, 40% local (Guilbert, pers. comm.; CANARI 2010d).

It was also suggested that there is a need both to spend more time courting government for in-kind subsidies, such as utilities and staff salaries, and continuing to make the case to expatriates for supporting NHCS (Robinson, pers. comm.). NHCS could perhaps also consider trying to re-stimulate the strong links between local business and the non-profit sector that existed at the time of the Mukti Fund.

### Questions to be answered by case study organisations

1. Organisation name
2. Name of endowment/trust fund and purpose
3. Date established
4. Brief description of how established and source and amount of initial funding
5. Do you have a target \$ goal for the fund? If so, to what extent has it been achieved?
6. How has funding been secured since inception/how do you intend to raise funds in future?

What strategies have proved most successful? Have you ever included a budget line for contributions to the fund in your grant proposals and if so, was that successful?

7. How is the fund managed, e.g. internally, external trustees, professional fund manager? Who makes decisions on how a) interest and b) principal can be used?
8. Does your country have fiscal and legislative framework that supports tax-efficient giving to NGOs?
9. What have been a) the other main enabling factors and challenges in establishing and running the fund?
10. What have been the main results (outputs, outcomes, impacts) in terms of a) the organisation's financial sustainability and b) its ability to fulfil its mission (and particularly any results that contributed to biodiversity conservation which is the focus of the grants under which this brief is being produced)
11. What are the main lessons you have learned that you would want to share with donors, policy makers or other NGOs

Please add any other points that you think are important and/or supply any documents related to your fund which you think might be useful.









## Caribbean Natural Resources Institute

The Caribbean Natural Resources Institute (CANARI) is a regional technical non-profit organisation, which has been working in the islands of the Caribbean for over 20 years.

Our mission is to promote and facilitate equitable participation and effective collaboration in the management of natural resources critical to development in the Caribbean islands, so that people will have a better quality of life and natural resources will be conserved, through action learning and research, capacity building and fostering partnerships.

### For more information please contact:

Caribbean Natural Resources Institute (CANARI)  
Building 7, Unit 8  
Fernandes Industrial Centre,  
Eastern Main Road, Lavantille, Trinidad, W.I.  
Tel (868) 626-6062 Fax (868) 626 1788  
Email: [info@canari.org](mailto:info@canari.org) Website: [www.canari.org](http://www.canari.org)

This technical report was prepared by the Caribbean Natural Resources Institute (CANARI) under the “*Building civil society capacity for conservation in the Caribbean UK Overseas Territories*” project funded by the Darwin Initiative of the UK Department for Environment, Food and Rural Affairs and the “*Going from strength to strength: Building capacity for equitable, effective and sustained participation in biodiversity conservation in Caribbean islands*” project funded by the John D. and Catherine T. MacArthur Foundation.

**Citation:** McIntosh, S. 2011. Endowment funds – the route to financial sustainability for civil society organisations or just a distraction? Laventille: CANARI Technical Report 398.

