

A SUSTAINABLE TRUST FUND FOR MANAGING INVASIVE ALIEN SPECIES IN THE CARIBBEAN

An Environment Trust Fund is an independent legal entity and investment vehicle to help mobilizing, blending, and overseeing the collection and allocation of financial resources for environmental purposes. It facilitates strategic focus, rigorous project management, solid monitoring and evaluation, and high levels of transparency and accountability. Environment Trust Funds can be a vehicle to mobilize additional resources from donors, national governments, the private sector as well as private citizens by providing assurance (the root of the word trust) about the effective allocation of resources. They can facilitate the alignment of strategies among stakeholders and reduce transaction costs for donors, government entities and implementing agencies.

UNDP, Environmental Trust Funds (2016)

Invasive Alien Species (IAS) are one of the main contributors to global biodiversity loss, with adverse impacts on overall ecosystem-health, food security, and human health and well-being. The annual cost to global economies, more than 20 years ago, was estimated to be over US\$1.4 trillion each year (Pimentel et al., 2001) but the actual costs of impacts are expected to be considerably higher, since it is very difficult to quantify losses to biodiversity in monetary terms. These costs disproportionately affect vulnerable communities in

developing countries, particularly Small Island Developing States (SIDS) like the Caribbean, which depend directly on natural resources, healthy ecosystems, trade and tourism for their livelihoods.

Several regional projects on IAS management have been implemented in the Caribbean. Four of these were executed by CABI and funded by the Global Environment Facility (GEF) with co-financing in cash and in-kind provided by national, regional and international governmental and non-governmental entities. They are:

1. Invasive Species Threats in the Caribbean Region: Report to the Nature Conservancy;
2. The Aid Trade: International Assistance Programs as Pathways for the Introduction of Invasive Alien Species;
3. Mitigating the Threat of Invasive Alien Species in the Insular Caribbean (MTIASIC); and
4. Preventing Costs of Invasive Alien Species (IAS) in Barbados and the OECS Countries (ongoing).

The MTIASIC project, which undertook Cost-Benefit Analyses on selected IAS, confirmed that donor or government investments in IAS management made financial sense.

The findings of these and other similar projects have been consistent with global findings for geographically proximate islands:

1. Prevention is more cost effective than control.

Once an IAS enters the region, it is highly likely that it will spread quickly from one island to another. A structured, programmatic, and well-resourced regional approach to IAS management is therefore essential to prevent IAS introductions and subsequent spread among the islands. In order to achieve this, a sustainable and dedicated source of funding needs to be available and easily accessible.

2. IAS management is cross-sectoral and complex.

IAS affect multiple sectors from human health to biodiversity and, as such, need a coordinated management response.

3. IAS management will be ongoing requiring maintenance following restoration.

IAS management requires scientific and systematic planning and must follow a standardized and rigorous sequence of steps to achieve restoration to pre-invasion status in order to sustain results as well as inhibit re-invasion, particularly in the case of invasive plants.

IAS management in the Caribbean must therefore be at a regional level with an emphasis on prevention; an approach that is also endorsed by various National Biodiversity Strategy and Action Plans (NBSAPs). This necessitates the establishment of a regional entity to develop and spearhead the initiative, supported by a sustainable funding mechanism.

Caribbean governments, which face budgetary constraints due to competing, varied, unplanned and significant funding demands, have traditionally underfunded IAS management. Gardier et al. (2020), who undertook a consultancy to identify the most appropriate financing system, proposed the establishment of a trust fund as a cost-effective solution for managing those IAS that are currently present or pose a threat to multiple islands in the Caribbean. Including this under an existing Caribbean-based trust fund is not an option, since none of these have regional coverage nor do they retain technical IAS experts. More importantly, IAS management in the Caribbean poses a substantial challenge with global repercussions, warranting the development of a dedicated regional trust fund.

WHAT IS NEEDED

A Caribbean IAS Trust Fund (CIAS TF)

A Caribbean IAS Trust Fund (CIAS TF) will independently mobilize, blend and oversee the collection and allocation of financial resources and build the capacity needed to facilitate a strategic focus on IAS management, inclusive of the formulation, co-ordination and execution of National and Regional Invasive Species Strategies and Action Plans. This would involve developing synergistic relationships with governments, donors and other public and private entities to form partnerships where human and financial resources can be pooled to achieve mutual objectives, while helping to build the credibility of the CIAS TF.

The infrastructure is already in place for the implementation of a successful CIAS TF:

- The current project, *“Preventing COSTS of Invasive Alien Species (IAS) in Barbados and the OECS Countries”* provides the ideal opportunity to introduce the concept of unified, systematic, science-based regional IAS management in the Caribbean supported by a trust fund. The initiative, which would start in Barbados and the OECS, would eventually be expanded throughout the wider Caribbean.

- The long-standing Latin American and Caribbean Network of Environmental Funds (RedLAC) has been successfully providing support for trust fund capacity building and networking in the region.
- RedLAC was involved in the development of the original and now the 2020 updated version of the Practice Standards for structuring and executing Conservation Trust Funds (CTFs). Thus, clear guidance on the design, management, and monitoring and evaluation of a successful trust fund is readily available.
- The 2012 Caribbean Biodiversity Fund (CBF), a result of the regional-government-led Caribbean Challenge Initiative, is an umbrella fund and strong

proponent of the Trust Fund Practice Standards. The CTFs Practice Standards were taken into account in the design of the CBF and, using Practice Standards as a guide, the CBF has also supported the establishment of National Conservation Trust Funds (NCTFs) in twelve countries of the insular Caribbean. Currently, the CBF manages about US\$125 million through two financial instruments, an endowment and a sinking fund, which respectively anchor its Conservation Finance and the Climate Change: Ecosystem-based Adaptation Programs. (CBF 2020). CBF is currently developing a third instrument focused on the circular economy and is also engaged with the Caribbean Biodiversity Corridor (also supported by United Nations Environment Programme).

Given the enabling condition described above, a CIAS TF under the CBF umbrella is therefore a viable and cost-effective IAS management solution as the CBF is already set-up, which would reduce establishment costs, and has a flexible structure that can accommodate the CIAS TF and other financial instruments that can be developed in parallel or in the future.



The Building Blocks of a CIAS TF

The potential components for the CIAS TF identified by the Practice Standards includes:

- **Resource Mobilization** that develops a fundraising strategy based on traditional and innovative resource mobilization vehicles that appeal to donors and other stakeholders and are compliant with the regional and national legal and regulatory environment.
- **Asset Management** that defines the Trust Fund's investment strategy and its use of endowment, revolving and/or sinking funds to maximize returns on donor investments while minimizing investment risks.
- **Reporting, Monitoring and Evaluation**, which is where environmental management systems and environmental financial accounting can be employed to achieve and communicate Trust Fund effectiveness while helping to build biodiversity conservation lifestyles in the region.
- **Operations** that entail strategic planning and financial planning, an appropriate communications strategy and an effective grant-making program to illustrate successful and effective TF operations.
- **Administration** that incorporates day-to-day Trust Fund operations based on stringent policies and procedures that engender transparency and accountability while minimizing administrative costs.
- **Governance**, including well-defined, exacting policies, and legal structuring that minimizes taxation costs while maximizing taxation benefits to donors.



Funding the CIAS TF

The financial sustainability of the CIAS TF depends on its ability to secure sufficient funding to cover its annual operating expenses plus annual allocations for regional IAS management activities. The funding mechanism often utilized by trust funds to ensure this financial sustainability is an endowment, which is an instrument that can then also be combined with other instrument options, such as sinking and revolving funds and leverage of private sector resources through blended finance mechanisms and others.

To date, the investment in Caribbean IAS and biosecurity projects exceeds US\$12 million, excluding co-financing. This is indicative of the high biodiversity value of the Region. Gardier et al (2020) therefore proposed an initial endowment of US\$50 million, accumulated over a few years, as the means of achieving financial sustainability for the CIAS TF. This amount can yield, conservatively, annual returns of up to US\$1.2 million depending on economic conditions, which should be sufficient to cover annual CIAS TF operating costs estimated at around US\$300,000/year in keeping with global trust fund experiences and other IAS management projects in the Caribbean. CIAS TF cost efficiencies, such as using regional personnel to carry out IAS projects and

using a regional endowment mechanism, can be factored in to reduce annual operating costs, thereby releasing higher amounts to be allocated to IAS management.

An endowment cannot be the only funding mechanism for the CIAS TF, especially in the current global economy so severely affected by the COVID-19 pandemic. However, an endowment fund can serve as the basis for expanding and leveraging other financial resources, as mentioned before. Using sinking and revolving funds while building an endowment will provide operating funds and will allow the achievement of even greater IAS management outcomes, as market conditions normalise. Additionally, donors and resource hubs that have previously contributed to biodiversity conservation in the Caribbean can be approached for support. It is also important to include these stakeholders in the decision-making process for the development and establishment of the CIAS TF.

Funding the CIAS TF should be complemented at the national level through the collection of various user fees and taxes e.g. a percentage of airport departure taxes or even more appropriately, cruise ship port fees. This will provide the funds to improve surveillance for IAS at ports of entry. This funding need was highlighted by Richards and Ramnanan (2020), who noted the lack of sustainable funding for port biosecurity and the need for improvements in infrastructure, equipment and personnel to improve biosecurity arrangements at ports.

Endowment fund:

a fund that spends only income from its capital, preserving the capital itself as a permanent asset.

Sinking fund:

a fund that disburses its entire principal and investment income over a fixed period of time, usually a relatively long period.

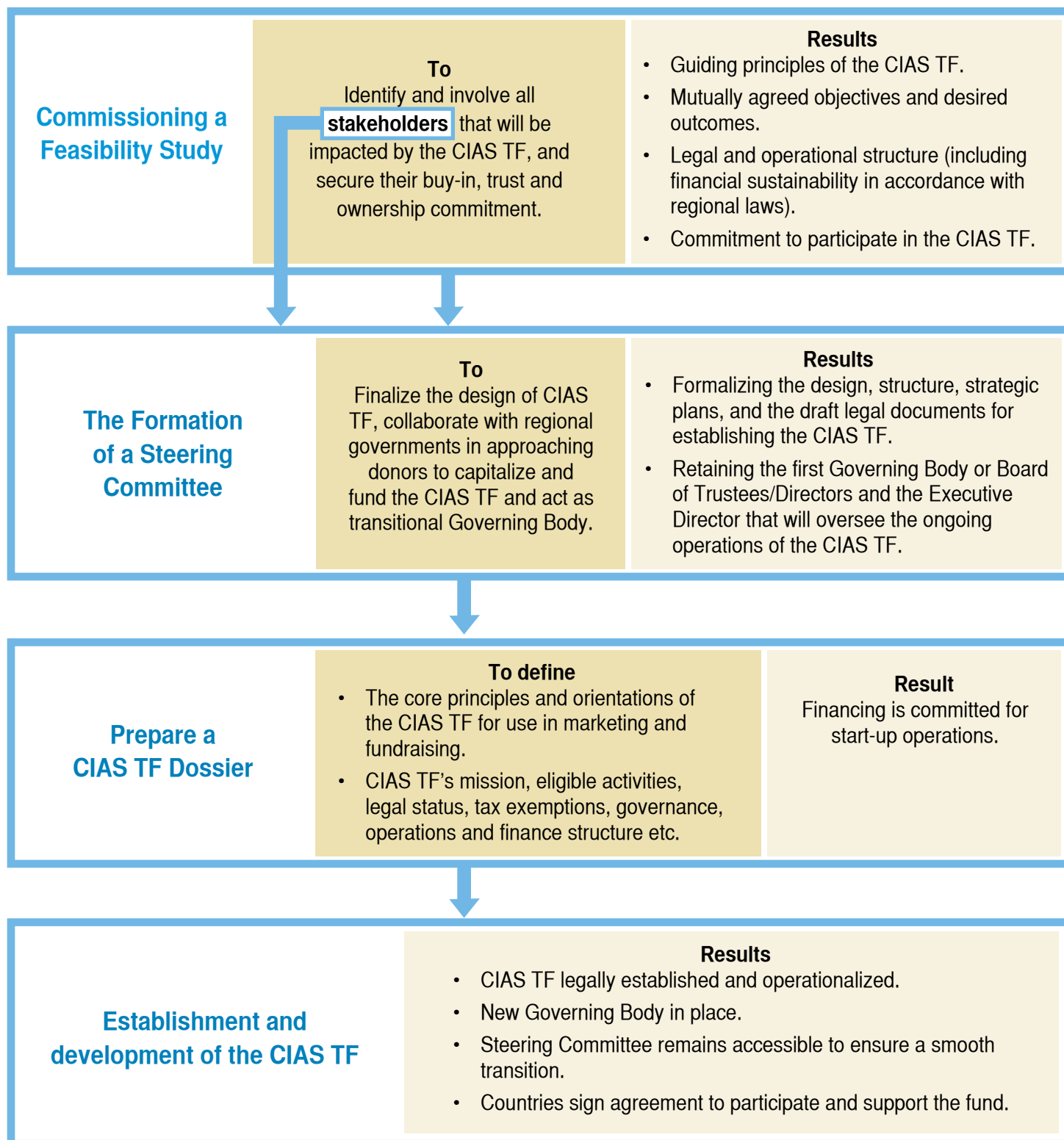
Revolving fund:

a fund that receives new income on a regular basis - such as proceeds from special taxes, user fees, etc. - to replenish or augment the original capital.

Scott Smith, Monitoring and Evaluation Officer, Global Environment Facility (Smith, S. IN Norris. R. ed. 2000)

This Policy Brief is based on a report '**A Sustainable Trust Fund for Managing Invasive Alien Species Project**' prepared by Karen-Ann Gardier, Arlene Ross, Naitram Ramnanan and Dianne Derrick. The report is the result of a consultancy undertaken to develop a strategic plan for the regional financing system for shared IAS under the project **Preventing Costs of Invasive Alien Species (IAS) in Barbados and the OECS Countries**. The full report is available at: <https://caribbeaninvasives.org>

Road Map to CIAS TF



Key Messages

A Caribbean IAS Trust Fund (CIAS TF)

... is the most feasible financing option for managing IAS that are a common threat to the wider Caribbean.

Policy support

... is essential for the establishment of the CIAS TF and the implementation of complementary national-level policies to support IAS management.

Increased financial and other resources is imperative in ensuring effective and sustainable conservation practices.

A sustainable Trust Fund

... will transform the traditional reactive approach to IAS management to one that is proactive and:

- allows for horizon scanning for potential threats and raises awareness about the need to keep IAS out;
- funds the development of emergency action plans to detect and eradicate, if possible, new IAS incursions;
- controls existing and new invasions if eradication is not possible or has failed;
- supports capacity building and awareness raising to manage IAS.

Funding CIAS TF

... should be through an endowment as well as sinking and revolving funds, complemented at the national level with the collection of various user fees and taxes.

A successful CIAS TF

... will engage civil society and communities in conservation activities.

It will also attract support from donors and other stakeholders to efficiently and cost-effectively identify and effect regional IAS management.

We urge all policy makers and other stakeholders to support the establishment of a Regional IAS Trust Fund.

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This policy brief is the third in a series providing information to decision makers on the actions needed to address the problem of invasive alien species. The briefs are produced by the Project, 'Preventing the Costs of IAS in Barbados and the OECS', which started in September 2018 and will run to July 2021.

The Global Environment Facility (GEF) funded project is being implemented by the United Nations Environment Programme (UNEP) and executed by the Centre for Agriculture and Biosciences International (CABI) with support from the participating countries (Antigua and Barbuda, Barbados, Dominica, Grenada, St Kitts and Nevis, St Lucia, and St Vincent and The Grenadines).

The project results will support the conservation of biodiversity in the Caribbean region and so contribute to the global efforts to safeguard biodiversity.

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Project  : <https://caribbeaninvasives.org>

Project  : Caribbean Invasives