

Community Fishery Conservation Trust Funds

Conservation International – Cambodia
February 2025



Photo Credit: Conservation International | Sophak Sett

Financing Community Fisheries

Effective Community Fisheries organizations (CFis) need to be well managed, supported by their community and local authorities, and able to fund their operations. Whilst several sources of funding are available to CFis', many, such as membership fees, sale of access rights to outsiders, and donations from local community members are small - whilst other larger sources of funding such as grants and support from NGO's and government agencies are often short-term payments that are tied to specific outcomes. The lack of a sustainable source of predictable finance makes it difficult for CFi's to fulfil their most basic functions. In recognizing this problem Conservation International first granted two US\$5000 Community Fishery Conservation Trust Fund to Ou Ta Prok and Kampong Prak CFi's in March 2014. Since then, we have provided numerous other CFi's with conservation trust funds. Whilst they do not generate sufficient funds for each CFi to completely fulfill its management plan, they are enough to allow each CFi to continue to function and have been a catalyst for funding from other sources. Our trust fund model has been adopted by the IUCN in three CFis and one community protected area and this model is now being adapted for use widely to support Community Based Natural Resource Management throughout Cambodia. To this end the Culture and Environment Preservation Association has developed a protocol for establishing CBNRM mini-trust funds (CEPA 2020).

Establishing a Community Fishery Conservation Trust Fund

The purpose of the conservation trust fund is to provide CFi's with a steady and predictable source of income. The CFi uses this income to implement their management plan, particularly conservation activities such as protecting the community conservation area, community patrolling, managing illegal fishing, protecting flooded forests, and stopping wildlife hunting within the CFi area.

Specific activities supported by conservation trust funds granted by Conservation International include:

- CFi members patrolling to detect and eliminate illegal activity;
- Measuring biodiversity;
- Garding the community conservation area;
- Disseminating information on relevant laws, wildfire management; and
- Improving and maintaining infrastructure (e.g. guard houses, observation towers, sign boards, water conservation structures and obstructions that impede illegal fishing).

The capital value of the conservation trust fund can vary, but we have found that US\$5000 provides each CFi with sufficient interest income to remain viable, fund core activities such as patrolling, and attract further funding. Any amount less than US\$5000 may provide insufficient interest to keep the CFi operational, whilst a greater amount reduces the number of CFis we can support. In order to receive a Community Fishery Conservation Trust Fund a CFi needs to meet certain criteria:

- The CFi must be fully registered and acknowledged by the Fisheries Administration;
- The CFi must have a current:
 - Signed agreement between the CFi and FiA establishing the legal authority of the CFi to manage their designated area;
 - Management plan;
 - By-laws; and

- Regulations.
- The CFI must have an elected Community Fishery Committee that is formally structured and officially approved by the relevant local authorities and fisheries administration.

In addition to the CFI being formally recognized by the FiA we recommend further developing the capacity of the CFI Committee (CFC) to manage the conservation trust fund.

The Community Fishery Committee

A functioning Community Fishery Committee with a current and active management plan must be in place prior to granting a conservation trust fund. The Committee must be trained in financial management, so they have the skills required to manage their conservation trust fund.

Discuss the Trust Fund Purpose, Terms and Conditions

It is important that the CFC understands the purpose of the conservation trust fund, what it can and cannot be used for, and their responsibilities and reporting obligations. Once the CFC has agreed to the terms and conditions, they will be approved by the Fisheries Administration Cantonment and Commune. Each CFI receives their conservation trust fund as a grant under a signed agreement between the CFC and Conservation International. This agreement has detailed terms and conditions (Attachment 1).

Fund Creation and Deposit

As each conservation trust fund is deposited as an interest earning term deposit selecting a suitable bank and term deposit is an important decision. The following guide to selecting a bank account will ensure that it is properly registered and legally compliant.

Selecting a bank

- It is important to select a bank or microfinance institution that supports community organizations such as CFIs. Some banks may make it more difficult for community groups to open and manage an account, requiring excessive information and paperwork. Make sure that the bank is legally registered and has a good reputation.
- The bank will need to offer a fixed-term deposit account as this secures the capital for multiple years and provides a higher level of interest than a savings account.
- Consider the interest rate, term, and frequency of interest payment. You will want an account with a high interest rate, preferably greater than 6%. Generally, the longer the deposit term, the higher the interest rate, so consider investing the principle for up to three years. However, you will need to have the interest paid to a bank account before maturity so that it can be used to fund CFI activities. Payment every three to six months is ideal.
- It is important to consider the convenience of a bank branch. So, CFCs can easily access branch locations which are close to CFIs.

How to legally register the CFI's bank account

The CFI will need to open a term deposit for the principle, and if they don't already have one, a saving account to receive the interest. The requires:

- An official letter from the commune chief which authorizes three members of the CFI Conservation Trust Fund Committee to represent the CFI and open a bank account;
- An official letter of acknowledgement from FiA;
- Copies of the latest CFI management plan, bylaws, regulations, and a signed CFI/FiA agreement establishing the CFI's legal status;

- An official document detailing the CFC structure authorized by the Commune Chief;
- A document showing the official Commune Chief stamp that will be used to authorize any future banking transactions.

The CFC needs to be trained in the banking system so that they understand the terms and conditions of the term deposit. We also require two of the three authorized members of the Fund Committee (made up of CFC members) to act as joint signatories on the account, along with a Commune stamp.

The CFi becomes the owner of the conservation trust fund once the principal has been deposited in the term deposit account. When the term expires the CFi is required to reinvest the funds in another term deposit. Initially the CFC will negotiate with the current bank as the interest rate will likely have changed. Cantonment Fisheries Administration, the Commune Chief and CI will hold a meeting to discuss and either accept the new rate or find another new reputable financial institution that offers a higher interest rate with which to reinvest the principal. If stakeholders decide to transfer the principal to another institution the CFC will hold a CFi General Assembly to inform CFi members prior to withdrawing the capital from the previous bank and depositing it in the new institution. However, if the CFC is satisfied with a lower interest rate, they can redeposit the principal with the same bank or microfinance institution.

Promoting women in conservation trust fund management

Women are under-represented on Community Fishery Committees, and administering the conservation trust fund can increase women's participation in managing their local natural resources. Each conservation trust fund is managed by a three-member Fund Committee, selected from the CFC. Under the grant agreement we require that if none of these three members are female, then a fourth female committee member will be appointed from the members of the CFC. This fourth committee member will participate fully in the activities of the Fund Committee and make decisions equally with the other three members. If the CFC does not have any female members, the CFC will recruit one or more female members at the next CFC elections to enable female representation on future Fund Committees.

Role of the local authorities and grantor

The Commune Chief and FiA Cantonment play an important role in conservation trust fund management as they oversee the transparent operation of the fund and provide high level support to the Fund Committee. Although the grant agreement often only lasts one year, Conservation International maintains a high level of oversight for many of the fund management procedures. Thus, it is important that the CFC documents their activities which are based on monthly meetings where they prepare:

- Meeting minutes;
- An activity plan with a specific period of operation and budget; and
- A detailed monthly report on previous activities.

These documents are submitted to the Commune Chief for approval. The Commune Chief must also approve requests from the Fund Committee to withdraw interest generated by the conservation trust fund term deposit. Approval will be granted by stamping the withdrawal slip with the official commune stamp.

The Fisheries Administration takes an oversight role - monitoring, supporting and advising CFI activities. The CFC informs them on activities undertaken using income generated by the conservation trust fund by providing written quarterly activity and budget reports.

The local authorities assist in conflict resolution. Conflict resolution should initially occur at the commune level, then involve the FiA Cantonment and finally Conservation International.

ATTACHMENT 1 - COMMUNITY FISHERY CONSERVATION TRUST FUND SPECIAL TERMS & CONDITIONS

1) Beneficiary Community

- a) The [Name of] Community Fishery (the “CFi”) is the beneficiary of the Community Fishery Conservation Trust Fund (“Trust Fund”) established as set forth in the Agreement. The CFi is managed by the elected [Name of] Community Fishery Committee (the “CFC”).

2) Overview

- a) GRANTOR with funding from [Donor Name] (the “Prime Donor”) has found that a sustainable source of funding is needed to support the CFC to implement their CFi management plan and related conservation actions.
- b) The Prime Donor has agreed to make the Principal available to endow the Trust Fund. GRANTOR shall transfer the Principal to the CFi to establish the Trust Fund pursuant to the Agreement and the Funding Terms and Conditions. The Prime Donor requires that the Trust Fund be managed transparently and accountably as detailed in the Agreement and this Attachment 1.

3) Purpose of Trust Fund

- a) The purpose of the Trust Fund is to provide interest income to the CFi to implement its management plan, particularly as it relates to conserving fisheries, flooded forests, and wildlife, and other conservation related activities, solely within the CFi area (“Purpose”).

4) Creation of Trust Fund

- a) GRANTOR shall grant to the CFi the Principal, which will be deposited at [Bank] under a three (3) year fixed deposit (the “Term”) that generates interest income at an annual interest rate of [XX %]. (“Trust Account”). At the end of this Term and any subsequent terms the Principal shall be reinvested for another three or more years.
- b) Two members of the Fund Committee must have signature authorization on the Trust Account. The joint signature of these two authorized signatories and a Commune stamp shall be required to authorize banking transactions.

5) Ownership and Management of Trust Fund

- a) The CFi shall become the owner of the Trust Fund once the Principal has been deposited in the Trust Account and shall use it in accordance with the Purpose, the Agreement and the Funding Terms and Conditions.
- b) The CFC shall establish a Fund Committee which will manage the Trust Fund in accordance with the Agreement and the Funding Terms and Conditions.

6) Fund Committee

- a) The members of the Fund Committee shall be selected from the existing nine-person CFC. The CFC must have been established under the CFi bylaws by a majority vote of the CFi members at a meeting of the CFi General Assembly provided that at least one third of the CFi members are in attendance.

- b) The Fund Committee shall have the authority to make decisions on behalf of the CFI regarding the utilization of the interest generated by the Trust Fund, but at all times shall act in the best interest of the CFI and the Purpose.
- c) The Fund Committee shall comprise at least three people with specific roles and responsibilities: Chairperson, Treasurer, Secretary.
 - i) Chairperson - shall be the Chairperson of the CFC and oversee the operation of the Fund Committee including budget planning, activity implementation, reporting and maintaining regular contact between the CFC and stakeholders.
 - ii) Treasurer - shall be the Treasurer of the CFC and be responsible for bookkeeping and reporting on the use of the funds to the Fund Committee.
 - iii) Secretary - shall be the Secretary of the CFC and be responsible for implementing activities approved by the Fund Committee and coordinating with the CFC.
- d) Should none of these three members be female, a fourth female committee member will be appointed from the members of the CFC. This fourth committee member will participate fully in the activities of the Fund Committee and make decisions equally with the other three members.
- e) If the CFC does not have any female members, the CFC will undertake to recruit one or more female members at the next CFC elections to enable female representation on future Fund Committees.
- f) Members of the Fund Committee shall hold office for a 3 to 5-year term to coincide with length of the CFC term of office. Members may serve a maximum of 2 terms on the Fund Committee.
- g) In case of resignation, the CFC shall hold a meeting to find a replacement and maintain a quorum of three Fund Committee members, of which two must be authorized bank signatories.
- h) Each newly elected Fund Committee shall hold a startup meeting and then meet biannually with the CFI members and stakeholders to determine how to use the interest from the Trust Fund to support the CFI management plan and conservation activities.
- i) Reporting: The Fund Committee shall prepare quarterly activity and finance reports and submit them to the [Name of District] Cantonment Fisheries Administration (“Fisheries Administration”) officers, [Name of commune] Commune Council (“Council”) representatives, GRANTOR and other stakeholders to provide a public update on progress of funded activities and a financial statement.

7) Interest and Withdrawal

- a) Interest from the Trust Fund shall be deposited into the CFI Trust Account.
- b) At the end of the first and each subsequent Term, a new interest rate will be negotiated with [Bank]. Should the annual interest offered by [Bank] be less than 7%, the CFC and representatives from the [Name of District] Cantonment Fisheries Administration, the [Name of Commune] Commune Chief or delegate and GRANTOR shall hold a meeting to discuss and either accept the lower rate or find another reputable financial institution that offers a higher interest rate with which to reinvest the Principal. Should the Stakeholders

decide to transfer the Principal to another institution the CFC will hold a CFi General Assembly to inform CFi members prior to withdrawing the capital from [Bank] and depositing it in the new institution.

- c) For each withdrawal, the Fund Committee shall prepare a withdrawal justification for project use. Each withdrawal slip must be stamped with official authorization by the Commune Council.

8) Use of Funds Special Conditions

- a) The CFC shall use the interest income generated from the Trust Fund solely to finance the operations and activities of the CFi, provided those actions contribute to the Purpose.
- b) The income from the Trust Fund shall only be used to implement the Purpose. Permitted activities include: patrolling the CFi for illegal activity and measuring biodiversity, guarding the community conservation area, disseminating information on relevant laws, wildfire management and improving and maintain infrastructure (e.g. guard house, observation towers, sign boards, water conservation structures and obstructions that impede illegal fishing). All activities must take place within the boundary of the officially recognized CFi.
- c) The income from the Trust Fund shall not be used to attend meetings organized by other NGO's that are not related to the Purpose and/or if the organizing NGO is covering the cost of participation.
- d) The Fund Committee shall account for use of the Trust Fund income in accordance with established CFi rules for the utilization of donor funds, as such rules may be revised from time to time. All expenses must be supported by adequate documentation. Accounting records shall trace back to source documentation.

9) Monitoring

- a) GRANTOR or the Fisheries Administration may periodically review the use of the Trust Fund income, compliance with the Agreement, and progress of funded activities by examining reports, and other documentation maintained by the Fund Committee. Three days notification will be given to the Fund Committee prior to any review.
- b) To allow for effective monitoring all expenses must be properly and adequately documented and supported by receipts.
- c) If non-compliance with the Agreement or these Funding Terms and Conditions occurs, the CFC shall hold a meeting with the Council at the request of GRANTOR or the Fisheries Administration to discuss the identified issues and seek solutions to ensure that the Funds are used correctly in future.
- d) Non-compliance can include, but is not limited to: using Funds for activities that do not support the Purpose; using Funds without supporting documents, requesting and using Funds without an action plan or failing to keep adequate records (e.g. meeting minutes, budget plans, financial accounts, meeting attendance lists and reports).
- e) The Fund Committee or the CFC shall ensure timely implementation of recommendations made by GRANTOR and/or the Fisheries Administration and agreed by the Fund Committee following the end of the monitoring visit. Failure to implement

recommendations may result in suspension or termination of the Trust Fund by GRANTOR as described below.

10) Suspension or Termination of Trust Fund by GRANTOR

- a) If non-compliance with the Agreement or the Funding Terms and Conditions cannot be resolved, GRANTOR reserves the right to suspend the expenditure of, or terminate, the Trust Fund.
- b) GRANTOR can suspend the Trust Fund until CFI elections are called and a new CFC has been elected. If GRANTOR is satisfied with the composition and competence of then new CFC the Trust Fund will be reinstated.
- c) In cases of gross misconduct or criminal activity GRANTOR may terminate the Trust Fund and recover the Principal. Subsequent expenditure of the Principal shall be negotiated with the Prime Donor.
- d) In both cases, GRANTOR will notify the CFC through the Council with a written explanation of the reasons for suspension/termination 30 days in advance to the date of the suspension/termination date. During any period of suspension/termination, the CFC will be prohibited from spending the income generated from the Trust Fund.

11) Early Withdrawal of Principal

- a) The CFC may withdraw the Principal before its maturity only if (1) the community is badly affected by compelling and exceptional circumstances such as storm, flooding, pandemic, etc. and relief is needed to rescue, re-build or relocate the community; or (2) the CFI is deregistered by the Government.
- b) In either case the CFC will call a CFI General Assembly meeting involving CFI members and stakeholders. According to the CFI rules and bylaws, only the General Assembly shall be authorized to determine whether to withdraw the Principal. The Fund Committee shall not have any such authority.
- c) If the General Assembly decides to withdraw the Principal:
 - i) For emergency relief, the General Assembly will decide on how the funds are to be spent to provide relief to the community and notify GRANTOR of its decision.
 - ii) For deregistration by the Government, GRANTOR will recover the Principal and subsequent expenditure of the Principal shall be negotiated with the Prime Donor. GRANTOR undertakes to discuss this decision with the wider community associated with the deregistered CFI.

12) Conflict Resolution

- a) In the event that the Fund Committee cannot agree on the management of the Trust Fund and is unable to resolve the disagreement through discussion with the CFC, the CFC may bring the issue to the attention of the Fisheries Administration and/or Council who will attempt to assist in resolving the disagreement.
- b) If the disagreement cannot be resolved, GRANTOR will consult with the CFC, Council and Fisheries Administration and make the final decision on management of the Trust Funds.