Contents

A Note from the Supervisory Board.......................... 03

1. LLF in 2022 .......................................................... 04

2. An Overview of LLF’s Grant Program ............... 10
   2.1 Building our Program Portfolio .................. 11
   2.2 Program Funding ...................................... 13
   2.2 Our Legacy Landscapes .......................... 14
   2.4 Impact..................................................... 30
   2.5 Strategic Orientation .............................. 32

3. Governance and Operations ....................... 34

4. Communication and Outreach ....................... 38

5. Financial Review ........................................ 40

6. Investments ................................................. 46
A NOTE FROM THE SUPERVISORY BOARD

The year 2022 ended with a big success – for the conservation world in general and for Legacy Landscapes Fund. COP15 approved of a groundbreaking new “Global Biodiversity Framework” and six other final documents in Montreal that some even call “historic”. Delegates passed 23 new, ambitious targets to save biodiversity; they are now guiding us into a future in which we hopefully “make peace with nature”, as UN Secretary General António Guterres framed it.

For LLF, the Montreal agreements are remarkable in more than one sense. They represent the overarching objectives for conservation efforts worldwide which are completely in line with LLF’s mandate and they set clear targets, including the 30x30 goal, while respecting the rights of Indigenous peoples and local communities. LLF, with its special setup, will contribute substantially to this target in the coming years. Last but not least, the international community acknowledged LLF as an important innovative financing instrument in one of the final documents (Resource Mobilization): the Conference of the Parties explicitly welcomed new initiatives, including that of Legacy Landscapes Fund. We regard this text passage as confirmation of the hard work that all responsible for and involved with LLF have done, particularly in 2022.

For us, 2022 can best be characterized by the terms growth and consolidation. LLF became bigger as an organization, refined its working methods, and found its place in the international arena. The first call for proposals was published and attracted vivid interest. The applications were quality-checked by a grants committee; seven fast-tracked sites are now in preparation to become LLF grantees in 2023. For LLF, this first call was a very important proof of concept and a further step towards reaching its goal of financing 30 sites in developing countries by the year 2030.

We are also very pleased that LLF attracted new public sector funding partners in 2022. The French Development Agency AFD and Norway’s NORAD have joined and now support LLF’s unique endeavor. They will surely not be the last members of the LLF family. Talks with further interested parties are underway – from the public and private sphere – so that LLF successively develops into the international multiple partnership model it aims to be.

Moreover, additional personnel were hired, a new office in Berlin was found, a management system for Environmental and Social Safeguards was developed, and overarching impact indicators were finalized with partners. These are all milestones on LLF’s way to becoming a significant, effective, and well-functioning international financing instrument.

In short, a lot has been accomplished in 2022, and as chairs of the supervisory board we are happy to accompany LLF further in its growth and development. We thank all public and private supporters who have strengthened LLF during the past year and hope that they continue to promote the work of this still young organization. The effort will go on – in conservation and within LLF.

Dr. Heike Henn
Director of Climate, Energy, and Environment at BMZ
Chair of the Supervisory Board

Dr. Thomas Duve
Director of Southern Africa and Regional Funds at KfW Development Bank
Deputy Chair of the Supervisory Board
LEGACY LANDSCAPES FUND IN 2022
PRESERVING OUR PLANET: THE IMPORTANCE OF FUNDING PROTECTED AREAS

Biodiversity loss has become a pressing global issue that threatens the planet’s ecosystems and puts human survival in jeopardy. According to recent estimates, one million of the eight million known species of animals and plants are at risk of extinction (UNEP 2022), with 150 species disappearing daily (BMZ 2022). Degradation of the planet’s land surface negatively impacts the well-being of 3.2 billion people and is driving a sixth mass species extinction.

This loss of biodiversity and ecosystem services is expected to cost over 10% of the global annual gross product (IPBES 2018, p. 10). To combat this, scientists are urgently recommending the protection of at least 30% of Earth’s land and oceans by 2030.

Furthermore, over 75% of biodiversity is found on just 20% of Earth’s terrestrial surface, mainly in tropical forests. Tropical forests alone hold over 210 gigatons of carbon, equivalent to seven times the amount emitted annually by human activities (WWF 2022a). Despite this crucial role in carbon sequestration, an area of tropical forest larger than a hectare is destroyed or severely degraded every second (IUCN 2021). The destruction of these forests not only leads to biodiversity loss, but also contributes to carbon emissions.

Climate change is exacerbating the problem, with extreme weather events increasing in frequency and intensity. Last year alone, these events led to deadly flooding in Pakistan, heat waves around the world, and prolonged wildfires in Siberia, Alaska, Southern Europe, and the United States. In China, a month-long heatwave and drought dried up parts of the Yangtze River, the largest river in Asia.

As the COVID-19 pandemic wanes, new challenges such as the Russian war in Ukraine have emerged, further complicating efforts to address biodiversity loss. The war has had global repercussions on energy prices and food security, leaving even less room for governments in the global south to invest scarce national funding into conservation.

Effectively managed protected areas continue to be the foundation of nature conservation and are widely recognized as the most effective way to preserve biodiversity. They also help address the climate crisis, strengthen the resilience of large ecosystems against climate change, and reduce the risk of new zoonotic diseases such as COVID-19 and Ebola. Effective management of protected areas means that they have long-term, secure funding and that the needs and rights of local communities and Indigenous peoples are respected and integrated in the management plan. This is where Legacy Landscapes Fund (LLF) plays a crucial role.
ABOUT LLF

LLF, founded in December 2020, has had two eventful and dynamic years. The fund was initiated by conservation experts, international conservation NGOs, the German government, development agencies, and philanthropic donors, and has since gained support from additional public, corporate, and private donors, including France and Norway.

LLF is a financing instrument that addresses the biodiversity financing gap by sourcing significant and sustained funding from both public and private donors, thus contributing to conserving biodiversity within a post-2020 framework under the Convention on Biological Diversity (CBD).

LLF is a foundation under German law with a two-tier governance structure consisting of a supervisory board responsible for oversight and high-level strategic orientation, and a management board responsible for running the foundation in accordance with its charter. The foundation’s finances are audited annually, and an independent auditing firm conducts a financial review of the expenditures of implementing partners at least every two years.

LLF’s grant program, which caters for long-term funding needs, helps to close a gap in area-based conservation funding. Rather than targeted, or limited-term grants, LLF’s grant program applies a flexible, programmatic vision to funding.

Under this model, large areas and their buffer zones can be supported in perpetuity, replacing the usual ‘stop and go’ approach to conservation funding.

VISION
A global network of sustainably funded and effectively managed conservation areas

MISSION
Safeguard biodiversity and preserve ecosystem services by providing long-term financial support to globally significant conservation areas

GOAL
Secure USD one billion by 2030 to provide long-term, flexible core financing to at least 30 landscapes relevant for global biodiversity and climate change
OUR VALUES

1 Long-term, flexible core financing for at least 30 landscapes

→ To finance a global, diversified portfolio of at least 30 of the world’s most relevant biodiversity assets by the year 2030.

2 Conservation that improves ecosystem services and mitigates climate change

→ Biodiversity loss and climate change are deeply intertwined: to solve one, we must tackle both.

3 Systematic application of environmental, social, and human rights standards

→ Good conservation rigorously respects human rights and builds environmental and social safeguards into its program.

4 Nature conservation for community well-being and sustainable livelihoods

→ Best practice conservation programs are driven by local actors, including Indigenous communities, and include in their mission the promotion of sustainable livelihoods and community outreach.

5 Leverage different sources of funding with the aim of perpetuity

→ LLF believes that its strength lies in its ability to source significant long-term grant funding for legacy landscapes by blending public and private donor funds.

6 Platform for global learning, innovation, and conservation solutions

→ LLF is a learning organization. Since its inception, LLF has engaged closely with key members of civil society, the private sector, academic and development partners, as well as representatives of partner countries, to establish a learning and sharing community.

7 Lean, charitable international foundation with a public-private approach

→ LLF was established in 2020 as a charitable foundation under German law with a mixed board of directors representing public and private donors.
OUR APPROACH

Grants from LLF provide long-term, dependable, and flexible baseline funding for selected globally recognized biodiversity hotspots, which enable protected area managers to shift attention and resources from fundraising to management and conservation. Grant funding of USD one million per year is given via two different models:

→ Sustaining grants: long-term grants of 15 years
→ Perpetual grants: a 30-year to permanent grant guaranteed at the outset

Public funding from governments is matched 2:1 by philanthropic organizations to create a public-private partnership (e.g. a sustaining grant includes USD 10 million in public funding and USD 5 million in philanthropic funding). Grantees are non-governmental organizations (NGOs) or locally based actors (ICCA, etc.), potentially in consortia, with a protected area and geographic competence track record.

Selection criteria

→ A terrestrial landscape covering a contiguous area of at least 2000 km² that is ecologically intact and of global significance, with:

→ At least 50% of the landscape’s territory classified as IUCN Category I/II or equivalent designation and managed by or under authority delegated by a national or regional government, and

→ The remainder (if any) having some other recognized and legally secured protection status (e.g. another IUCN category, a community-managed conservation area, etc.)
GRANT PROGRAM
## 2.1 BUILDING OUR PROGRAM PORTFOLIO

In 2022, LLF signed sustaining grants with seven legacy landscapes. Each site is now receiving a grant of USD one million per year for the next 15 years.

With the first seven sites underway, LLF was able to host its first open call for proposals early last year. Of the applications received, 19 met the eligibility criteria and underwent a thorough multi-stage selection process. The grants committee, supported by IUCN, considered a variety of criteria, inter alia biodiversity value, habitat diversity, conservation approaches, integration of local communities, ecosystem services of the proposed site, and global geographic balance, before selecting seven applications to develop their concept notes into full proposals. An additional six applications were put on a waiting list to develop full proposals as soon as additional funding becomes available.

The seven candidate sites are currently undergoing comprehensive independent Environmental and Social Due Diligence (ESDD) studies that will result in Environmental and Social Action Plans (ESAPs) to be integrated into their full proposals. The candidate sites are on track to submit full proposals for approval by the supervisory board by the end of Q2 in 2023. Pending approval of the supervisory board, the LLF portfolio is expected to double in the course of 2023.

<table>
<thead>
<tr>
<th>Call for Proposals</th>
<th>No. of Grants</th>
<th>Total Area protected</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2020</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seven pilot programs</td>
<td>7 Grants</td>
<td><strong>73,000 km²</strong></td>
</tr>
<tr>
<td></td>
<td>7 Countries</td>
<td></td>
</tr>
<tr>
<td><strong>2022</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Open call for proposals: seven potential programs under full proposal development</td>
<td>3 Continents</td>
<td></td>
</tr>
<tr>
<td></td>
<td>7 Potential new grants in 2023</td>
<td></td>
</tr>
</tbody>
</table>
### Legacy Landscapes – Overview

<table>
<thead>
<tr>
<th>Legacy Landscape sites</th>
<th>Country</th>
<th>Size (km²)</th>
<th>Implementing Grantee</th>
<th>Match Funder</th>
<th>Grant $USD</th>
<th>Duration (years)</th>
<th>Status 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Madidi</td>
<td>Bolivia</td>
<td>18,958</td>
<td>Wildlife Conservation Society</td>
<td>Gordon &amp; Betty Moore Foundation</td>
<td>15 million</td>
<td>15</td>
<td>Approved</td>
</tr>
<tr>
<td>North Luangwa</td>
<td>Zambia</td>
<td>4,653</td>
<td>Frankfurt Zoological Society</td>
<td>Wyss Foundation</td>
<td>15 million</td>
<td>15</td>
<td>Approved</td>
</tr>
<tr>
<td>Odzala-Kokoua</td>
<td>Republic of Congo</td>
<td>13,896</td>
<td>African Parks Network</td>
<td>Rob Walton Foundation</td>
<td>15 million</td>
<td>15</td>
<td>Approved</td>
</tr>
<tr>
<td>Iona</td>
<td>Angola</td>
<td>15,150</td>
<td>African Parks Network</td>
<td>Rob Walton Foundation</td>
<td>15 million</td>
<td>15</td>
<td>Approved</td>
</tr>
<tr>
<td>Gunung Leuser</td>
<td>Indonesia</td>
<td>11,525</td>
<td>Wildlife Conservation Society</td>
<td>Arcadia Fund</td>
<td>15 million</td>
<td>15</td>
<td>Approved</td>
</tr>
<tr>
<td>Gonarezhou</td>
<td>Zimbabwe</td>
<td>5,053</td>
<td>Frankfurt Zoological Society</td>
<td>Wyss Foundation</td>
<td>15 million</td>
<td>15</td>
<td>Approved</td>
</tr>
<tr>
<td>Central Cardamom Mountains</td>
<td>Cambodia</td>
<td>4,019</td>
<td>Conservation International</td>
<td>Corporate donor</td>
<td>15 million</td>
<td>15</td>
<td>Approved</td>
</tr>
</tbody>
</table>

### Candidate sites

<table>
<thead>
<tr>
<th>Candidate sites</th>
<th>Country</th>
<th>Size (km²)</th>
<th>Implementing Grantee</th>
<th>Match Funder</th>
<th>Grant $USD</th>
<th>Duration (years)</th>
<th>Status 2022 / 23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Makira-Masoala</td>
<td>Madagascar</td>
<td>10,548</td>
<td>Wildlife Conservation Society</td>
<td>Arcadia</td>
<td>30 million</td>
<td>30</td>
<td>Full Proposal development</td>
</tr>
<tr>
<td>Chiribiquete</td>
<td>Colombia</td>
<td>66,217</td>
<td>Frankfurt Zoological Society</td>
<td>Arcadia</td>
<td>30 million</td>
<td>30</td>
<td>Full Proposal development</td>
</tr>
<tr>
<td>Manu-Purus</td>
<td>Peru</td>
<td>65,956</td>
<td>Frankfurt Zoological Society</td>
<td>Gordon &amp; Betty Moore Foundation + Eleonore Beck Foundation</td>
<td>30 million</td>
<td>30</td>
<td>Full Proposal development</td>
</tr>
<tr>
<td>Yasuni</td>
<td>Ecuador</td>
<td>27,415</td>
<td>Wildlife Conservation Society</td>
<td>Gordon &amp; Betty Moore Foundation</td>
<td>30 million</td>
<td>30</td>
<td>Full Proposal development</td>
</tr>
<tr>
<td>Tambrauw Mountains</td>
<td>Indonesia</td>
<td>17,931</td>
<td>Fauna and Flora International</td>
<td>Arcadia</td>
<td>15 million</td>
<td>15</td>
<td>Full Proposal development</td>
</tr>
<tr>
<td>Greater Tumucumaque</td>
<td>Brazil</td>
<td>98,717</td>
<td>Iepé (Instituto de Pesquisa e Formação Indígena) / Imazon (Instituto do Homem e Meio Ambiente da Amazônia)</td>
<td>Nia Tero Foundation</td>
<td>15 million</td>
<td>15</td>
<td>Full Proposal development</td>
</tr>
</tbody>
</table>
2.2 PROGRAM FUNDING

Thanks to contributions of EUR 15 million from Agence Française de Développement (AFD), EUR 9.2 million (NOK 100 million) from the Norwegian Agency for Development (NORAD), and EUR 9.5 million from the Gordon & Betty Moore Foundation (GBMF), total contributions to LLF increased by approximately EUR 33.7 million last year.

This brings the total contributions to LLF, including previous funding from BMZ (The German Federal Ministry of Economic Cooperation and Development) of EUR 182.5 million and a contribution from GBMF of EUR 4.1 million, to EUR 220.3 million.¹

LLF’s current grant portfolio represents a total program volume of USD 105 million.² The funding is split between public donors, who contributed USD 70 million, and match funders, who contributed USD 35 million. The candidate sites represent a total funding commitment of USD 100 million for five perpetual grants and USD 20 million for two sustaining grants that will be complemented by an additional USD 50 million of match funding for five perpetual grants and USD 10 million for two sustaining.

---

¹ Program funding is received in EUR or converted to EUR from other currencies.
² Grants are always disbursed in USD.
At the end of 2022, LLF’s grant portfolio consisted of seven sites in some of the world’s most biologically diverse regions. Each site has a sustaining grant for 15 years, and funding, activities, and reporting for these sites is already underway.

In 2023, we plan to double the size of our portfolio by signing grant agreements with an additional seven sites. These candidate sites have applied for either sustaining or perpetual grants and are currently developing their full proposals while undergoing ESDD studies.

The next section highlights some success stories and voices from the field from our pilot sites.
CENTRAL CARDAMOM MOUNTAINS LEGACY LANDSCAPE

4,019 km²

Cambodia’s First Protected Area

Conservation International (CI)
Central Cardamom Mountains National Park is Cambodia’s first designated protected area. It is situated in Southeast Cambodia at the center of Cardamom Mountains Rainforest Landscape, the largest wilderness area in mainland Southeast Asia, covering more than 10,000 km².

Over 96 percent of the national park is intact, as its forest cover has suffered only low levels of deforestation compared to surrounding areas. Consequently, Central Cardamom Mountains National Park provides critical habitats to over 400 vertebrate species, 70 fish species, and over 200 plant species, many of which are endemic to this region. Additionally, the park functions as a vital watershed in Cambodia, accounting for an estimated 30% of the dry season freshwater flows to the Tonle Sap Lake, Southeast Asia’s most important inland fishery.

Widespread poverty among local communities is a main driver for increased pressure on the park, such as the unsustainable exploitation of natural resources. For this reason, livelihood programs for local communities are a key focus area of the park management and its national and international partners. Long-term conservation support in this area is needed, especially given that Cambodia is one of the countries most vulnerable to the impact of climate change.

**Voice from the field**

**Creating Knowledge with Camera Traps**

“Understanding more about the flora and fauna which reside in a landscape not only aids in conservation planning but also informs local communities about their natural resources. Conservation International Cambodia is establishing a long-term biodiversity monitoring plan for the Central Cardamom Mountains Landscape, to monitor its ecological status and support its protection and management. One of the methods we are employing to collect this biodiversity data is to use camera traps to study and monitor terrestrial wildlife species. For this we work closely with government law enforcement rangers and local communities to deploy camera traps in the landscape. I really enjoy this part of my job, especially working closely with rangers and local communities who are passionate about their work and the forest. As a biologist, it has been inspiring to observe how fast they learn new skills and methods to conduct biodiversity research, and how motivated they are to have a sustainable forest and future.”

Ret Thaung, Biodiversity and Science Manager
GUNUNG LEUSER
LEGACY LANDSCAPE
11,525 km²
Where the Sumatran Tiger Still Roams
Wildlife Conservation Society (WCS)
The Gunung Leuser legacy landscape is located on the Indonesian island of Sumatra. Here, it lies at the heart of the Leuser ecosystem, which spans more than 26,000 km² and is one of Southeast Asia's largest intact rainforest ecosystems.

Gunung Leuser National Park is the only place on earth that is collectively home to wild tigers, orangutans, elephants, and rhinos. The Leuser ecosystem contains approximately 150 critically endangered Sumatran tigers. It also provides crucial habitats for numerous other critically endangered animals, including 11,700 Sumatran orangutans, more than 350 Sumatran elephants, and a viable population of Sumatran rhinos, one of the most threatened mammalian species on earth.

The park's outstanding environmental, cultural, and economic value has been recognized through numerous international designations, including recognition as a World Heritage Site by UNESCO, and its 43 forest watersheds provide key ecosystem services to more than 6.9 million people.

A camera trap is set up to monitor wildlife in the park.

A Success Story from Gunung Leuser

Harnessing the Power of Data-Driven Conservation

Successful conservation requires efficient and well-integrated data management that forms part of a data-driven approach. For this reason, the Gunung Leuser National Park (GLNP) management authority, with assistance from WCS, developed UDIK – a ’Conservation Data and Information Unit’ – in 2019. UDIK is now fully operational, being managed by four GLNP staff, and features an application that allows it to be easily and remotely accessed by national park management. The UDIK system is considered one of the most complete management information systems in a protected area and allows for quick and adaptive management activities based on real-time accurate data.

UDIK includes a profile of the GLNP area, the SMART-RBM dashboard, information on biodiversity, deforestation, ecosystem restoration, community empowerment, research activities, conservation area visits, cooperation, forest and land fires, sanctions for violation, interactive maps, management files, and more. UDIK has inspired other partners to replicate this system and data-driven approach. UDIK and similar tools are essential tools used to improve the management of Leuser Landscape.
GONAREZHOU LEGACY LANDSCAPE

5,053 km²

Cross-Border Conservation in Action

Frankfurt Zoological Society (FZS)
The Gonarezhou legacy landscape provides habitat for a wide range of animal species but is most famous for its elephants. Home to about 11,000 individuals, Gonarezhou truly deserves its vernacular name as the “Place of Elephants”.

Situated in the Southeast of Zimbabwe on the border with Mozambique, its landscape features scenic sandstone cliffs, wide meandering rivers, seasonal pans, and extensive woodlands. Together with neighboring national parks in South Africa and Mozambique, Gonarezhou is part of the Greater Limpopo Transfrontier Park which covers a cross-border protected area of around 35,000 km². The Gonarezhou Conservation Trust (GCT) is a co-management partnership between the Zimbabwe Parks and Wildlife Management Authority and the Frankfurt Zoological Society. Its vision is to be a model for sustainable conservation in Africa – where ecosystems are protected, tourism for conservation thrives, and stakeholders matter.

A Success Story from Gonarezhou

A Spicy Solution to Crop Raids

Farming in the communal areas adjacent to Gonarezhou National Park is challenging due to a range of factors, including recurring droughts and limited access to markets. These challenges are further exacerbated by the potential of elephants and other wildlife to raid crop fields, wiping out entire annual harvests in as little as a single night.

Scaling livelihood projects has always been difficult, but a new initiative which partners the private sector directly with communal farmers is bearing fruit. The Gonarezhou Conservation Trust introduced the Kacholo Chili Company to farmers in the Muhlanguleni area adjacent to the park. The aim of this initiative is to introduce an alternative, viable cash crop in the communities, which at the same time is less prone to raiding by wildlife. Not only are the chili fields themselves not palatable for wildlife to raid, but in addition, low-grade chilies can be molded into chili bricks and used to deter elephants from raiding other crops.

Since the project started in 2021 it has expanded quickly, with a total of 216 farmers currently involved in the scheme. In addition, the chili farmers are also hiring locally to help them with farming and harvesting, with approximately 221 people (89% female) employed on a part-time basis.

Junior Mathlelemu, one of the 33% of female farmers who are enrolled in the project, was happy to report that the money she is getting from chili farming is helping her to buy food and pay school fees. She has also used some of her money to repair her house and put a fence around it. In the future she hopes the money will be enough for her to start her own cattle business!

Junior Mathlelemu in her chili fields.
NORTH LUANGWA
LEGACY LANDSCAPE
4,653 km²
A Rich Wilderness by
the Riverside
Frankfurt Zoological Society (FZS)
North Luangwa’s outstanding global value comes from the Luangwa River, which has shaped a rich and biodiverse landscape over millennia, and its pristine wilderness, which gives the park its unique character.

North Luangwa National Park is the anchor of the Malawi Zambia Transfrontier Conservation Area, a transboundary conservation initiative encompassing more than 32,000 km². The remote park in Zambia is one of the most intact ecosystems in the entire southern African region, boasting all of the “big five”: elephants, buffalos, rhinos, leopards, and lions. It is also home to the endemic Cookson’s wildebeest and to Zambia’s largest elephant population.

In 2003, an ambitious translocation project was launched to reintroduce the black rhino to the park and as a result, North Luangwa National Park is now home to Zambia’s only black rhino population. The core objective of the program is to conserve the wilderness and rich biodiversity of the Luangwa Valley for the benefit of present and future generations.

In 2003, the North Luangwa Conservation Program (NLCP) successfully reintroduced black rhinos to Zambia. Despite the program’s success, rhinos still face severe threats from poaching outside of the national park.

In 2021, a young male black rhino broke away from North Luangwa National Park and settled 220 km away in a remote area of the Luangwa Valley. As there was no road access to the area, an unprecedented rescue mission had to be attempted by slinging the rhino from a helicopter. Conservationists have pioneered rhino “slinging” from helicopters, but this had never been attempted in Zambia, and never over such a long distance.

On April 8th, the Rhino & Elephant Protection Unit (REPU) and a team of experts, embarked on the rescue mission. They located and tranquilized the rhino, attached a sling, and safely airlifted it. The veterinarians flew ahead to the next checkpoint, and two additional stops enroute to NLNP were made to refuel and complete vet checks on the rhino. After just four hours, the rhino arrived back in the park, where he was carefully monitored before being released.

The unwavering dedication and expertise of the REPU unit helped to protect this rhino. These wildlife officers were recruited from North Luangwa communities, and they exemplify a true sense of ownership and responsibility in their work to protect endangered species. Their commitment to landscape-level protection and the communities living within the northern Luangwa ecosystem is critical to the livelihoods that depend on successful conservation in the area.
IONA LEGACY LANDSCAPE

15,150 km²

An Ancient Desert atop the Skeleton Coast

African Parks Network (APN)
Iona National Park is situated in the southwest corner of Angola in the oldest desert in the world. It is contiguous to the Skeleton Coast National Park in Namibia, creating one of the largest transfrontier conservation areas on the planet.

This special ecosystem has high endemism, with many reptiles, plant, and bird species occurring only in this eco-region. Key terrestrial faunal species include the South African oryx, springbuck, Hartmann's zebra, ostrich, cheetah, leopard, and brown hyena. Iona is recognized as an “Important Bird Area” with at least 150 recorded species. The Kaokoveld Desert and the Namib desert (covering the largest area of the park) are recognized as “globally remarkable” in terms of their biological diversity and are mentioned by the International Union for Conservation of Nature (IUCN) as centers of floral endemism.

**Voice from the field**

**The Road to Becoming a Field Ranger**

“I joined this training in order to become a park monitor, to work and build a family. I want to be able to buy cornmeal and rice for my children in the future. The training is hard work but it’s teaching me how to protect the animals in the park and to prevent poachers from entering the park and killing them. We have antelope, oryx, and ostrich here but I hope to one day see the animals I’ve only heard about, like rhinos, elephants, and others I may not know.”

Anália was one of the 21 final participants to complete the Basic Field Ranger (BFR) course held in Iona National Park. The participants underwent demanding physical and psychological tests during the pre-selection phases and those who passed were selected to complete the rest of the course where they learned about ethics, patrol formations, de-escalation techniques, human rights, and self-defense. During their work at INP, they will become ambassadors for the park in their own communities. The park monitors will also use their profound understanding of the local language, values, customs, and traditions that have been practiced for decades, to collaborate with the Law Enforcement team for the conservation of the park, its wildlife, and its people. Recruiting members of local communities benefits everyone: employment and income is provided to local people and their intrinsic knowledge of the landscapes is integrated into the management of the park.

*Anália Tchetupona Cristiano,*  
Field Ranger in Iona National Park
ODZALA-KOKOUA
LEGACY LANDSCAPE
13,896 km²

The Congo Basin’s Resource-Abundant Rainforest

African Parks Network (APN)
The Odzala-Kokoua legacy landscape lies in the heart of the Congo Basin, the second largest rainforest on Earth, and one of the world’s most biodiverse areas and most important carbon sinks.

The Congo Basin delivers clean water, food, and shelter to more than 75 million people. The Odzala-Kokoua legacy landscape covers the entire Odzala-Kokoua National Park, one of the largest intact primary forests in Africa.

Its dense lowland rainforest is dotted with over 140 open saline forest clearings called ‘bais’, which are of exceptional importance for wildlife in the region. Forest elephants have been documented to travel large distances to Odzala to reach these nutritionally valuable meeting grounds. Large tracts of savanna are present in the South, making Odzala home to a unique mix of species, including the only viable population of spotted hyena in the Congo Basin. The objective of the LLF-supported program is to transform the Odzala-Kokoua landscape into an intact ecosystem, enabling a conservation-led economy that generates support for conservation efforts.

© Irene Galera / African Parks

**Voice from the field**

**Paving New Paths for Eco-Guards at Odzala-Kokoua-Lossi Foundation**

"While participating in the awareness campaign on Wildlife Law in Congo, I noticed that the main complaints from the villages were about the destruction of their fields by elephants and the relationship with the rangers. The elephants damage their fields, and they can't feed themselves. This kind of dialogue allows us to get closer to the local communities. This was the first time I met the villages as a ranger.

I loved being in direct contact with the local communities to learn about their challenges. I love being a ranger. I didn't choose this job just for the money, but because I love wildlife and I want to help protect it. I want my son to be able to see animals and trees in the future. Before we had lions in Congo but there are none nowadays. If we continue to kill elephants, there will be no more left either.

There are people who say that being a ranger is not the job for a woman, when it can be. Women are equal to men. When people in the village saw a woman wearing the ranger outfit, they liked it. It also gives the girls courage to do other things and maybe become rangers. I encourage the girls to go forward. Our goal is not to stay at home and prepare food for the children and the husband. We women have to work. Whatever men do, we women can do too. We cannot stay behind."

Merveille Endzelle,
Eco-Guard at the Odzala-Kokoua-Lossi Foundation
MADIDI
LEGACY LANDSCAPE
18,958 km²

Prioritizing People and Ecosystems

Wildlife Conservation Society (WCS)

© Daniel Rosengren / FZS
The protected area of Madidi not only secures regionally and globally relevant ecosystem services, but is home to more than 30 Indigenous communities and overlaps with four legally recognized Indigenous lands of critical cultural and ecological importance.

Leco, Tacana, Araona, Esse Ejja, Tsimane and Mosetene Indigenous peoples inhabit the lowlands, while Quechua and Aymara inhabit the highlands. Communities have traditionally been strong custodians of the ecosystems around Madidi and the support program showcases how integrated and rights-based conservation approaches lead to long-standing benefits for nature and people. The LLF-supported conservation program focuses on strengthening the links between protected areas and land management units of local communities, Indigenous territories, and neighboring municipalities. The priorities of the protected area are incorporated into regional development plans while also meeting the livelihood needs and aspirations of local communities that have supported conservation efforts over the last quarter of a century.

Despite all efforts, increasing pressure and encroachment of gold mining operations in the protected area continued to pose one of the greatest threats to the integrity of the Madidi legacy landscape in 2022. LLF funds supported, among other things, the neighboring Indigenous communities in their efforts to consolidate land rights, update their Indigenous life plans, and strengthen alliances to protect against illegal mining activities.

Restoring Tourism, Sustaining Livelihoods

When Madidi was established as a protected area in 1995, more than 40 illegal logging crews were involved in mahogany extraction and wildlife hunting along the Tuichi river. Over time, ecotourism replaced illegal logging as the main source of income in the area. The region around the lowland towns of Rurrenabaque and San Buenaventura, and the nearby natural grassland areas, became established as the Rurrenabaque-Madidi-Pampas tourism destination.

Unfortunately, tourism was severely impacted by the COVID-19 pandemic. The downturn in tourism affected the local community, leading to an increase in illegal resource extraction. However, thanks to support through the LLF program in 2022, tourism volume has recovered back to 60% of its pre-COVID levels. LLF funds helped to support the Rurrenabaque Madidi Pampas Tourism Council in their marketing efforts and their coordination with tourism authorities to reactivate travel to Rurrenabaque, to renew the biosphère’s sustainable tourism certification, and to include the area in the Green Destinations Top 100 list.

The approach of supporting sustainable livelihoods to reduce illegal resource extraction has been replicated in several community-based initiatives. In total, the program is now benefiting 120 families of shade coffee producers, 30 families of wild cacao producers, 69 families of jatata palm harvesters, and 20 families of spectacled caiman managers. According to Edgar Ramos Luque, technical and marketing lead of the Apolo coffee producers, support for shade coffee producers in the form of technical assistance and the establishment of a rotating fund to enable access to niche markets has resulted in a threefold increase in volume.
2.4 IMPACT

LLF’s grant portfolio currently covers **73,248 km²** of protected area. In 2023, the seven candidate sites are expected to add an additional **306,871 km²** of protected area. By the end of 2023, if all seven candidate sites are approved, the LLF portfolio, with its 14 grants, will financially support a total program area of **456,334 km²**, an area as large as Sweden.

LLF places special focus on conservation measures that effectively address key threats to biodiversity and ecosystem services, and in the second half of 2022 developed its impact indicator framework at a program and site-level to track these conservation measures.

Site-level indicators are reported by grantees to LLF as part of semi-annual program reporting. The reporting templates were developed in a participatory approach together with donors and implementing partners. As of January 2023, implementing partners are required to regularly report on their progress and finances according to the LLF monitoring framework.
306,871 km² EXPECTED TO BE ADDED IN 2023
2.5 STRATEGIC ORIENTATION

In 2022, LLF was recognized to fill a critical niche – both in terms of interest from prospective beneficiaries and in global funding discussions, as documented in the outcomes from COP15 and the new Global Biodiversity Framework (GBF).

The first public call for proposals revealed high interest in the perpetuity funding model, and applications were received from current and new match donors as well as new and existing implementing partners. We see this as proof of concept and a vote of trust in this young foundation.

With the new candidate sites, there will be exciting and challenging additions to our grant portfolio: exceptionally large areas, areas managed by Indigenous organizations, and for the first time, consortium managed areas. The new diversity of grantees, management models, ecosystems, and countries means that we must further systematize and codify our operations, processes, and implementing guidelines to manage our portfolio. New tools for grant management will be applied, evaluated, and fine-tuned to ensure the LLF grant program is impactful and sustainable.

With this growing portfolio comes a growing team. LLF wants to maintain the speed, agility, and enthusiasm of a global biodiversity start-up while moving towards defined roles and responsibilities, cooperation, and communication within the team.

Existing and candidate sites now form a group of grantees ready and able to share, learn from each other, openly discuss problems and solutions, and apply innovative conservation approaches. Relationships are evolving and strengthening, and the notion of a joint learning community is taking shape.

The COP26 climate change conference in Glasgow in 2021 drew global attention to the intimate link between biodiversity and climate stability for the first time. This link was re-iterated at COP27 in 2022. The COP15 biodiversity conference in Montreal created momentum for biodiversity protection by establishing concrete, ambitious, global goals for area-based conservation targets which are also important for climate stabilization. This outcome is of huge relevance to LLF, as the new GBF recognizes the value of area-based conservation, the necessity to integrate the needs and knowledge of local and Indigenous populations in conservation efforts, and calls for significantly increased international funding for biodiversity. Targets 3, 8, 11, and 19 of the GBF are directly relevant to LLF’s mission.

**TARGET 3:**

“Ensure and enable that by 2030 at least 30 per cent of terrestrial, inland water, and of coastal and marine areas, especially areas of particular importance for biodiversity and ecosystem functions and services, are effectively conserved and managed.”

**TARGET 8:**

“Minimize the impact of climate change and ocean acidification on biodiversity and increase its resilience through mitigation, adaptation, and disaster risk reduction actions, including through nature-based solutions and/or ecosystem-based approaches, while minimizing negative and fostering positive impacts of climate action on biodiversity.”
Furthermore, the delegates of COP15 formally welcomed LLF as a new instrument ready to be used to implement funding pledges: “7. Welcomes new initiatives including, but not limited to, the NBSAP Accelerator Partnership, the High-Ambition Coalition for Nature and People 2.0, the Legacy Landscapes Fund, the Kunming Biodiversity Fund, the Japan Biodiversity Fund, and other instruments, and encourages public and private donors to contribute to them and all Parties to make use of these instruments; Resource Mobilization Draft Decision, CBD COP15.”

We hope that LLF can continue to build on the momentum of COP15 in the next years as we grow our portfolio, our donor base, and our impact.

TARGET 11:
“Restore, maintain and enhance nature’s contributions to people, including ecosystem functions and services, such as regulation of air, water, and climate, soil health, pollination and reduction of disease risk, as well as protection from natural hazards and disasters, through nature-based solutions and/or ecosystem-based approaches for the benefit of all people and nature.”

TARGET 19:
“[...] increase the level of financial resources from all sources, in an effective, timely and easily accessible manner, including domestic, international, public, and private resources, in accordance with Article 20 of the Convention, to implement national biodiversity strategies and action plans, by 2030 mobilizing at least 200 billion United States dollars per year, including by:

→ Increasing total biodiversity related international financial resources from developed countries, including official development assistance.

→ Significantly increasing domestic resource mobilization.

→ Leveraging private finance, promoting blended finance.
GOVERNANCE AND OPERATIONS
MANAGING AND GOVERNING A NEW ORGANIZATION

To keep pace with a growing portfolio, LLF has also grown quickly over the last two years. In 2022, the LLF team tripled from its original small team of two to six full-time staff. The team now includes an Executive Director, an Environmental and Social Safeguards Director, a Safeguards Coordinator, two Program Coordinators, a Program Assistant, and a part-time Communications Coordinator.

The supervisory board also grew in 2022, with Guillaume Chiron from Agence Française de Développement (AFD) and Barry Gold representing the Walton Foundation joining as full members. They join existing board members, chairperson Dr. Heike Henn (BMZ), vice chairperson Dr. Thomas Duve (KfW Development Bank), and Aileen Lee (Moore Foundation). Sandy Andelman (WCS), and Georg Schwede continue to serve as representatives of the advisory committee acting as observers to the supervisory board.

Last year the supervisory board approved the final two sites of the pilot phase, reviewed LLF’s monitoring and evaluation framework, decided on the selection of the candidate sites, approved new donations, and jointly engaged in communication and fundraising efforts. LLF’s advisory committee, comprised of more than 20 experts, met twice in 2022 and helped to ensure LLF is following best practices in conservation and receiving input from a diverse range of perspectives.

LLF’s lean operations are made possible through a wide range of structures and systems, including a growing team of flexible and dedicated staff, shared services provided by Nature Trust Alliance, technical and administrative support from KfW, and the experience of existing foundations such as Caucasus Nature Fund and Blue Action Fund.

By maintaining a lean operational structure, we can focus our resources on conservation, reduce administrative costs, and direct a majority of our budget to where money is needed the most – the global south.

Progress on Environmental and Social Safeguarding

The conservation sector carries inherent risks and has impacts on society, livelihoods, and ecosystems. As part of our commitment to achieving the highest environmental and social (E&S) standards, LLF has safeguards in place to mitigate these risks and impacts. We are proud to announce that our Environmental and Social Management System (ESMS), that spells out these safeguards, has been developed and finalized over the course of the last year, and is now accessible on our website.

An ESMS is a framework that organizations use to manage their impact on environment and society. In the conservation context, ESMSs are particularly relevant as they help ensure that conservation practices are implemented in a way that minimizes negative impacts on the environment and communities.

Our ESMS provides a structured approach to identifying, avoiding, and mitigating potential negative E&S risks and impacts in sites funded by LLF. By implementing an ESMS, we can ensure that we are complying with relevant environmental and social regulations, policies, and standards, and that we are meeting the expectations of stakeholders, including local and Indigenous communities and donors.

The implementation of an ESMS also promotes the adoption of a preventative approach to E&S risks. By identifying and assessing potential negative impacts of conservation practices early on, we can implement measures to avoid or mitigate them before they occur. It also ensures that remedies are provided if residual adverse impacts remain.

At its core, an ESMS is a tool for continuous improvement. It provides a framework for monitoring and evaluating the effectiveness of conservation practices, identifying areas for improvement, and implementing changes to improve conservation and social outcomes.

Our ESMS entails an environmental, social, and human rights policy statement, an institutional level grievance and feedback mechanism and guidance for program initiation, preparation, and implementation.
The objectives of LLF’s ESMS are:

- To apply well-established international principles of E&S risk management to ensure that risks in LLF-funded activities and programs can be adequately assessed, measured, monitored, controlled, and mitigated;

- To identify opportunities to improve, strengthen, and mainstream pathways for better conservation strategies;

- To ensure that all LLF-financed activities and programs comply with the national laws and regulations of host countries, and align with international E&S standards;

- To establish clear roles and responsibilities for all LLF staff involved in the implementation of the ESMS; and

- To provide guidance towards the value recognition of the legacy landscapes among the local and national populations of the host country, grantees, donors and other stakeholders, and the public.

<table>
<thead>
<tr>
<th>Program Phase</th>
<th>ESMS Tools &amp; Policies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Institutional Level</strong></td>
<td><strong>LLF</strong></td>
</tr>
<tr>
<td>Initiation</td>
<td>Annex A – ES &amp; HR Policy Statement</td>
</tr>
<tr>
<td></td>
<td>Annex T – LLF Grievance &amp; Feedback Mechanism</td>
</tr>
<tr>
<td></td>
<td>Annex B – Exclusion List</td>
</tr>
<tr>
<td>Preparation</td>
<td>Annex C – ESAP Development (incl. UNGP implementation)</td>
</tr>
<tr>
<td></td>
<td>Annex D – E&amp;S Categorization Form</td>
</tr>
<tr>
<td></td>
<td>Annex E – Standard E&amp;S Clauses for Grant Agreement</td>
</tr>
<tr>
<td></td>
<td>Annex F – Model Clauses for MoU</td>
</tr>
<tr>
<td>Implementation</td>
<td>Annex G – ESMP and ESCOP for infrastructure and small works</td>
</tr>
<tr>
<td></td>
<td>Annex H – Security and Human Rights in Protected Area</td>
</tr>
<tr>
<td></td>
<td>Annex I – MoU for collaboration with public security forces</td>
</tr>
<tr>
<td></td>
<td>Annex J – Human Rights Due Diligence Training Requirements</td>
</tr>
<tr>
<td></td>
<td>Annex K – Human Wildlife Conflict Mitigation</td>
</tr>
<tr>
<td></td>
<td>Annex L – Process Framework for Involuntary Access and Use Restriction</td>
</tr>
<tr>
<td></td>
<td>Annex M – Community Engagement and Planning Framework for Voluntary Access Restrictions</td>
</tr>
<tr>
<td></td>
<td>Annex N – Indigenous Peoples Plan</td>
</tr>
<tr>
<td></td>
<td>Annex O – FPIC Protocol</td>
</tr>
<tr>
<td></td>
<td>Annex P – Stakeholder Engagement Plan Outline</td>
</tr>
<tr>
<td></td>
<td>Annex Q – Program-level Grievance &amp; Feedback Mechanism</td>
</tr>
<tr>
<td></td>
<td>Annex R – ESAP Implementation &amp; ESHS Reporting</td>
</tr>
<tr>
<td></td>
<td>Annex S – Serious Incident Reporting</td>
</tr>
</tbody>
</table>
In addition to the rollout of our ESMS, all seven pilot sites have advanced with the implementation of their Environmental and Social Action Plans (ESAPs). These ESAPs were created after a detailed on-site assessment to address site-specific E&S risks. The ESAPs include items like the development of stakeholder engagement plans, establishment or improvement of grievance mechanisms, adaptation of standard operational procedures, or updating general management plans including human-wildlife conflict strategies.

Over a third of items (36%) prescribed by the initial Environmental and Social Due Diligence (ESDD) studies have already been implemented or are in progress across the pilot sites. A further 27% of items have been successfully initiated. Nine percent (9%) of items across all sites encountered delays and 27% have not yet begun. This is in line with their scheduled timing.

The successful implementation of these plans will help ensure the long-term sustainability and positive impact of our operations on the environment and local and Indigenous communities.
COMMUNICATION AND OUTREACH
LEGACY LANDSCAPES FUND MAKES ITS MARK ON THE GLOBAL STAGE

LLF has had a remarkable year of expanding its global reach and engaging with audiences across the world.

Throughout 2022, LLF was successful in using social media to engage audiences with stories, photos, and videos from the ground, and in announcing the first open call for proposals. The summer newsletter, which included updates on our portfolio and funding, increased in readership and LLF’s German Wikipedia page was officially published in July, with the English version awaiting final approval. In September, LLF published two field reports from the team’s visit to two pilot sites in Gonarezhou National Park in Zimbabwe and North Luangwa National Park in Zambia. These reports highlighted the progress and impact of conservation efforts in these regions.

LLF’s Executive Director, Stefanie Lang, has also contributed to several high-profile events and conferences over the past year, including the African Protected Areas Congress in Kigali, the KfW Development Finance Forum in Frankfurt, and the United Nations Climate Change Conference (COP27) in Sharm al-Sheikh, Egypt. As a speaker or panelist, Stefanie Lang offered insight on biodiversity conservation, conservation financing, and the link between climate and biodiversity.


LLF was also invited to create a lighting talk for the United Nations Development Program Nature for Life Hub, featuring German State Secretary Jochen Flasbarth, Director of Transfrontier Conservation Areas and Conventions for ZimParks Patience Gandiwa, and executive director Stefanie Lang.

Throughout the year, Stefanie Lang was invited to be interviewed by several international media outlets including the Frankfurter Allgemeine Zeitung (FAZ), where she spoke about the role of the private sector in LLF’s funding model, and by Radio France Internationale (RFI), where she discussed biodiversity preservation and the involvement of local communities in conservation.

LLF also received coverage in several other media outlets including Internationale Politik, where Stefanie Lang authored an article on biodiversity loss and LLF’s role in protecting it in, and Deutschland.de, where LLF was featured as an example of novel conservation financing instruments.

The year ended on a strong and positive note, with the LLF team travelling to Montreal to participate in the Convention on Biological Diversity Fifteenth Conference of the Parties (COP15) in Montreal. In addition to contributing to several high-profile side events, LLF hosted a successful 90-minute side event featuring international conservation specialists from three continents.
The information in this financial section should be read in conjunction with 2022 financial statements including the notes thereto, which will be published on the website (www.legacylandscapes.org) once the 2022 audit is finalized by the independent auditor. The figures here are stated under the responsibility of the Management Board and are derived from the unaudited financial statements.
LLF's total assets at the end of 2022 grew to EUR 210.6 million from EUR 186.8 million at the end of 2021 as new contributions were made by three funders, two new and one existing. The new funders were Agence Française de Développement (AFD), which contributed EUR 15 million to LLF's reserves, and NORAD, which contributed EUR 2.9 million as a current use donation. Our existing funder the Gordon and Betty Moore Foundation (GBMF) added a new contribution of USD 10 million. NORAD’s grant is the first instalment of a total donation committed at approximately EUR 9 million through 2025.

On the asset side of the balance sheet, financial assets consisting of investment securities are the largest component. The growth in 2021 reflects the further investment of LLF’s funds. LLF’s cash balances at banks declined but remained substantial as we continued to seek the right balance between risk and return in the low interest rate environment that persisted.

### EQUITY & LIABILITIES

The equity at 31 December 2022 consists of LLF’s capital, its reserves and a carry-forward of the current use grant by NORAD which is planned to be spent in 2023.

LLF’s capital consists of its endowment. Under German tax law, only earnings on endowment funding can be spent, the capital itself must be maintained.
Unlike the endowment, the principal amount of LLF’s reserves can be spent or maintained at LLF’s discretion. LLF has two kinds of reserves. Our capital reserves consist of a so-called funding capacity reserve - a pool of funds contributed by BMZ/KfW, GBMF, and AFD. The growth in this reserve in 2022 reflects the new contributions offset by 2022 spending from the reserve. Under our agreements with our donors, most of the funding from the funding capacity reserve is earmarked for the Grant Program, including a portion for spending in LLF’s Sustaining Grant program which commenced in 2021 and 2022 and a portion earmarked for the planned expansion of our grant program in 2023. A small part of the funding capacity reserve is available to support operating costs. Full details on the constitution and use of the funding capacity reserve, broken down as relevant by donor, can be found in the footnotes to the financial statements.

LLF builds its earnings reserves mainly from investment earnings in accordance with German tax law. We reduced our earnings reserves in 2022 to cover part of our investment losses as discussed below.

Provisions and Other liabilities at December 31, 2022 reflect mainly provisions for commitments from 2022 that will be paid only in 2023, including provisions for higher investment advisory and management fees as a result of the significantly increased assets under management.

The funding for LLF’s spending is supplied by transferring the reserves described above or utilization of investment earnings or donations. Transfers from reserves are not shown in income but are rather shown below the net income line. The complex interplay between the donations received and the different transfers to and from reserves means that net income should not be viewed as an indicator of LLF’s operating performance. As was the case in 2021 when net income was positive, the transfer of some of the income to project reserves or carry-forwards means that reserves are still drawn to cover expenses. This is even more the case in years such as 2022 where net income is negative.

LLF’s true ‘bottom line’ is twofold: first, the development of balance sheet reserves and liabilities that measure the foundation’s financial health (taken together with investment performance); second, its program spending and expense ratios, which measure its performance.

The following presentation summarizes the income statement and breaks down and discusses development in its different components.

### Summary Income Statement

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Investment Income</td>
<td>-3,281</td>
<td>324</td>
</tr>
<tr>
<td>Donations and Other Revenue</td>
<td>3,400</td>
<td>25</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>119</td>
<td>349</td>
</tr>
<tr>
<td>Program and Program Support</td>
<td>1,110</td>
<td>108</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>476</td>
<td>283</td>
</tr>
<tr>
<td>Total Grant and other Expenses</td>
<td>1,586</td>
<td>391</td>
</tr>
<tr>
<td>Net Income</td>
<td>-1,467</td>
<td>-42</td>
</tr>
<tr>
<td>Transfers from Reserves</td>
<td>4,326</td>
<td>409</td>
</tr>
<tr>
<td>Transfers to Reserves</td>
<td>0</td>
<td>324</td>
</tr>
<tr>
<td>Funds Carried Forward from previous year</td>
<td>0</td>
<td>-43</td>
</tr>
<tr>
<td>Funds Carried Forward</td>
<td>2,859</td>
<td>0</td>
</tr>
</tbody>
</table>
**REVENUE**

LLF’s revenue is composed of net investment income and revenue from donations and other revenue, as shown in the tables below.

<table>
<thead>
<tr>
<th><strong>REVENUE</strong> (amount in EUR 000s)</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investment Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest, dividend, and similar income</td>
<td>1,317</td>
<td>262</td>
</tr>
<tr>
<td>Capital gain</td>
<td>0</td>
<td>1,153</td>
</tr>
<tr>
<td><strong>Total Income/Gain from Investment</strong></td>
<td>1,317</td>
<td>1,415</td>
</tr>
<tr>
<td><strong>Investment Expense</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Realized Capital Loss</td>
<td>1,639</td>
<td>0</td>
</tr>
<tr>
<td>Currency Exchange Loss</td>
<td>1,929</td>
<td>458</td>
</tr>
<tr>
<td>Investment Management and Other Expenses</td>
<td>1,030</td>
<td>632</td>
</tr>
<tr>
<td><strong>Total Investment Expense</strong></td>
<td>-4,598</td>
<td>-1,091</td>
</tr>
<tr>
<td><strong>Net Investment Income (-Expense)</strong></td>
<td>-3,281</td>
<td>324</td>
</tr>
<tr>
<td><strong>Donations and Other Revenue</strong></td>
<td>3,400</td>
<td>25</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>119</td>
<td>349</td>
</tr>
</tbody>
</table>

The EUR 3.3 million negative net investment income in 2022 reflects the significant turbulence and downturn in the capital markets in the year as further described under Investments Returns below. The various components of the negative result are:

- The increase in Interest, dividend and similar income which reflects principally the full investment of LLF in various yielding capital market instruments for the full year 2022 as opposed to 2021 when LLF began investing only in April.

- The absence of capital gain income in 2022 (and indeed the EUR 1.6 million realized capital loss) which reflects the downturn in the markets.

- The large increase in the currency exchange loss which results from the continuing steep decline in the value of the Euro in 2022. LLF continued to hedge most of its dollar exposure in its investment portfolio. The loss position has substantially reversed in the first months of 2023.

- The 63% increase in investment management expenses to just over EUR 1 million, which is attributable mainly to the significant increase in assets under management which more than doubled. Advisory, management, custody and related fees charged to us directly (rather than, e.g., through returns on a fund) increased by a little under 100% to EUR 740K. These expenses also reflect the continuing impact of negative interest rates on our bank balances in 2022, with negative interest expense amounting to EUR 226K for the year (up 13%). Interest rates have turned positive and are expected to remain so in 2023 which should eliminate this position.

Donations and Other Revenue in 2022 reflects the EUR 2.9 million donation from NORAD described above and the donations from our match funders in the form of pass-through grants as described below. Year to year amounts under this item are likely to vary significantly depending on the budgets and priorities of LLF donors like NORAD whose grants are treated under German tax law as ‘current use’ donations and therefore initially taken into revenue.
EXPENSES

We classify LLF’s expenses in three categories as shown in the following table. Program Grants and Projects reflects our direct program spending. Program Development and Management reflects internal (including personnel) and external expenditures to develop and manage our program. The Administrative and Fundraising category captures expenditures involved in running LLF as an organization.

<table>
<thead>
<tr>
<th>EXPENSES (amount in EUR 000s)</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Grants &amp; Projects</td>
<td>704</td>
<td>0</td>
</tr>
<tr>
<td>Sustaining Grants</td>
<td>543</td>
<td>0</td>
</tr>
<tr>
<td>Development &amp; ESDD Support</td>
<td>152</td>
<td>0</td>
</tr>
<tr>
<td>LLF Conservation Innovation</td>
<td>9</td>
<td>0</td>
</tr>
<tr>
<td>Program Development &amp; Management</td>
<td>415</td>
<td>108</td>
</tr>
<tr>
<td>Internal</td>
<td>342</td>
<td>108</td>
</tr>
<tr>
<td>External</td>
<td>73</td>
<td>0</td>
</tr>
<tr>
<td>Administrative &amp; Fundraising</td>
<td>476</td>
<td>283</td>
</tr>
<tr>
<td>Total Grant &amp; Other Expenses</td>
<td>1,586</td>
<td>391</td>
</tr>
</tbody>
</table>

Having launched its operations in 2021 LLF continued its rapid development in 2022, increasing the number of grants leveraged from our partner funders from four to six. For three of the legacy landscape grantees partner funders transferred a portion of their grants through us, resulting in the Sustaining Grant expenditure of EUR 543K. Support for proposal development and environmental and social due diligence makes up the balance of our program grants & projects expenditure.

The growth in internal program development and management expenditure reflects our growing internal costs as we roll out the management of the initial Sustaining Grants and launched our call for proposals and preparations for new grants. The external expenses in this category reflect IUCN’s support in concept note evaluation and studies to support fast-tracking of our legacy landscape sites to have their carbon absorption and capture capacity measured.

The significant growth in administrative and fundraising expense reflects the growing and maturing organization. These expenses should grow only modestly in the future, as the basic administrative structures to run LLF as the larger organization it will become in future years, are now in place.

**Pro Forma Expenses**

For communications and other external and internal purposes (but not for financial statement purposes since the funds do not flow through us), we view our expenses as follows.

<table>
<thead>
<tr>
<th>EXPENSES (amount in EUR 000s)</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Grants &amp; Projects</td>
<td>5,459</td>
<td>3,417</td>
</tr>
<tr>
<td>Leveraged Sustaining Grants</td>
<td>4,755</td>
<td>3,417</td>
</tr>
<tr>
<td>Pass Through Portion of Leveraged Grants</td>
<td>543</td>
<td>0</td>
</tr>
<tr>
<td>Development &amp; ESDD Support</td>
<td>152</td>
<td>0</td>
</tr>
<tr>
<td>LLF Conservation Innovation</td>
<td>9</td>
<td>0</td>
</tr>
<tr>
<td>Program Development &amp; Management</td>
<td>415</td>
<td>108</td>
</tr>
<tr>
<td>Internal</td>
<td>342</td>
<td>108</td>
</tr>
<tr>
<td>External</td>
<td>73</td>
<td>0</td>
</tr>
<tr>
<td>Administrative &amp; Fundraising</td>
<td>476</td>
<td>283</td>
</tr>
<tr>
<td>Total Grant &amp; Other Expenses</td>
<td>6,341</td>
<td>3,525</td>
</tr>
</tbody>
</table>
The difference between pro forma and actual expenditures is in the leveraged sustaining grants line. This reflects the increase from four to six USD 1 million leveraged grants from our match funding partners, calculated at EUR 883,000 each (our budgeted exchange rate at the beginning of 2022), minus the pass-through portion of the grant reflected our own actual expenditures.

**Efficiency Measurements**

LLF follows two ratios to monitor its operating efficiency. Both ratios are calculated on a pro forma basis and include expenditures on the LLF grant program made by our funding partners.

We evaluate the costs we incur in running LLF as a foundation by monitoring our administrative and fundraising costs in relation to total costs (the "Administrative Expense Ratio"). The ratio fell slightly to 7.5% in 2022 and is expected to fall further to under 5% as our program grows.

As a grant-making organization, we also seek to control the cost of delivering our grant program, e.g., in developing and monitoring our grants. To do this we track program development and management expenses in relation to overall program expenses (the "Program Delivery Ratio"). This ratio increased to 71% in 2022 and reflects LLF’s investment in 2022 in adding program staff and developing key program components such as the first call for proposals, the ESMS, and a KPI & reporting framework.

### Net Income and Funds Carried Forward

In 2022, largely as a result of the poor investment climate, LLFs net revenue was less than total grant and other expenses and resulted in EUR 1.5 million net loss as described above.

As shown in the table below, however, the loss is covered by two transfers. Reserves of EUR 4.3 million are utilized (including EUR 4 from the BMZ/KfW reserve for operating costs and EUR 323K from earnings reserves. The result is that NORAD’s contribution of EUR 2.9 million is carried forward for spending in 2023.

<table>
<thead>
<tr>
<th>NET INCOME, RESERVES AND FUNDS CARRIED FORWARD (amounts in Euro 000)</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income</td>
<td>-1,466</td>
<td>-42</td>
</tr>
<tr>
<td>Transfers from Reserves</td>
<td>4,326</td>
<td>409</td>
</tr>
<tr>
<td>Transfers to Reserves</td>
<td>0</td>
<td>324</td>
</tr>
<tr>
<td>Funds Carried Forward from previous year</td>
<td>0</td>
<td>-43</td>
</tr>
<tr>
<td>Funds Carried Forward</td>
<td>2,859</td>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Efficiency Measurements</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative Expense Ratio&lt;sup&gt;1&lt;/sup&gt;</td>
<td>7.5%</td>
<td>8.0%</td>
</tr>
<tr>
<td>Program Delivery Ratio&lt;sup&gt;2&lt;/sup&gt;</td>
<td>71%</td>
<td>31%</td>
</tr>
</tbody>
</table>

<sup>1</sup> Administrative expenses / total pro forma expenses

<sup>2</sup> Program development and management expenses / total pro forma program expenses
6 INVESTMENTS
LLF’s income statement reflects earned investment income in the form of dividend and interest income, realized capital gain or loss and currency gains or losses. These were discussed above. These figures do not reflect the underlying increase or decrease in the value of the investment portfolio (unrealized capital gain or loss). Accordingly, from an investment perspective, LLF follows the total return on its investment portfolio (the combination of earned investment income and unrealized gain or loss, net of investment expenses).

In its start-up year (2021), markets for many asset classes rose despite the ongoing COVID pandemic and LLF had an overall performance of 4.3%. Given that the stock markets rose sharply in the first four months of 2021, we started only in April and at that time all our assets were in cash, we were satisfied with our start. At the end of 2021 we received a substantial new contribution and were confronted in 2022 with the worst year in the capital markets since 2008. The war in Ukraine, inflation, steeply rising interest rates, the slowdown in China and an increased risk of recession in 2023 all contributed to a year when very few asset classes were not down, and many were down double digits.

In this context, the value of our assets declined overall by 7.5% during the year. While we are of course disappointed whenever we show a decline, our investment team substantially reduced risk in our portfolio in a timely way over the year so that our performance compares favorably to the 2022 performance of any number of indices:

→ **Equity markets:**
  - S&P 500 > minus 19.4%
  - MSCI world > minus 19.5%
  - DAX > minus 12.4%

→ **Debt markets:**
  - Developed market government debt > minus 17.5%
  - German government bonds > minus 17.8%

2023 has begun with a modest recovery. The investment team remains cautious in its outlook and currently maintains its relatively underweight allocation to riskier asset classes.