EXECUTIVE SUMMARY

UNLOCKING FINANCE FOR GREATER KRUGER

TOWARDS A SUSTAINABLE FINANCE STRATEGY FOR THE GREATER KRUGER STRATEGIC DEVELOPMENT PROGRAMME
ABOUT THE GREATER KRUGER STRATEGIC DEVELOPMENT PROGRAMME (GKSDP)

Greater Kruger is a vast wildlife conservation area that includes the Kruger National Park (KNP) and private game reserves that share unfenced borders. The area is known for its diverse wildlife and is a popular destination for wildlife safaris and eco-tourism. It is vital that we commit to protecting this valuable resource. There is a growing need for multiple compatible land uses to balance the demands of people and nature as the human population and settlements grow and the need for land and resources increases.

CONSERVATION MEETS DEVELOPMENT
The Greater Kruger Strategic Development Programme (GKSDP) promotes sustainable development in the region while preserving its natural and cultural heritage. It recognises the interconnectedness of social, economic, and environmental factors in achieving sustainable development in the Greater Kruger area.

The GKSDP was launched in 2020 as a partnership between the South African government, the private sector and local communities and has implemented a range of projects and initiatives to achieve its goals. These include:

- **Sustainable tourism development**: Responsible tourism practices support local communities through job creation and economic opportunities.
- **Natural resource management**: to preserve the region's biodiversity through measures like habitat restoration and wildlife conservation.
- **Community development**: that focuses on improving quality of life through education and healthcare initiatives and sustainable livelihoods.

Enhancing the integrity of natural ecosystems to bring prosperity and improve the health of all who live in the Greater Kruger landscape.
Research was funded by the International Finance Corporation (IFC), the private sector arm of the World Bank, as part of its Global Knowledge Development Project to determine innovative mechanisms to finance landscapes, and co-funded by United Nations Development Program (UNDP), given the alignment of Greater Kruger with the global UNDP agenda.

The consortium assembled as part of an engagement commissioned by the IFC, UNDP and South African National Parks (SANParks) comprises: Conservation South Africa, Endangered Wildlife Trust, ENS Africa and Rand Merchant Bank.

Acknowledgements: This strategy has benefited from data and strategic inputs from local stakeholders, notably, SANParks and the Joint Management Committee of the Greater Kruger Strategic Development Program. It has also benefited from feedback from IFC including Irina Likhachova and Conrad Savvy, with insights received on certain mechanisms from IFC Manufacturing, Agribusiness and Services (MAS).
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Activities

Anchor Programme

Anchor programmes underpin the strategic objectives of the GKSDP. They support restoration of ecological infrastructure, secure strategic water source areas, grow the biodiversity economy, inform conservation compatible land-use management, and conserve species of interest.

Financing Strategy

A recommended long-term pathway to unlocking potential financing from different forms of funders mapped to each activity, including shortlisted financing mechanisms that are eligible for market-testing with funders.

Fundable

Activities that are investment-ready and attractive to funders (based on a set of bespoke criteria).

Funders

A diverse spectrum of financing providers ranging from philanthropic (donor-based) funders through to more commercial-based return-seeking funders (such as institutional funders and banks). (See Figure 4 for a detailed list).

Impacts

Changes in the state of nature that may alter the capacity of nature to provide social and economic functions. Impacts can be positive or negative. They may result from the actions of an organisation or another party and may be direct, indirect or cumulative. [TNFD (IUCN)]

Landscape

A spatially heterogeneous geographic area characterised by diverse interacting patches or ecosystems, ranging from relatively natural terrestrial and aquatic systems such as forests, grasslands, and links to human-dominated environments including agricultural and urban settings. [Libre Texts Biology]

Market-testing

Presenting a select list of funders with a refined concept paper on each financing mechanism that includes a structural overview, sources and uses of funding, stakeholders and participants involved, projected returns and targeted outcomes.

Natural Capital

The stock of renewable and non-renewable natural resources (e.g., plants, animals, air, water, soils, minerals) that combine to yield a flow of benefits to people. [TNFD (IUCN)]

Nature-based Solutions

Actions to protect, sustainably manage and restore natural or modified ecosystems that address societal challenges effectively and adaptively, simultaneously providing human well-being and biodiversity benefits. [TNFD (IUCN)]

Nature Positive

Activities that, in general, advance the natural capital (over time) of the whole landscape and respect the carrying capacity of the ecosystem and habitats within it. These activities should aim to generate jobs and livelihoods while securing the natural capital of the landscape.

Project

Ground-level activities grouped and managed by an individual project owner.
This strategy document – and the proposed mechanisms for attracting landscape financing – is relevant and important for every conservation area globally. It presents a diagnostic methodology for valuing and realising returns from natural capital through a bottom-up process of land-use assessment and realistic appraisal of market potentials and market needs for providing financing. It reinforces the idea that conservation areas, as they were conceived 100 years ago, cannot no longer exist as islands of nature, conservation and tourism but must integrate with the communities on their borders and the broader political landscape answering to those communities.

A paradigm shift is needed to unlock these mechanisms, disentangle the complex mosaic of land use and landowners and get everybody thinking in a nature- and climate-positive direction that positions nature not as a public good to be taken for granted but as a viable economic driver.

This is one of the first examples of granular participatory landscape business planning for an area of high conservation value. The inclusivity of the process was remarkable; it built on consultations with communities, park management, international organisations, and scientists, and many other relevant stakeholders. While it is fully grounded in local reality, the strategy builds on the latest financing instruments in conservation, tailored for the scale and complexity of issues faced by the Greater Kruger landscape.

The landscape approach and systematic conservation planning employed in this exercise serve as the foundation for the choice of financial instruments, and this in itself is a model: a better alternative to cherry-picking investment, which often fails to account for the full complexity of ecological processes. It is hoped that the high level of quality and integrity of the plan attracts investors and paves the way to achieving the outlined financial goals, conservation and social impacts.

SANParks welcomes and supports this ground-breaking Greater Kruger Financing Strategy – an enabler of the Greater Kruger Strategic Development Programme (GKSDP) that focuses on innovative pathways and solutions to mobilise resources and optimise catalytic investment opportunities across the landscape. The GKSDP, launched in 2020 as a partnership between the South African Government, the private sector and local communities, promotes sustainable development that enhances the integrity of our natural ecosystems and cultural heritage to bring prosperity and improve the well-being of all who live in the Greater Kruger landscape.

The channeling of diverse financing mechanisms and viable solutions mapped against the inherent potential of landscape projects, and their multiplier effects and linkages, provides the impetus for unlocking the Greater Kruger value proposition: responsibly balancing our conservation, economic and social pillars. There is an urgent call to action to achieve the desired unified and amplified landscape-scale impacts over time. Successful implementation will also demonstrate co-benefits derived through collaboration and a transformative approach to inclusive rural economic development. We must continue working towards the reduction of threats to our biodiversity whilst meeting people’s needs and the betterment of their lives – in harmony with nature. SANParks is on board!
EXECUTIVE SUMMARY

In December 2022 the International Finance Corporation (IFC), United Nations Development Program (UNDP) and South African National Parks (SANParks) commissioned the development of a financing strategy for the Greater Kruger Strategic Development Programme (GKSDP). This publication – Unlocking finance for Greater Kruger – tables the results, findings and recommendations of this assignment, which was carried out over a period of six months by a consortium of partners: Conservation South Africa, Endangered Wildlife Trust, ENS Africa and Rand Merchant Bank.

The United Nations Convention on Biological Diversity recognises that there is a significant gap in funding for biodiversity conservation across land uses – from formal protected areas to area-based conservation measures implemented to secure ecological connectivity and habitat integrity in rapidly changing landscapes. As the world aims for the ambitious target known as ‘30 x 30’ adopted in 2022 – to protect or conserve 30% of land and oceans by 2030 – the funding gap continues to widen.

It is up to the conservation sector to address this chasm, which demands new ways of mobilising investment in the absence of effective traditional conservation financing mechanisms. The Greater Kruger Finance Strategy responds to this challenge with a holistic approach to landscape-level finance that incorporates core conservation areas as well as the interconnected ecological areas that surround and support them. The strategy makes a bold attempt not only to address existing financing needs but also to address human development needs in a nature-positive way that will attract finance to the landscape as a whole.

The strategy is a first attempt to work at this scale from a financing perspective; although it will require ongoing refinement and realignment as practical lessons are learnt, it constitutes a strong foundation upon which to shift to more ambitious financing goals to support even greater protection. The approach puts people and protected areas at the heart of landscape-level conservation financing efforts to ensure long-term integrity of the National Park as well as the communities and species that depend on its sustainability as a wholly functional, nature-positive landscape. The strategy recognises the importance of inclusivity. It follows, therefore, that this report is intended for a broad audience – from potential interested funders, through to project participants, decision-makers and beneficiaries.

The report includes high-level due diligence of Greater Kruger and its investment landscape (via a top-down–bottom-up approach), identification and application of eight mechanisms (in various stages of development),1 and a suggested prioritisation and phased implementation plan, with recommendations of tools and resources to drive and sustain this plan. The research conducted for this strategy strongly supports the use of nature-positive landscape investment to finance diverse activities that enhance natural capital and in so doing underlines the ways in which nature improves lives. This aligns very clearly with the two core strategic objectives of the GKSDP: securing the natural capital base of the Greater Kruger landscape and, increasing employment and sustaining livelihoods – objectives that are not only nature-positive but also pursue a positive socioeconomic outlook.

1 Tax incentives is a cross-cutting eighth mechanism under each of seven financing themes.
THE STRUCTURE OF THE STRATEGY DOCUMENT

The strategy consists of the following sections:

PART 1: SITUATIONAL ANALYSIS OF THE GREATER KRUGER LANDSCAPE
Research for the finance strategy required an in-depth analysis of Greater Kruger to reveal its physical, political, social, economic and ecological structure and dynamics and determine the most appropriate methodology for a financing strategy to serve all stakeholders. The stakeholder map on page 8 shows the different levels of government and governance and their various functions as drivers of decision-making and landscape management behaviour.

PART 2: ABOUT THE GKSDP FINANCING STRATEGY
This section explains the aims of the strategy and how it links with the GKSDP and its objectives and goes on to define the three financial strategy objectives – Financial Management, Implementation and Refinement – and the outcomes and outputs of each. A landscape budget (2.5) is also proposed here. Collation of project- and ecosystem-level spatial data indicates a landscape budget of between ZAR 870 million (USD 46 million) and ZAR 5.2 billion (USD 276 million) a year, depending on whether core protected area costs are included or excluded, and on the extent of ecosystem restoration desired. A realistic budget for the landscape (including core protected areas) is between ZAR 1.5 billion (USD 80 million) and ZAR 2.1 billion (USD 110 million) per year – or ZAR 21 billion (USD 111 billion) over ten years. This estimated figure has been adopted for the purposes of this report and includes the cost of protecting 2 million hectares of core conservation areas at about ZAR 1 billion (USD 58 million) per annum, and the cost of restoring off reserve ecological corridors (non-core) at about ZAR 1 million (USD 53K) per annum.

Coordinated and effective implementation of the proposed financing strategy and its mechanisms will channel diverse and sustainable sources of finance and achieve landscape-scale impact over time. Successful implementation of these mechanisms has the potential to raise ZAR 2.84 billion (USD 151 million) in investment for the Greater Kruger landscape over a period of ten years. This constitutes just under 14% of the total finance required to sustainably manage this landscape.

PART 3: FUNDABLE OPPORTUNITIES
Recommendations of financing mechanisms that can be applied to channel financing for projects are organised into the following financing themes: Protected Areas, Biodiversity, Carbon Financing, Catchment Investment Programmes, Green Economies, Green Energy, and Jobs. Each theme includes case studies that serve as examples of how the mechanisms work.

The fundable opportunities are central to the strategy and its implementation. Many of them hinge on real-world examples of projects that are already active in the landscape and come packaged with existing skills, experience, methodology and M&E data.

The different financing themes first unpack the threats, challenges and opportunities in Greater Kruger that can be linked to each theme. Challenges and threats include security risks, climate change, human–wildlife contact, unemployment and loss of biodiversity, opportunities include enterprise development, financial incentives, monetisation of ecosystem services and job creation.

The eligibility criteria that determine whether a project is considered for inclusion in the financing strategy are aligned with the strategic objectives of the GKSDP and the objectives of the financing strategy. Suitable projects are characterised as – among other things – nature positive, measurable and managed, located in areas of high biodiversity or in critical water source areas, involved in activities that mitigate climate change, and include those that address water shortages, focus on green economy sectors and their value chains and offer material social and livelihood benefits. The strategy lists specific projects in the landscape that fulfill these criteria and where relevant highlights potential projects that will benefit from investment.

Potential sources of cashflow linked to the activities of projects in the landscape are unbundled for each scenario. These include eco-tourism, carbon and biodiversity credits, payment for ecosystem services and water, tax savings, and savings on costs of electricity and diesel.

The different financing mechanisms for each theme are listed and defined (with examples where available) and then linked to funder types. Information about aspects like due diligence and development, legal matters, impact indicators, investment choices, pricing and returns, etc., is useful to projects seeking investment and to potential funders, and is included under structural considerations. Recommendations are based on the expert knowledge of consultants who work in the field of conservation finance.

Case studies for each theme provide real-world examples of how the mechanisms can be applied.

PART 4: FEASIBILITY TESTING
Market testing with a sample of funders was conducted to gather feedback to sense check the feasibility of the landscape-level mechanisms proposed. Details of the market sounding interviews are provided in section 7.6 of the appendix.

PART 5: IMPLEMENTATION PLAN
The proposed implementation plan (used for illustrative purposes at the time of writing) acknowledges that mechanisms are not mutually exclusive and can be offered as part of a stacked or layered investment approach. The plan includes:

• A decision-making matrix to rank mechanisms according to priority and phase out implementation of mechanisms.
• A Gantt chart with suggested timelines and phasing of mechanisms as well as broader strategy implementation considerations.
• Suggested requirements to facilitate implementation.

PART 6: CONCLUSION
The conclusion reiterates the findings of the situational analysis to assess stakeholders and their respective functions and influence regarding management of the landscape. As illustrated by this study of Greater Kruger, no two landscapes are the same; all landscapes have their own unique characteristics and there is no one-size-fits-all solution to financing. There is, however, potential for scalability and replicability in other landscapes of the mechanisms explored. The report concludes with a call to collaborate to bridge the gap between finance and on-the-ground implementation.

PART 7: APPENDIX
The appendix contains useful information and tools to aid landscape managers with target setting, details of the project scoping exercise conducted for the strategy, the list of 22 projects shortlisted for the strategy, in-depth information on potential biodiversity financing instruments, the results of the market sounding interviews, a summary of the feasibility testing and a list of references.
PART 1

SITUATIONAL ANALYSIS:
THE GREATER KRUGER LANDSCAPE

The Greater Kruger landscape is part of the Great Limpopo Transfrontier Park and Conservation Area (GLTFCA), a transborder landscape conservation corridor established in 2002 by a treaty between South Africa, Zimbabwe and Mozambique (Fig. 1). The South African portion of the GLTFCA comprises the Greater Kruger Protected Area (GKPA), which includes the Kruger National Park and an open network of 16 protected area reserves (private, state and community-protected areas) on the western and southern boundaries of the park (Fig. 1.2).

The GKPA expands the protected wildlife habitat beyond the boundaries of Kruger National Park by including private game reserves and concessions on the park’s western and southern borders. Greater Kruger is also characterised by a range of agricultural land uses from large commercial farms to communal grazing areas and informal cropping lands.

The area also has many high density rural populations in villages and small towns, and several mines. About 2.9 million people live within 50 kilometres of the GKPA’s western boundary fence.2 The average unemployment rate for the seven municipalities in this area, weighted by population, is 40.8% (as compared to the national rate of 32.7%).3

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2 SANParks. KNP Socio-Economic Impact Preliminary Report. March 2002
3 Ibid.
The boundaries of the Greater Kruger landscape, as presented in the Greater Kruger Strategic Development Programme (GKSDP), comprise Zones 1 to 6 (see Fig. 1.3)

- 16 protected area network reserves that form the GKPA.
- Kruger land-use and expansion area.
- Socioeconomic priority areas.
- Institutional integration areas.
- Water priority areas.

Greater Kruger also includes two major biospheres – Vhembe and Kruger to Canyons (K2C) (Figure 1.4) – with various sub-boundaries that facilitate local government administration (demarcation of district and local municipalities, and traditional authorities). The area has a rich diversity of conservation types with a wide range of biomes, land cover and vegetation types, conservation-compatible land uses, and global significance areas.

**FIGURE 1.3** Spatial desired state as presented in the Greater Kruger Strategic Development Programme

**FIGURE 1.4** Map of Greater Kruger showing the Kruger to Canyons (K2C) and Vhembe biospheres.

2.6 million hectares

1,078 km boundary

7 community forums

39 traditional authorities

3 district municipalities

9 local municipalities

2 biospheres
11 GREATER KRUGER’S STAKEHOLDERS

Greater Kruger is a complex of interdependent ecosystems and biomes interspersed with human settlements like farms, villages and towns. Greater Kruger’s many and varied stakeholders (national, local and district municipalities, civil society, the private sector and community members) are vital to decision-making and overall governance of the landscape.

Different stakeholders link and partner across zones. Privately owned reserves, community property associations and public stakeholders co-exist within the Greater Kruger Protected Areas and traditional authorities, civil society organisations and public sector bodies cooperate across adjacent areas.

The GKSDP recognises that Greater Kruger is an interconnected landscape. The ‘state of natural capital (especially in terms of functionality of ecosystems and their ability to deliver services such as water) and socio-economic well-being (particularly for marginalised communities)’ are inextricably linked.

Decision-making does not rest in any one body. The GKSDP categorises the various stakeholders of Greater Kruger in terms of their interests, mandates, land tenure and user rights and their respective contributions to decision-making and implementation of the plan (see Figure 1.5). The GKSDP aims to improve environmental, socioeconomic and safety and security outcomes by strengthening the partnerships between state, community, and private entities. Its primary goal is to bridge the gap between local communities and conservation areas to secure the natural capital base and facilitate socio-economic transformation.

The core Strategic Objectives of the GKSDP are to 1) Secure the natural capital base of the Greater Kruger landscape and 2) Increase employment and sustain livelihoods. Indicators of these are the quantity of natural resources in healthy ecosystems expanding through innovative partnerships, the number of people working in nature-related sectors and their satisfaction with the natural resource sector, and inclusion of communities and community land in the biodiversity economy.¹

¹ Strategic objectives 3 and 4 are integrative; Strategic objectives 5 and 6 are enabling (see above)
PART 2
ABOUT THE GKSDP FINANCING STRATEGY

A financing strategy combines financial and strategic planning into a functional roadmap that assesses current resources, costs and budget and aligns them with the mission and goals of an organisation. A comprehensive, well-structured financial strategy is a useful tool to support calls for investment.

2.1 WHY GKSDP NEEDS A FINANCING STRATEGY

Greater Kruger needs sustainable financing flows that align with and satisfy its budgeted needs to facilitate ground-level activities for management of the landscape. This strategy explores the drivers of decision-making and landscape management behaviour and potential sustainable sources of funding based on ecosystem composition and land-use compatibility. The core approach of this strategy is both top-down–bottom-up, and nature-positive.

The top-down–bottom-up component comprises analysis of high-level due diligence of activities at ground level and assessments of best-fit funder flows (including potential feasible financing mechanisms) to map and recommend pathways for nature-positive projects to unlock potential financing on a sustainable basis.

The nature-positive landscape investment approach uses different forms of capital to finance diverse activities that improve the integrity of large-scale ecosystems, enhance biodiversity and reduce greenhouse gases. If it scaled up, this approach can help us realise 30 x 30: protecting or conserving 30% of land and oceans by 2030 – the minimum requirement to curb biodiversity loss and reach climate goals. To determine their degree of nature-positivity, projects, and the respective financial mechanisms recommended to finance them, are assessed against a set of parameters to determine how nature-positive they are. The nature-positive investment lens has two critical elements: social and economic upliftment enabled by ecologically sustainable use and equitable benefit of natural capital (a focus area of the financing strategy), and, enhancement and maintenance of the integrity of natural ecosystems. It is for this reason that projects shortlisted for the financing strategy align with the core objectives of the GKSDP: Strategic Objective 1 (SO1) – Secure the natural capital base – and Strategic Objective 2 (SO2) – Socioeconomic transformation and job creation.

THE FINANCING STRATEGY:

- Applies a nature-positive lens to activities and links them with financing mechanisms and funders.
- Suggests ways in which ground-level activities can be transformed into fundable activities (the criteria they require, and including aggregation or grouping where appropriate).
- Determines financing needs and budget for large-scale sustainable management of the landscape and proposes the most efficient mechanisms to secure finance.
- Determines funders’ needs and requirements before they provide financing flows to activities and/or financing mechanisms.
- Leverages private capital to finance projects where possible.
- Demonstrates scalability and replicability.
OBJECTIVES OF THE GKSDP FINANCING STRATEGY

2.2 OBJECTIVE 1: FINANCIAL MANAGEMENT
Facilitate long-term, sustainable financial management of the Greater Kruger landscape using a holistic approach that acknowledges its ecological, economic and social resources.

Output 1:
A project mapping tool template for data collection and analysis.

Output 2:
Recommend at least five diverse financing mechanisms to finance the Greater Kruger landscape.

Output 3:
Conduct a feasibility test on between 3 and 5 financing mechanisms using market soundings held with a pre-determined and diverse group of funders.

Output 4:
Quantify potential contribution of proposed financing mechanisms to addressing the financing needs of the landscape.

Outcome 1:
Assess current ground-level projects in the landscape for prioritisation and eligibility criteria to unlock sustainable sources of financing.

Outcome 2:
Identify, design and test the feasibility of a broad and diverse range of fundable financing mechanisms (from impact- to market-based) to enable funders such as the IFC to deploy capital to fill funding gaps in the landscape.

FIGURE 2.1 Financial management encompasses Greater Kruger’s ecological, economic and social resources.

FIGURE 2.2 Sustainable financing will ensure that implementation of the strategy results in nature-positive initiatives aligned with landscape management plans and targets.

2.3 OBJECTIVE 2: IMPLEMENTATION
Support implementation of the GKSDP, particularly where it relates to mobilising sustainable financing to effect nature-positive initiatives, and ensure alignment of the financing strategy with landscape management plans and targets.

Outcome 1:
Conservation is leveraged as a catalyst for inclusive rural economic development by prioritising projects aligned with the core pillars of the GKSDP (i.e., Strategic Objectives 1 and 2).

Outcome 2:
Suggest financing mechanisms that promote integrated partnerships within the landscape.

Outcome 3:
Suggest an implementation plan for rolling out feasible mechanisms and pilot projects.

Output 1:
The mapping tool is expanded with criteria for prioritising projects (including nature-positive assessment parameters).

Output 2:
A shortlist of fundable projects that are eligible for piloting.

Output 1:
Strategy signed off by landscape stakeholders.

Output 1:
Prioritisation matrix of factors and Gantt chart for implementation.
2.4 OBJECTIVE 3: REFINEMENT

Suggest improvements or enhancements to project management plans to unlock fundable opportunities and attract appropriate investment into the landscape.

**OUTCOME 1**
Unlock dedicated capacity to improve and manage data collection and M&E processes on an ongoing basis.

**Output 1:** A list of recommendations of what is required to mobilise resources and support for effective and ongoing strategy implementation.

**OUTCOME 2**
Periodic facilitation by an advisor to match fundable opportunities with interested funders.

**OUTCOME 3**
Mobilise short- to medium-term catalytic mechanisms (e.g., grants) to further develop financing mechanisms.

**FIGURE 2.3** As the GKSDP Financing Strategy is rolled out and refined an increasing number of fundable opportunities will be unlocked and matched with investors.

FIGURE 2.3

2.5 LANDSCAPE BUDGET

Although there is no complete or fully accurate means of determining a budget at landscape level at this stage, the following methodologies present different scenarios from which to derive an estimated budget for this landscape (based on a combination of point-in-time data available, assumptions made and projections).

2.5.1 GKSDP database

An initial estimate of ZAR 1,520,083,777 (USD 80,900,574.79) was calculated after review and assessment of data in the GKSDP database (with no timeframe for this estimate provided in the data). Although this calculation does not qualify as a budget projection because of duplication of entries across implementing partner organisations, and incomplete data entries in the database, it is a useful starting point for a bare minimum landscape budget.

The budget includes public, private and non-profit funding requests from more than 20 landscape partners. The fact that many entries were duplicated across the ‘unfunded’ and ‘funded’ categories, indicates a high degree of inaccuracy in the data. There are also significant data gaps for state-owned protected area management authorities and private reserves. See additional information on data integrity in Project Scoping and Screening.

Due to the fragmented and outdated nature of projects in the database, budget needs of projects could not be determined accurately from the data provided. Likewise, the funding gap could not be accurately determined from existing data sources because of ongoing roll-offs of committed financing sources.

2.5.2 Sample-based

To mitigate data integrity issues, a sample-based approach for budget determination using the GKSDP database was used. Using the sample data as a guideline, it is estimated that the budget needs of the landscape are a minimum of ZAR 2.6 billion (USD 137 million) based on the list of projects provided and extrapolation of this to the broader GK landscape. This is split into investable opportunities and grants needed to leverage the investment as a multiplier of about 1:18:

- **Grant-based funding required:** ZAR 135 million (USD 7.1 million)
- **Sustainable Investment required:** ZAR 2.465 billion (USD 131 million)

The estimate for a minimum investment requirement of ZAR 2.465 billion (USD 131 million), with supportive grant finance of ZAR 135 million (USD 7.1 million) is a baseline or starting point for a total landscape budget of ZAR 2.6 billion (USD 138 million) over a 2- to 3-year period (based on project timeframes), that is, a minimum budget amount of ZAR 870 million (USD 46 million) a year.

However, this baseline is derived from a limited approach – one which assumes that a landscape budget should be the sum of all individual stakeholder needs and existing projects. This baseline can be no more than a sum of the parts; it is neither a holistic picture of what is needed from an ecosystem perspective, nor what is possible from an investment perspective.

2.5.3 An ecosystem perspective

An ecosystem perspective uses biodiversity, water and climate spatial data to assess the condition of the ecosystem and the actions required to improve the ecosystem or maintain its condition to quantify the possible investment requirements for the landscape. A draft set of ecosystem restoration and management actions appropriate to the local ecological profile have been created to assess the potential for improved landscape management and the associated costs.
LANDSCAPE BUDGET

The entire area of the Greater Kruger landscape (including the core protected areas) was assessed for applicability of landscape interventions such as agroforestry, alien plant removal, assisted natural regenerative, avoided deforestation, degradation and wetland impacts, bioproducts, livestock-based savanna and natural woodland management, and sustainable crop farming.4 A cost per hectare per intervention was estimated based on existing landscape pilot data, and a projection of ZAR 5.2 billion (USD 276 million) per annum was calculated as the cost of a comprehensive programme of protected area management and labour intensive ecosystem management across the landscape. Although this landscape budget projection is inadequate, as it is based solely on stakeholder data input, it shows the spectrum of costs that could be incurred to secure landscape-level social and ecological sustainability.

The cost of protecting 2 million hectares of core conservation areas depends on whether core protected area costs are included or excluded, and on the extent of landscape budget projection is inadequate, as it is based solely on stakeholder data input, it shows the spectrum of costs that could be incurred to secure landscape-level social and ecological sustainability.

The total peak value of the financial mechanisms described in this report is ZAR 2.84 billion (USD 151 million) over an average of 10 years,4 or ZAR 385 million (USD 20.4 million) per year (Target Budget), assuming they have all been fully activated. This constitutes an estimated 14% of the estimated ZAR 21 billion (USD 11 billion) budget needed to manage the Greater Kruger landscape.

Currently, SANParks is responsible for securing approximately 50% of this total budget. They are required to secure ZAR 11 billion (USD 57 million) of the ZAR 21 billion (USD 110 million) annually to cover the core protected area management needs. It is estimated that they have an ongoing shortfall on average of ZAR 247 million (USD 13 million) each year (meaning that they manage to secure around 40% of the total). The broader, non-core landscape secured budget is difficult to calculate with current data. It is known however, that the majority of existing funding for these activities is philanthropic and relatively short term in nature. Whilst the funding gap cannot be adequately estimated, it is believed to be significant, and the additional 14% contribution potentially raised from this strategy is therefore of importance.

The Implementation Plan presented in this report recommends a prioritisation and phasing of mechanisms to contribute towards this targeted funding over a 5-year period to begin with (cognisant of the expectation that at least the first 2 of the 5 years will involve a gradual start-up phase that will delay full activation).

2.5.4 Target budget

The real question, however, is what sort of finance can be leveraged in the short term through the financial mechanisms described in this report, and what contribution they will make towards the overall cost of a highly managed landscape.

The total peak value of the financial mechanisms described in this report is ZAR 2.84 billion (USD 151 million) over an average of 10 years,4 or ZAR 385 million (USD 20.4 million) per year (Target Budget), assuming they have all been fully activated. This constitutes an estimated 14% of the estimated ZAR 21 billion (USD 11 billion) budget needed to manage the Greater Kruger landscape.

Currently, SANParks is responsible for securing approximately 50% of this total budget. They are required to secure ZAR 11 billion (USD 57 million) of the ZAR 21 billion (USD 110 million) annually to cover the core protected area management needs. It is estimated that they have an ongoing shortfall on average of ZAR 247 million (USD 13 million) each year (meaning that they manage to secure around 40% of the total). The broader, non-core landscape secured budget is difficult to calculate with current data. It is known however, that the majority of existing funding for these activities is philanthropic and relatively short term in nature. Whilst the funding gap cannot be adequately estimated, it is believed to be significant, and the additional 14% contribution potentially raised from this strategy is therefore of importance.

The entire area of the Greater Kruger landscape (including the core protected areas) was assessed for applicability of landscape interventions such as agroforestry, alien plant removal, assisted natural regenerative, avoided deforestation, degradation and wetland impacts, bioproducts, livestock-based savanna and natural woodland management, and sustainable crop farming.4 A cost per hectare per intervention was estimated based on existing landscape pilot data, and a projection of ZAR 5.2 billion (USD 276 million) per annum was calculated as the cost of a comprehensive programme of protected area management and labour intensive ecosystem management across the landscape. Although this landscape budget projection is inadequate, as it is based solely on stakeholder data input, it shows the spectrum of costs that could be incurred to secure landscape-level social and ecological sustainability.

The cost of protecting 2 million hectares of core conservation areas effectively is about ZAR 11 billion (USD 58 million) per annum. It is projected that it will cost at least ZAR 1 billion (USD 53 million) per annum to restore and manage 1 million hectares of off-reserve ecological corridors.

3.1 FINANCING THEMES

Financing structures for projects and activities included in this strategy are classified according to the following themes:

<table>
<thead>
<tr>
<th>FINANCING THEME</th>
<th>INVESTMENT MECHANISM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theme 1: Protected areas</td>
<td>African Conservancies Fund</td>
</tr>
<tr>
<td>Theme 2: Biodiversity financing</td>
<td>Wild Dogs Bond</td>
</tr>
<tr>
<td>Theme 3: Carbon financing</td>
<td>No specific mechanism is proposed in the strategy, a pathway to a landscape-level approach is proposed.</td>
</tr>
<tr>
<td>Theme 4: Catchment investment programmes</td>
<td>Kruger to Canyons (K2C) Catchment Investment Programme</td>
</tr>
</tbody>
</table>
| Theme 5: Green economies | • Enterprise Catalyst  
• CI Ventures  
• Greater Kruger N+ Growth Fund |
| Theme 6: Green energy | Green Energy Strategy of KNP |
| Theme 7: Jobs | Jobs Creation Programme |

Details of the various stages and processes required to achieve the outcomes and outputs of the three objectives of the GKSHP Financing Strategy are outlined in the following sections. Fundable opportunities, identified by assessing current ground-level projects in the landscape, have been assigned to the seven financing themes listed in the table below and categorised according to scope and description, applicable landscape projects and pilots identified, cashflows, financing mechanisms within which to package the cashflows (including those existing in the market), potential funders and funder types and key structural considerations.

To establish a strategy for financing the landscape in its entirety, mechanisms should:

• Monetise nature and/or generate value of some kind (generate revenue via sales of credits or products).
• Unlock benefit-sharing opportunities for local communities.
• Be scalable and replicable across all geographical zones of the Greater Kruger.

Thematic structures can also be categorised according to the level of development required for viable financing mechanisms to be deployed. Shortlisted structures in this strategy include:

• Structures already in the landscape: K2C Catchment Investment Programme and carbon projects.
• Structures based on global research and undergoing testing: Biodiversity financing, green energy, and green economies.
• Structures in other landscapes that can be applied to Greater Kruger: Funding for conservancies (PA expansion and management) and tax incentives (linked to several themes).
FIGURE 3.1: The flow chart above shows how funding is channelled from funders via financing mechanisms to selected landscape-level projects.

Section 7.3 in the Appendix provides a detailed, step-by-step analysis of how sample projects in the landscape were scoped and screened as the basis for an appropriate financing strategy.
## TABLE 3.2: Summary of financing mechanisms

<table>
<thead>
<tr>
<th>FINANCING MECHANISMS</th>
<th>AFRICAN CONSERVANCIES FUND</th>
<th>WILD DOG SPECIES BOND</th>
<th>N/A</th>
<th>K2C CIP</th>
<th>ENTERPRISE CATALYST</th>
<th>CI VENTURES</th>
<th>GREATER KRUGER N+ FUND</th>
<th>KNP GREEN ENERGY STRATEGY</th>
<th>JOB CREATION PROGRAMME</th>
</tr>
</thead>
<tbody>
<tr>
<td>NATURAL CAPITAL CATEGORY:</td>
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<td></td>
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<tr>
<td>Water</td>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
<td></td>
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</tr>
<tr>
<td>Atmosphere (incl. Air)</td>
<td></td>
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<td>✓</td>
<td></td>
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<tr>
<td>Land (incl. Soil)</td>
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<td></td>
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<td></td>
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</tr>
<tr>
<td>Biodiversity</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Carbon</td>
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<td>Climate</td>
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<tr>
<td>POTENTIAL REVENUE/INCOME GENERATED (PROJECT LEVEL):</td>
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<td>PES (Carbon credit sales)</td>
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<td>PES (other)</td>
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<td>Sale of product(s)</td>
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<td>Concessions/tourism fees</td>
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<td>Cost savings (e.g. tax incentives, reduced OpEx)</td>
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<td>TYPE OF REVENUE/INCOME GENERATED (FOR FUNDER):</td>
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<td>TYPE OF FUNDING THAT MECHANISM CAN ATTRACT:</td>
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<td>STAGE OF DEVELOPMENT:</td>
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<td>Initiation (idea only)</td>
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<tr>
<td>INDICATIVE RELEVANT QUANTUMS (ZAR):*</td>
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<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Catalytic (one-off) financing needed for this mechanism</td>
<td>36,800,000</td>
<td>32,000</td>
<td>15,000,000</td>
<td>125,000,000</td>
<td>3,000,000</td>
<td>55,200,000</td>
<td>9,200,000</td>
<td>5,000,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Total potential financing that can be unlocked by this mechanism</td>
<td>331,200,000</td>
<td>32,000,000</td>
<td>50,000,000</td>
<td>254,000,000</td>
<td>155,000,000</td>
<td>496,800,000</td>
<td>920,000,000</td>
<td>331,500,000</td>
<td>270,000,000</td>
</tr>
<tr>
<td>Timeframe (in years) over which financing is unlocked</td>
<td>5</td>
<td>5</td>
<td>10</td>
<td>30</td>
<td>5</td>
<td>10</td>
<td>15</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Per annum financing contribution from this mechanism</td>
<td>66,240,000</td>
<td>6,400,000</td>
<td>5,000,000</td>
<td>8,466,667</td>
<td>31,000,000</td>
<td>10,000,000</td>
<td>92,000,000</td>
<td>22,100,000</td>
<td>54,000,000</td>
</tr>
<tr>
<td>% contribution to total per annum Target Budget</td>
<td>17%</td>
<td>2%</td>
<td>1%</td>
<td>2%</td>
<td>8%</td>
<td>26%</td>
<td>24%</td>
<td>6%</td>
<td>14%</td>
</tr>
</tbody>
</table>

*NOTE: Figures are based on assumption; readers should not place undue reliance on them. For USD–ZAR exchange rate please refer to current figures.
FINANCING THEME 1
PROTECTED AREAS

Protected areas are areas of land and/or sea especially dedicated to the protection and maintenance of biological diversity, and of natural and associated cultural resources, and managed through legal or other effective means. (IUCN, 1994). The protected areas referred to in this financing strategy include those within Greater Kruger that fall outside the borders of the Kruger National Park.

CHALLENGES
- Security risks, climate impacts, increasing operating costs, human-wildlife conflict and threats to tourism.

PROTECTED AREA FINANCING
enables better protection and management and increases access to economic opportunities for local communities.

ELIGIBILITY CRITERIA

SCOPE FOR GREATER KRUGER
- Signatories to the GLTFCA Cooperative Agreement (GLTFCA): All protected areas in Zone 1 of the GKSDP with the exception of KNP.
- Zones 2 and 6 have not signed the GLTFCA.

AN EFFECTIVE MANAGEMENT PLAN
- Measurable progress using the Management Effectiveness Tracking Tool (METT).
- Management authority or prospective community public-private partnership has the capacity to improve the METT score.

FINANCIAL SUSTAINABILITY
- Self-fund management and operating costs.
- Generates returns for landowners.
- Short-term cashflow from attracting a viable tourism operator.

POTENTIAL CASHFLOWS

TAX INCENTIVES
- Deductions for otherwise non-deductible OPEX for environmental conservation.
- Deductions for acquisitions and capital improvements to areas in designated national parks or nature reserves.
- Discounted municipal tariffs.

ECO-TOURISM
Conservancy fees such as gate receipts, bed night fees, and wildlife observation fees.

BENEFITS FOR LANDOWNERS
- Sustainable agriculture, forestry and aquaculture.
- Ecosystem services: water purification, flood mitigation, carbon sequestration, etc.
- Animal husbandry, livestock revenue and improved soil health.
- Generation of renewable energy.

Biodiversity Credits
Potential once the market is established.

LOCAL COMMUNITIES
- Increases access to economic opportunities.

Examples of Projects That Fit the Bill

- **Limpopo Economic Development Environment and Tourism (LEDEET)**
  - Makuya Nature Reserve
  - Letaba Ranch
  - Mtimkhulu

- **Mjejane Tourism and Parks Agency (MTPA)**
  - Manyeleli
  - Methomusha
  - Andover
  - Blyde

- **PRIVATE**
  - Sabi Sand
  - Timbavati
  - Umhlabat
  - Klaserie
  - Mjejane

Most financing for PA is sourced from patient capital, which can be managed in a variety of ways. For funds domiciled in South Africa, a close or open-ended special purpose company partnership is the preferred structure; it also provides tax transparency for funders. A special purpose company imposes tax at company level (assuming South African incorporation), requires solvency and liquidity to be met prior to any distributions and is subject to regulation by Companies and Intellectual Property Commission (CIPC).

**Financing Mechanisms**

<table>
<thead>
<tr>
<th>CLOSED-END FUND</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offers a total return with all investments repaid.</td>
</tr>
<tr>
<td>Known and accepted by target funders.</td>
</tr>
<tr>
<td>Suitable for innovative underlying investments.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OPEN-ENDED FUND OR OPEN-ENDED COMPANY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unlimited duration with fixed duration loans.</td>
</tr>
<tr>
<td>Fund manager allows for entry and exit of funders.</td>
</tr>
<tr>
<td>Valuation risk for funders entering and exiting the fund/company in which a funder may purchase or sell shares at a premium or discount.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SPECIAL PURPOSE VEHICLE (SPV)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsidiary company formed for a specific business purpose or activity.</td>
</tr>
<tr>
<td>Used in structured finance applications, (asset securitisation, joint ventures, property deals, or to isolate parent company assets, operations, or risks)</td>
</tr>
<tr>
<td>Preferred structure for closed-end funds.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TRUST FUND</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal entity that holds property or assets for a person or organisation. A trust can hold a variety of assets: money, real property, stocks, bonds, a business, or a combination of properties and assets.</td>
</tr>
<tr>
<td>A preferred mechanism in some domiciles.</td>
</tr>
</tbody>
</table>
**FINANCING THEME 1**

**PROTECTED AREAS**

---

**EXAMPLES OF MECHANISMS IN THE MARKET**

**GRANTS**
- Fund conservancy operator, e.g., Conserve Global

**PAY-FOR-SUCCESS**
- Wildlife Conservation Bond (Rhino Bond), a 5-year, African development bond into which the World Bank makes conservation investment payments to finance conservation activities.

**GUARANTEE MECHANISMS**
- e.g., African Guarantee Fund

**DEBT INVESTMENTS: LOANS OR REVENUE-BASED FINANCING**
- African Consorvancy Fund (ACF) to fund the day-to-day operations of conservancies and eco-tourism operators.
- Africa Conservation & Communities Tourism (ACCT) Fund provides finance debt to wildlife camps and safaris.
- International Finance Corporation (IFC) providing direct debt financing such as 3B Group of Hotels to support investors in the tourism sector by upgrading and expanding existing lodges.
- eco.business Fund (sub-Saharan Africa sub-fund) as an open-ended debt fund investing through financial intermediaries to fight deforestation.

**PRIVATE EQUITY AND VENTURE CAPITAL**
- Okavango Fund provides equity to small, micro, and medium enterprises (SMMEs), including lodges in Ethiopia, conservancies in Kenya, and SMMEs in Zambia.
- Moringa Fund provides equity and quasi-equity investments into SMMEs, targeting agroforestry.

**NATIONAL INITIATIVES**
- Tourism Transformation Fund (TTF) established by the South African Department of Tourism and the National Empowerment Fund (NEF), to invest in majority-black-owned tourism entities through grants, debt and equity contributions.

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**POTENTIAL FUNDER TYPES**

**SEED FUNDING**
- Philanthropic capital

**GRANTS/ FIRST LOSS/ GUARANTEES**
- Development finance institutions, non-profits, government aid, observation fees.

**CONCESSIONAL TO COMMERCIAL CAPITAL**
- Development finance institutions, non-profits, impact funders, corporates, foundations, endowments, family offices, high-net-worth individuals, banks and asset managers, sovereign wealth funds.

---

**STRUCTURAL CONSIDERATIONS**

**What to consider when proposing this type of financing**

**Due diligence and development**
- Project investments (reserves, land parcels and ancillary SMMEs like eco-tourism and agriculture) must undergo due diligence for financial and impact suitability and be developed further for fundability. Remediation may be necessary.

**Legal matters**
- Investment would be considered within the broader landscape. In-depth reviews of legal structures of conservancies, and general land tenure and titling considerations are required.

**Impact indicators**
- To determine contribution to nature-positive investments:
  - Hectares of land under conservation agreements and/or regenerative production.
  - Tons of CO₂e sequestered annually, or emissions avoided.
  - Number of community members benefiting.
  - Populations of indicator species increasing.

---

**GENERAL RECOMMENDATIONS FOR DEVELOPING THIS THEME**

**Immediate recommendations:**
- The pilot should focus on strengthening existing PA land parcels and reserves before looking at expansion. Parcels that already exist are good candidates for due diligence and cooperative work with management. Attention should be given to selecting the most appropriate site from the sample projects list.
- Create a scoring matrix to decide which land parcel to prioritise.
- Select an appropriate financing mechanism from those specified above to finance pilot project sites, and conduct feasibility testing with funders selected.

**Medium- to long-term recommendations:**
- Assess suitability of KNP and concession or land claim areas for inclusion in scope.
- New protected areas (concessions/land claim areas): Although existing cooperative agreement land parcels are prioritised, new protected areas (such as Soutpansberg) should be planned for (including how cashflows are to be unlocked).

---

**TAX INCENTIVES**
- Tax savings can be used to fund conservation efforts.
CASE STUDY 1: AFRICAN CONSERVANCIES FUND

The aim of the African Conservancies Fund (ACF) is to strengthen, restore, and expand conservation areas to safeguard biodiversity, deliver revenues to communities, and combat climate change through adaptation and mitigation. Using a unique place-based investment approach, ACF focuses on landscapes and seascapes in key migratory corridors in sub-Saharan Africa. The fund seeks to provide flexible debt calibrated to match the financing needs of the underlying investees and work closely with communities and companies to increase and diversify sources of income.

WHAT IS THE FINANCING OPPORTUNITY?

Conservancies and reserves are created to manage large tracts of land in a sustainable way. In sub-Saharan Africa they account for 66% of the region’s total protected area – about 1.7 million km². Research led by Conservation International found that many conservancies are key biodiversity hotspots that people depend on for clean air, water, food, and other resources. Supporting and expanding these conservancies, and the small- and medium-sized businesses within them and on their periphery, is vital to protecting wildlife corridors and wildlife dispersal areas (WDAs), supporting biodiversity, sequestering carbon, and generating income for communities. The overall aims of ACF are to:

- Establish a network of interconnected protected areas to give nature room to thrive.
- Invest in multiple revenue-generating activities for the communities that live in and around these areas.

ACF is raising conservation-focused senior and subordinated debt for a USD 30 million, ten-year fund as a blended finance initiative. The structure is familiar to market participants; preliminary market feedback shows that it satisfies most minimum requirements for return and risk (level of subordination). This innovative approach to conservation and biodiversity financing will leverage philanthropic capital to unlock private capital from impact funders, which will support continued growth of this sector. It is likely that CI will be the manager of the fund, with potential for an investment advisor partner.

STRUCTURAL CONSIDERATIONS

Investment parameters specified:
- Minimum size (demand and need): USD 500,000 to USD 3M (up to 9M in any one group)
- Tenor profile: Up to 7 years
- Pricing/return factors: Approximately 7% in USD with amortising loans or revenue based financing

Impact indicators (to determine contribution to nature-positive investments):
- Hectares of land under conservation agreements and/or regenerative production
- Tons of CO₂ sequestered annually or emissions avoided
- Community members benefiting
- Populations of indicator species increasing

SUCCESSFUL PILOT PROGRAMMES

ACF builds on the success of Conservation International’s pilot programme during the Covid-19 pandemic. Developed and initiated in 2020-21, Conservation International, in partnership with the Maasai Mara Wildlife Conservancies Association, created the Maasai Mara Rescue Fund, a loan programme that helped cover lease payments owed by conservancies to landowners due to the loss of tourism revenues in Kenya. The initiative received the Impact Initiative of the Year – Africa award from Environmental Finance in 2021.

INDICATIVE RELEVANT QUANTUMS

The fund is expected to initially raise USD 30 million (Pan Africa/sub-Saharan Africa), with USD 2–5 million allocated to the Greater Kruger area. When successfully deployed, additional funding may be sought.

Investments will be chosen due to their ability to unlock increased revenues, development, and growth within conservancies and similar areas. For examples, infrastructure investments may unlock eco-tourism opportunities or increased gate fees.

FEASIBILITY TESTING

This opportunity underwent preliminary market testing with a broad range of ACF’s target funders at the beginning of the fund development (2020-21). This biodiversity/impact-first model focused on the nascent conservancies industry in high-risk geographies. Please refer to the Feasibility Testing section for more detail.

SCALABILITY AND REPLICABILITY

This mechanism demonstrates a starting point to making protected areas that are not national parks more commercially fundable in the long-term; historically, financing has not been deployed in this early or catalytic phase of protected area financing.

The ACF hopes to secure critical biodiversity land parcels and develop the revenue streams related to them, and in so doing demonstrate their commercial viability. Scale can be created by crowding other funders into this space.

ACF envisages securing a USD 2–5 million funding window dedicated to Greater Kruger, for deployment over 5 years. If it is successful, the long-term outcome has potential for 8 to 10 times this amount.

Private impact funders, corporates, foundations, DFIs, non-profits

Donors, governments, some DFIs

CLASS A

Senior funding: 70% of fund
Expected return: SOFR + 2%
Protected by subordination of junior shares

CLASS B

Junior funding: 30% of fund
Expected return: 0.2%

FIGURE 3.2: Classification of investors and corresponding returns

7 https://www.cepf.net/our-work/biodiversity-hotspots
Biodiversity is all the different kinds of life that work together in ecosystems to maintain balance and support life. An area of high biodiversity value has many different types of organisms and species.

BIODIVERSITY FINANCING
monetises biodiversity benefits to provide long-term financing for conservation management and activities in areas with high biodiversity value.

CHALLENGES:
✘ Lack or shortage of financing for conservation activities and conservation management in areas of high biodiversity.

OPPORTUNITIES:
✔ Monetise the biodiversity benefits of conservation activities (protection and restoration) and conservation management activities in areas of high biodiversity.

SCOPE FOR GREATER KRUGER
This form of financing is applicable to the Greater Kruger landscape given its protected areas, protected area expansion zones and wildlife corridors located within the landscape.

ELIGIBILITY CRITERIA
Applicable projects are those that:
✔ Perform conservation activities (protection and restoration) and conservation management activities in areas of high biodiversity value with measurable biodiversity outcomes or impacts or positive contributions to biodiversity goals and targets.

POTENTIAL CASHFLOWS
Conservation activities are paid for by landowners, or performed on their behalf by environmental firms funded by grants, donors or state-funded natural resource management (NRM) programmes.

Monetising biodiversity benefits through fundraising, payments for ecosystem services and selling certificates/credits. Long-term funding – to existing and new projects – should, at a minimum, cover a project’s ongoing operating expenditure (OpEx).

If there are enough funds they can be used for capital expenditure (CapEx) requirements, and to compensate landowners for the opportunity cost of conserving the biodiversity value of their properties instead of converting the land to higher yielding uses.

FINANCING MECHANISMS
Which financing mechanisms could apply to this structure?

OTHER:
✔ Donations and grants
✔ Payment for ecosystem services
✔ Voluntary biodiversity credits (VBCs)
  • Tokens/NFTs
  • Biodiversity certificates
  • VBC units

See Potential Biodiversity Financing Instruments in the Appendix for a breakdown of potential biodiversity financing mechanisms.

WATER FUND MODEL
✔ Use the Water Fund model to set up a biodiversity financing mechanism that replaces water metrics with biodiversity benefits.

CAPITAL RECOMMENDATIONS:
The following mechanisms could be used to capitalise the fund:
✔ Leverage grants from existing funders to generate biodiversity benefits.
✔ Grants from wholesale funders seeking to invest in sustainable finance mechanisms.
✔ Biodiversity offsets (with due consideration to restrictions such as like for like, or better, etc.).
✔ Target-based ecological compensation.
✔ Debt-for-nature swaps.

Note: Data is not readily available. A financial needs assessment will determine the needs of projects and sites identified.

EXAMPLES OF PROJECTS THAT FIT THE BILL

SHORTLISTED PROJECTS
✔ Soutpansberg Protected Areas (SPA) and SPA expansion areas
✔ Wolkberg Bryan protected area K2C
✔ Species of concern

OTHER POTENTIAL PROJECTS
✔ Soutpansberg-Mutale Wildlife Corridor
✔ Underfunded reserves Limpopo Economic Development, Environment and Tourism (LEDET) managed by Mpumalanga Tourism and Parks Agency (MTPA) such as Letaba Ranch, Sishoaine, Henry Reed, Nokhola, Mulpala, etc.
✔ Other underfunded protected areas

OTHER POTENTIAL PROJECTS
• Soutpansberg-Mutale Wildlife Corridor
• Underfunded reserves Limpopo Economic Development, Environment and Tourism (LEDET) managed by Mpumalanga Tourism and Parks Agency (MTPA) such as Letaba Ranch, Sishoaine, Henry Reed, Nokhola, Mulpala, etc.
• Other underfunded protected areas

The Water Fund model is used globally in diverse geographies. The Nature Conservancy & Partners have standardised the Water Fund development process around a five-phase cycle: Feasibility, Design, Creation, Operation, and Maturity.
FINANCING THEME 2

BIODIVERSITY FINANCING

EXAMPLES OF MECHANISMS IN THE MARKET

GRANTS
Rainforest Trust for land purchased for protected areas expansion
Franklinia Foundation for protecting natural habitats of endangered trees

WILDLIFE CONSERVATION BOND (White Bond)
A 5-year, $100m development bond into which the World Bank makes conservation investment payments to finance conservation activities.

WILDEARTH
Game Reserve NFTs ($15k raised)
Peace Parks Leopard Relocation NFT ($30k raised)

MECHANISMS THAT CAN BE ADAPTED FOR BIODIVERSITY FINANCING

Water Funds:
K2C Catchment Investment Programme and Cape Town Water Fund

Carbon Credits:
CSA Herding for Health (Land restoration)
EWI WdA (Avoided loss)
TASC Cookstoves (Mitigation)

Biodiversity & Wine Forest Stewardship Council (FSC) PES claims.

DONATIONS
Philanthropists and high-net-worth individuals donate money for land purchases and funding of conservation activities, e.g., the Roberts family purchased land (Medike) used for protected areas expansion and funding management activities.

BIOGRAPHY OFFSETS
Veale Colliery – Mapungubwe Cultural Landscape (MCL) world heritage site – based on the ecosystem approach to biodiversity management.
Partnership between Barberton Mines and Barberton Nature Reserve

Biodiversity Payments for Ecosystem Services (PES)

POTENTIAL FUNDER TYPES

DONOR/GRANT FUNDERS
Environmental organisations, philanthropists, corporate social investment (CSI)

WHOLESALE FUNDERS
Multilateral environmental agencies (e.g., GEF), bilateral agencies (e.g., USAID), other large environmental funding organisations.

STRUCTURAL CONSIDERATIONS

What to consider when proposing this type of financing

Separate special purpose vehicle (SPV) or ringfenced portfolio?
The choice of creating a separate SPV, or a ringfenced portfolio in an existing environmental firm or NGO, needs careful consideration.

Requirements for monetising biodiversity benefits:
- Robustness measurement, monitoring and evaluation tools and methodologies: Issues such as additionality, robustness measuring, reporting and verification (MRV) and solutions to address double counting, permanence and unintended outcomes leaked to nearby geographies must all be considered to ensure success.
- Establish the right balance between trust (e.g., audit and verification) and cost.

Development approaches to explore

The agile project development approach is flexible with small iterative steps that adapt to changing scope. Projects can start small and grow with no minimum starting size.
- Pilot projects are selected to launch with additions to existing M&E frameworks and measurement tools.
- Growth can happen once there is traction.
- Start with a ring-fenced portfolio in an NGO and spin-off into a separate SPV if it proves successful.

The waterfall project development approach is a linear sequence of defined steps (e.g., Water Fund development methodology).
- Find a wholesale funder to finance establishment of an SPV.
- Build a robust M&E framework.
- Invest in new measurement tools.
- Register with standard setting and verification agencies, etc.
- Perform a cost/benefit analysis to determine set-up costs and minimum viable product to justify costs.

The agile approach may be preferable since market readiness for biodiversity credits is unproven.

TAX INCENTIVES

Taxpayers can deduct the full value of land declared as a nature reserve or national park from their taxable income which could be a significant incentive for landowners to conserve biodiversity.

SEE: Sections 37C and 37D of the Income Tax Act 58 of 1962
**CASE STUDY 2: THE WILD DOG SPECIES BOND**

The Wild Dog Project has been selected as an appropriate test case because there is a comprehensive monitoring programme in place (with associated measurement tools and systems) and data are available. As a sub-project of the EWT species of concern programme it is categorised under the GKSDP as follows:

- **STRATEGIC OBJECTIVE 1: SECURING THE NATURAL CAPITAL BASE**
- **APPROVED PROJECT 5: Ecosystem services and species of interest secured/managed**
- **Integrated wildlife management and monitoring of species of concern/interest**
- **EWT Species of Concern**
- **WILD DOG PROJECTS**

African wild dogs are classified as endangered on the International Union for the Conservation of Nature (IUCN) Red List of Threatened Species. Two wild dog projects – the Greater Kruger Wild Dog Project and the African Wild Dog Range Expansion Project – fall under EWT’s Carnivore Programme, which aims to reduce threats to carnivores. A key component of EWT’s approach is engagement with communities: providing education on carnivores, and raising awareness of their importance, the threats they face, and ways to reduce conflict between carnivores and people.

Using near-real-time monitoring systems EWT identifies wild dog packs in danger from snares and human-wildlife conflict and works to recover lost range across the continent. Offspring are relocated to reserves with unrelated individuals to maintain the genetic diversity of recovered populations that are prevented from dispersing naturally by barriers like fences and densely populated human landscapes. EWT’s holistic approach addresses all threats to the dogs so that the work is effective and sustainable.

**ABOUT THE WILD DOG SPECIES BOND**

The Wild Dog Species Bond is an outcomes-based financial instrument that channels investments into conservation activities to achieve conservation outcomes measured by metrics and targets set specifically for the wild dog projects. In place of coupons on their investment, investors in the species bond receive their capital plus a minimum guaranteed return on maturity and a contingent outcomes failure payment is made to the donor if the programme fails to meet outcomes targets.

The outcomes payer (“donor”) makes an upfront contribution to the programme which is paid either as a deposit to the issuer, or as a donation to the implementing partner, which then makes a deposit with the issuer.

The donor only pays for success: A contingent outcomes failure payment is made to the donor if the programme fails to meet outcomes targets. Depending on whether the note is collateralised or not, the issuer will use the proceeds of the issuance to either purchase the underlying collateral assets or for its own general funding requirements. (This, therefore, does not meet the ‘Green Bond’ definition for use of proceeds).

Under the proposed structure the implementing partner signs a conservation activities performance agreement (“activities agreement”) specifying which activities will be performed under the programme. The implementing party receives periodic payments from the issuer to fund the conservation activities as set out in the activities agreement. In the event of non-performance under the agreement, the issuer has the right to transfer the programme to an alternative implementing partner.

The outcomes performance of the reference programme (Wild Dogs) will be verified by an independent third party; verified baseline and final measurement reports will be issued and used to calculate the level of achievement of the programme. Biannual performance reports should also be issued by the implementing party to track performance of the programme, this will allow for better estimation of likely success, and would help with valuation of the instrument and pricing in the secondary market.

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9 The Wildlife Conservation Bond (Rhino Bond) is regarded as an appropriate structure to finance conservation activities in the Greater Kruger landscape. The EWT species of concern programmes are on the shortlist of 22 fundable opportunities identified in the GKSDP financing strategy. Given the relatively small funding requirements of each sub-project and the fact that the metrics are highly specific to each project it was determined that an international dollar-based issuance would not be appropriate. This bond-based species bond has been adapted specifically for testing in the South African financial markets.
FINANCING THEME 2
Biodiversity Financing

Structural Considerations
The following considerations are based on initial investor feedback:

**Bond vs structured note:** Structured notes offer greater flexibility and allow for components such as capital guarantees and pay-out profiles linked to a wide variety of factors. They are well understood by the investor market in South Africa and are considered the best fit for this product.

**Bank issued vs special purpose vehicle (SPV):** An SPV is considered the most appropriate issuer as it allows for the underlying collateral assets to be ring-fenced and pledged as collateral thus achieving a high credit rating on the note.

**Listed vs unlisted:** An unlisted issuance is preferable as it reduces the cost of issuance. The proposed size of issuance of this note does not warrant a listing.

**Collateralised – RSA government bonds:** Although there is a high country risk premium priced into RSA sovereign bonds, they are still considered a risk-free asset in the South African investor market. Although there is a high country risk premium priced into RSA government bonds, they are still considered a risk-free asset in the South African investor market. Although there is a high country risk premium priced into RSA government bonds, they are still considered a risk-free asset in the South African investor market.

**Metrics and targets** are negotiated with the implementing partner. The following metrics could be used for the Wild Dog Programme:

### Metrics for the Wild Dog Programme

<table>
<thead>
<tr>
<th>COMPONENT</th>
<th>ECOSYSTEMS AND HABITATS</th>
<th>SPECIES POPULATIONS</th>
<th>SPECIES GENETICS</th>
<th>HUMAN-WILDLIFE CONFLICT</th>
</tr>
</thead>
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<tr>
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<td>✓</td>
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<tr>
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**Scoring and payout schedule:** The contingent outcomes success payment to the investor is based on achievement of programme targets. The following method has been proposed:

- Three different metrics selected.
- Three levels of targets set for each metric (underperformance, expected performance and overperformance) to be achieved during the term of the deal.
- At maturity a score of 0-3 is assigned to each metric based on the relative achievement of the programme over the term (where 0 = failure and 3 = overperformance).
- Total score is calculated by adding the scores achieved for each metric.
- The success payment is determined based on the total score achieved according to a pre-defined schedule of payouts.
- Payout schedule is negotiated between donor and investor.

### Successful Case Studies

**The Wildlife Conservation Bond (Rhino Bond):**

The first-of-its-kind Wildlife Conservation Bond (Rhino Bond) is an outcome-based, financial instrument that channels investments to achieve conservation outcomes – measured in this case by an increase in black rhino populations. The pay-for-success financial structure can be replicated and scaled to channel more private capital across the world into other conservation and climate actions.

Investors in the Rhino Bond do not receive coupon payments on the bond. Instead, the issuer makes conservation investment payments to finance rhino conservation activities at two parks in South Africa. If successful, as measured by the rhino population growth rate, independently calculated by Conservation Alpha and verified by the Zoological Society of London, investors receive a success payment at maturity, paid by the International Bank for Reconstruction and Development (IBRD) with funds provided by a performance-based grant from the Global Environment Facility (GEF), in addition to principal redemption of the bond.10

### Indicative Relevant Quotums

The Wild Dog Projects currently have a funding requirement of approximately ZAR 6 million (USD 320K) per annum. A large portion of this is for salary and wages; because there is a strong inflation-linked element in the costs the current requirement is likely to increase annually with inflation. The projects are financed primarily by donations and grants which are soon to run out; projects continually seek new funding.

The aim of the financing mechanism is to provide the project with ZAR 7 million (USD 372K) per annum, escalating by inflation each year. This slightly increased budget should enable the project to expand the scope of work being done and cover the additional costs pertaining to the measurement, reporting and verification required under the agreement.

Based on current market conditions, the present value of the expected funding raised for the Wild Dogs programme over the next five years using this mechanism is between ZAR 30 – 34 million (USD 1.5 – 1.8 million). Although there is significant scope use this mechanism to raise funding for other projects in the landscape, the amount is difficult to quantify at this stage without knowledge of the other projects in the landscape that could meet the relevant criteria.

### Feasibility Testing

Initial market sounding in South Africa has highlighted that although interest in this space is growing, many investor mandates still focus on profit maximisation and have not yet been updated to allow for investment into this type of products. This note is a concrete example of a potential fundable product that can be taken to investor boards to motivate them to update their investor mandates.

Please refer to the Feasibility Testing section for more detail.

### Target Investors

**Potential outcomes payers (donors):**

Finding the right outcomes payer (donor) may be the most challenging part of realising this mechanism. In essence, the mechanism assures the donor that if the desired outcomes are not achieved, they get their money back but if targets are achieved, they end up paying more.

The mechanism could present an opportunity to existing donors to collaborate on the deal and be involved in innovative structuring, which could help raise their market profile following marketing and

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10 Extracted from a press release issued by GEF and World Bank on March 23, 2022: "Wildlife Conservation Bond boosts South Africa’s efforts to protect black rhinos and support local communities."
advertising of the structure.

Other potential donors include the typical grant payers such as corporate social investment (CSI), local environmental agencies and other impact only investors.

International environmental organisations seeking a guarantee on outcomes, such as the GEF, can also be considered but are vulnerable to a currency risk on the donation deposit, which is paid in rands. If the deposit is refunded it will be paid back in rands. As this is a contingent payment based on the performance of the reference conservation programme (Wild Dog Projects) it will not be easy to hedge.

It is expected that interest in verifiable outcomes-based biodiversity finance instruments will grow as corporate boards seek ways to back up their public commitment to biodiversity protection as part of their corporate strategies and become more aware of their impact on nature. An instrument such as this provides a corporate donor committing corporate social investment funds, or an impact only investor, an opportunity to ensure the real-world impact of their capital.

Potential note or bond investors

The investment opportunity is aimed at South African investors – institutional investors that want to add nature-positive investments to their portfolios, family offices looking for worthy investments, and charitable trusts or endowment funds seeking to protect their capital base while contributing to worthy causes. The focus in the institutional market will be on fixed income funds, balanced funds, other funds with inflation benchmarks and funds with ESG mandates.

International investors (such as the IFC) who are prepared to take on the South African sovereign risk as well as the rand exchange-rate risk can also be considered. Although hedging the guaranteed capital portion may be possible (using cross currency swaps) this can give rise to significant counter-party risk and should only be applicable to very highly rated counter parties.

As the contingent outcomes success payment is uncertain and difficult to hedge, the investor would still need to take on the currency risk of this portion.

OTHER NOTEWORTHY CONSIDERATIONS

Other factors that have been considered in putting together this structure include:
- Fair market valuation of note
- Accounting treatment
- Tax considerations
- Legal requirements

SCALABILITY AND REPLICABILITY

While the concept of a conservation bond is new to the South African market, the intention is to create a new asset class (instead of doing an isolated issuance). This will enable more investors to obtain board approval to include these types of investments in their investment mandates.

Features and conditions of a project that are likely to enable access to funding through this mechanism at scale:
- The implementer has a strong reputation and a good delivery track record.
- Outcomes or success metrics are measurable, attributable to the underlying project activity and can be independently verified.
- Outcomes funding can be supplemented through carbon or biodiversity credits.
- Clear programme budget to implement the programme.
CARBON FINANCING

A carbon benefit is a reduction in greenhouse gas (GHG) emissions or an increase in carbon storage as a result of nature-positive activities.

THREATS AND CHALLENGES:
✔ Extreme weather and disruptive weather events threaten nature and livelihoods.

OPPORTUNITIES:
✔ Funding for nature-based climate activities and sustainable climate solutions.

SCOPE FOR GREATER KRUGER
At least four known carbon opportunities are under development in the landscape, with the potential for more being identified and/or developed. Most carbon financing for Greater Kruger applies to natural climate solutions (i.e., agriculture, forestry, and other land use).

CARBON FINANCING
finances projects that are able to monetise and measure greenhouse gas emissions to generate sustainable climate solutions.

ELIGIBILITY CRITERIA
✔ GHG crediting standards: Any project that implements mitigation activities compliant with GHG crediting standards may qualify.
✔ Suitable project developers: Project developers may be for-profit or not-for-profit private entities, private or community landowners, community-based organisations, or public entities.

POTENTIAL CASHFLOWS
Unlocking cashflows depends on:

SUPPLY:
- e.g. project activity that generates credits.

MEASUREMENT OR VERIFICATION PROCESS:
- specifically, upfront or annual costs that need to be covered.

CONNECTION TO A DEMAND-BASE:
- market access to sell the credits and determine price.

SALE OF CARBON CREDITS
Carbon credits derived from carbon generating projects can be sold to greenhouse gas emitters to reduce their carbon tax liabilities.

EXEMPLES OF PROJECTS THAT FIT THE BILL
K2C RANGELANDS RESTORATION CARBON PROJECT
- Herding for Health
- Blyde Restoration and Catchment Management Project
Exemplifies the complexity of a successful carbon project and can underpin best practice to attract interest in developing further landscape-based carbon projects.

EWT SOUTPANSBERG
- Contracts are being signed with landowners and new opportunities have been identified, covering up to 50,000 ha in total (once expanded) across multiple sites and types of land use (including wetlands, forests, rehabilitation, and agriculture).
- The Verra process is underway. Based on information gathered during the baseline survey (in the second half of 2023) Verra will decide on the methodology to be applied to the agriculture, forestry, and other land use (AFOLU) sector.

Potential new projects that could apply
TASC Cookstove with K2C Biosphere – A nature-based avoided emissions project using the dissemination of cookstoves to reduce larger firewood harvesting and thus avoided emissions credits that have recently been validated.

FINANCING MECHANISMS
✔ Grants for project development activities
✔ Development fund vehicle (SPV)
✔ Trust (ownership split between community and carbon project developer)
✔ Bond instrument
✔ Equity participation
✔ (Syndicated) Debt facility
✔ Carbon credits purchase agreement (spot, forward, option)

TAX INCENTIVES
Carbon credits derived from carbon generating projects can be sold to greenhouse gas emitters to reduce their carbon tax liabilities.

SEE: Carbon Offset Regulations in terms of section 19(c) of the Carbon Tax Act 15 of 2019
FINANCING THEME 3
CARBON FINANCING

EXAMPLES OF MECHANISMS IN THE MARKET

INTERNATIONAL VOLUNTARY CARBON MARKET
- Primary mechanism and source of demand for project-based carbon crediting.
- Funders in carbon assets seek to promote voluntary climate action by corporations.
- Dedicated carbon funds facilitate project development for the benefit of final users of carbon assets.
- For example, Broadleaf carbon fund (managed by CI) is owner and developer for carbon crediting and sales related to restoration of community rangelands.

CONSERVATION AGREEMENTS AND COMMUNITY GRAZING ASSOCIATIONS
Conservation agreements and community grazing associations incorporate community beneficiaries.

PRIVATE SECTOR FINANCING MECHANISM
Forests Bond USD 152 million, five-year bond (executed in 2016 by CI, IFC and BHP Billiton) with returns in the form of cash or verified carbon units coupons.

CARBON TAX (SOUTH AFRICA)
Companies have the option of using carbon credits (from projects located in South Africa) to partially fulfil their tax liability. This is a mandatory market.

POTENTIAL FUNDER TYPES

CORPORATE FUNDERS THAT BUY CREDITS TO:
- Offset greenhouse gas emissions, e.g., mines and large agricultural producers.
- Improve their ESG scores (not offset related).

BANKS
with an interest in the renewable energy space or cover renewable energy clients and projects.

SOVEREIGNS AND MULTILATERALS
that want to meet UNFCCC climate pledges

CARBON PROJECT DEVELOPERS
and other intermediaries speculating on carbon opportunities

STRUCTURAL CONSIDERATIONS
What to consider when proposing this type of financing

Minimum size (demand and need):
To ensure that commercial viability thresholds are attained:
- Project costs must be covered by returns from the sale of carbon credits.
- The project must generate enough credits to warrant the high registration and verification costs.

Tenor profile: Carbon financing projects are typically longer than ten years. For example, the VCS minimum requirement for agriculture, forestry and other land use (AFOUL) projects is 20 years.

Pricing and return factors:
The price of carbon credits must:
- Factor in costs of generating credits. These include ongoing operational costs, legal costs, insurance costs, taxes.
- Generate revenue-share for local community beneficiaries, which assists in delivering sustainable development.

Impact indicators in addition to climate change mitigation outcomes measured in tCO2e avoided or sequestered:
- Improved soil quality and yield
- Livelihoods improved
- Adaptation and resilience
- Biodiversity benefits
- Diversity, equity and inclusion (DEI) benefits
- Hectares under improved management

Projects will typically align with recognised frameworks (e.g., Sustainable Development Goals [SDG] goals) and/or embed non-carbon outcomes certification, e.g., Climate, community and biodiversity standards (CCBS) and Gold Standard for the Global Goals (GS4GG).

Governance and legal: Legal ownership of rights, including carbon rights and land rights/tenure considerations are very important, particularly when dealing with a range of different land ownership arrangements.

Payment plan: Funders may insist on ex-post, results-based payment structures or impose expensive price adjustments and/or penalties for under performance.

RECOMMENDATIONS FOR CARBON FINANCING

1. Address barriers to entry by lowering average costs and improving exposure with dedicated carbon vehicles that have local knowledge and the capacity to generate high-integrity or high-quality carbon credits at landscape level. Barriers to entry include high capital intensity for development, weak or complex governance and carbon rights regulations, long lead times to asset issuance, quantification uncertainty, demand based on voluntary compensation that can be cyclical and a lack of appetite for small projects among institutional capital.

2. Consider a landscape-level approach: One potential outcome is a dedicated landscape carbon fund. A landscape-level approach to carbon finance would reduce the individual costs of project registration and verification allowing individual actors to focus on the activities that result in carbon gains, such as avoided deforestation or degradation of carbon rich ecosystems. This approach would require central coordination, but could greatly improve returns for implementers.
CARBON FINANCING
FINANCING THEME 3
reduce greenhouse gases and sequester carbon

Within this strategy it can be broadly acknowledged that carbon financing has value both in terms of impact and revenue generation within the landscape. However, the degree of disaggregation across the landscape with respect to various carbon projects undertaken (from project origination through to development and implementation), presents many challenges to designing a single, one-size-fits-all landscape-scale mechanism (Figure 3.4).

There is an opportunity to aggregate and promote synergies (leveraging experience, learnings and market knowledge) across various project efforts to unlock carbon financing at landscape-level. Such aggregation will require application of a number of considerations, from landscape level through to end-market level. The intention of the pathway suggested here is that in time the value of and need for a singular dedicated vehicle to finance carbon project opportunities across the landscape will become apparent.

Figure 3.4 Although carbon finance is a proven tool to support conservation and landscape restoration, there is no one-size-fits-all approach for different projects. The structure and scope of a carbon vehicle to support the Greater Kruger landscape will vary, depending on desired outcomes, and for funders and beneficiaries. Cost and time considerations must be weighed up against the benefits of a consolidated vehicle approach. Much validation and design work is required before a vehicle can be brought to market.

### PIPELINE OPPORTUNITY VALIDATION
- ✔ Is there enough of a viable carbon project opportunity set to justify a dedicated vehicle (rather than a piecemeal approach as presently exists)?
- OR
- ✔ Is there enough appetite for non-carbon funding to design a blended vehicle that still seeks returns through carbon alone?

### POLICY ENVIRONMENT
- ✔ Is there an enabling environment to support a landscape approach?
- ✔ How would this vehicle fit into a local, regional, or national strategy?

### MARKET TESTING

### FUND DESIGN, STAKEHOLDER ROLES, FINANCIAL AND NON-FINANCIAL OUTCOMES

### SUGGESTED PATHWAY
Factoring in various considerations it is suggested that the following steps are pursued under the financing strategy.

1. **Draw in required catalytic capital in the form of technical assistance grants.**
2. **Establish an advisory panel or sounding board comprised of experts well-versed in best practice standards for carbon.**
3. **Establish stakeholder engagement or co-ordination unit to ensure various stakeholder interests across the landscape are captured.**
4. **Draft and socialise best-practice standards or rules for carbon projects as well as community engagements.**
5. **Identify carbon potential across the landscape. Map hotspots for carbon across various forms (soil carbon, wetlands etc.).**

### YEAR 1
Set up support and facilitation factors

### YEARS 2 AND 3
Socialise the idea and finalise remaining steps

### YEAR 4
Assess the landscape approach to be adopted and steps for implementation

### RECOMMENDED FINAL OBJECTIVE
Landscape-level approach determined and signed off by various landscape participants (with potential for a landscape fund considered).

### WHAT WILL SUPPORT AND FACILITATE PATHWAY WORK?
- Catalytic finance to assist with technical support.
- Advisory panel/sounding board to advise on start-up procedure through to full implementation support.
- A strong landscape brand to drive the story, price and motivate ethics.
- Stakeholder engagement and co-ordination unit to facilitate discussions across project owners, implementers, and communities.
- Streamlined monitoring & evaluation.
- Appropriate model(s) for equitable distribution of benefits.
CARBON FINANCING

LANDSCAPE-LEVEL CONSIDERATIONS

Enabling conditions
Projects
Best practice Standards, e.g., CCBS
Greater Kruger brand Telling the story (and linking it to the price story)
Ethics
Visibility

The approach adopted should unite the various landscape stakeholders under the common goal of improving respect for nature and people as opposed to focusing exclusively on generating revenue from projects. This requires sensitivity to the overall impact on the landscape beyond the individual projects being undertaken. Overarching, landscape-level best practice standards and ethics will encourage appropriate behaviour at project level.

PROJECT-LEVEL CONSIDERATIONS

Scale
Means of verification
Deal structure
Costs
Ethics

MARKET CONSIDERATIONS

Buyer’s rationale
✓ Good story, underpinned by science
✓ Right price
✓ Strong implementation
✓ Good ethics
✓ Time and money spent
Voluntary
✓ Price linked to opportunity
✓ Opportunity for boutique pricing
Compliance
✓ Price floor
Price
✓ Nature-based carbon attracts higher price vs cookstoves
✓ Reforestation = highest price/ton

CARBON OPPORTUNITIES

Soil Organic Carbon
Rangelands
Agriculture/crops
Wetlands usually included in Soil Organic Carbon or Forest
Energy
Cookstoves
Reduced combustion
Forest
Primary/secondary PAs
Landscape management
Woodlands
Can exist across the landscape (e.g., reforestation)
Peat
Few examples of this exist

* Cookstoves under energy credits, credit comes from reduced emissions – so accounted for differently and can do both as not additionality. Became less popular with natural climate solutions and forest protection; higher price to market carbon.
CATCHMENT INVESTMENT PROGRAMMES

A catchment is an area in which the natural landscape collects water. Natural and human systems such as rivers, bushland, farms, dams, homes, plants, animals and people often co-exist in a catchment.

THREATS AND CHALLENGES:
- Economic and biodiversity loss, floods and erosion, land degradation

OPPORTUNITIES:
- More inclusive ecosystem services (e.g. water provision, flood attenuation, erosion control, and habitat for wildlife) generated by catchments and sold to end-users (mostly downstream).

SCOPE FOR GREATER KRUGER

Strategic water-source areas (SWASs) in Greater Kruger
- Mpuandlela Drakensberg (Inkomati-Pongola-Usuthu)
- Mnqumeni Drakensberg (Crocodile-Olifants)
- Wolkberg (Letaba-Olifants)
- Soutpansberg (Luvuvhu-Mutale rivers)

Geographical scope: Zone 6 – water priority areas – as defined in the GKSDP.

CATCHMENT INVESTMENT PROGRAMMES (CIPs)

- Address water security challenges with nature-based solutions by supporting existing initiatives to catalyse systemic change in catchment management.
- Is a critical water source area where potential threats to water security may cause economic and biodiversity loss.
- Uses NbS to generate ecosystem services in and around the catchment.
- Stakeholders (public, private, civil society and local communities) in the catchment are willing to coordinate efforts and work towards collective action.

ELIGIBILITY CRITERIA

- Addresses water security challenges with nature-based solutions by supporting existing initiatives to catalyse systemic change in catchment management.
- Is a critical water source area where potential threats to water security may cause economic and biodiversity loss.
- Uses NbS to generate ecosystem services in and around the catchment.
- Stakeholders (public, private, civil society and local communities) in the catchment are willing to coordinate efforts and work towards collective action.

PAYMENT FOR ECOSYSTEM SERVICES (PES)

- Special purpose vehicle (SPV) to manage PES.
- Direct increase in water tariffs (cents/litre) to end-users by municipalities.
- Corporate donations: Offsets for water usage by corporates operating in and around the catchment (mines and industry).
- Carbon credits generated and sold: for upper catchment grazing best practice (in areas where land is used for cattle farming).
- Debt instrument linked to sustainable water management, e.g. Cape Town Green Bond.
- Government job stimulus programmes for alien plant clearing and its value chains.
- Poverty alleviation/job creation programmes in the upper catchment linked to land claim benefits (lease of land for eco-tourism).

EXEMPLARY PROJECTS THAT FIT THE BILL

- Kruger to Canyons Catchment Investment Programme (under the Blyde Restoration and Catchment Management Project in the shortlisted projects): The K2C business case was developed and presented to funders in April 2023; testing was conducted independently of the GKSDP financing strategy formulation.

Potential new projects that could apply
- Polokwane (Sand River) Alien plant clearing – Coca Cola – Concept phase with The Nature Conservancy (TNC) and CI.
- Olifants – AWARD – Historical work that can be re-energised for a CIP.
- Inkomati-Usuthu Catchment Management Agency (IUCMA) is a potential future investment or catalyst for a CIP in the southern Greater Kruger.

FINANCING MECHANISMS

- Special purpose vehicle (SPV) to manage PES.
- Direct increase in water tariffs (cents/litre) to end-users by municipalities.
- Corporate donations: Offsets for water usage by corporates operating in and around the catchment (mines and industry).
- Carbon credits generated and sold: for upper catchment grazing best practice (in areas where land is used for cattle farming).
- Debt instrument linked to sustainable water management, e.g. Cape Town Green Bond.
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- Poverty alleviation/job creation programmes in the upper catchment linked to land claim benefits (lease of land for eco-tourism).
CATCHMENT INVESTMENT PROGRAMMES

WATER FUNDS IN SOUTH AFRICA

K2C CIP business case
Described in detail later on in this chapter.

Greater Cape Town Water Fund (GCTWF)
The aims of the GCTWF (from Business Case 2019):
- Unite private and public sectors stakeholders and local communities around the common goal of restoring the surface water and aquifer catchments that supply Greater Cape Town’s water.
- Support and align with existing government initiatives and act as a catalyst for systemic change in catchment management through cost-effective use of on-ground resources.
- Strengthen capacity, and monitoring and evaluation
- Stimulate funding and implement catchment restoration efforts and in so doing create jobs and momentum to protect globally important biodiversity and build the climate-resilience of communities.

Business case results showed that investing ZAR 372 million (USD 20 million) would generate expected annual water gains of 100 billion litres (100 Mm³) within thirty years compared to the business as usual scenario. Invasive alien plant removal – additional 55 billion litres (55 Mm³) within six years, and approximately 350 job opportunities created in the first five years of implementation.

EXAMPLES OF MECHANISMS IN THE MARKET
Catchment investment programmes are used globally as conservation financing mechanisms, and have been particularly successful in Latin American countries like Guatemala, Costa Rica and Ecuador. In Africa the Greater Cape Town Water Fund (GCTWF) and the Upper Tana-Nairobi Water Fund helped inspire the development of the Kruger to Canyons (K2C) CIP business case.

FINANCING THEME 4
CATCHMENT INVESTMENT PROGRAMMES

POTENTIAL FUNDER TYPES
CORPORATES
- Offsets for large corporates (water/upstream users) e.g. Coca Cola, Anglo, or other mining companies
- Forestry offsets e.g., SAFCOL/ Komatie Land Forests, SAPPI, York Timbers and a few smaller private entities

DOWNSTREAM WATER USERS
- Tourism land lease e.g., Singita, Londolozi
- Agricultural land users e.g., citrus and mango farmers
- Mining and industrial land use
- Municipalities e.g., Maruleng Ba-Phalaborwa

STRUCTURAL CONSIDERATIONS
Key structural parameters:
- Minimum size required: Catchment-wide for planning and buy-in.
- Legal considerations: Land ownership and tenure.
- Cost: High set-up costs.
- Impact indicators:
  - Water yield – quantity and quality
  - Hectares of land restored
  - Jobs created
  - Livelihoods improved

Monitoring, reporting and verification (MRV) of impact: Reporting and verifying the impact of the nature-based solutions implemented in and around a catchment (e.g., hydrological, biological and financial information) ensures coherent governance of the interventions to improve water security and protect biodiversity.

GENERAL RECOMMENDATIONS FOR DEVELOPING THIS THEME
Leverage the design, development, feasibility testing and execution learnings from other successful CIPs to assess the potential for other CIPs to be developed within the landscape at scale.

Water user governance/regulation bodies and key water users within the Greater Kruger: Further engagement is needed to establish appetite and appropriateness of additional CIPs and scalability of existing CIPs.
- The lower catchment (area below the Blyderivierspoort dam) is governed by the Lower Blyde Water Users Association (WUA) and serves the Blyde River Irrigation District (BRID). Towns such as Hoedspruit and Phalaborwa towards the north-east of the KNP Reserve are almost totally dependent on water from the Blyde River. The Blyde River provides water for large-scale irrigation in the Hoedspruit area.
- Lepelle Northern Water (LNW) is responsible for water supply to 64% of Limpopo’s surface area (20 bulk water schemes) and supplies three regions: Capricorn, Mopani and Sekhukhune. LNW supplies water abstracted from the Olifants River, to Phalaborwa in BaPhalaborwa Local Municipality.
- Kruger National Park: The total licensed volume for potable abstract is almost insignificant when compared to the Managed Aquifer Recharge (MAR). The total volume for Olifants camp and the Balule pipeline (to Satara) is 200,750 m³ (76,650 m³ + 124,100 m³).

TAX INCENTIVES
Catchment Investment Programmes may qualify for tax exempt government grant funding programmes.

See: Section 12P and Schedule 11 of the Income Tax Act

EXAMPLES OF MECHANISMS IN THE MARKET

POTENTIAL FUNDER TYPES

48  UNLOCKING GREATER KRUGER

11 https://lepellewater.com
12 The purposeful recharge of water to aquifers for subsequent recovery or for environmental benefit.
CASE STUDY 4: KRUGER TO CANYONS (K2C) CATCHMENT INVESTMENT PROGRAMME

The Kruger to Canyons (K2C) Biosphere Region is a UNESCO site with high levels of biodiversity. It encompasses the Kruger National Park and the Blyde, Klaserie, Selati, Letaba, Sabie and Sand catchments, which form part of the greater Olifants and Inkomati-Usuthu water management areas. The upper reaches of these catchments make up the majority of two major strategic water source areas (SWASAs) for both surface and groundwater because of high rainfall (1,000-2,000 mm/year).

The upper catchment is also a source of ecosystem services like water provision, flood attenuation, erosion control, and habitat for wildlife which make it suitable for a Catchment Investment Programme (CIP) approach.

WHAT IS THE FINANCING/FUNDING OPPORTUNITY?

The K2C Catchment Investment Programme (CIP) being rolled out in the Greater Kruger landscape forms part of the financing solution for the Blyde Restoration and Catchment Management Project. It is a partnership between Kruger to Canyons Biosphere Region NPC, Conservation South Africa and The Nature Conservancy, with technical assistance provided by the Nature for Water Facility.

The business case for the K2C CIP was launched on 19 April 2023. Given its success and direct link to the Greater Kruger landscape, it is an appropriate opportunity to serve as a pilot under the financing strategy and demonstrates the willingness for participation and co-ordination by key catchment stakeholders (public, private, civil society and local communities).

DETAILS OF THE FINANCING MECHANISM CHOSEN

The K2C CIP is an innovative mechanism for coordinating implementation of nature-based activities and pooling financial resources from the public and private sector and other downstream beneficiaries to deliver long-term sustainable impacts.

Elements of the K2C Catchment Investment Programme

- A collective action platform, with a common vision, to address water security challenges in the Kruger to Canyons Biosphere Region.
- Sourcing and maintaining long-term financing solutions to implement and scale up key nature-based solutions like clearing of invasive alien plants and grazing best management practices.
- Supporting existing government initiatives and catalysing systemic change in catchment management.

The K2C CIP is designing a long-term financing plan to follow on from the launch of the business case.

The financing mechanisms being considered as sources of finance for this plan:

- An increase in water tariffs from existing downstream users – Agriculture (citrus and mango) through Lower Blyde Water Users Association (WUA) and serves the Blyde River Irrigation District (BRID).
- Carbon credits for upper catchment grazing best practice.
- Grants and donations from large corporates (in particular as water offsets).
- Water bonds.

Although no specific financing mechanisms can be showcased and tested in this strategy, the strategy can use design and development experience and feasibility testing learnings from the K2C CIP to assess the potential for development at scale of other CIPs in the landscape because there is overlap in terms of likely nature-positive and NbS activities, implementing partners and similarities in beneficiary profiles within the landscape.

Benefits generated: The K2C CIP business case has shown that investing ZAR 254 million (USD 13.5 million) in nature-based solutions will realise benefits worth ZAR 657 million (USD 34.5 million) through the delivery of 8.9 million cubic metres of water, ZAR 11.5 million (USD 605k) in additional household income to upstream communities, the restoration of over 20,000 ha of biodiverse ecosystems, and over ZAR 40 million (USD 2 million) in carbon offset value. The interventions also create and protect almost 16,000 jobs. The CIP creates a return 2.5 times larger than the investment into the CIP.

Monitoring, reporting and verification of impact: A decision support system (DSS), a computer program to support determinations, judgments, and courses of action, developed for the K2C CIP, combines hydrological, biological and financial information to monitor, report and verify the impact of the nature-based solutions implemented in and around the K2C Biosphere Region to ensure coherent governance of the interventions to improve water security and protect biodiversity.

The DSS communicates key results and tracks progress related to CIP activities to ensure a holistic and integrated approach to catchment management using maps and graphical representations for each nature-positive solution implemented in the areas identified. The DSS allows CIP partners to visualise management progress against targets for hectares under better management, alien plants cleared and quantity of water released and to spatially monitor progress and impact landscape-wide interventions that link into broader GKSDP targets.

FIGURE 3.6 Interventions, outcomes and beneficiaries of the K2C CIP
STRUCTURAL CONSIDERATIONS

Minimum size: Variable; it is worth noting that start-up costs are high.
Tenor profile: 5-year high-impact phase, and 30-year overall lifespan projected.
Legal considerations: Land ownership/tenure profile, four community property associations, land claims partially settled, although the settlement agreement has not yet been concluded.
Impact indicators: Quantity and quality of water yielded.

CASE STUDIES OF OTHER PROGRAMMES

Nature for Water Facility: Case studies of other programmes include a case study of the Greater Cape Town Water Fund.

INDICATIVE RELEVANT QUANTUMS

Amount of financing needed
ZAR 125 million (USD 6.5 million) to cover the costs of the initial 5-year high impact phase. During this time, the CIP will initiate and scale up implementation to achieve full delivery of benefit from interventions by Year 5. Over this period the CIP will also establish governance arrangements and long-term sustainable financing mechanisms.

Potential amount of financing (towards investment in underlying projects) – Business case results reveal that over a 30-year period, a lifetime investment of ZAR 254 million (USD 13.5 million) in NbS unlocks benefits worth ZAR 657 million (USD 35 million).

FEASIBILITY TESTING

No market testing will be conducted until a long-term financing strategy has been developed for K2C CIP and an individual mechanism can be identified and designed.
Please refer to the Feasibility Testing section for more detail.

FUNDERS

TARGET FUNDERS

LARGE CORPORATES:
Mines, forestry, industrial users of water

OUTCOMES-BASED FUNDERS:
Can also be large corporates of water
GREEN ECONOMIES

Nature-positive value chains that restore nature

Green economies are defined by infrastructure and production activities that foster social and environmental sustainability created with the support of public and private investment. In short, economic activity that is nature positive or, at a minimum, non-net-consumptive.

**THREATS AND CHALLENGES**
- Unsustainable land-use practices: overstocking, invasives, soil erosion from soil mining and firewood harvesting, unplanned informal housing and poor management of water catchment areas.
- Entrepreneurs lack access to financing to reach financial sustainability and attract later-stage funders because of business stage risk, novel/unproven business models, and an underdeveloped financing ecosystem in the landscape for early-stage enterprises.
- Lack of access to conservation science.

**ELIGIBILITY CRITERIA**
- Businesses that:
  - Focus on green economy sectors and value chains — i.e., biodiversity (wildlife economy, eco-tourism, sustainable resource harvesting), waste and alien invasives economies, and climate-smart agriculture.
  - Are nature positive (rather than net consumptive).
  - Offer material social and livelihood benefits in the landscape.

**SCOPE FOR GREATER KRUGER**
Support for businesses that transform value chains and economies can help protect, manage and restore critical ecosystems and create nature-based, green jobs.

**NATURE-POSITIVE ENTERPRISE DEVELOPMENT**

1. **EARLY STAGE**
   - A fundable concept that can generate sustainable revenue flows and advance to the next stage of the lifecycle.

2. **PRE-GROWTH**
   - Revenue-generating projects with potential for self-sustaining, viable business models.

3. **GROWTH**
   - Financially viable and profit-generating for self-sustaining, viable business models.

Each stage of nature-positive enterprise development attracts different forms of capital.

**POTENTIAL SOURCES OF CASHFLOW**

<table>
<thead>
<tr>
<th>STAGE</th>
<th>MECHANISM</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. EARLY STAGE</td>
<td>None: pre-revenue</td>
</tr>
<tr>
<td>2. PRE-GROWTH STAGE</td>
<td>• Earnings before interest and taxes (EBIT) generated through business activities</td>
</tr>
<tr>
<td></td>
<td>• Sale of products and services, tariffs and levies, or tax savings income (where an opportunity in a special economic zone could be unlocked)</td>
</tr>
<tr>
<td></td>
<td>• Avoided costs</td>
</tr>
<tr>
<td>3. GROWTH STAGE</td>
<td>• Profits are generated by underlying investee companies</td>
</tr>
<tr>
<td></td>
<td>• Biodiversity and carbon benefits (credit related to some enterprises invested in). Cashflows are nascent and much smaller and not factored into the evaluation and selection process at the outset.</td>
</tr>
</tbody>
</table>

**EXAMPLES OF PROJECTS THAT FIT THE BILL**

- Waste management and circular economies (10)
  - Recycling, awareness, enterprise development
- Agri-hubs and agriculture-compatible socioeconomic opportunities and community beneficiation (12)
  - Eco-tourism; sustainable agriculture
- Hub developments (11)
  - Phalaborwa, Shangoni, Punda Maria as pipeline
- Climate smart agriculture (sustainable agriculture economy) (5)
  - AP 7: Green recovery
- All sustainable resource harvesting projects (6, 7, 8, 9)
  - Traditional Healers programme
  - Biobab project — areas north of Makuya
  - Ndindane, Mutale, Gisiga, Bevhula, etc. informed by assessments and feasibility
  - Traditional authority areas — nurseries

**FINANCING MECHANISMS**

1. **EARLY STAGE**
   - Pre-investment SMME CapEx and OpEx grant finance
   - Technical assistance grant finance

2. **PRE-GROWTH STAGE**
   - Dedicated impact investing fund vehicle or new funding window created in an existing fund, where underlying financial instruments (debt/equity) are deployed.
   - Processes adopted are appropriate for the stage and needs of the businesses being supported.

3. **GROWTH STAGE**
   - A dedicated GK investment fund vehicle, investing in growth enterprises that are financially viable, nature positive (rather than net consumptive), and have material social and livelihood benefits in the landscape.

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### EXISTING MECHANISMS

<table>
<thead>
<tr>
<th>1. EARLY STAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Enterprise development (ED) funds from the Industrial Development Corporation (IDC) can be used to assess how best to cluster ED funds towards a common goal.</td>
</tr>
<tr>
<td>• Match the Special Economic Zones (SEZ) concept with the Biodiversity Economy Framework and GEF 7 investment outline to develop a terms of reference for Nature-Positive Kruger Enterprises with a clear framework and scorecard.</td>
</tr>
<tr>
<td>• From the Region for the Region (PlanSan Enterprise Development Project) and ProNature Projects can provide lessons.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2. PRE-GROWTH STAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>• CI Ventures</td>
</tr>
<tr>
<td>• Acumen</td>
</tr>
<tr>
<td>• LGT Venture Philanthropy</td>
</tr>
<tr>
<td>• Cenarth</td>
</tr>
<tr>
<td>• Bestseller Foundation</td>
</tr>
<tr>
<td>• MCE Social Capital</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3. GROWTH STAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Investment institutions like Phatise and ApDevCo have invested in Greater Kruger on an ad hoc basis.</td>
</tr>
<tr>
<td>• We are not aware of any mechanisms focused specifically on GK or collaborating with land stewards in this landscape.</td>
</tr>
</tbody>
</table>

### POTENTIAL FUNDER TYPES

<table>
<thead>
<tr>
<th>1. EARLY STAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>• ED funders that provide blended finance (grant and loan)</td>
</tr>
<tr>
<td>• ED funders that provide loan tickets below ZAR 2 million (USD 106k)</td>
</tr>
<tr>
<td>• Provincial and national agencies with a mandate to provide technical and financial support to SMMEs</td>
</tr>
<tr>
<td>• Corporates that are under pressure to transform their supply chains (e.g., Bidvest and Tourvest)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2. PRE-GROWTH STAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Grants and recoverable grants: Attractive to multilateral development programmes (GEF, GCF, World Bank) and risk-tolerant funders such as donor-advised funds, foundations, impact funders and family offices.</td>
</tr>
<tr>
<td>• Concessional debt</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3. GROWTH STAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Impact funders, philanthropic ultra-high-net-worth individuals, foundations, development finance institutions, private (retail) funders through financial institutions as distribution partners.</td>
</tr>
<tr>
<td>• Factors to consider The risk profile of the investment fund vehicle and the place of specific funder in a broader blended finance capital structure</td>
</tr>
</tbody>
</table>

### CASE STUDY 5: ENTERPRISE CATALYST

**EARLY STAGE**

**Concept-level entrepreneurs need catalytic financing for development and technical support to advance to the next stage of the lifecycle. An enterprise catalyst channels existing grant finance (enterprise development [ED] funds) and acts as a mechanism to build a pipeline for next-stage impact investing to convert early-stage enterprises into opportunities for post-revenue financing.**

**HOW IT WORKS**

The Greater Kruger Enterprise Development Catalyst draws together existing ED agencies and funds under a common set of guidelines and best practice standards to prioritise and finance nature-positive enterprises in the landscape to:

- Develop a landscape-level pipeline of fundable local SMMEs in tourism, logistics, natural resource management, green energy and nature-positive agriculture supply chains. Participating enterprises receive Nature Positive Enterprise certification.
- Work with SANParks and private-sector supply chain aggregators, such as Tourvest and Bidvest, to mainstream pre-approved nature-positive enterprises in their supply chains.
- Draw on examples from existing ED funds to create nature-positive Kruger enterprises financing windows in existing programmes. These include pre-investment SMME CapEx and OpEx grant finance, technical assistance grant finance and fundable loan finance.
- Collaborate with Limpopo and Mpumalanga provinces and national government entities such as SA Tourism, the Industrial Development Corporation and the SANParks Board to ensure that the Greater Kruger Landscape is an investment priority for ED funds to unlock the biodiversity economy and associated value chains.
- Draw up a clear, easy-to-implement nature-positive investment framework for ED funds.
- Request that ED funds advertise calls for applications for their ED windows on the Greater Kruger forum. Each fund will apply their own criteria for the investment readiness of an enterprise.
- Establish a nature-positive Kruger enterprises technical assistance (TA) committee to review and approve applications from a nature-positive perspective.

**Youth4Tourism**

Youth4Tourism (Y4T) is an example of an existing ED fund. It is a youth employment initiative of Youth Employment Services (YES) and financial services group, Sanlam, that seeks to leverage the catalytic potential of South Africa’s tourism sector to grow the SMME sector and create jobs for young people. Businesses from a range of sectors are invited to join the Y4T movement and create diverse work opportunities for youth in the tourism sector. Businesses can contribute by:

- Funding youth jobs through YES implementation partners as part of their B-BBEE or social impact initiatives.
- Identifying events, conferences, and content creation opportunities for young South Africans to showcase South Africa as a tourism destination via the Youth Climate Champions ‘gig’ work platform.
- Contribute hardware including photography and videography equipment for a Section 18 A tax break.
FINANCING THEME 5
GREEN ECONOMIES

PRE-GROWTH STAGE
CASE STUDY 6: CI VENTURES

There is a significant funding gap for post-revenue, pre-growth enterprises. In the Greater Kruger landscape, this is particularly acute when an enterprise is scaling up from micro-business to small business. Very few microfinance institutions in South Africa are equipped or incentivised to support rural, nature-positive businesses.

Since 2018, CI Ventures has invested in early-stage SMEs in sub-Saharan Africa (Kenya and South Africa), supporting them through to bankability in the wider market. In this way, overlooked businesses and value chains involved in restoration of landscapes or working to mitigate landscape degradation caused by soil erosion, drought, overgrazing, etc., can access private investment.

CI Ventures has an existing team, infrastructure and a strong track record of nature-positive investing (35+ investments, USD 12.5 million invested, USD 86 million follow-on investment mobilised).

HOW IT WORKS
A dedicated financing window in the CI Ventures programme will use standardised financing documents, streamlined application and due diligence processes, and light-touch reporting requirements to accommodate the limited capacity of many of these enterprises.

Underlying investment is likely to be concessional debt with a grace period, and a term of up to five years.

Current CI Ventures processes will be tailored for the region with dedicated staff in the landscape to identify and lead investments in the Kruger. As far as possible, processes will be standardised, and investments made on a cohort basis to ensure speedy execution, quick disbursement of capital and cost control.

FIGURE 3.8: The CI Ventures financing window
GROWTH STAGE
CASE STUDY 7: GREATER KRUGER NATURE-POSITIVE FUND (GKN+F)

The Greater Kruger Nature-Positive Fund is a funding concept intended for enterprises that have reached the growth stage of their lifecycle and need access to larger pools of financing beyond grant or impact capital to sustain the financial viability of their business models.

Opportunities include:
- Expansion of businesses established by a related venture facility.
- Greenfield projects in partnership with major operators.
- Expansion of mature businesses.

HOW IT WORKS
A blended financing approach: To raise capital, the Greater Kruger N+ Fund may require a blended financing approach that blends capital from funders seeking commercial returns with capital from funders with lower or no return requirements. The proportion of each will be determined during a detailed design phase and will take into consideration the quality of pipeline opportunities identified.

A dedicated grant-based technical assistance facility: The Greater Kruger N+ Fund may require a dedicated grant-based technical assistance facility, e.g., to cover operating costs of the platform if they exceed projections, as well as for studies to demonstrate the nature-positive impact of investments.

Management: A team of investment professionals from Natural Heritage Capital, in partnership with Cl Ventures.

Geographical focus of the fund:
- Greater Kruger landscape, i.e., within a radius of 100km of Kruger NP boundaries. It is expected that 80 percent of funds will be invested in South Africa, and 20 percent in Mozambique and Zimbabwe.
- Inclusion of the northern and eastern periphery of Kruger NP will help address challenges (e.g., rhino poaching incursions from the Massingir area).
- Businesses with a footprint outside the Greater Kruger landscape may be eligible for investment if a nature-positive impact on the landscape can be demonstrated; including such businesses will help support the commercial viability of the Greater Kruger N+ Fund.

STRUCTURE DIAGRAM
Greater Kruger N+ Fund is a concept-level mechanism; its structure will thus be determined during the development-grant stage.
FINANCING THEME 5
GREEN ECONOMIES

STRUCTURAL CONSIDERATIONS

Platform size: USD 100 million with a first close of USD 50 million (approximately ZAR 2 billion with a first close of ZAR 1 billion) to ensure minimum viable scale; subsequent scale-up will likely be necessary to address the challenges faced by KNP.

Deal size: USD 1 – 10 million (± ZAR 20 – 200 million) with follow-on investments.

Tenor profile: The proposed Greater Kruger N+ Fund investment strategy would benefit from a long-term investment approach beyond the 10 years of a typical private equity fund; a permanent capital vehicle is ideal.

Investment instruments: Typically mezzanine and other self-liquidating, convertible quasi equity structures; some equity.

Impact indicators:
• Number of jobs created
• Increase in revenues (USD)
• Follow-on investment raised (USD)
• Area under sustainable production (hectares)
• Sustainable production (kilograms)
• Commercial – Total value of sales by green economies to the organisation during the reporting period.

INDICATIVE RELEVANT QUANTUMS

Amount of financing needed – ZAR 9.2 million (USD 490K)

Potential amount of financing that this can unlock (towards investment in underlying projects) – ZAR 920 million (USD 49 million)

FEASIBILITY TESTING

This concept will be market tested.

Please refer to the Feasibility Testing section for more detail.

FUNDERS TO TARGET

To approach during market sounding

Points to test with funders

Please refer to the Feasibility Testing section for more detail.

SCALABILITY AND REPLICABILITY

There is currently no TFCA-focused fund; financing at scale can be unlocked through a USD 500,000 development grant (to design and market-test this vehicle) with the potential to secure USD 50 million – growing to an eventual USD 100 million – across Greater Kruger and other African landscapes.
Reducing dependence on fossil-fuel-based energy (coal and diesel) can significantly decrease operating costs and increase the value of tourism activities that are not affected by load shedding. Funds can be redirected towards core biodiversity conservation activities.

**OPPORTUNITIES**
The South African government has introduced policy and tax incentives to accelerate the transition to renewables, to solar in particular. Eskom tariff increases and load shedding are prompting the transition to renewable energy.

**GREEN ENERGY FINANCING**
facilitates the transition to renewable energy and, over time, potentially stable, cheaper energy.

**ELIGIBILITY CRITERIA**
Projects that want to:
✔ Take advantage of policy changes, tax incentives and the decreasing cost of renewable energy,
✔ Reduce their electricity bills,
✔ Reduce the impact of load shedding,
✔ Transition to a clean energy source.

**SCOPE FOR GREATER KRUGER**
Projects in the landscape that rely on electricity from Eskom with ambitions to transition to renewable energy to decrease their emissions should consider the different financing options available for solar photovoltaic (PV).

**POTENTIAL CASHFLOWS**

✔ Savings on the cost of electricity: Access to power is vital to some projects; self-generated power may serve to preserve the current cashflows and viability of a project or business.
✔ Commercial funding for commercial projects.
✔ Grants for non-profit projects.
✔ Policy changes, tax incentives, the decreasing cost of renewable energy, Eskom tariff increases and load shedding will help prompt a transition to renewable energy.
✔ Carbon credits

**EXAMPLES OF PROJECTS THAT FIT THE BILL**
Commercial businesses, lodges, SMMEs, community-based projects and households. Solutions depend on how much power is required (megawatts).

**FINANCING MECHANISMS**
The solution and financing mechanism depend on the size and energy needs of a project. Funding sources are increasing as the market develops. Although project complexity and specific technology are also criteria to be considered, funding solutions in this analysis are classified by project size because solar PV is the

- **<10KW RESIDENTIAL**
  - Debt structure: Home loan
  - Funding: ZAR 50 – 500k (USD 2.6k – 26k)
  - Term: Matched to home loan

- **100KW – 5MW COMMERCIAL AND INDUSTRIAL**
  - Debt structure: term loan, independent supply agreement (ISA), lease
  - Funding: ZAR 150k – ZAR 50m (USD 7.8k – 2.6m)
  - Term: Up to 10 years

- **>5MW UTILITY**
  - Debt structure: Various
  - Funding: ZAR 100m+
  - Term: Project dependent

**EXAMPLES OF MECHANISMS IN THE MARKET**
TAX INCENTIVES
For installation of solar for individuals and businesses.

DEBT INSTRUMENTS
Tailored to installing renewable energy e.g., commercial banks.

CONCESSIONARY FINANCE
Enables the transition to renewable energy e.g., Finance with extended tenors or concessionary terms to enable the transition.
GREEN ENERGY INITIATIVES

FINANCING THEME 6

POTENTIAL FUNDER TYPES

- DEVELOPMENT FINANCE INSTITUTIONS
- PHILANTHROPIC ORGANISATIONS
- BANKS
  - Corporate and investment
  - Retail and commercial

STRUCTURAL CONSIDERATIONS

What to consider when proposing this type of financing

For state-owned entities: Financing a transition to green energy is governed by the requirements of the Public Finance Management Act (PFMA). For example, state-owned entities cannot take on long-term liabilities without approval from National Treasury.

GENERAL RECOMMENDATIONS FOR DEVELOPING THIS THEME

- Prioritise projects with the greatest urgency to transition
- Provide technical assistance to advise on which finance and incentives a project qualifies for.

CASE STUDY 8: GREEN ENERGY STRATEGY FOR KRUGER NATIONAL PARK

SANPARKS’ GREEN ENERGY STRATEGY

Approved by the Board in March 2022

Objectives of the strategy

- Transition SANParks to renewable energy.
- Enable the journey to net-zero.
- Provide reliable green energy.

Although the Kruger National Park (KNP) is included in SANParks’ Green Energy Strategy no budget is specified for the capital expenditure to acquire a renewable energy solution for KNP.

Proposed solution: Small-scale embedded generation (SSEG)\(^1\)

Mini-grids based at each camp will provide renewable energy for total annual electricity demand of between 14.5 MW and 21.4 MW across KNP.

Mini-grids are the preferred and optimal solution because:

- KNP is very likely to have good solar irradiation (quality of irradiation to be determined in the technical scoping of the project).
- Rooftops are not viable because of structures at the camps.
- Distances are too vast for a single plant to supply the entire park.
- Wheeling will not reduce the effects of loadshedding as power availability will remain dependent on Eskom.
- Reduced costs because diesel-run generators will not be required.

Further considerations:

- Availability of land.
- Battery storage: Adding battery storage should be considered in planning and budgeting for the programme either upfront or at a later stage.

TAX INCENTIVES

Accelerated depreciation allowances can promote the adoption of renewable energy by making it more financially attractive for businesses to invest in these projects.

Section 12BA available for a period of 2 years (Effective from 1 March 2023 to 1 March 2025)

NET-ZERO: Cutting greenhouse gas emissions to as close to zero as possible, with any remaining emissions re-absorbed from the atmosphere, by oceans and forests for instance.

MINI-GRID: A set of small-scale electricity generators connected to a distribution network that supplies electricity to a localised group of customers independently of the national transmission grid.

SMALL-SCALE EMBEDDED GENERATOR (SSEG): Electrical generators that can connect and operate in parallel with the grid or network (by synchronising with the grid).

WHEELING: Delivery of energy from a generator to an end-user in another area through existing distribution or transmission networks.

\(^1\) Subject to detailed technical and socio-economic feasibility study. Recommended at this stage but may be altered after full technical evaluation of the scope required to meet KNP’s energy needs.
It is anticipated that a request for proposals (RFP) will attract best-of-breed private operators (in that segment of the market) to build, operate and maintain the system for the duration of a contract.

**STRUCTURAL CONSIDERATIONS**

**Investment parameters specified:**
- Minimum project size: Estimate is ZAR 250 million (USD 13 million) – ZAR 413 million (USD 22 million) (including battery storage).
- Tenor profile: 10 – 20 years
- Pricing/return factors: Based on the specifics of the project size.
- Appropriate socioeconomic indicators will be developed based on the final structure of the transaction.
- Constraints: The key constraint identified by SANParks to execute on this opportunity is capacity and technical expertise.

**FIGURE 3.9: How a PPA will work in Greater Kruger**

Given the growth in the number and scale of South African renewable energy market participants, KNP’s annual demand of between 14.5 MW and 21.4 MW is large enough to be fulfilled by an Independent Power Producer (IPP).

**Power Purchase Agreement (PPA):** KNP will purchase electricity from the IPP for an agreed term and at an agreed tariff (and escalation mechanism) in terms of a PPA with the IPP. The IPP will build, own and operate the solar plants for the duration of the PPA. The PPA will effectively replace a portion of KNP’s current electricity cost without placing additional financial pressure on KNP. The hope is that in the long-term KNP’s overall energy costs (Eskom electricity plus diesel for generators) will be reduced or eliminated.

**Advantages**
- No upfront capital outlay required by SANParks.
- Cost savings are anticipated due to:
  - Lower rate for electricity (especially given forecast Eskom tariff hikes).
  - Predictable escalations in the price of electricity linked to CPI over an extended period (10+ years).
  - Lower diesel costs (SANParks’ diesel bill has doubled in the last year because of dependence on generators during loadshedding).
  - Potential for further reduction in tariffs and financing costs from the sale of carbon credits.
- Increased operational cashflow for KNP due to reduction in the cost of electricity.
- Integrity of security systems which currently rely on unpredictable Eskom supply.
- Can be structured as a BOOT (Build, own, operate, transfer), whereby plants are transferred to KNP/SANParks when the PPA ends.
- Risk: Construction, delay and operational and performance risks is carried by the IPP.

**PROCUREMENT CONSIDERATIONS:**

**PUBLIC-PRIVATE PARTNERSHIPS (PPPs) AND THE PUBLIC FINANCE MANAGEMENT ACT (PFMA)**

PPA contracts are typically long term (15-20 years) to ensure viability of the project, a longer term increases the term of the debt to the project company and thus provides greater scope to negotiate the tariff.

SANParks will require approval from National Treasury as part of the Public Finance Management Act (PFMA) process to enter into a long-term agreement with an IPP, which can be a lengthy approval process. Lenders to the IPP (and the IPP themselves) may insist that the obligations of SANParks under the PPA are guaranteed by National Treasury.

SANParks and KNP have limited capacity to manage a PFMA process and technical assistance will be required to fund the appointment of additional capacity to support the process. Funding providers for this technical assistance have started being explored.

National Treasury must approve the accounting treatment of the long-term contract, which may be considered a long-term liability on SANParks’ balance sheet.

Private-sector participants are not permitted to own assets on national park land, which impacts on the ability of lenders to perfect security. A structural solution is needed to address this – likely a structure whereby, if SANParks/KNP is not able to meet its payment obligations, the IPP can effectively put the plant to SANParks/KNP at a price equal to the outstanding debt plus equity plus equity return. This amount may be considered as a contingent liability on National Treasury’s balance sheet.
SUCCESSFUL CASE STUDIES

INDICATIVE RELEVANT QUANTUMS
- Estimated project cost: ZAR 250 million to ZAR 413 million (USD 13 – 22 million) depending on the scope of the project.
- KNP’s spend on energy (electricity and diesel) was ZAR 85.5 million (USD 4.5 million) in 2022.
- Potential revenue of ZAR 50 million (USD 2.6 million) through sale of carbon credits (subject to detailed specifications of the final solution). Ownership of the potential carbon credits will need to be negotiated with the IPP. The potential income from carbon credits is not guaranteed.
- A comprehensive cost/benefit analysis is not possible because irradiation and energy yields at the various sites is not yet known and the power to be generated at each site needs to be determined. A technical adviser will be needed to support KNP with this analysis.

TARGET FUNDERS
- Development finance institutions
- Concessional funders
- IPPs in the specific market segment and their commercial banking partners

OTHER NOTEWORTHY CONSIDERATIONS
The key constraint identified by SANParks to execute on this opportunity is capacity and technical expertise to scope the project for the RFP and to evaluate the strength of the bids.

NEXT STEPS
Secure funding to appoint a transaction advisor and technical advisors to develop the investment case to obtain the relevant approvals from the Board of SANParks and National Treasury. In addition, funding will be required for technical experts and legal advice to input into the investment case. It is estimated that the total amount for technical and legal expertise will be between ZAR 3 and 5 million (USD 160K – 266K). A more detailed budget would need to be built out if there is a possibility to secure grant funding for the technical assistance.

Assist SANParks with design and execution of the project. Test the market with potential Independent Power Producers who would consider bidding for this type of contract to understand the market appetite and the types of factors required to ensure the success of the project in the market.

Support SANParks to draft a RFP document that leverages lessons learned from previous PPPs (e.g. Skukuza Airport) and ensures the community and socio-economic benefits from the transaction are appropriately considered and responded to by bidders. The scope of the RFP document would be based on a detailed technical scope of the project and the requirements of KNP.

FEASIBILITY TESTING
Market testing took place with a high-level overview of the potential opportunity presented to a range of IPPs to test the viability of the project. The RFP could be supported by a term sheet for concessionary funding to the extent this is available (as has been seen in other transactions that are subject to the PFMA e.g., the early REIPPPP Bid Windows).

There is also an opportunity to test the possibility of securing concessionary funding for community ownership or KNP shareholding which will improve the overall viability and potential socioeconomic benefits of the project.

Please refer to the Feasibility Testing section for more detail.

SCALABILITY AND REPLICABILITY
Each project will have its own specific energy needs, which will determine the type of solution and the appropriate financing mechanism for the transition to green energy.

The ability to scale lies in the ability to unlock numerous project opportunities for transitioning to green energy within the landscape. As the market is developing there are increased sources and structures of funding for renewable energy, and increasing successful case studies being implemented.
Although the concept of ‘jobs’ is widely understood and requires no specific definition, in applying a nature-positive lens and in the context of this strategy, jobs are ‘green jobs’ – jobs that contribute to preserving and restoring the natural environment.

Threats and challenges:
- Average unemployment rate of 40.8% across the Greater Kruger landscape.

Opportunities:
- Job creation at scale is crucial to socioeconomic upliftment of the landscape and unlocking much-needed resources and capacity to undertake nature-positive activities on the ground.

JOBS: A cross-cutting financing theme that can support other financing initiatives.

SCOPE FOR GREATER KRUGER
Local NGOs and businesses can create work experiences that deliver ecosystem restoration and park infrastructure upgrades. Financing will increase the capacity for nature-positive enterprise development support.

ELIGIBILITY CRITERIA
Projects that qualify for this type of financing are those that support or create green jobs directly through:
- Enterprise development (ED)
- Establishing enterprises or value-chain support infrastructure that creates trading opportunities, increases access to markets, or establishes a conducive business environment for enterprises.
- Providing support for work seekers (access to employment and work-related training).
- Capacity building to improve operational efficiencies and remove barriers to entry.

EXAMPLES OF PROJECTS THAT FIT THE BILL
- CLIMATE-SMART AGRICULTURE: Climate change mitigation and adaptation programme.
- GREATER KRUGER MEDICINAL PLANT CULTIVATION AND DISTRIBUTION PROGRAMMES: Ndindane, Mutale, Gidjana, Bevhula, etc. informed by assessments and feasibility.
- TRADITIONAL AUTHORITY AREAS: Nurseries.

Which projects in the sample list of 22 projects meet the criteria?

EXAMPLES OF MECHANISMS IN THE MARKET
These funders are all active in the landscape, but not in a co-ordinated manner.

- ProNature Enterprises – an enterprise development and value chain support vehicle (led by French Development Agency and Conservation International AFD and CI led)
- Youth Employment Service (YES) – a business-led collaboration providing 12-month quality work experience
- Social Employment Fund – part of the Presidential Employment Stimulus
- Presidential Youth Employment Initiative (PYEI) – Jobs Fund Government Technical Advisory Centre (GTAC) as fund manager, supported by Harambee accelerator and DBSA (alongside government departments).
- Groen Sebenza – SANBI-led; aimed at developing priority skills in the biodiversity sector to create sustainable job opportunities.

Threats and challenges:
- Average unemployment rate of 40.8% across the Greater Kruger landscape.

OPPORTUNITIES:
- Job creation at scale is crucial to socioeconomic upliftment of the landscape and unlocking much-needed resources and capacity to undertake nature-positive activities on the ground.

JOBS: A cross-cutting financing theme that can support other financing initiatives.

FINANCING MECHANISMS
- Grant/donor financing
- Technical assistance and supervisory financing – grant and impact financing
- Corporate sponsorships – to cover salaries, protective clothing and training costs for short term jobs (6 months – 3 years) are available through a range of Corporate and State mechanisms.

POTENTIAL FUNDER TYPES
- PRIVATE SECTOR
  - Large corporates that allocate 3,000+ jobs per year such as Absa and Nedbank.
  - Contribute mostly as partners to Jobs Fund (PYEI) or via NGO aggregators such as YES.
- PUBLIC SECTOR
  - State funds/agencies including environmental agencies such as SANBI.
CASE STUDY 9: JOBS CREATION PROGRAMME

Although there is no consolidated programme or large-scale collaboration at a landscape level to provide job-based financing, with the abundance of jobs funding available, a coordinated programme such as the one proposed here has the potential to draw in significant catalytic capital to support other landscape initiatives.

The Jobs Creation Programme proposes a landscape-level jobs alliance across the Greater Kruger that will direct and focus existing jobs funding to the Greater Kruger Landscape via various state and non-state actors. Existing jobs funders identified will allocate a set number of jobs per year to SANParks, MTPA, LEDET and a range of local NGOs and businesses to create work experiences that deliver ecosystem restoration, park infrastructure upgrades and nature-positive enterprise development support. The Presidency and large corporations and banks across South Africa make annual allocations for the number of jobs they plan to finance for that year. This mechanism will work through:

- The Presidency and the Youth Employment Services (YES): Some jobs (at least 1,000) can be focused on the Greater Kruger Landscape through the Just Transition and Biodiversity Economy focal areas.
- Political support from the SANParks Board, the Presidency and YES to ring-fence at least 5,000 jobs over five years for the Greater Kruger Landscape.
- Support from a central project management unit to co-ordinate distribution of jobs among partners and prioritise areas for labour-intensive investment through Green Halo and other grant finance.

STRUCTURAL CONSIDERATIONS

Minimum size: Minimum allocation of 100 jobs per funder per year (ZAR 5.4 million [USD 287K])
Impact indicators: 5,000 nature-positive jobs

INDICATIVE RELEVANT QUANTUMS

Amount of financing needed – ZAR 2.5 million (USD 130k) per annum (office rental, staff time, phone and photocopy costs).
Potential amount of financing this can unlock (towards investment in underlying projects): Up to ZAR 270 million (USD 14 million) over five years. 5,000 jobs (1,000 p.a.) in total over the five years, each person receives ZAR 4.5k (USD 240) per month (which covers salaries and PPE and TA (work experience) – i.e. 1,000 jobs p.a. x 12 months (12 month cycle) x ZAR 4.5k = R270 million in total raised towards financing jobs.

FEASIBILITY TESTING

This mechanism can be tested with existing jobs funders that are familiar with the landscape.
Please refer to the Feasibility Testing section for more detail.

TARGET FUNDERS

To approach during market sounding.
Points to be tested with funders
Please refer to the Feasibility Testing section for more detail.

TAX INCENTIVES

Additional tax deductions arising from learnership agreements help to offset the costs of training employees and improve the skills of the workforce. Skills Development Act 97 of 1998
See: Section 12H of the Income Tax Act 58 of 1962 (Effective from 1 October 2016)
The employment tax incentive is designed to promote job growth by making it more affordable for employers to hire young people.
See: Employment Tax Incentive Act 26 of 2013 (effective from 1 January 2014 to 28 February 2029)
PART 4
FEASIBILITY TESTING

Preliminary, high-level market testing with a select sample of funders is key to developing an implementation plan to roll out the various financing mechanisms presented in this strategy. The aim of market sounding via a series of interview sessions is to gather valuable and insightful feedback to sense-check the feasibility of the landscape-level mechanisms proposed.

MARKET SOUNDING INDICATORS

- Types of funders with a potential interest in:
  - Nature-positive investments within a landscape such as the Greater Kruger
  - The various financing themes presented in the strategy.
- Targets, objectives and mandates of funders with regard to nature and the different mechanism types.
- Degree of strategic focus funders might apply to the nature-positive themes (i.e., water, biodiversity, carbon, protected areas, green economies, green energy, jobs).
- Level of experience in and/or perceptions of nature-positive investing.
- Risk perception of funders.
- Potential level of interest to engage in further discussion about financing mechanisms.
- Types of refinements or considerations to be applied to make mechanisms more attractive to the market.
- Expected execution timeframe for such financial mechanisms.

FINANCING MECHANISMS TESTED

Market testing was carried out on the following financing mechanisms. Theme 3, Carbon finance and Theme 4, Catchment investment, were excluded from testing.

<table>
<thead>
<tr>
<th>FINANCING THEME</th>
<th>FINANCING MECHANISM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theme 1: Protected areas</td>
<td>African Conservancies Fund</td>
</tr>
<tr>
<td>Theme 2: Biodiversity</td>
<td>Wild Dogs Species Bond</td>
</tr>
<tr>
<td>Theme 5: Green economies</td>
<td>Enterprise Catalyst, CI Ventures, Greater Kruger N+ Growth Fund</td>
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<td>Theme 6: Green energy</td>
<td>Green Energy Strategy of KNP</td>
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<tr>
<td>Theme 7: Jobs</td>
<td>Jobs Creation Programme</td>
</tr>
</tbody>
</table>

EXPECTATIONS FROM THE TESTING

Quantified market appetite is difficult to determine at this stage; further due diligence processes are required.

KEY FINDINGS FROM THE INTERVIEWS

Interviewees included local and international participants from across the funder spectrum. The range of perspectives and insights captured will be used to inform implementation of the strategy. Most interviewees were enthusiastic about the mechanisms.

- **Nature-positive investing** is regarded as innovative and forward-thinking.
- **Suggestions**: Some interviewees suggested how mechanisms might be adapted and improved to address perceived risks and shortcomings and make them more attractive to the market. These suggestions should be considered when mechanisms are being refined and finalised for execution.
- **Timing, level of effort and resources**: The interviews revealed factors to consider with regard to timing of mechanisms, level of effort and resources required to further develop the mechanisms and underlying projects (to make them more fundable), and the level of sophistication and experience of the market in absorbing nature-positive as an investment concept.

For detailed market feedback on each financial mechanism and a debrief of the interviews conducted, please refer to Market Soundings (see Appendix).
PART 5
IMPLEMENTATION PLAN

The implementation plan proposed in this strategy is based on information available at the time of writing. It is expected that the plan will change over time due to the dynamic nature of the various parameters driving decision-making and prioritisation, as explained below.

The implementation plan reflects a five-year horizon, not only for purposes of illustration but also because visibility is limited beyond this. The various dynamic factors will be more predictable once key kick-off implementation work commences in Year 1 and the plan can be adjusted accordingly.

This chapter includes:
- A decision-making matrix that can be used by strategy decision-makers to priority rank and phase out implementation of mechanisms.
- A Gantt chart indicating suggested timelines and phasing of both mechanisms as well as broader strategy implementation considerations.
- Suggestions of requirements to facilitate implementation.

5.1 DECISION-MAKING MATRIX

Figure 5.1 provides a snapshot of a matrix that can be used to assess and score the various mechanisms based upon a set of parameters (‘assessment factors’) that reflect key decision-making considerations. These include:
- Nature-positive impact potential: Natural capital impact and socioeconomic impact.
- Capacity to attract funders: Degree of complexity, costs involved and market feedback. This includes capacity to attract funders with a more commercial-base, e.g., financial risk/return and potential for revenue-generation.
- Level of effort required for development: Degree of complexity, costs involved and estimated timing for execution.
- Ability to crowd in potential further funding: Scalability and replicability.
- Likelihood of successful execution: Market feedback and estimated timing for execution.

Because some factors are arguably more important than others in terms of level of priority for the roll-out of the strategy, the matrix can also be used to assign a relative ‘weighting’ to the various factors (i.e., the more important a factor is deemed to be, the higher the weighting).

The example in Figure 5.1 assigns weights to factors based on two priority criteria: application of a nature-positive lens, and ability to reach landscape-level coverage. Financial risk and financial return are assigned lower weightings because they are more applicable to commercial-based mechanisms (which initially will exclude the majority of mechanisms). The remaining factors are equally weighted. Weightings can be re-assigned as the plan is rolled out and as the relative importance of factors becomes clearer.

The final components of the matrix are presented in ‘Guidelines for Scoring’ (Figure 5.2), which assists with assigning a score out of 5 to each factor and computing a ‘Total Score’. This can be used for comparison and when considering rankings for the priority phasing out of mechanisms under the implementation plan.

![Table 5.1](image)

**Table 5.1** Matrix table in unpopulated form, with illustrative examples of how to approach scoring

![Table 5.2](image)

**Table 5.2** Guidelines for scoring
Applying the matrix

Figure 5.3 illustrates how the mechanisms highlighted in this report can be scored and how these scores can be used to derive priority rankings.16

<table>
<thead>
<tr>
<th>UMBRELLA FINANCING MECHANISM</th>
<th>AFRICAN CONSERVANCIES FUND</th>
<th>SPECIES OUTCOMES BOND</th>
<th>N/A</th>
<th>K2C CIP</th>
<th>ENTERPRISE CATALYST</th>
<th>CI VENTURES</th>
<th>GREATER KRUGER N+ FUND</th>
<th>KNP GREEN ENERGY STRATEGY</th>
<th>JOBS CREATING PROGRAMME</th>
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</thead>
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<tr>
<td>FINANCING MECHANISM主题</td>
<td>Protected Area Financing</td>
<td>Biodiversity Financing</td>
<td>Carbon Financing</td>
<td>Catchment Investment Programme</td>
<td>Green Economies</td>
<td>Financing Green Initiatives</td>
<td>Jobs Financing</td>
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<td></td>
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<td>PRIORITY RANKING (BASED ON DECISION-MATRIX SCORE)</td>
<td>Weighting</td>
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<td>Natural capital impact</td>
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<td>Socio-economic impact</td>
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<td>4</td>
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<td>Financial risk</td>
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<td>3</td>
<td>–</td>
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<td>1</td>
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<tr>
<td>Financial return</td>
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<td>–</td>
<td>3</td>
<td>–</td>
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<td>Potential for revenue-generation</td>
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<td>Scalability and replicability</td>
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<td>Estimated timing for execution</td>
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<td>–</td>
<td>2</td>
<td>4</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>–</td>
</tr>
<tr>
<td>Total score</td>
<td>100.00%</td>
<td>37</td>
<td>31</td>
<td>29</td>
<td>33</td>
<td>34</td>
<td>40</td>
<td>31</td>
<td>35</td>
</tr>
</tbody>
</table>

FIGURE 5.3 Populated matrix (suggestion)

5.2 GANTT CHART

How the phased implementation could work

The following factors are considered for phased implementation:

- **Year 1**: Set up appropriate institutional arrangements (e.g., steering committee/governing body, technical teams/project management unit), source catalytic capital, deal development and structuring of mechanisms.
- **Launch of mechanisms** is staggered across years (one at a time) and rolled out according to the respective ranking assigned. Although it is possible to develop more than one mechanism simultaneously this is very much contingent on the institutional arrangement agreed upon, allocation of resource capacity and how the development of each mechanism progresses.
- **Budget** includes costs expected to be incurred by the strategy implementers.

5.3 WHAT IS NEEDED TO IMPLEMENT THE FINANCING STRATEGY EFFECTIVELY?

- **Endorsement for the strategy paper** – DFFE, LEDET, MTPA, Joint Management Committee: GLTFCA.
- **Public awareness and participation** – broader dissemination of the paper.
- **Ongoing support** and ownership of the strategy:
  - Technical: e.g., establish a project management unit (PMU) to drive the action plan.
  - Supervisory/governance: e.g., establish a steering committee and assistance to mobilise resources.
- **Catalytic capital to be raised**.

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16 CI Ventures is ranked 4th based on the assumption that it is contingent on pipeline feeding in from the launch of the Enterprise Catalyst
17 In this illustrative example, the market feedback factor was left blank because within the scope of this strategy work market sounding was not conducted. Decision-makers may wish to amend this to incorporate market feedback conducted outside of this paper (e.g., as part of Business Case launch)
PART 6
CONCLUSION

The diverse ways in which land in the Greater Kruger landscape is used is part of what makes it remarkable. Land use ranges from protected areas to densely populated small towns to mining activities and farms. When this mix is combined with a complex spectrum of land owners – state-owned and private, tribal authorities, commercial farm owners, mine owners and an increasing number of high-end housing estates – the challenges and opportunities that arise are just as unique. The bespoke solutions presented in this strategy are specific to the needs of the landscape and its stakeholders.

Another dimension of the financial mechanisms presented in the strategy is that they can be replicated in other landscapes using ‘stacking’ options – combining financing mechanisms in a singular parcel of land (or project area) to achieve more effective outcomes and cost efficiencies. The lessons from the work completed on the strategy for Greater Kruger can also be applied universally.

6.1 FOUR KEY LESSONS

There is no one-size-fits-all solution. Although an umbrella vehicle or singular landscape-wide mechanism would be an ideal scenario, early-stage due diligence revealed challenges with this approach, such as the lack of a credible and experienced agent to manage such a large vehicle, and the needs, players and complexities specific to each project.

Nature-positive investing is gaining popularity. The feasibility testing revealed that nature-positivity is gaining popularity among the global investment community and is regarded as an innovative and forward-looking approach.

There is potential for scalability and replicability in other landscapes. Although the projects that need finance and the quantum of finance required to address the finance gap vary significantly from landscape to landscape, the overall approach of the strategy is a useful starting point for any landscape seeking to attract additional investment into nature-positive activities that can secure ecological integrity and human well-being at scale.

Collaboration is essential. Working together will go a long way towards bridging the gap between finance and on-the-ground implementation. A collaborative approach:

• Furthers a common understanding of key financial and impact concepts in private, public and civil society.
• Addresses challenges in developing fundable pipeline opportunities, such as data integrity, constrained due diligence processes and biased risk perceptions.
• Improves access to resources, such as catalytic capital and technical advisors, for ground-level implementation partners.
7.1 GKSDP META ANALYSIS

The GKSDP Meta Analysis is applied by landscape managers in target setting and ensures that national, provincial, district and municipal policies are checked in relation to the GKSDP. The outcomes and deliverables for the Strategic Objectives in the GKSDP can be summarised using the GKSDP dashboard from GKSDP database.

7.2 MONITORING AND EVALUATION (M&E)

The outcomes of the GKSDP are critical to funder interest and need to be measured in relation to implementation of the nature-positive activities highlighted in the financing strategy. Outcomes have thus been expanded to include additional nature-positive parameters (see Nature-positive Assessment on page 86 of the Appendix).

Although the data collected by GKSDP implementers and partners in 2019 and 2020 are a valuable resource for developing the financing strategy, they have not been updated and are often incomplete. Data collection (to keep the meta database current) and M&E are critical to maintenance of projects in the landscape.

The M&E framework suggested here combines the GKSDP database structure with the Management Effectiveness Tracking Tool (METT-4) scoring framework in MS Excel. METT-4 offers online support, and is the most widely used protected area assessment system. With minor adjustments to the METT-4 framework, the GKSDP M&E framework can be used to score any project, implementation or nature-positive activity, both inside and beyond protected areas. The project overview page also forms part of the framework for ongoing live gathering of information for the GKSDP Meta Analysis, from GKSDP project contributors.

It is recommended that Greater Kruger Landscape implementation partners seeking to unlock finance through the proposed financing strategy complete the project overview page which has user-friendly guidelines and drop-down lists for clear and accurate information gathering that can be checked by the financing strategy implementer for the following attributes:

- Identified Cooperative Zone of GKSDP
- Nature-positive assessment
- Alignment of implementation plan to GKSDP strategic objectives
- Alignment of deliverables and outcomes with the GKSDP
- Financial requirements
- Financial structures and themes best suited to implementation
- Risks

![FIGURE 7.1] GKSDP dashboard from meta-analysis data
7.3 PROJECT SCOPING AND SCREENING

STEP 1: Synthesisation of projects

A list of 155 projects provided by SANParks was reviewed as part of the due diligence process to unpack and assess ground-level activities. The list was sourced from key implementing partners (NGOs, public sector, and private reserves) in Greater Kruger and based on a set of activities grouped by implementing partner project (e.g., GEF-7), and further categorised according to Strategic Objective and Anchor Programme under the GKSDP. Before the projects were analysed, the list was synthesised down to a more manageable list of 41 projects.

Synthesisation process applied (most projects fall into categories 1, 2 or 5):

1. Duplication: After reviewing for overlap duplicate projects were deleted. Duplication was mostly due to the same project being listed under several anchor programmes, often because many implementing partners contributed to the list.
2. Aggregation: Many projects were part of a broader project run by a single implementer or lead partner in the landscape. Because funding is usually raised at broader project level, projects that were part of the same broader project were combined.
3. Insufficient details: Some projects were deleted because there was not enough information to justify further analysis of the project.
4. Outdated: Projects that had matured were deleted (based on confirmation by SANParks).
5. Grant finance eligibility only: Projects that did not qualify for longer-term, sustainable sources of financing given their nature (e.g., skills/education, and anchor programmes falling under supporting Strategic Objectives 4, 5 and 6 of the GKSDP) were excluded. These are, however, eligible for donor- and grant-based funding are mapped as such.

Observations on data integrity

The project list was last updated about three years ago. Some projects on the list were either already completed or had since stopped due to limited funding.

Fragmented data. Data was provided at anchor programme level, auxiliary programme level or project level. Little data on individual activities was available and mappings were adapted for project level rather than activity level. Data at project or programme level were, however, still not detailed enough in description or in terms of providing the necessary inputs to complete the predetermined parameters of the mapping tool.

Most project contributors were all from the public sector or civil society. Private-sector opportunities may be insufficiently captured as a result.

Key takeaways from the process

- The list was narrowed down to 41 projects using the data available. There was not enough data to fully populate the database tool. Most input parameters are left blank since data collection is outside the scope of the strategy determination.
- Existing funders and financing mechanisms. Due diligence of projects confirmed that most landscape funding is via short-term (<3 years) grants, donations or government allocations and subject to constant roll-offs, which validates the need for longer-term, sustainable financing.

STEP 2: Mapping

Data on underlying projects are collected and analysed using a basic database tool to map activities to potential sources of funding and assess and develop the most feasible and fundable financing mechanisms. The database tool assesses ground-level activities in the landscape and suggests how they can be mapped to financing flows. Specific parameters (reflected by the various columns) are not only used as guidelines for gathering inputs, but also reflect key criteria to be used when prioritising and determining eligibility of activities for fundability. The intention is to help project implementers gauge which data inputs and criteria their projects need to satisfy to achieve fundable status and eligibility for unlocking sources of sustainable financing.

Parameters are broadly categorised according to:

- Terms of financing needed (such as size, tenor, use of proceeds)
- Geographical considerations (both administrative and conservation-based)
- Nature-positive considerations (both natural capital impact and socio-economic impact)
- Global impact indicators (such as UN SDGs)
- Summary financials (for example for conducting high-level cash flow analysis)
- Legal and risk considerations

The need for a more advanced and consistent database tool to be rolled out and managed within the landscape was identified as part of this step.

STEP 3: A nature-positive lens

To derive a strategy that landscape managers can use to support and enhance their efforts in the long term, projects (and the respective financial mechanism recommended to finance them) are assessed according to a set of parameters that establishes how nature-positive they are. Specifically:

- Natural capital and socioeconomic considerations. Nature-positivity ‘advance[s] natural capital (over time) of the whole landscape and respect(s) the carrying capacity of the ecosystem and habitats within it … (and) should also aim to generate jobs and livelihoods’. Project assessments consider both natural capital impact and socioeconomic impact and assign an aggregated qualitative categorisation.
- The assessment uses a range of parameters to ensure that potential negative impacts of a project or effecting a financial mechanism are captured.

When mapped to the GKSDP strategic objectives, the projects most suitable for shortlisting were those categorised under Strategic Objective 1 (SO1) – Secure the natural capital base – and Strategic Objective 2 (SO2) – Socioeconomic transformation and job creation.

FIGURE 7.2 How nature-positive activities map to the GKSDP

18 Only high-level qualitative assessments were conducted. There was not enough detail available on each project.
19 Definition of nature-positive (see glossary).
TNFD and SBTN considerations

The Taskforce on Nature-related Financial Disclosures (TNFD) and Science Based Targets Network (SBTN) frameworks can aid in determining how best to incorporate them into the nature-positive assessment (and more broadly, the M&E framework for the landscape). The causes of loss of nature and positive activities (as presented both in Figure 7.3) are factored into the Database Tool.

The challenge, however, is that both the TNFD and SBTN are global frameworks designed for corporates/businesses whereas this strategy looks at assessing the decision-making of a diverse range of players across the landscape. Furthermore, the assessment tools presented in global frameworks require detailed data which are difficult to obtain for projects and activities in this landscape. SBTN (e.g., Sectoral Materiality Tool) and TNFD materiality assessment concepts were used to develop the qualitative assessment approach.

**FIGURE 7.3** Loss of nature and nature-positive activities as framed by SBTN and TNFD

**STEP 4: Shortlisted projects**

From the 41 projects synthesised, a sample project list of 22 projects was short-listed after applying the mapping exercise and nature-positive assessment and accounting for data availability on these projects. Please refer to the list of 22 Sample Projects list on the following page.
7.5 POTENTIAL BIODIVERSITY FINANCING INSTRUMENTS

7.5.1 Capital investments (once-off/short term)

Regulatory biodiversity offsets

Biodiversity offsets are used to comply with legislation to avoid loss of biodiversity when developing new projects. Offset requirements are generated by environmental impact assessments (EIAs); a draft Biodiversity Offset Guideline was published on 25 March 2022 in terms of Section 24J of the National Environmental Management Act (NEMA). A mitigation hierarchy (avoid, reduce, restore/rehabilitate, offset) is applied for new developments whereby the developer only pays to offset unavoidable biodiversity impacts that are not fatal flaws.

<table>
<thead>
<tr>
<th>ADVANTAGES</th>
<th>DISADVANTAGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>A source of funding for securing biodiversity that may be significant</td>
<td>• Poor management or inappropriate implementation can result in a net loss of nature.</td>
</tr>
<tr>
<td>• Fragmentation of offset sites across the landscape</td>
<td>• The like-for-like principle limits potential offset sites to those in the same landscape/ecosystem type and hampers funding flows from outside the landscape</td>
</tr>
<tr>
<td>• The type and amount of compensation required is calculated according to a standardised formula</td>
<td>• Risk of being accused of greenwashing</td>
</tr>
</tbody>
</table>

Target-based ecological compensation

For strategic developments where no suitable offset has been identified, a target-based ecological compensation may be appropriate. Funds are allocated towards achieving broad biodiversity targets to achieve desirable outcomes for stakeholders and biodiversity.

<table>
<thead>
<tr>
<th>ADVANTAGES</th>
<th>DISADVANTAGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Aligns outcomes of actions with overarching conservation objectives</td>
<td>• Articulation of conservation targets may create an incentive to ‘set the bar low’</td>
</tr>
<tr>
<td>• Conservation outcome targets are clearly defined</td>
<td>• Requires an estimate of the difference between the target state and current state of impacted biodiversity features</td>
</tr>
<tr>
<td>• The type and amount of compensation required is calculated according to a standardised formula</td>
<td>• A relatively new concept</td>
</tr>
</tbody>
</table>

Debt-for-nature swaps

Debt-for-nature swaps are financial transactions in which a portion of a developing nation’s foreign debt is forgiven in exchange for local investments in environmental conservation measures. In a three-party debt-for-nature swap, a country’s foreign currency debt is bought in the secondary markets (by a third party) then cancelled by that country. In exchange, the country agrees to either enact certain environmental policies or endow a government bond in the name of a conservation organisation. Bilateral debt-for-nature (or multilateral) swaps take place between two (or more) governments. The creditor country forgives a portion of the public bilateral debt of a debtor nation in exchange for environmental commitments from that country.

<table>
<thead>
<tr>
<th>ADVANTAGES</th>
<th>DISADVANTAGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>• May be a source of large scale funding towards conservation goals in developing countries</td>
<td>• Allocation of funding is politically loaded</td>
</tr>
<tr>
<td>• Willingness of National Treasury to restructure debt</td>
<td></td>
</tr>
</tbody>
</table>

7.5.2 Options to monetise biodiversity

Donations

A donation is a free and unrestricted contribution towards a cause usually paid in cash upfront (sometimes made as a pledge or paid in kind).

<table>
<thead>
<tr>
<th>ADVANTAGES</th>
<th>DISADVANTAGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Upfront payment</td>
<td>• Lack of trust may make fundraising difficult</td>
</tr>
<tr>
<td>• Low cost of verification</td>
<td></td>
</tr>
</tbody>
</table>

Grants

A grant is a contribution for a specific purpose with specific terms and conditions. Usually paid upfront or as a series of payments over time.

<table>
<thead>
<tr>
<th>ADVANTAGES</th>
<th>DISADVANTAGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Upfront payment</td>
<td>• Restrictions on where money can be spent.</td>
</tr>
<tr>
<td>• Low cost of verification</td>
<td>• Hard to build up reserves</td>
</tr>
<tr>
<td></td>
<td>• Short funding cycles</td>
</tr>
</tbody>
</table>

Biodiversity payment for ecosystem services (PES)

In a PES scheme the beneficiary or user of an ecosystem service pays for the service. For biodiversity these can range from conservation levies being paid on entrance to a park to levies applied to agricultural produce coming out of a landscape.

<table>
<thead>
<tr>
<th>ADVANTAGES</th>
<th>DISADVANTAGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>• When beneficiaries pay for services they are likely to value nature more</td>
<td>• Difficulty in getting beneficiaries to pay for services</td>
</tr>
<tr>
<td></td>
<td>• Complexity in collecting levies</td>
</tr>
</tbody>
</table>

7.5.3 Voluntary Biodiversity Credits (VBC)

Tokens/NFTs: distributed ledger technology (DLT), and block chain

Non-fungible tokens (NFTs) are assets tokenised via a blockchain. They can be bought and sold online and used to raise funds for various causes. A wide range of NFTs are used to raise funds for nature such as digital birds used to raise funds for endangered magpies in Seychelles as ValueNature’s biodiversity credit tokens based on a metric to assess the status of biodiversity and its conservation value.

<table>
<thead>
<tr>
<th>ADVANTAGES</th>
<th>DISADVANTAGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Immutable records</td>
<td>• Wide range - some lack credibility</td>
</tr>
<tr>
<td>• Ease of money exchange</td>
<td>• Internet scams</td>
</tr>
<tr>
<td>• Attractive to offshore funders</td>
<td>• Lack of trust in new technologies</td>
</tr>
<tr>
<td></td>
<td>• Most NFTs settle using the digital currency Ethereum which had a bad reputation for using significant amounts of energy to process these transactions (however it has moved to a new settlement platform that has significantly reduced its carbon footprint)</td>
</tr>
</tbody>
</table>

Biodiversity certificates

Certificates can be issued to verify, for example, the biodiversity value of a site and/or activities performed and costs to secure a site but do not attempt to unitise biodiversity values.

<table>
<thead>
<tr>
<th>ADVANTAGES</th>
<th>DISADVANTAGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Confidence that money has been appropriately spent or activities have been performed or the site has high biodiversity value</td>
<td>• Cost of verification</td>
</tr>
<tr>
<td></td>
<td>• Market uncertainty</td>
</tr>
</tbody>
</table>

Voluntary biodiversity credit units

Quantifiable, tradeable units representing a biodiversity conservation and/or enhancement claim used to mobilise financing flows towards biodiversity custodians and based on scientific methodology.

<table>
<thead>
<tr>
<th>ADVANTAGES</th>
<th>DISADVANTAGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Standardised units may be easier to trade</td>
<td>• Quantifying biodiversity ‘units’ is complex.</td>
</tr>
<tr>
<td>• They provide a level of confidence to buyers that impact has been achieved</td>
<td>• Poor understanding of impact of biodiversity on ESG scores (but improving with TNFD) may limit the market</td>
</tr>
<tr>
<td></td>
<td>• Complexity with measurement, and monitoring and evaluations</td>
</tr>
<tr>
<td></td>
<td>• Long lead times before credits are ascertained and available to be sold to raise financing</td>
</tr>
<tr>
<td></td>
<td>• High costs of establishing a scheme</td>
</tr>
</tbody>
</table>
7.6 MARKET SOUNDING

The Africa Conservation and Communities Tourism Fund (ACCT) was interviewed on a broad basis, and the following feedback was noted in respect of the Greater Kruger and ACF in particular:

- Interest in pipeline sharing and collaboration on ACCT/ ACF/ Greater Kruger
- Alignment and complementarity acknowledged between ACF and ACCT, though ACF is more earlier stage
- South Africa is on the radar and expected to be pursued, with interest in conservancy models around the park as in the case of Greater Kruger

### 7.6.1 AFRICAN CONSERVANCIES FUND

**Funders sounded**

ACF looks at senior and subordinated debt, fixed term and revenue-based financing. A range of funder types (guarantors, donors, non-profits, corporate and development finance institutions) were interviewed, namely: African Guarantee Fund; Ahuens AG; British International Investment; Calvert Impact Capital; Global Environment Facility; Hempel Foundation; KfW Development Bank; Netflix; Swedish International Development Cooperation Agency; US Agency for International Development; Africa Team; US DFC; Fund Team; and, US DFC, Guarantee Team.

**Objectives, targets, and investment mandate of funders**

All funders have similar objectives, targets and mandates – investments that will bring deep impact to biodiversity. Funders mentioned that many funds do not make an effort to track biodiversity metrics. They believe that with CI involved funding will reach and benefit local communities. Overall, funders believe in the future of biodiversity investment.

**Funder’s strategy regarding the field that apply to this mechanism (e.g., water, biodiversity, enterprises)**

- AGF – climate change adaptation
  - Ahuens – exploring different carbon projects
  - BII – targets unproven markets and strategies
  - CIC – conservancies and SMEs
  - GEF – deliver environmental benefits
  - Hempel foundation – African sustainable plantation funds
  - KfW – biodiversity-related projects
  - Netflix – exclusively in carbon
  - SIDA – products that make biodiversity contributions (conservancies)
  - USAID Africa – enterprise-driven solutions to increase trade and investment and contribute to job creation
  - US DFC Fund Team – water conservation
  - US DFC Guarantee Team – biodiversity and conservation

**Funder’s experience and/or perceptions of investing in nature/natural landscape**

Some funders mentioned that they had more experience working with carbon when it comes to nature landscapes. Perceptions of investing in a nature landscape include that there is a huge demand for investing but no suitable products and that funds claim to have climate impact with no science and data to prove it. Funders believe there is a need to protect and strengthen protected areas and with the right fund and management it can be a success.

**Perceived risks funder associated with this mechanism**

Funders were concerned about the risk profile of conservancy loans being unknown, execution risks, and how the fund would manage the currency risk.

**Ways to address or mitigate risks**

Mitigation: Provide better descriptions of the risk profile through the due diligence process. CI, its local partners and community ties will make sure a technical assistance facility is available to mitigate the execution risk. When choosing a fund manager their ability to manage currency risk will be the key focus.

**What is their (or client’s) appetite for the mechanism (quantify range where possible in USD), over time?**

Funders provided positive feedback and enthusiasm to invest.

**Based on the funder feedback, how long would it take to execute such a mechanism?**

The overall range is 6 months to 2 years

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### 7.6.2 WILD DOGS BOND

**Funders sounded**

Asset managers (4)

**Objectives, targets, and investment mandate of funders**

- Variety of mandates
  - Bonds would fit best with cash plus other mandates
  - One asset manager noted that although they have a sustainability overlay to their funds, they cannot receive lower than market returns even for a sustainable/impact cause.

**Funder’s strategy regarding the relevant field(s) that applies to this mechanism (e.g., water, biodiversity, enterprises)**

- Believe investing in biodiversity is important and needs to be developed.
- Response was positive and funders were excited about the innovation and the possibility of the structure.
- Funders are looking for innovative products and increasingly interested in structures with a financial and impact return.
- Global asset manager has experience in investing in green bonds and sustainable bonds but only those with market returns. Not prepared to take risk of the intervention failing.

**Funder’s experience and/or perceptions of investing in nature/natural landscape**

- No experience in investing in Nature Bonds
- Experience in Green and Sustainable Bonds

**Perceived risks funder associated with this mechanism**

If implementation is not successful returns will be lower than market.

**Ways to address or mitigate risks**

Mitigation: To address specific funder concerns, various features can potentially be incorporated and risk mitigation tools applied when structuring the bond.

If a “No” on appetite, what would it take for the funder to make the investment

Mechanism could work if returns were increased using carbon or biodiversity credits.

**General thoughts from the funder regarding the mechanism, not otherwise captured in the above?**

Asset manager identified water as a key area of interest and one where there may be a partnership between the asset manager and their CSI team to enable the solutions, e.g., CSI funding is used as the outcomes-based funding in the model

- Experience in Green and Sustainable Bonds
- No experience in investing in Nature Bonds
- Global asset manager has experience in investing in green bonds and sustainable

**Recommended refinements/changes to make the mechanism more executable**

Funders/asset managers would like to see the on-bill financing (OBF) taking a degree of risk on the project failing – as in the current structure the donors or initial funders take all the risk if the project does not meet it intended targets. Supplement returns with carbon or biodiversity credits.

**Based on the funder feedback, how long would it take to execute such a mechanism?**

Credit committee and other internal approval would play a key role in determining the time it would take to execute or invest in the mechanism.
**7.6.3 ENTERPRISE DEVELOPMENT CATALYST**

**Funders sounded**
Broader consultation about SMME Development catalyst players in the Greater Kruger, including government, private sector and civil society actors active in this field.

**Objectives, targets, and investment mandate of funders**
SMME development (granting, incubation, technical assistance) with a sector (tourism, rural development and natural resource management) and spatial (Greater Kruger) focus.

**Funder’s strategy regarding the relevant field(s) that applies to this mechanism (e.g. water, biodiversity, enterprises)**
The ED catalyst aims to build a healthy pipeline of nature-positive enterprises for existing ED funds by addressing incubation level, pre-investment CapEx and OpEx grant funding needs for SMMEs in existing private sector supply chain aggregators. Examples of aggregators are:

- **Tourvest**: Tourvest Destination Management (TDM) provides financial, mentoring and skills development to SMMEs in the tourism sector.
- **Bidvest**: Enterprise and Supplier Development (ESD) programme that supports small businesses in various sectors, including tourism. Support is financial and non-financial assistance to emerging enterprises, creating sustainable employment opportunities, and encouraging entrepreneurship.
- **Sanlam Enterprise and Supplier Development programme**: focuses on providing grants, mentoring, and training to qualifying businesses and entrepreneurs that meet certain criteria. The programme aims to build sustainable enterprises, promote job creation and grow supplier diversity.

**Funder’s experience and/or perceptions of investing in nature/natural landscape**

- **Tourvest Destination Management**: has a positive perception of investing in nature for tourism purposes. The company recognises nature-based tourism as a key product offering. Tourvest’s strategy for nature-based tourism is to provide authentic, immersive experiences that showcase the natural beauty and unique features of a destination.
- **Bidvest**: has a positive view of investing in nature and natural landscapes, recognising the value they hold for tourism and the impact conservation efforts can have on the environment and communities.
- **Sanlam**: perceives investing in nature and natural landscapes as an opportunity to positively impact both the environment and the communities it operates in while pursuing sustainable investments in ESG factors.

**Perceived risks funder associated with this mechanism**

- **Normal risks such as financial risk (losses), regulatory non-compliance, low participation by enterprises, product and market failures and weak enterprise management by business owner and staff.**

**Ways to address or mitigate risks**

- **Proper due diligence of participating enterprises and selection of enterprises responding to a market need.**
- **Suitable off-take agreements that are within the scope of the SMMEs to meet.**

**What is the (or client's) appetite for the investment window (range where possible in USD), over time**

SMME aggregators are implementing various programmes in the Greater Kruger. Although individual funds are not interested in aggregating their funds into a single mechanism, all funds would benefit from improved co-ordination in developing a pipeline of SMMEs and a pipeline of off-take agreements. The primary opportunities for aggregation relate to improving the process of pre-selecting investment ready SMMEs and linking them to existing supply chain opportunities.

**General thoughts from the investor about the mechanism, not otherwise captured in the above**
SMME investment is a hot topic in South Africa and there are significant funds available to support business development. However, a shortage of qualified mentors in remote locations, as well as high barriers to market entry created by state-owned procurement systems and the high quality of products required by the private sector make it difficult to be successful without dedicated local knowledge and local implementation support.

A dedicated landscape Enterprise Development Unit able to pre-select and pre-approve SMMEs in line with real-time market opportunities would make it easier for SMME Funds to invest. Access to reliable banking services, telecommunications and professional behaviour are obstacles to SMME funds wishing to invest in rural areas.

**Based on the funder feedback, how long would it take to execute such a mechanism?**
Since investors are already active in the Greater Kruger, proper planning lead times would help to ensure investor can start to implement as soon as needed.

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**7.6.4 CI VENTURES GK WINDOW**

**Funders sounded**
- Multiple development arms of European development finance institutions (DFIs)
- Multiple European and US-based foundations.
- GEF/GCF grant funding windows

**Objectives, targets, and investment mandate of funders**
DFIs: Overwhelming interest in growth of SMMEs, job creation, and increased incomes. Some DFIs (France, UK, Germany) are more forward thinking and interested in biodiversity and carbon impacts, but potential grant funding needs to fit within pre-defined development programmes – little opportunity for pro-active development of new programmes, which are centrally led and developed

**Funder’s strategy regarding the relevant field(s) that applies to this mechanism (e.g. water, biodiversity, enterprises)**

- **CI Ventures** will target green Enterprise Development
- **DFIs**: Green ED is core to the goals of DFIs, alongside ambitions around biodiversity, reducing deforestation, rangeland restoration and creating new wealth.
- **Foundations**: For some, largely in line with DFI approach where green ED is important in and of itself, and the ‘green’ angle is a nice upside. For others, more environmentally focused foundations, green ED is viewed as a pathway for creating environmental impact – so equal weighting is likely given to both environmental and economic outcomes.
- **GEF/GCF**: Largely in line with DFI approach where both environmental and economic/social outcomes are equally weighted.

**Funder’s experience and/or perceptions of investing in nature/natural landscape**

- **DFIs**: Have been granting many millions to nature for a number of years out of their development programme arms, and are sophisticated and comfortable with this space. Out of their investment arms they have made almost zero investment in nature – some DFIs have experience in forestry or agriculture – but nature as an investment theme is new to them (but relatively old as a grant-making theme).
- **Foundations**: We undertook market testing with 2 main types of foundation: those interested in nature/environment, and those interested in economic development. There is an overlap between the two. Foundations interested in ED are increasingly interested in green growth/jobs, and those interested in nature are increasingly interested in SMMEs and green growth as a pathway for nature conservation. We have spoken with corporate foundations, and they are generally focused on themes that impact their business (Coca Cola – interested in water and plastics for example).
- **GEF/GCF**: These bodies were created to invest and grant in this space and thus very comfortable with supporting both nature and green ED.

**Perceived risks funder associates with this mechanism**

- **CFIs**: This strategy perceived risks are quite consistent across the different funder types, and that is the ability to find sufficiently sophisticated, scalable, profitable businesses capable of absorbing investment capital, and that are having a direct impact in and on the Greater Kruger landscape.

**Ways to address or mitigate risks**

- **Mentorship**: proposing a series of different vehicles capable of supporting businesses through the life cycle from incubation through to investment, as well as by identifying potential investees that aren’t necessarily based in the landscape but have a direct or indirect impact on it.
## 7.6.4 CI VENTURES GK WINDOW

| What is their (or client’s) appetite for the mechanism (quantify range where possible in USD), over time? | DFI: USD 1-10 million  
Foundations/HNWIs: USD 500k – USD 2M  
GEF/GCF: USD 2-25M |
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>If a “No” on appetite, what would it take for the funder to make the investment?</td>
<td>n/a</td>
</tr>
<tr>
<td>General thoughts from the funder regarding the mechanism, not otherwise captured in the above?</td>
<td>n/a</td>
</tr>
<tr>
<td>Recommended refinements/changes to make the mechanism more executable</td>
<td>n/a</td>
</tr>
<tr>
<td>Based on the funder feedback, how long would it take to execute such a mechanism?</td>
<td>Up to 2 years given timelines for DFI and GEF/GCF approval of capital</td>
</tr>
</tbody>
</table>

## 7.6.5 GROWTH FUND

This fund is in the concept development stage and a full set of comprehensive interviewee responses was thus not possible. Initial high-level inputs from potential funders such as BII, FMO, Norfund, IFU, and FinnFund were collated and can be summarised as follows:

- Biodiversity and nature are relatively new investment topics that compete with rival trends for ever bigger commercial deals. However, the focus on climate is bringing these topics to the fore.
- There are DFIs with concessional windows where some of this mandate could be more applicable.
- Blending and risk mitigation would help.
- Few (if any) of the funders have dedicated fund allocations for this sub-sector as yet.
- Landscape approaches are still broadly viewed as possibly limiting deal flow for commercially viable deals.
- Overall, funders displayed an interest in the space.

## 7.6.6 GREEN ENERGY STRATEGY OF KNP

| Funders sounded | Three potential independent private power producers (IPPs) in this market segment were approached to test viability of the project and to gain additional insight into the proposed transaction. The companies selected had to have the following:  
- Track-record in private power agreements (PPAs)  
- Capability to install and manage multiple sites of embedded generation  
- Experience in projects with TSWM and above  
- Working knowledge of the Public Finance Management Act (PFMA) and the Eskom Cost Estimate Letter/Budget Quote process |
<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Objectives, targets, and investment mandate of funders</td>
<td>Due to the nature of the specific opportunity the funders are companies which have the technical capability and track-record to deploy approximately TSWM Grid-Tied Solar PV to multiple sites and manage the sites under a Private Power Agreement</td>
</tr>
<tr>
<td>Funder’s strategy regarding the relevant field(s) that applies to this mechanism (e.g. water, biodiversity, enterprises)</td>
<td>All the IPPs approached have the capability to develop the project and enter into a PPA with the KNP. The mechanism is an established one in the market</td>
</tr>
<tr>
<td>Funder’s experience and/or perceptions of investing in nature/natural landscape</td>
<td>The IPPs have experience in installing and managing medium- to large-scale rooftop and ground-mounted solar photovoltaic (PV) projects for a variety of clients. The experience is not specific to the natural landscape, but it is a capability that can be executed in a natural landscape</td>
</tr>
<tr>
<td>Perceived risks funder associates with this mechanism and ways to address or mitigate risks</td>
<td>Specific to the opportunity: The greatest risk identified, for SANParks, is in the feasibility and scoping phase of the project. If there are errors in the feasibility and scoping of the project, it will jeopardise the success of the entire project as the bids and proposed solutions will be based on incorrect information. It was highlighted that SANParks would need to invest in the relevant technical expertise to develop the scope for the RFP. One IPP recommended that KNP should invest in collecting data on usage now, by installing meters that can collect data at 30-minute intervals at each of the camps. The data would be critical in the development of the scope. Selection of EPC is critical because companies who specialise in ground-mounted systems (and at this scale) are different from those who specialise in roof-mounted systems. Risk can be mitigated by ensuring the correct technical expertise is included in the scoping and evaluation of the RFP. It is a bespoke, complex system but will require specific expertise to execute successfully.</td>
</tr>
<tr>
<td>Contextual risks</td>
<td>In SA there is a shortage of skills in the renewable energy sector to execute this specific type of project and a limited number of people with the right experience and expertise in the industry. General engineering skills exist but limited skills related directly to renewable energy projects.</td>
</tr>
<tr>
<td>Community benefit and buy-in</td>
<td>was highlighted as critical especially because KNP opts for a centralised solar plant outside the border of KNP. Providing lower cost, reliable power to surrounding communities is a strong mitigant, and it was recommended that SANParks increase its knowledge of the potential opportunities relating to this associated with SANParks’ distribution licence.</td>
</tr>
<tr>
<td>What is their (or client’s) appetite for the mechanism (quantify range where possible in USD), over time?</td>
<td>All the IPPs interviewed expressed interest in the opportunity and if they were able to secure the necessary finance would put in a bid if there was an open RFP issued by SANParks.</td>
</tr>
<tr>
<td>The IPPs all believed that it would be valuable to participate in this type of opportunity which has a broader positive impact for South Africa and would make a contribution to the preservation of the Kruger National Park. Different approaches were recommended in terms of the design of the system. The majority of the IPPs recommended decentralised embedded generation at each of the key camps while one IPP recommended a combination of a centralised and decentralised model. The different approaches highlighted the need to invest in the correct independent technical capability to advise SANParks on the scope, design and technical specifications of the RFP.</td>
<td></td>
</tr>
<tr>
<td>If a “No” on appetite, what would it take for the funder to make the investment?</td>
<td>Access to finance is one constraint that was identified that would prevent an IPP from bidding on the RFP. The financing would need to be secured, by the IPP, before the bid as there is a need for substantial working capital to implement and manage a Private Power Agreement (PPA)</td>
</tr>
</tbody>
</table>

### GEF/GCF

- USD 500k – USD 2M

### Foundations/HNWIs

- USD 500k – USD 2M

### DFI

- USD 1-10 million
### 7.6.6 GREEN ENERGY STRATEGY OF KNP

**General thoughts from the investor regarding the mechanism, not otherwise captured in the above?**

High possibility of attracting concessional funding into the project due to the importance and interest in nature conservation and the KNP as a national asset. Recommended employing renewable energy expertise to assist in evaluating the tenders submitted to ensure that a company with the right capability is selected to deliver on the RFP. Due to the technical nature of the project, it is critical that a company with the right skills, experience and access to finance is selected.

The fees for this type of expertise can be charged as a % of the total contract, which is the industry standard, or at an hourly rate on an activity-based costing. It is estimated that this can range from between 1% to 5% of the total project cost. An IPP highlighted the increased security risk that the KNP is facing due to loadshedding. The security system and technology is compromised during loadshedding and the design of the final solution should take into account the remote security technology and game warden lodges.

There are other solar projects which are taking place in the vicinity of the KNP like in Phalaborwa and at the private game lodges in the Greater Kruger region and the possibility of a broader collaboration was raised. It would add complexity to the project.

**Recommended refinements/changes to make the mechanism more executable**

Appointment of a project team with a mandate to work with SANParks to secure the budget for the technical assistance is required to enable the execution of the opportunity.

The time to execution is dependent on the ability of SANParks to secure funding for technical assistance to develop the scope of the opportunity and to obtain the approval of National Treasury for the transaction.

### 7.6.7 JOBS CREATION PROGRAMME

**Funders sounded**

Corporate – Youth Employment Service (YES)

Although YES provided insightful feedback for the purposes of this initial sounding, it is recommended that the Presidency (PYE), IDC, SEF, and SANParks (existing NRM programme) are sounded out at a later stage (as this mechanism develops) for other types of jobs.

**Objectives, targets, and investment mandate of funders**

- Incorporate Greater Kruger into the Tourism and green angle of their strategic focus
- Environmental Tourism (but still need to understand clear theories of change for the youth)
- Pathway to job absorption (not DTI definition) for the young people
- Integrate ESG/SDG

**Funder’s strategy regarding the relevant field(s) that applies to this mechanism (e.g. water, biodiversity, enterprises)**

- Green (broad – including renewables) jobs
- Creative industry jobs
- Tourism jobs (future focused sector and cross-cutting for all other corporate sectors)
- Digital jobs

**Funder’s experience and/or perceptions of investing in nature/natural landscape**

YES facilitates 32,000 jobs a year (across sectors and regions in SA). For Mpumalanga and Limpopo (tourism and green sectors) – 300 jobs a year sounds manageable (i.e. about 30% contribution towards the estimated 1,000 jobs per annum envisaged under this mechanism).

**Risk that funder associates with this mechanism**

Creating a specific place-based, sector-based commitment is challenging.

**Ways to address or mitigate risks**

Mitigation: Starting with a manageable number of jobs would mitigate the risk.

**What is their (or client’s) appetite for the mechanism (quantity range where possible in USD), over time**

Shows enthusiasm to invest (given a clear and attractive pathway).

**Recommended refinements/changes to make the mechanism more executable**

Set up a working group for implementing partners – compile a list of IPs operating in the GK landscape and facilitate via the working group when calling on partners to join the initiative (onboarding new implementing partners individually is otherwise time consuming).

**Based on the funder feedback, how long would it take to execute such a mechanism?**

Uncertain at this stage, subject to defining clear pathways and setting up IP working group.
### TABLE 7.1: Summary of feasibility results

<table>
<thead>
<tr>
<th>FINANCING MECHANISM</th>
<th>AFRICAN CONSERVANCIES FUND</th>
<th>WILD DOGS BOND</th>
<th>ENTERPRISE CATALYST</th>
<th>CI VENTURES</th>
<th>GREATER KRUGER N+ FUND</th>
<th>KNP GREEN ENERGY STRATEGY</th>
<th>JOB CREATION PROGRAMME</th>
</tr>
</thead>
<tbody>
<tr>
<td>Umbrella financing theme</td>
<td>Protected Area Financing</td>
<td>Biodiversity Financing</td>
<td>Green Economies</td>
<td>Financing Green Energy Initiatives</td>
<td>Jobs Financing</td>
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<tr>
<td>TYPES OF FUNDERS SOURCED</td>
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<td>DF/Multilateral</td>
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<tr>
<td>Impact funder (e.g. NGO, NPO or environmental agency)</td>
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<tr>
<td>Donor/ philanthropic</td>
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#### TYPES/ OBJECTIVES/ MANDATES

- Impact and investment into biodiversity tracked via metrics.  
- Varies, noting minimum market return is needed for some.  
- SMME development in tourism, rural development and natural resource management within GK.  
- Varies in terms of impact and geographical focus.  
- Impact and investment into biodiversity tracked via metrics.  
- Technical capability managing green energy projects for a variety of clients.  
- Integrate ESG/SDG; incorporate GK into environmental tourism.

#### DEGREE OF STRATEGIC FOCUS ON TOPICS

- Climate change adaptation, carbon, conservancies, SMMEs, water, biodiversity, job creation.
- Note the importance of investing in biodiversity coupled with strategic relevance of both impact and financial return.
- Address finance needs of SMMEs in private sector supply chain aggregators to build a pipeline of nature-positive enterprises for ED funds.  
- Green ED (across a number of sectors) is a focus for most.  
- Varied focus across job creation, biodiversity, carbon, restoration.  
- Varies, depending on availability of concessional windows.  
- Focus on green and renewable energy initiatives.  
- Focus on jobs (youth) and touching on nature-positive sectors such as green (including renewable), tourism, digital and creative.

#### LEVEL OF EXPERIENCE IN AND/OR PERCEPTIONS

- Mostly in carbon. Perceptions of limited products for investing, science and data.  
- No experience in Nature bonds, only Green and Sustainable bonds.  
- Investors active in GK.  
- General comfort with the space.  
- Biodiversity and nature are emerging with increased climate focus.  
- Track record in PPAs and managing large-scale projects. Not applicable to nature, but can be extended to include.  
- Very experienced in job creation among youth. Nature-positive needs to be future focused to attract youth.

#### RISK PERCEPTIONS

- Unknown profile of conservancy loans, execution risk, currency risk management.  
- Implementation risk, lower than market return is earned.  
- Financial risk (losses), regulatory, non-compliance, low participation by enterprises, product and market failures and poor management.  
- Ability to find sophisticated, scalable, profitable enterprises to absorb investment capital (with direct impact within GK landscape).  
- Minimal experience and allocations in funds for this sub-sector.  
- Feasibility and scoping phase; engineer-procure-construct (EPC) selection, execution risk due to complexity, lack of specialised skills and experience; community benefit and buy-in.  
- Securing a specific place-based, sector-based commitment is challenging.

#### POTENTIAL LEVEL OF INTEREST

- General positive feedback.  
- Largely dependent on return profile of the bond, but general enthusiasm expressed.  
- No interest in aggregating funds into a simple mechanism but funds would benefit from co-ordination of a pipeline of SMMEs and off-take agreements.  
- ‘DFIs: $1-10M Foundations/HNWIs: $500k-$2M GEF/GCF: $2-25M’  
- Blending risk mitigation would benefit this mechanism.  
- Interest expressed by all to submit bids.  
- Demonstrated enthusiasm to invest (given a clear and attractive pathway).

#### TYPES OF REFINEMENTS OR CONSIDERATIONS

- n/a  
- Return enhancement using carbon or biodiversity credits, floating rate structure, higher deal/project size; degree if risk sharing taken by ODFs.  
- A project team with a mandate to secure off-take/purchase agreements for SMMEs from SANParks and private landowners will facilitate greater investment into ED through existing ED funds not already active in the landscape  
- n/a  
- Overall interest displayed  
- Appointment of a project team with a mandate to work with SANParks to secure a budget for technical assistance (TA).  
- Establish an IP Working Group to facilitate onboarding and co-ordination. Organisations registered with jobs aggregators such as YES have delivery experience with the Presidential Employment Stimulus or Jobs Fund and can unlock funds for collaborative implementation more easily than newly established entities; track record is crucial.

#### EXPECTED EXECUTION TIMEFRAME

- 6 months to 2 years  
- Varies depending on credit approval processes.  
- With well-planned lead times investors can implement when needed.  
- Up to 2 years  
- Too early to tell  
- Depends on timing of securing TA and approval of National Treasury  
- Uncertain at this stage, subject to defining clear pathways and IP onboarding.

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**APPENDIX**

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**101**
7.8 REFERENCES

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