



Greater Mapungubwe Transfrontier Conservation Area

# FUNDING STRATEGY

FIRST DRAFT

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## 1. INTRODUCTION

Funding strategies or sustainable finance mechanisms are necessary for the Greater Mapungubwe Transfrontier Conservation Area (GMTFCA) to ensure long-term and sustainable options for financing the Transfrontier Conservation Area (TFCA) joint projects and other initiatives within the framework of the GMTFCA Integrated Development Plan (IDP). The main objective for having a strategy document is accomplishment of the identified priority intervention areas for TFCA development beyond the support of some specific organisations e.g. Peace Parks Foundation (PPF) which is currently financing most of the TFCA project activities, complementing the financial support from government treasury. Just as with strategic plans, fundraising plans are roadmaps to success for a TFCA and ties the IDP or other strategic plans to the ability to actually implement them.

Since there is typically no panacea to ensuring financial sustainability due to micro and macro factors which are in constant change at local, regional and even global scales; the finance mechanisms supporting the GMTFCA-FS can be developed at different scales to meet TFCA Key Performance Areas (KPAs) outlined in the IDP. The governments of Botswana, South Africa and Zimbabwe expressed their commitments to ensuring sustainable financing for national and regional systems of protected areas, with agreements signed at the Convention on Biological Diversity COP7. The GMTFCA-FS is also expected to have an impact on livelihood enhancement in local communities living within the boundaries of the TFCA through innovative ideas for generation income for community development.

The GMTFCA Funding Strategy (FS) seeks to establish a conservation finance model which aims to generate financial resources over the longer term (e.g. five or more years). This strategy goes beyond traditional government or donor funding by introducing innovative approaches aimed at achieving socio-economic development and conservation goals. The FS will be adaptively managed and implemented, with review intervals matching the GMTFCA IDP.

It is also important to ensure financial resources are made available to deliver conservation results long after the current donors or partners have exited from specific project or program within GMTFCA, producing more than just financial sustainability. The GMTFCA-FS should



attract private sector capital, which has not traditionally been a significant source of funding for conservation, and also catalyze the development of various partnership models with private sector, local communities and relevant public sector institutions.

Article 15 of the Draft Treaty for GMTFCA gives reference to financing issues and states that:

- (1) Each Party shall, in accordance with its domestic policies, contribute financially towards the development of the TFCA through its normal budgeting procedure or any other source.
- (2) The administration of funds shall be undertaken through the mechanisms, regulations and procedures determined by the Joint Management Committee (JMC).
- (3) The JMC may undertake such financial transactions as it may be authorised by the Senior Officials Council (SOC) and in terms of the approved regulations and procedures.

Part 2 of this article empowers the GMTFCA-JMC to come up with mechanisms for administering funds and part 3 points to the need for government authorisations and approvals of regulations and proposed course of action.

*Fundamentally the GMTFCA fundraising strategy seeks to address three critical questions:*

1. Understanding Status Quo and current challenges and opportunities: Where are we now?
2. Knowing the Key Performance Areas that should be achieved: Where do we want to be? and
3. Developing the road-map to achieve the GMTFCA goals and key objectives. How do we get there?

## **2. DESIGNING THE GMTFCA FUNDING STRATEGY**

Since a draft document has been produced by the GMTFCA International Coordinator (IC) to define the framework of the strategy, there is need to develop it further and the following steps should be considered:

- a) ***Establish a technical team:*** This team is required to oversee development of the strategy and it should comprise key individuals nominated by each partner country through the National TFCA Coordination Units. This team is expected to have two members (with the relevant experience and expertise) from each partner country. Specific individuals or



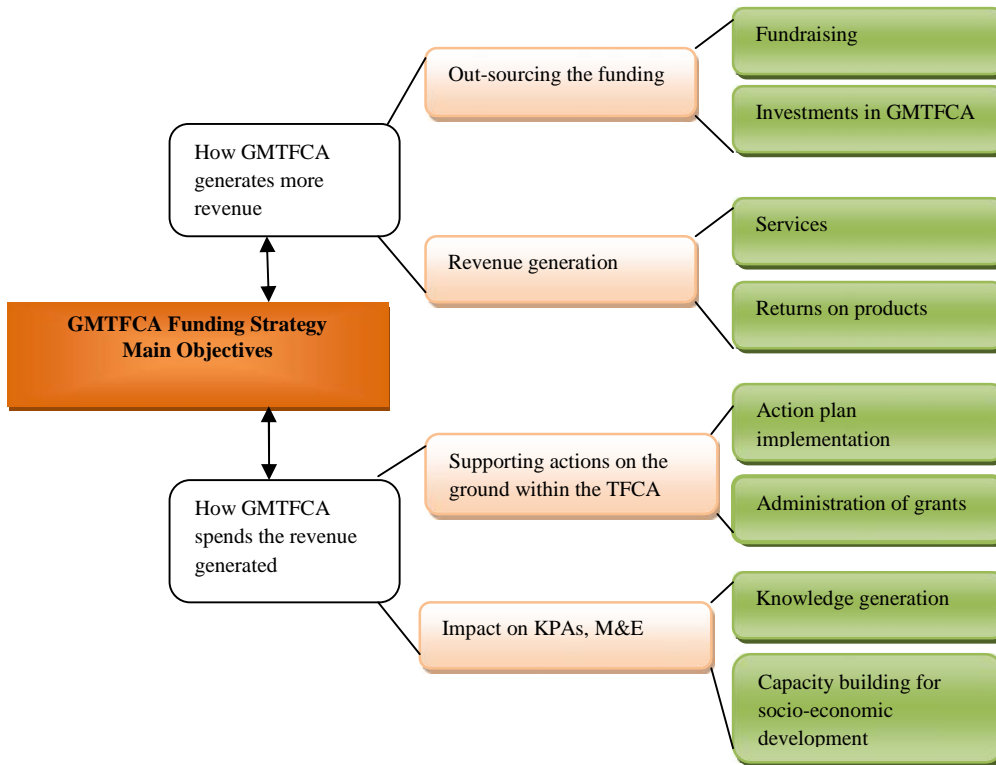
potential partners from the civil society may also be recommended by virtue of their expertise and such technocrats shall not be more than one from each partner country. The appointment and endorsement of the team by the Tri-lateral Technical Committee (TTC) of GMTFCA TTC is important in order to ensure political support for the strategy.

- b) ***Define the scope of the strategy:*** The geographic scope of the strategy is limited to GMTFCA. The nature of activities to be financed should be defined by the technical team and guided by contents of the IDP. Some projects to be implemented in GMTFCA require sustainable financing mechanisms that are implemented at different levels.
- c) ***Conduct a technical workshop:*** The technical team should have a brainstorming sessions to share ideas about the GMTFCA-FS and convene a meeting to discuss the key elements of the strategy which should cover, but not limited to Estimated long-term financing needs based for selected key projects for GMTFCA (e.g. in the next 5 years), development of a financial plan, project ideas, institutional, legal and regulatory frameworks for the proposed finance mechanisms, identify the most promising package of sustainable financing mechanisms and the feasibility of implementing them. At this stage, prioritization can be done so that new funds are channeled towards where they are needed most. A technical workshop report should be produced with a work plan for technical work for the most promising financing mechanisms.
- d) ***Cascading the strategy document:*** There is need to raise awareness and build support for developing sustainable finance mechanisms for GMTFCA based on the long term needs outlined in the IDP and on the enhanced appreciation of GMTFCA's role in regional socio-economic development and the conservation of natural and cultural heritage.
- e) ***Implementation, Monitoring and Evaluation:*** The implementation of the strategy should be embraced in the implementation of the IDP. The GMTFCA-FS is not a stand-alone document and hence a component of the existing master plans for the TFCA. It is important to devise a criterion for continuous monitoring of the success or relevance of the strategy and evaluating its effectiveness.



There are other issues for consideration as well and these include: Decision making on where (country) bank account(s) should be housed and administration arrangements for the bank accounts. Mapping of existing stakeholders who can partner with the GMTFCA institutions on various projects should be updated with current information and such partners can become implementing agencies on some identified key projects that can out-source funding. This is important to overcome restrictive measures currently put in place by some donors that are reluctant to support projects involving Zimbabwe due to macro-political forces.

### 3. CONCEPTUALISING THE GMTFCA FUNDING STRATEGY



**Figure 1: GMTFCA Funding Strategy Conceptual Model**

The GMTFCA funding strategy follows a logical framework approach and Figure 1 shows a simplified model of the strategy.

### 4. WHY GMTFCA NEEDS A FUNDING STRATEGY



(a) The strategy helps the **TFCA internal institutions** to:

- Gain clarity and agreement on realistic budgets and the time /resources needed to mobilize new funds;
- Prepare for the future by calendaring and having plan options
- Improve the decision-making and priority setting processes;
- Prepare for better diversification of funding sources;
- Align the TTC and Working Groups to increase role clarity in the various institutions
- Reduce fundraising emergencies and crisis appeals;
- Prevent and control distractions, focusing on the Key Performance Areas;
- Educate all TFCA institutions at different levels about fundraising efforts and inspire all key stakeholders to be actively involved;
- Develop effective language for proposal formats and great case statements to showcase both the need and capacity of the GMTFCA to make a difference in the SADC region

(b) The GMTFCA funding strategy will also assist on associating and building relationships with **TFCA external role players**

- Educate donors and partners about the GMTFCA priority intervention areas;
- Tout the existing strengths of the TFCA;
- Focus on critical relationships – spend the time needed to build trust and confidence with key donors and partners; and
- Scale-up the GMTFCA status by engaging key stakeholders on expanding the scope and operationalisation of the IDP to be ever more effective in advancing its goals and programs.

## **5. FINANCE MECHANISMS FOR CONSIDERATION**



- i. ***Environmental Funds:*** These are also called conservation ‘Trust funds’ and have been legally established in many countries as a way to manage long-term financing biodiversity conservation or other environmental management purposes. These funds are often established to anchor other sustainable financing mechanisms by providing a transparent and efficient way to manage funding for conservation and cultural heritage management purposes in GMTFCA. These funds can be set up as endowments (e.g., only interest revenue is spent), sinking funds (e.g., both capital and interest is disbursed) or revolving funds (e.g., pass-through sources of revenue are disbursed), or a combination of any of these.
- ii. ***Profitable Investment Funds:*** This involves tapping into the substantial financial resources of the private sector and encouraging them to invest in profit making strategic business ventures that are structured to provide financial returns for investors while promoting corporate social responsibility and environmental conservation in GNTFCA. These investment funds can channel capital – debt or equity – into environmentally-sustainable enterprises or ventures.
- iii. ***Payment for Ecosystem Services (PES):*** These mechanisms are based on the principle that those who provide ecosystem services should be compensated by those who receive ecosystem services. This is aimed at raising awareness regarding the value of critical “services” that humans obtain from nature, including climate stabilization, provision of drinking water, wildlife, fruits, medicine, crop pollination, landscape beauty and so forth. A variety of PES mechanisms have been developed (e.g., carbon credits, water funds, tourism-based fees etc), but significant challenges remain to scale up PES arrangements so that substantial resources are raised for conservation and sustainable socio-economic development.
- iv. ***Tourism-Based Revenues:*** As the largest industry in the world, tourism has the potential to generate substantial funding for conservation through PES and other revenue generation activities including socio-cultural products. GMTFCA is certainly a



significant source of attraction for tourists worldwide by virtue of having a UNESCO World Cultural Heritage Site as a core component, but the area lacks the supporting infrastructure for access and use by tourists. This magnificent area is home to diverse wildlife species, rich fossil archives of dinosaurs and a beautiful landscape

- v. ***Resource Extraction Fees:*** Financing conservation through revenue generated through fines, fees or royalties collected from mining or forestry companies is also another option for GMTFCA. The TFCA should capitalize on its association with some of the largest mining companies in the world e.g. Anglo American or De Beers. As a way of holding companies accountable for damage or disturbance that result directly from their operations near fragile or high biodiversity ecosystems.