A Pan-African Conservation Trust (A-PACT)[1]

Sustainable Financing for All of Africa's Protected and Conserved Areas

Version 14 June 2022

The Opportunity and the Challenge

Africa's forests, wetlands, grasslands and seas sustain us and underpin our growth and prosperity. Teaching a man to fish has no value if there are no fish left in the sea. Five out of the top ten African fishing nations prefer to fish closer to marine conservation areas. Enabling a woman to grow food to feed her family has no value if there is no water, the soils are void of nutrients, and the bees aren't there to pollinate her crops. Fourty of Africa's fifty largest reservoirs receive their water partly from conservation areas. Nature protects us. More than 11 million people benefit from the coastal protection provided by mangroves – however, only 34% of Africa's mangroves are protected. Conservation areas slow down deforestation, lowering the incidence and spread of Malaria and zoonotic diseases such as COVID, Ebola. Two-thirds of rural Africans – an estimated 300 million people – rely on ecosystem services for their livelihoods[2] and growing urban and peri-urban populations across the continent depend on services such as water provisioning and energy supply.

Africa is home to a third of global biodiversity. African protected and conserved areas (P&CAs) safeguard a natural heritage that provides for the people of Africa, underpin development aspirations on the continent, and serve the world as a reservoir of life. When part of an integrated landscape approach, P&CAs provide habitat for species and sustain ecosystem services essential to human well-being and provide tangible and meaningful benefits to communities. As part of a global strategy, Africa's P&CAs and sustainable resource management are a deliberate part of efforts to address the emergence and spread of zoonotic disease, disaster risk reduction, climate adaptation and mitigation, and biodiversity conservation.

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[1] This concept of A Pan-African Conservation Trust (A-PACT) emerged under the leadership of the Africa Protected Area Directors (APAD) with the support of the African Wildlife Foundation (AWF) as a co-organiser of the IUCN African Protected Areas Congress, in response to the challenges Protected and Conserved Areas of all kinds face with securing sustained and sufficient financing for operations, particularly in the face of the abrupt downturn of revenues from tourism that accompanied the global lock-downs to address COVID-19 health risks. This overview provides an introduction of the concept to facilitate engagement and dialogue with key stakeholders. The matters set out in this concept are open for reframing and reshaping based on inputs from those consultation processes.

[2] *The New Lion Economy*

A Pan African Conservation Trust (A-PACT) is an ambitious plan to create an independent, African led, hybrid sustainable financing mechanism that empowers those who manage protected and conserved areas across the continent to have the resources they need to do their jobs. Through an intentional, inclusive co-design process involving key stakeholders and following global standards for conservation finance, A-PACT is taking the shape of a hybrid mechanism with three components: an endowment that helps those areas most in need with consistent, reliable funding for operational and recurrent costs, a revolving or sinking fund that invests in ways that help protected and conserved areas unlock further funding such as through carbon and biodiversity markets, and an investment vehicle that mobilizes private capital for conservation and development outcomes in and around protected and conserved areas.

The post-2020 Global Biodiversity Framework (GBF) being shaped by the Convention on Biological Diversity (CBD) has vision of: “By 2050, biodiversity is valued, conserved, restored and wisely used, maintaining ecosystem services, sustaining a healthy planet and delivering benefits essential for all people.” A key goal is: “Closing the gap between available financial and other means of implementation, and those necessary to achieve the 2050 Vision.” A-PACT will contribute directly to this long-term goal as well as the overall Vision, by addressing the financing gap faced by Africa’s P&CAs. An essential element of this endeavor, closely aligned with priority actions under the GBF, will be demonstrating the full economic contributions of P&CAs; this will serve as a basis for innovative financing solutions, and counter perceptions that other land uses are more valuable.

Core to A-PACT design is a recognition of the benefits people derive from Africa’s rich and diverse ecosystems include direct uses (forest products, natural products, traditional medicines and pharmaceuticals, cultural identity as well as tourism) and indirect uses (regulation of weather patterns, water cycles, soil fertility, and erosion control, and carbon storage). Ethiopia’s national parks have been estimated to provide an estimated US$432 million worth of water-related ecosystem services. African conservation areas lock away 60 Gt carbon, 14.9 Gt carbon in woody biomass, and 46.1 Gt carbon in soils. Parks play a central role in Africa’s ambitious restoration agenda. Forest ecosystems are particularly critical, whether tropical, cloud, or dryland forests, and provide critical ecosystem services for large areas of land way beyond immediate habitats. There is 67,000 km^2 of forest restoration potential in just 13% of Africa’s protected areas.

Indigenous peoples and local communities also manage many of Africa’s P&CAs and are important rights-holders. When part of large landscape conservation efforts that involve local people as rights-holders, protected areas can be anchor points for a just transition that incorporates climate adaptation and mitigation as well as biodiversity conservation and livelihood opportunities. The equitable distribution of benefits among communities living with wildlife underpins sustainable conservation efforts by providing incentives to protect species and habitats. Unfortunately, as is the case around the world, the nature of markets in most economic sectors means that various ecosystem benefits are never quantified, and when they are, they often accrue to people living far away. Indigenous peoples and local communities have a central role to play in protecting biodiversity and ensuring use is sustainable and that any benefits derived from that use are shared equitably.

Some of these benefits can and should be quantified as funding sources for conservation efforts. The hypothesis is that A-PACT, as a pan-African mechanism, can be an effective approach to unlocking the investment required by dealing effectively with transboundary conservation issues, promoting cooperation and political support, creating savings on fund management and operational costs, attractin more funds from international donors, sharing experiences and scaling successful models / approaches, creating efficiencies for donors. Investing across the systems of protected and conserved areas as a whole will bolster African ownership and leadership over the conservation agenda on the continent and counter trends that are resulting to the downgrading, downsizing, and degazettement of areas under conservation management. While there is abundant recognition of the importance of Africa's biodiversity, competing interests mean that habitats are being transformed at an ever-accelerating pace. And while it is true that since 1970 the area under protection in Africa has expanded rapidly to over 6 million km^2 of terrestrial and marine P&CAs, many of these exist on paper only. As an example, only 57 % of PAs in the East African Community (EAC) have up-to-date management Plans (SoPA 2017). A recent survey conducted to inform the process of establishing a pan-African sustainable financing mechanism found that of the just over 700 protected and conserved areas from 22 countries consulted, 70% reported that all or nearly all P&CAs in their systems face budget shortfalls and over 90% of protected areas don't have sufficient funds for effective management. 9% don't have any budget at all. Only 8% of P&CAs in the EAC have a sound level of management, 40% have major deficiencies, 34% have basic management, and 18% are in the lowest category indicating that management is clearly inadequate (SoPA 2017). Most P&CAs in Africa face increasing pressure from conversion to farmland, settlement, and infrastructure developments. Perceptions that P&CAs are a burden and barrier to growth rather than a source of prosperity dominate decision-making circles across the continent. The nature of economic systems that externalize the costs of environmental degradation are a significant part of the problem, but additionally, this perception stems from the fact that there are insufficient resources to pay for their management, and what is available most often goes towards iconic sites and species meaning that other important areas go under-resourced, exposing them to conversion as just about any other land use is viewed as more attractive than conservation. This means that instead of performing as carbon sinks and safe-havens for biodiversity, protected areas are threatened by conversion and degradation. Some predict that under a business as usual scenario we could lose as much as 60% of the area currently set aside for conservation on the continent.

Using estimated management costs of between US$ 380 and $1000 per km^2 to effectively manage a protected area,[3] the financing required for existing African P&CAs is somewhere between $2.63-6.7 billion annually. Most protected areas in Africa are managed on less than $50/$km^2$. Facing shortfalls, Protected Area managers are left without sufficient funds to pay staff and core operational costs. And while governments are the core source of funding for most of Africa's protected and conserved areas and provide budget allocations that cover basic salary and operations costs, reliance on development financing for core protected area operations results in gaps between project cycles and shifting priorities as development partner interests shift to align with their own constituent priorities rather than African needs. Patching together alternative financing through tourism revenues and payments for ecosystem services on a park-by-park basis can be complex, bring additional management costs, and is vulnerable to impacts of external shocks (as has been made stark by COVID 19) or weak market demand (as has been the case with voluntary carbon markets). Furthermore, some areas don't lend themselves to these mechanisms.

[3] AWF Protected Area Finance Programme 2017

The Idea

A Pan-African Conservation Trust (A-PACT) is an ambitious African-led effort to address the funding gap for Africa's 8,600 protected and conserved areas (P&CAs),[4] through an independent hybrid sustainable financing mechanism supported by an aligned African leadership and financed through global and African resource mobilization. A-PACT is taking the shape through a co-design process driven by protected area leaders from across Africa, and open to stakeholders from across the constitutencies involved in conservation finance globally and in Africa. The current design consists of a hybrid mechanism with three components: an endowment that helps those areas most in need with consistent, reliable funding for operational and recurrent costs, a revolving or sinking fund that invests in ways that help protected and conserved areas unlock further funding such as through carbon and biodiversity markets, and an investment vehicle that mobilizes private capital for conservation and development outcomes in and around protected and conserved areas.

The aim in creating A-PACT is to place Africa's P&CAs at the heart of Africa's development agenda as set out in Agenda 2063 and ensure that the entirety of the network of P&CAs across the continent have access to the financing required to ensure they are effectively managed and thus fulfill their role in providing essential biodiversity protection and ecosystem services for people and development.

The Theory of Change asserts that **IF** leaders from across Africa are convened through a process that examines the role of P&CAs in resilient and sustainable development **AND** they see an opportunity in the recovery from COVID 19 and related economic crisis to shape development to be inclusive and green **AND** Africa's development partners, businesses and investors (e.g. GEF/AfDB) across the globe are at the table with them to mobilize the resources needed to build back better **THEN** funding from multiple sources can capitalize a pan-African trust fund that will **THEN** deliver a sustainable flow of funding for all of Africa's P&CAs **AND** those areas will ensure the long term viability of wildlife and wildlands as valued assets underpinning human well-being.

The Shape

The proposition is to create a hybrid financing mechanism consisting of an endowment, a revolving or sinking fund, and an investment facility. The core endowment would provide sustained levels of financing for P&CAs in all 54 African nations or some priority subset of those systems. This is inclusive of all terrestrial and marine protected areas as well as areas listed as other effective area-based conservation measures, meaning all entities – public, community, indigenous, or private – responsible for areas within the country's protected area estate would receive base funding to support management and drive continual improvement in management effectiveness.

The revolving or sinking fund component would support targeted areas of need such as business planning, adaptation strategies, or restoration plans and could provide specific funding windows for partners interested in channeling resources towards these areas of support. Another option for this second pillar would be to create a project preparation facility which collaboratively with the Consortium of African Funds for the Environment (CAFE) to strengthen the planning, management, and financial capacity of existing and emerging environmental funds.

[4] From the UNEP WCMC Hosted Protected Planet Database https://www.protectedplanet.net/region/AF and is inclusive of all terrestrial and marine protected areas as well as areas listed as other effective area-based conservation measures.

The third component is an investment facility would target private sector capital and provide investment capital for items that have a return, such as tourism infrastructure, validation processes for securing payments from carbon markets, small business loans for conservation enterprises and renewable energy infrastructure.

The process of establishing A-PACT involves three inter-related components, each of which will be developed through a consultative process with key stakeholders:

1. Shaping the Governance
2. Securing and Managing the Fund
3. Setting the Scope and Impact Targets

Shaping the Governance

African-led organisations are emerging from the global pandemic as the bedrock for development across Africa. Able to maintain presence and programmatic engagement throughout the global lockdowns, African-led organizations have demonstrated the value in building with a view to proximity to the challenge one is trying to address. African ownership of a sustainable financing solution for P&CAs at a scale and in sync with the priorities set out in Africa's Agenda 2063 will transform how P&CAs are positioned in Africa's development agenda.

The proposal is to create an African-led governance structure paired to ensure that A-PACT shapes both its disbursement and financial management according to African priorities and vision. An Independent Advisory Panel consisting of globally renowned experts in protected area management, conservation trust funds, endowment management, and investment finance would complement but be subsidiary to the African leadership structure and would ensure the impact, investment, and disbursement mechanisms are functioning optimally and aligned with the vision of A-PACT.

Initially, the governance of the design phase will be led by the A-PACT Steering Committee (SC), which will guide and review the A-PACT design process. The SC is a streamlined oversight body for efficient, regular review and input reflecting perspectives of a set of core stakeholders. The SC is comprised of a Chair up to 11 members, with the Chair being responsible for convening the SC members, ensuring the work of the SC is aligned with the needs of the work plan for establishing A-PACT, and providing support to members in their engagement in the process. The Membership of the SC will consist of individuals with technical competencies relevant to the tasks of establishing A-PACTand the ability to represent and balance the interests of stakeholders.

The co-design process to establish the permanent governance structure for A-PACT will explore options for domicile, aspects of independence and accountability and mechanisms for ensuring robust environmental and social safeguards, conflict management, grievance resolution, oversight/checks and balances in the design of the governance and management structure.

Securing and Managing the Fund

Initial estimates using a 3% annual return on investment (a 10-year review of conservation trust funds indicates this conforms to historical trends but may be considered under-performing relative to overall market trends) suggests that an endowment only model (not the actual hybrid option that is currently the shape of design) to cover all of Africa's P&CAs would require between US$ 90 and 225 billion.[5] A complete fund strategy will consider refinements to this target and disaggrof theon of the target according to the hybrid fund structure of an endowment, a revolving or sinking fund, and an investment component to reflect the capacities of a variety of financing sources and mechanisms, including government budget contributions, recurring revenues, impact investment, and strategies for leveraging the private sector. Thus, setting the targets for the endowed portion of the fund will require careful consideration of what this portion of A-PACT will seek to cover, and how complementary sources will address remaining needs.

Key aspects relating to securing and managing the funds which are being examined through the Feasbility Study includ the appropriate level of funding to target for each component of the hybrid fund, what to consider in calculations as a reasonable target return, and potential new and additional sources for such funds in the short / medium / long term (government funding, bi/multi-lateral agencies, philanthropic sources). A capitalization and investment advisory group will be convened to identify prospects for alternative sources such as green growth recovery funds, carbon payments, taxes, biodiversity offsets, green bonds, and debt swaps for capitalizing the endowment and to develop the business case for dedicating these funds to A-PACT. Further work under that advisory group is to consider how the endowment should be managed to secure the return, the level of risk appetite in the investment management strategy and ESG criteria should be applied in the investment policy. The Steering Committee will determine the appropriate arrangements for managing the Fund (operational arrangements as well costs of investment management and advisory services).

Setting the Scope and Impact Targets

The scope and impact targets for the fund are being defined on the basis of on-the-ground needs of P&CAs with a vision to the future of driving performance and incentivizing innovation and delivery. At this point, the design is considering all types of P&CAs and all types of management – public, private, community, indigenous and other areas so long as they are formally designated, aligned with national conservation plans and strategy, and accountable for performance and environmental and social safeguards. A-PACT will investment in measures that deliver on P&CA business plans, conservation priorities, and integrated approaches to conservation and development. A range of expenditures will be eligible including development and maintenance of P&CAs' physical infrastructure, operations, community livelihood programs, conservation education, training and other capacity building, services and research, invasive species management, marketing and communication, planning for parks and species conservation (including protected area expansion), disaster contingency preparedness and risk reduction, climate adaptation and mitigation, and so forth. Specific use of funds should be guided by site level priorities as articulated in management plans and by P&CA managers and directors.

The level of integration in national priorities and plans for biodiversity conservation as well as climate adaptation and mitigation could be considered in terms of prioritization and phasing as financing becomes available and the fund grows. For instance, priorities in National Biodiversity Strategy and Action Plans could be used to shape initial priority investments, with the scope widening as the fund grows.

One focus of further formulation of explicit eligibility criteria is the role of Indigenous People and Local Communities (IPLCs). Recognizing the extent of habitat outside national PA systems and under stewardship of IPLCs, A-PACT will embrace the importance of IPLC-led conservation. Doing

[5] This figure could vary according to need, extent of coverage, and availability of resources.

so will require meaningful representation of IPLCs in A-PACT governance and decision-making, and well-defined criteria for IPLC-owned or managed P&CAs that will be eligible for support.

Relation to Existing Financing Solutions

A-PACT is being designed to ensure that it is complementary to, and not in competition with, other efforts relating to conservation finance in Africa. This pertains to both programmatic strategy and funding sources. The intent is to help address persistent gaps, expand the overall volume of funding going to support Africa's P&CAs, and ensure that the entire system of P&CAs has sustained access to financing. Therefore A-PACT would position itself as a complement to government budget allocations, site-based revenue streams (e.g. tourism fees and Payments for Ecosystem Services), and local, national, and regional Conservation Trust Funds (CTFs). To this end, consultations with the African Group of Negotiators to the Convention on Biological Diversity (AGN-CBD), the Consortium of African Funds for the Environment (CAFÉ), the Conservation Finance Alliance, and a number of international NGOs and development partners supporting the development of trust funds across the continent have sought to refine perspectives on how A-PACT can best be positioned to achieve synergy and additionality, to maximize the likelihood of collective success.

With respect to the AGN-CBD position in global negotiations on resource mobilisation under the CBD and UNFCCC, African negotiators have submitted A-PACT as an African-led solution in March 2022 which has generated significant interest among donor country negotiators, who have expressed interest in supporting the design process.

CAFÉ plays a crucial role in developing and supporting targeted CTFs in Africa, particularly with respect to identifying and sharing learning and best practices. Initial discussions explored the potential synergies between the CAFÉ network and a Pan-African mechanism and concluded that further collaboration was needed to ensure complementarity between existing and emerging instruments and to increase opportunities and better position Africa to advocate for more conservation finance to flow to the continent. Ongoing discussions are exploring how A-PACT could reinforce CAFÉ's efforts, and how CAFÉ member-CTFs could inform effective ways for A-PACT to channel resources to maximize positive impact on the ground for biodiversity and communities.

Initial design elements that are informed by this drive for complementarity and synergy include the disbursement mechanism, which could be designed in a way that provides funds dedicated to specific geographies that would be able to accept donations/funding for specific areas. This 'windows' or 'accounts' system is similar to the approach taken by the Caribbean Biodiversity Fund, which disburses through national trust funds; disbursement arrangements will differ in cases where there is no national mechanism in place. Another design element being informed by the drive for complementarity and synergy is fund capitalisation. Driving towards innovative financing mechanisms that tap private and African funding is an area where A-PACT could help unlock additional financing for P&CAs.

Conclusion

A-PACT places Africa's P&CAs at the heart of Africa's development Agenda 2063 at a time of growing global alignment around 'green growth' investments and global negotiations to mobilize private finance through nature-based solutions linked to biodiversity, climate action, and Africa's P&CAs. There is a unique opportunity to secure African leadership agreement and the necessary finance for A-PACT, securing Africa's P&CAs into the future.