



# FINANCING A NEW VISION FOR PEOPLE AND NATURE IN SOUTH AFRICA

## EXECUTIVE SUMMARY

- South Africa is a mega-biodiverse country and is ideally placed to make a disproportionate contribution towards protecting global biodiversity and achieving the goals of the Global Biodiversity Framework (GBF).
- South African National Parks' Vision 2040 provides a bold new vision that recognises people as the primary custodians of nature in large, connected Mega Living Landscapes (MLLs).
- Realising Vision 2040 will require an equally bold vision for conservation finance.
- This vision for conservation finance needs to be built on:
  - **Bold national ambition** that places South Africa as an international leader in a people-centred approach towards delivering the GBF.
  - **A solid financial baseline** that enables donors and investors to clearly understand their additionality to make a net positive difference at scale.
  - **A structured whole-of-society approach** between government, the private sector and civil society.
- Several large-scale sustainable financing mechanisms are currently being explored in South Africa. These include Project Finance for Permanence (PFP), Debt for Nature Conversions, and Biodiversity/Water Outcomes-based Bonds.
- If deployed in a complementary manner, they have the potential to contribute significantly towards creating the financial step change to enable Vision 2040.
- A PFP model provides a unifying framework that would enhance the complementarity of a range of large-scale financial mechanisms.
- This is a call to action to the South African government, the private sector and civil society to adopt a whole-of-society approach to develop and implement an equally bold conservation finance vision to enable Vision 2040.



# SOUTH AFRICA IN CONTEXT

South Africa is one of the most biodiverse countries in the world, making a disproportionately large contribution to global biodiversity goals as defined in the Global Biodiversity Framework (GBF).

However, South Africa's political and socio-economic past, shaped by centuries of institutionalised inequality, has placed a huge burden on the country's fiscus and intensified competition for land and natural resources. These pressures have forced the biodiversity sector to adopt more innovative and inclusive approaches to biodiversity conservation and sustainable finance.

Notably, biodiversity stewardship – a mechanism that incentivises communal and private landowners to protect biodiversity while

continuing to derive economic benefits from their land – has contributed more than 95% of all new protected areas, or some 2.5 million hectares, over the past 20 years.

South Africa also has a well-established biodiversity economy, with the ecosystem services valued at around R380 billion<sup>1</sup> (7% of GDP) and the biodiversity tourism sector contributing about R34 billion<sup>2</sup> to the economy (in today's terms<sup>3</sup>), with significant future growth potential<sup>4</sup>.



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<sup>1</sup>Turpie et al. (2017)

<sup>2</sup>Stats SA (2019)

<sup>3</sup>These figures are corrected for inflation

<sup>4</sup>White Paper on Conservation and Sustainable Use of South Africa's Biodiversity (2023)

# A BOLD NEW VISION FOR PEOPLE AND NATURE

Nature has significant potential to redress the inequalities of our past, and we have a responsibility to build a future where people and nature thrive.

South African National Parks' (SANParks) bold new Vision 2040 reimagines the relationship between people and nature, placing people and their livelihoods at the centre of conservation and recognising that they are the primary custodians of nature in Mega Living Landscapes (MLLs).

MLLs are vast interconnected landscapes that bring together protected areas, agricultural land, communal spaces, and private land holdings into a network that supports biodiversity, sustainable livelihoods, and cultural heritage. Vision 2040 complements South Africa's equally bold draft Biodiversity Economy Strategy that seeks to protect and significantly grow

South Africa's conservation estate and the economic benefits to the people that are the custodians of these natural resources.

In the words of Dr Dion George, Minister of Forestry, Fisheries and the Environment: "Mega Living Landscapes remind us that the environment and people are not separate. They are inextricably connected. The well-being of one depends on the thriving of the other. As South Africa positions itself as a leader in sustainable development and environmental stewardship, SANParks is at the forefront."

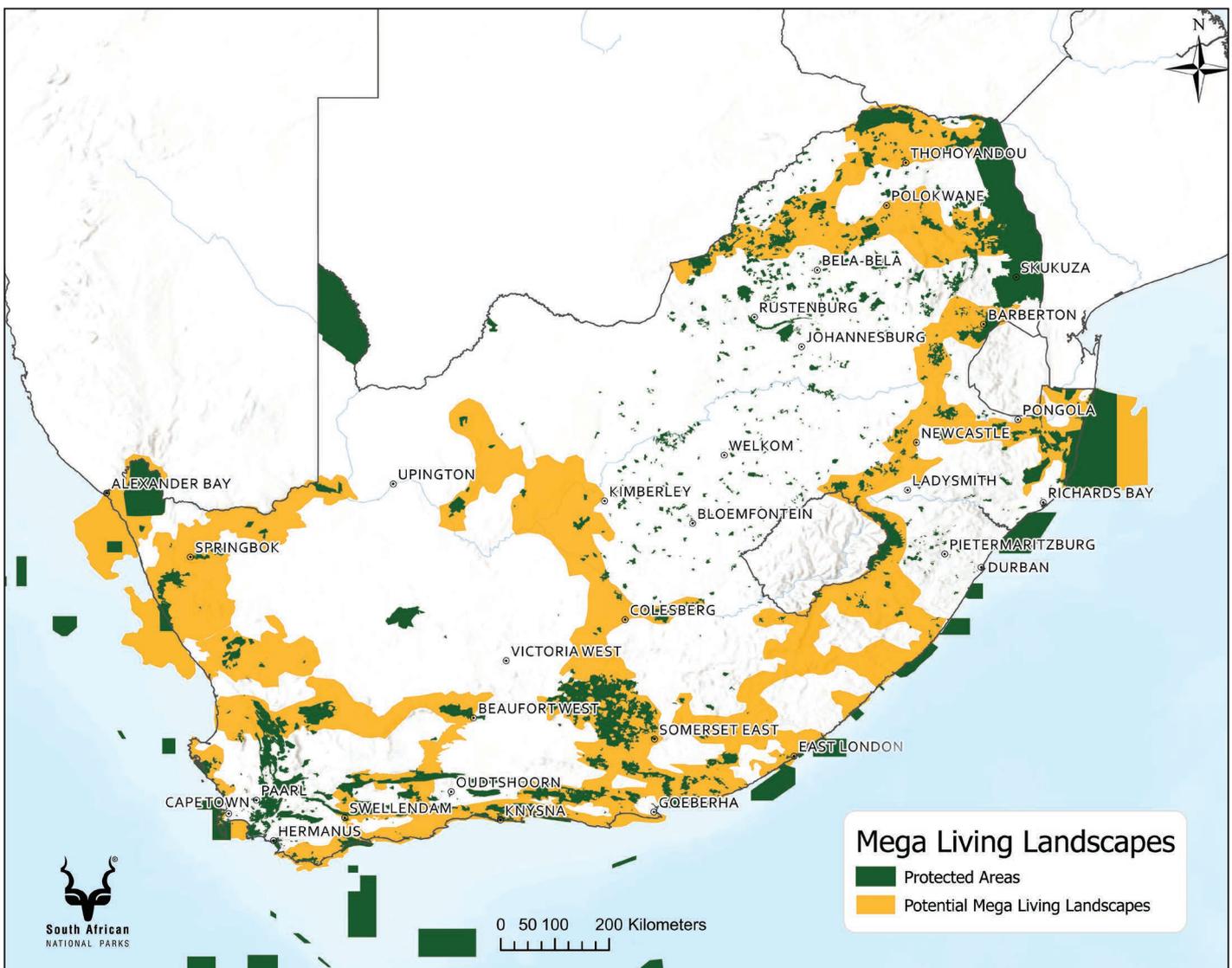


Figure 1: South Africa's Mega Living Landscapes (MLLs)

# AN EQUALLY BOLD VISION FOR CONSERVATION FINANCE

Realising SANParks' Vision 2040 will require an equally bold vision for conservation finance. Most importantly, such a conservation finance vision needs to enable a clear, long-term step up in finance at a scale that matches the ambition of Vision 2040.

This will require a structured whole-of-society approach between government, the private sector and civil society. Disparate and fragmented efforts run the risk of a zero sum game where gains with new financial mechanisms are negated by backsliding in other parts of the financial model. It will need to be built on the following interventions.

## BOLD NATIONAL AMBITION

We should position South Africa as an international leader in a people-centred approach to deliver the GBF. This needs to be articulated through clear and ambitious targets and metrics in South Africa's third National Biodiversity Strategic Action Plan (NBSAP) and national contributions towards the GBF.

Such clear and measurable national ambitions will build the excitement and confidence of international donors and investors (including multilateral agencies, bilateral agencies, trusts and foundations and the private sector) to direct finance towards South Africa.

## A SOLID FINANCIAL BASELINE

We should enable donors and investors to clearly understand their additionality. International donors and investors are

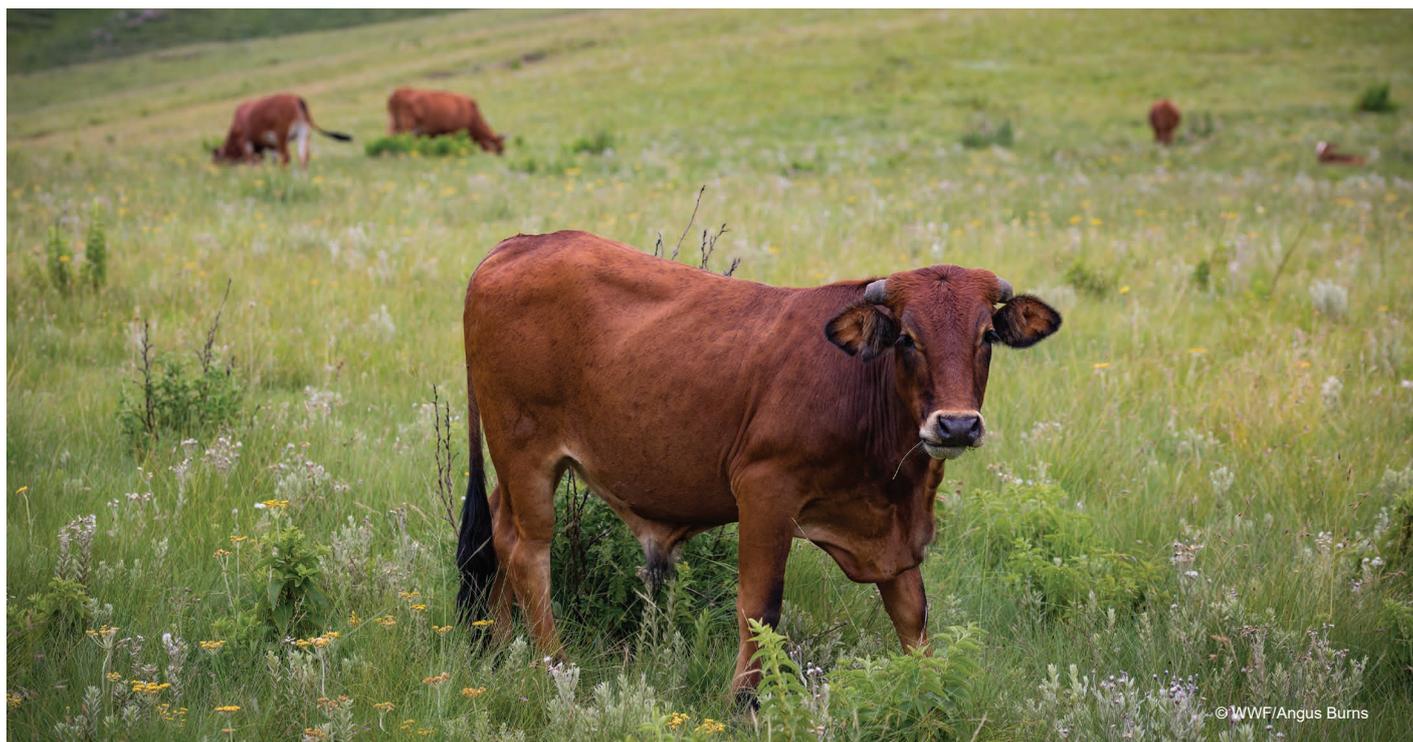
interested in providing the additionality that enables a step change in South Africa's conservation ambitions. They have little interest in providing replacement funds for dwindling national investments.

If South Africa hopes to attract much-needed international funds, we will need to demonstrate a national commitment to hold a solid and preferably increasing national financial baseline contribution towards Vision 2040.

## A STRUCTURED WHOLE-OF-SOCIETY APPROACH

Between government, the private sector and civil society, sustainable finance is a highly active and innovative space in South Africa. Structuring these efforts in way that they complement each other will greatly enhance our chances of making the step-change in finance at the scale needed to realise Vision 2040.

One mechanism that could provide a framework for such a structured approach is a Project Finance for Permanence (PFP) mechanism.



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## FINANCIAL MECHANISMS

Several large-scale conservation finance mechanisms are currently being explored in South Africa. These have the potential to contribute significantly towards closing the conservation finance gap, if they are deployed in a manner that pays equal attention to their individual development as well as the architecture of how they complement each other and existing fiscal commitments.

### ■ **Project Finance for Permanence (PFP):**

Developed through the Enduring Earth Partnership<sup>5</sup>, PFP is a proven large-scale mechanism that has secured more than 200 million hectares and mobilised over US\$ 2.5 billion across 11 countries. A further 12 deals are being explored, including in South Africa, with an ambition to securing 600 million hectares by 2030. The PFP model brings together governments, communities, civil society and funders under a common vision, enabling policies and institutional structures, and within a common financial framework to achieve a step change in conservation impact and financial sustainability. Importantly, a PFP provides a framework that can enhance the complementarity of different financial mechanisms, towards the achievement of a common goal.

■ **Debt for Nature Conversions:** These replace existing debt with new instruments with more favourable terms, allowing a portion of the savings to be directed towards protecting nature. South Africa's debt is significant and debt service costs are growing rapidly. These instruments can create opportunities for innovative financial solutions to meet the dual needs of reducing the burden of debt on the fiscus and securing much needed investment into nature.

■ **Outcomes-based Nature Bonds:** This is a “pay-for-success” financial instrument that directs investment toward biodiversity outcomes. Instead of paying investors interest (or coupons), the bond uses that money to fund conservation projects. The investors then receive a potential bonus payment at the bond's maturity, which is contingent on the achievement of specific biodiversity outcomes. The first Rhino Bond was issued by the World Bank in South Africa in March 2022. A Water Bond for investment into ecosystem restoration is currently in scoping phase as a first for South Africa. If successful, it could be replicated and scaled to address some of the country's most pressing threats, ecosystem degradation and biodiversity loss, while building a model for sustainable investment in nature.



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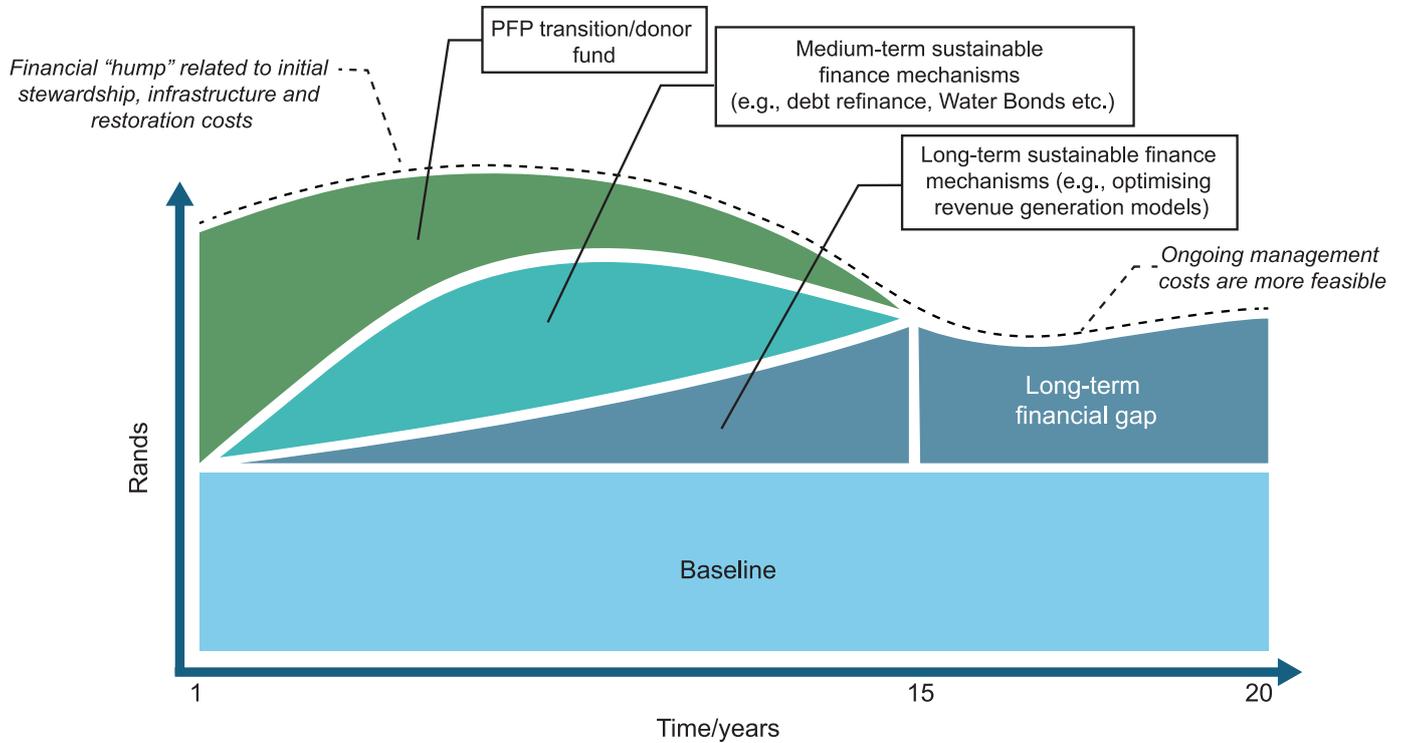
<sup>5</sup>This alliance unites the complementary strengths and capacity of The Nature Conservancy, The Pew Charitable Trusts, WWF, and ZOMALAB, working with local partners to support their leadership to deliver enduring protections through integrated strategies spanning biodiversity conservation, community development, and large-scale finance.

<sup>6</sup>Gumede W. (2024) Wits School of Business <https://www.wsg.ac.za/news/south-africas-massive-r1-billion-day-headache>

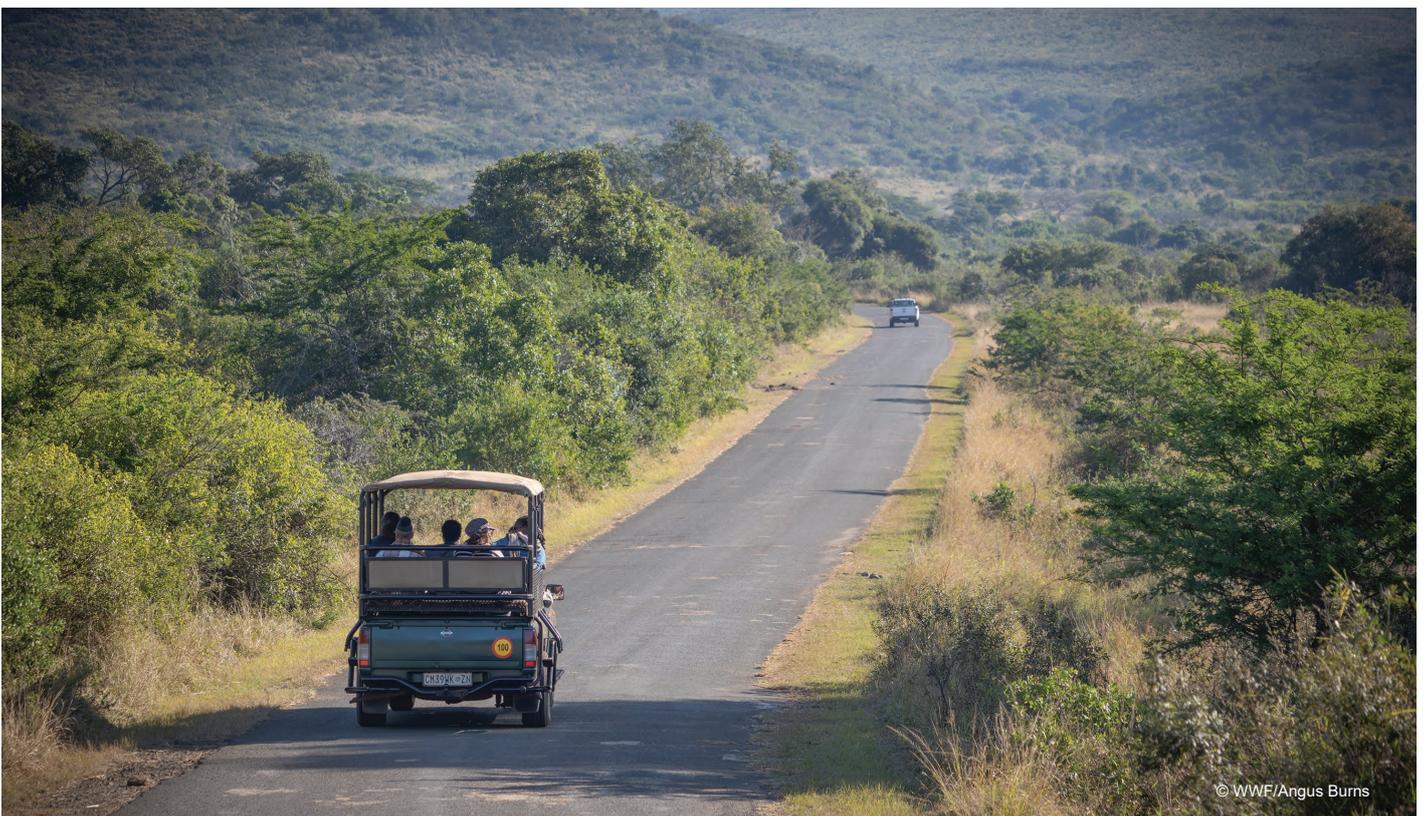
# THE POWER OF COMPLEMENTARITY

Different financial instruments each have their own characteristics. Bringing these instruments together under a unifying framework that allows them to complement and leverage off each other, can be immensely powerful. This is exactly what is possible under a PFP mechanism.

A PFP transition fund (composed of donor grant funding) could be used to initiate biodiversity stewardship activities. Large, medium-term instruments, such as debt refinance and biodiversity/water bonds, could be used to finance large costs such as infrastructure and restoration, allowing the longer term sustainable finance mechanisms, related to optimising revenue generation models, to pick up more feasible, longer term costs related to ongoing management.



**Figure 2:** Using a PFP framework to create a powerful complementarity between different financial instruments



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# CALL TO ACTION

This is a call to action to the South African government, private sector and civil society organisations to adopt a whole-of-society approach to develop and implement an equally bold conservation finance vision to enable Vision 2040.

This will require a structured and coordinated approach that enables individual finance mechanisms to complement and leverage off each other. The immediate next steps that can be taken include:

- **Bold national ambition:** Demonstrating bold ambition in South Africa's third National Biodiversity Strategic Action Plan (NBSAP), that mirrors the ambition set in Vision 2040, and can attract additional international and national finance.
- **A solid financial baseline:** Committing to maintaining and increasing the government contribution to the financial baseline for Vision 2040 and South Africa's third NBSAP, as a way off attracting additional international and national finance.
- **A structured whole-of-society approach:** Exploring a PFP mechanism as a way to structure a suite of large finance mechanisms within a framework that enables a step change in the long-term financial sustainability of Vision 2040.





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## FURTHER READING

- **SANParks Vision 2040**  
<https://vision2040.sanparks.org/>
- **White Paper on the Conservation and Sustainable Use of South Africa's Biodiversity as approved by Cabinet**  
<https://www.dffe.gov.za/sites/default/files/legislations/sabiodiversity2023whitepaper.pdf>
- **South Africa's Draft Biodiversity Economy Strategy**  
[https://www.dffe.gov.za/sites/default/files/legislations/nemba\\_draftbiodiversityeconomystrategy\\_g50279gon4492.pdf](https://www.dffe.gov.za/sites/default/files/legislations/nemba_draftbiodiversityeconomystrategy_g50279gon4492.pdf)
- **Enduring Earth Partnership & Project Finance for Permanence (PFP) mechanisms**  
<https://enduringearth.org/>
- **South Africa's Rhino Bond**  
<https://www.worldbank.org/en/news/press-release/2022/03/23/wildlife-conservation-bond-boosts-south-africa-s-efforts-to-protect-black-rhinos-and-support-local-communities>
- **New Debt Coalition for Climate and Conservation**  
<https://www.nature.org/en-us/newsroom/new-debt-coalition-for-climate-and-conservation/>



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