

Sustainable Finance for Conservation in Africa

THE GREEN TRUST: A STORY OF INNOVATION AND PARTNERSHIP

By

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Introduction

In October 1990, a groundbreaking and innovative partnership between WWF South Africa and a major South African bank, Nedbank, led to the founding of a new environmental fund known simply as "*The Green Trust*". This was to be the start of an enormously successful and world famous mechanism for conservation funding which has been replicated throughout the world. Since its inception, the Trust has raised over R47 million (approximately 5 million USD) and has supported over 125 conservation projects with a strong emphasis on the involvement of local communities. The projects funded fall primarily within South Africa but also within Mozambique, Malawi and Namibia. The Green Trust functions as a subsidiary trust within WWF South Africa (the conservation organization). WWF-SA, established in 1968, is the local branch of the Swiss-based World Wide Fund For Nature, the world's largest non-governmental conservation agency.

How the Partnership Works

The partnership between Nedbank and WWF-SA is quite strictly a mutually beneficial business partnership and Nedbank's support of the Trust is not simply charity. The benefits to Nedbank lie largely in the contribution that the Trust adds to the bank's marketing strategy, which ultimately aims to establish new clients and maintain client loyalty by appealing to the client's sense of contribution to a higher cause. In this sense, Nedbank's commitment to sponsoring the environmental and conservation issues within South Africa forms part of the bank's holistic marketing philosophy, which revolves around the elements of mind, body and soul. The mind is represented by Nedbank's initiatives through The Arts and Culture Trust, the body by Nedbank's sports involvement via The Sports Trust, and the soul depicts the conservation of the environment, by means of The Green Trust. The marketing campaigns are aimed at higher-level income earners.

Nedbank initially donated seed money of R5 million when The Green Trust was established in 1990. In 1995, this pledge was renewed for a further five years. In late 1999, Nedbank renewed its commitment to The Green Trust with a pledge of R7 million over the next five years. In addition to the financial support, Nedbank implemented a unique and innovative way of providing ongoing financial support for The Green Trust – a range of Green banking products. The products include youth and adult savings accounts, chequebooks, ATM cards and credit cards. The Nedbank Green home loan was added to

the product range in early 1999, and will also soon be offering Green insurance - R1 per policy per month is donated to The Green Trust.

The Green banking products allow Nedbank clients to support the aims of The Green Trust and the WWF-SA through Nedbank, at little or no cost to themselves and requiring no effort whatsoever. Rather, Nedbank donates money on behalf of its Green affinity clients to The Green Trust. These affinity products have enabled Nedbank, its clients and other stakeholders to generate in excess of R47 million to The Green Trust over the past 12 years.

The Green affinity banking products are the only banking products available that are aimed at restoring, preserving and developing South Africa's wealth of natural resources. The 'green' visuals on the chequebooks and cards visibly indicate the client's contribution and commitment to the environment. All the money accrued by Nedbank is passed on to The Green Trust.

However, after ten years, the bank reports a stagnation in the amount of clients who support the various Trusts. In May 2001, Nedbank underwent a revamp of their "Green" brand with a whole new marketing campaign under the banner of Nedbank Green, Nedbank Arts and Nedbank Sports to try to revitalize the brand. In increasingly tough economic times, it appears that clients are more interested in what they can get out for themselves and are not necessarily as altruistic as ten years ago. In other words, it is not enough to know that they are contributing to a higher cause, they want to know what they can get out of it personally. Nedbank has tried to compensate for this by offering various "lifestyle" enhancing packages to clients. A particular problem is that the Green brand is only one of the many brands offered by the bank and is often not actively pushed by regional branches. Clients may then assume that they are contributing to The Green Trust when in fact they are not.

Lessons Learned from the Partnership

- This is a business partnership and, therefore, Nedbank sometimes has expectations which are beyond the capacity of a conservation NGO. For example, the expectation that The Green Trust would "market" itself, potentially using funds designated for conservation to this end. The lesson here is that expectations must be clearly spelled out from the beginning.
- The original agreement between WWF-SA and Nedbank was a loose agreement which stood most definitely in the bank's favour. The agreement has been tightened up to achieve a more equitable partnership but with some damage to the partnership. The lesson here is that rigid and explicit agreements must be made right from the start.
- A key issue is establishing positive relationships between the partners and maintaining these (accommodating staff changes).
- The demand for marketing profile from Nedbank has led to some pressure for certain types of projects to be funded, for example, species focussed projects which would appeal to the general clientele of Nedbank. The lesson here is that there is some need to provide a certain "give and take" in such a partnership but that Nedbank has easily been accommodated by ensuring that the Trust has a balanced portfolio with some key high profile projects interspersed with less publicity worthy (but no less important) projects.

How is the Trust Managed?

The Green Trust is administered by two WWF-SA staff members (a manager and an assistant) dedicated full time to the management of the Trust and its projects. They are the direct link between the executants, Nedbank and the Board of Directors. They handle daily business such as processing new applications for funding, project design for new projects, drafting contracts, approving reports, managing project payments, monitoring progress of projects and maintaining communication with executants. An important additional role is maintaining the relationship with Nedbank and managing media links to get as much exposure of the Trust and its projects as possible. These two staff work as part of the whole team at WWF-SA and report directly to the Board of Directors.

The Green Trust Board of Directors meets 3 times a year to evaluate the status of projects and to approve any funding for new projects. The Board of Directors consists of 3 members from WWF-SA and 3 members from Nedbank.

The Board of Directors in turn reports to a Board of Trustees who meet once a year to evaluate the status of the Trust.

Types of Projects Funded

The Green Trust was founded in 1990 at a time when conservation agencies in this country were entrenched in exploring a new image for conservation. Although South Africa was still a few years away from free and fair elections, there was a clear consciousness amongst formal conservation agencies that bridges had to be built to millions of disenfranchised people in this country. Conservation was at best unknown amongst many rural communities or at worst tainted with an image of a white middle class playground fiercely protected by paramilitary game guards. It was only during the early nineties that concepts such as *people and parks* and *community-based conservation* began to take form and to become entrenched in policy. These were exciting times and they presented professional conservationists with exciting new challenges. The field was fresh and untested and the need simply enormous. Without doubt it presented one of the most important challenges that conservationists had yet faced. But challenges are the stuff than conservation has been founded on and the introduction of a new conservation fund at this time and what is more, a fund specifically targeting community-based conservation, injected financial muscle into lofty idealism. The vision of the partners in The Green Trust, WWF South Africa and Nedbank in both creating the Trust and then strategically locating it at this cutting new edge was a significant and laudable contribution to conservation in South Africa.

The projects funded by The Green Trust have covered a significant range and diversity of environmental interventions with a strong focus on community-based conservation. However, over time, there has been some pressure from the donor for more species focussed projects which might appeal to the Nedbank client. This has been dealt with by creating a broad ranging portfolio of diverse projects which allows for high profile flagship projects and less appealing but no less important conservation projects.

Projects which The Green Trust funds have encompassed both urban initiatives such as community-driven urban greening as well as more rurally situated community based natural resource management initiatives. The Trust has also facilitated major interventions into the conservation of some highly endangered species, including African wild dog, cheetah, Blue Swallow, Kalahari Lion and the Brenton Blue butterfly. All of these projects look closely at innovative ways of managing species/human conflict.

On a more strategic level, The Green Trust has influence at the very highest levels of the South African government through its support of advisors to four different Ministers: the Minister of Water Affairs &

Forestry, the Minister of Land Affairs, the Minister of Environmental Affairs & Tourism and the Minister of Education.

Funding Priorities and Project Development

The Green Trust's funding priorities concur with the strategic priorities of WWF-SA. The Trust acts as a funding conduit to facilitate environmental and biodiversity conservation through funding, and not by acting as a conservation implementation agent. Our driving force is to access funds and to use these optimally for conservation. In this endeavour, WWF-SA recognises the varied roles of other conservation organisations in South Africa and has accordingly adopted a niche-oriented, non-confrontational and collaborative approach. To guide WWF-SA and The Green Trust in their activities during the period 1998 - 2002, five focal priorities have been identified, namely;

- sustainable use of renewable natural resources
- species and habitats of special concern
- protected areas
- legislation, policies and treaties
- pollution and consumption of non-renewable natural resources

This strategic focus does not infer that these priorities are mutually exclusive, but allows for inherently desirable overlaps. In addition, the three approaches listed below are recognised as important processes in achieving environmental conservation and will, wherever possible, form part of the focal priorities:

- community-based conservation
- environmental education
- capacity building in environmental conservation

Furthermore, projects are selected within identified key biomes. These include WWF's international theme directed activity priority biomes, namely:

- freshwater
- forests
- oceans, and coasts

Also included are the South African priority biomes, which compliment the top three priority biomes identified by the Global 200 Ecoregion programme for the subregion, namely:

- fynbos
- karoo
- grasslands

Due to limited resources, WWF-SA and The Green Trust have identified certain non-starter project categories which will *not normally* be considered for support. These are:

- production of videos, books and films.
- attendance at and travel to conferences, and the costs associated with staging these events.
- Individual bursaries and scholarships, independent of existing projects.
- research not aimed at solving management problems and not linked to priority conservation needs or WWF's mission statement.
- core institutional support and the purchase of capital equipment and assets.
- development of profit-making, private conservation enterprises and/or private nature reserves.
- salaries, except as an integral part of a project.
- development projects without a core environmental component.
- conduit agencies - WWF and GT wish to co-operate with other bodies by means of capacity building and sharing expertise, and will therefore only fund agencies directly involved in environmental conservation.

Mechanisms of Grant-Making

The creation of a suitable portfolio of projects is achieved through the combination of a reactive and proactive approach. Reactively, The Green Trust is a sought after funder and receives many applications without solicitation. Almost 90% of these applications fall into the "non-starter" category and the remaining often require further development and refining before being accepted. A proactive approach is also followed whereby the Manager is constantly on the look out for potential new projects by establishing a broad network of conservation implementation agents and seeding ideas where gaps are perceived.

The formal process for any new application is to submit short concept proposals to the Trust, these are discussed at six weekly Conservation Division meetings. Non-starters are rooted out at this meeting and applicants with more potential concept proposals are requested to submit a more comprehensive application form (a set format is provided). These applications are sent to a number of referees who are considered expert in the relevant fields. Once the applications have been reviewed, they are submitted, together with reviewers' comments, to the Green Trust Board of Directors for a final decision.

Project Management

Successful applications then go through a participatory contract process whereby contracts are drafted according to the Board's final comments. The contracts set up a payment schedule, which is regulated by the approval of 6-monthly progress reports and financial reports. In addition, The Green Trust Manager and occasionally the Board of Directors try to visit the projects at least once to provide support

to project executants and to ascertain any potential problems which the project might have. Projects are also randomly audited.

Lessons Learned

- The proactive initiation of projects is an important and crucial element in effective management of the funds portfolio.
- The Green Trust plays a key role as a linking and networking agent. This partnership role is crucial to ensure project sustainability and replicability.
- Where possible, site visits to projects are critically important and enable more effective project management and the assurance that donor funds are being correctly spent.
- The institutional capacity of project applicants is critical for project success. Where funding is provided to community-based organizations it should be given with some capacity building for effective financial mechanisms.

Conclusion

As a highly innovative and unique funding mechanism for conservation, The Green Trust has achieved much over the last twelve years. However successful, though, the long-term sustainability of this fund is by no means guaranteed. The current agreement with Nedbank ends in 2005 and beyond this the future is uncertain. The World economic crisis, increased competition and aggressive changes in branding and marketing may result in Nedbank taking a less lenient look at their involvement with the Trust. Having said this, though, it is undoubted that The Trust would be able to continue on reserves for a certain amount of time, having established itself as an important conservation entity in its own right and might possibly source alternative donors. The lessons learned in terms of the business agreement, marketing strategies and demands of the business partner are crucially important for conservation organizations seeking to replicate this funding mechanism elsewhere.