

An aerial photograph of a vast savanna landscape. A winding river flows through the center-right of the frame, creating several meanders. The surrounding land is covered in dry, golden-brown grass and scattered small trees. In the distance, a flat horizon line separates the land from a blue sky filled with soft, white clouds.

# IW LEARN TRAINING WORKSHOP

Water Funds

Led by The Nature Conservancy

Gaborone, May 31, 2019





# ADAPTING THE WATER FUND MODEL

Ongoing examples of application in trans-national and other large basins

Sekgowa Motsumi • Okavango Basin Program Director • TNC

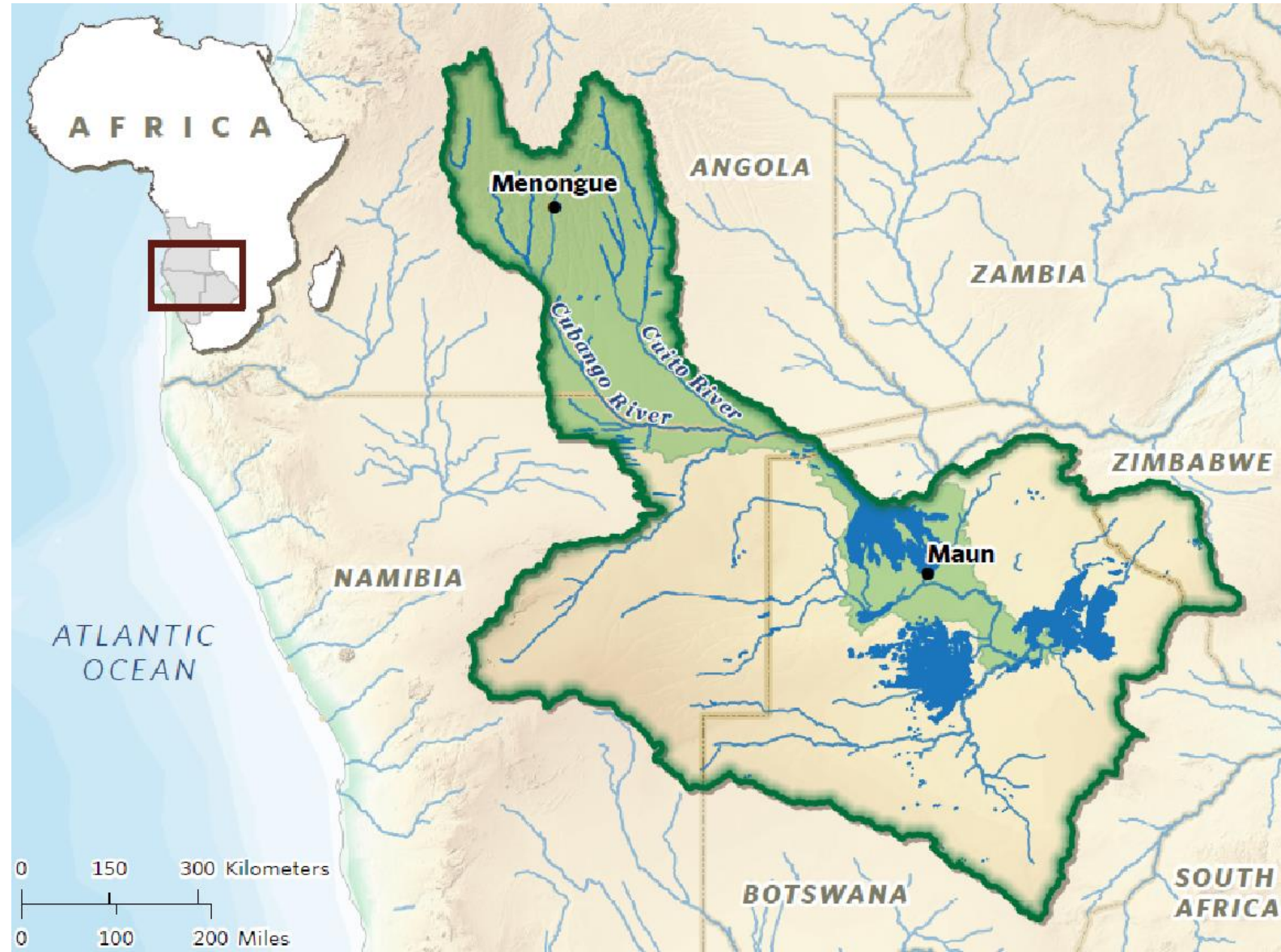


# SESSION OVERVIEW

- How basin concerns are expressed in a tangible manner
- Payment for Environmental Services and its relevance
- Opportunities for a Water Fund
- Lessons learned to date



# Cubango-Okavango Basin: An Ongoing Case Study in Water Fund Model Adaptation





# Cubango-Okavango River Basin

- Endorheic system – no outlet to the sea
- Low topographic relief – flood water moves slowly through the system
- Flood pulse system – timing, quantity and flood extend are important characteristics
- Nutrient poor system – sensitive to nutrients input
- Low human impact – near pristine
- Elevated levels of poverty across all the three Member States
- Support large wildlife populations in Delta – (elephant, wild dogs, lion)
- Global significance – Okavango Delta as World Heritage & Ramsar site
- ***Permanent Okavango River Basin Water Commission*** (OKACOM) with key advisory role
- 95% of the water comes from the Angolan portion of the basin, tourism money generated in Botswana





# Basin Development Imperatives



Urban & Industrial Growth



Rural Development



Ecosystem Services



Eco-Tourism Development



# Varied Stakeholder Concerns



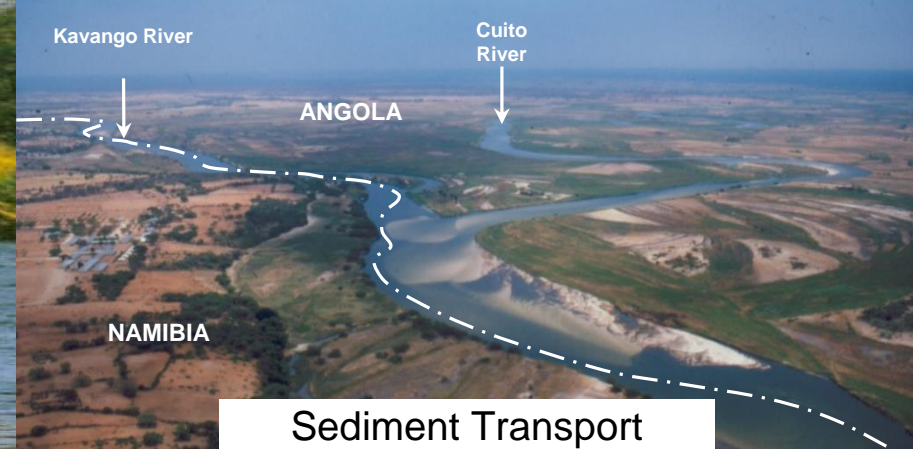
Rural Water Supply



Water for livestock



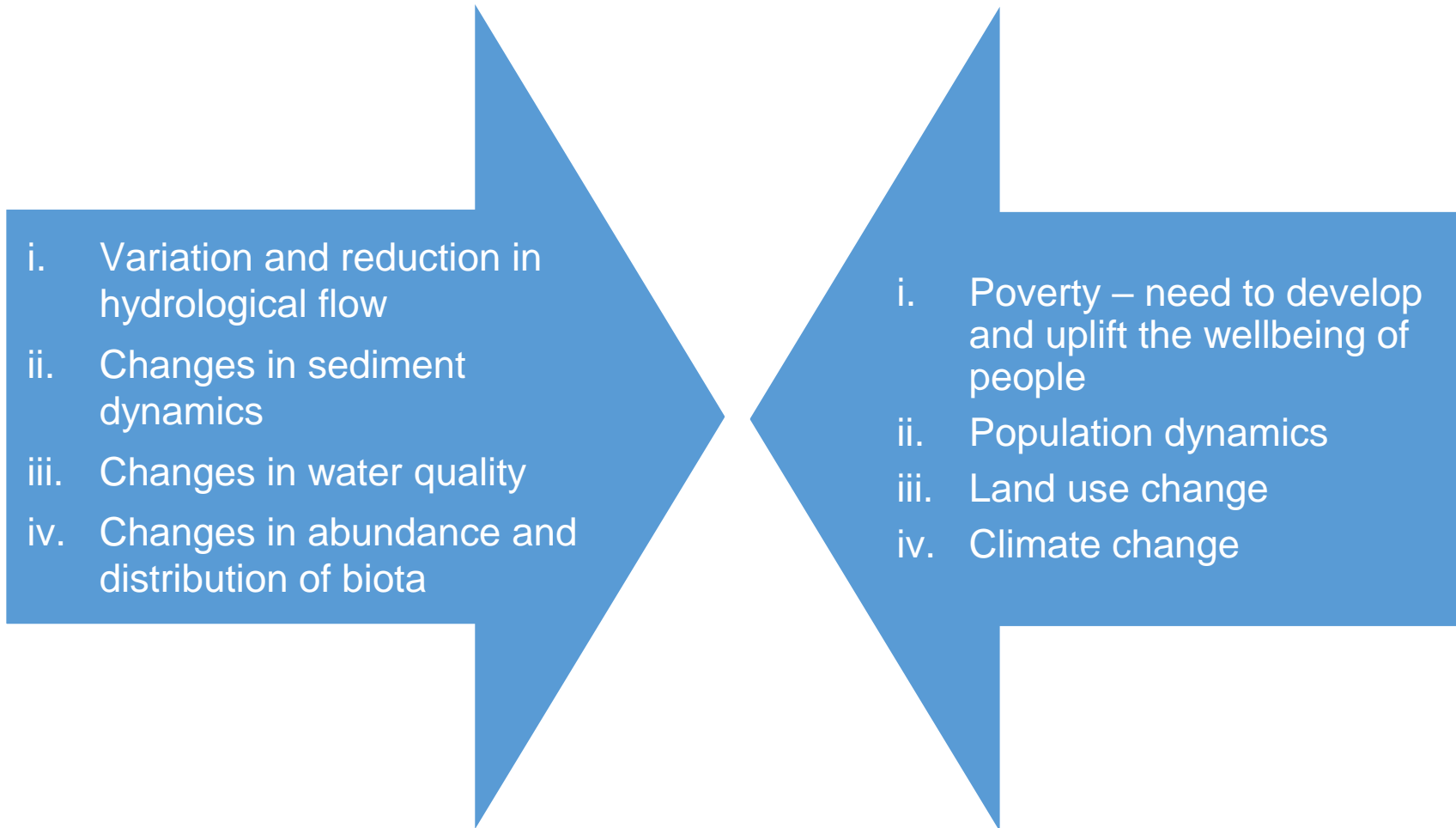
Declining Fish Stocks



Sediment Transport



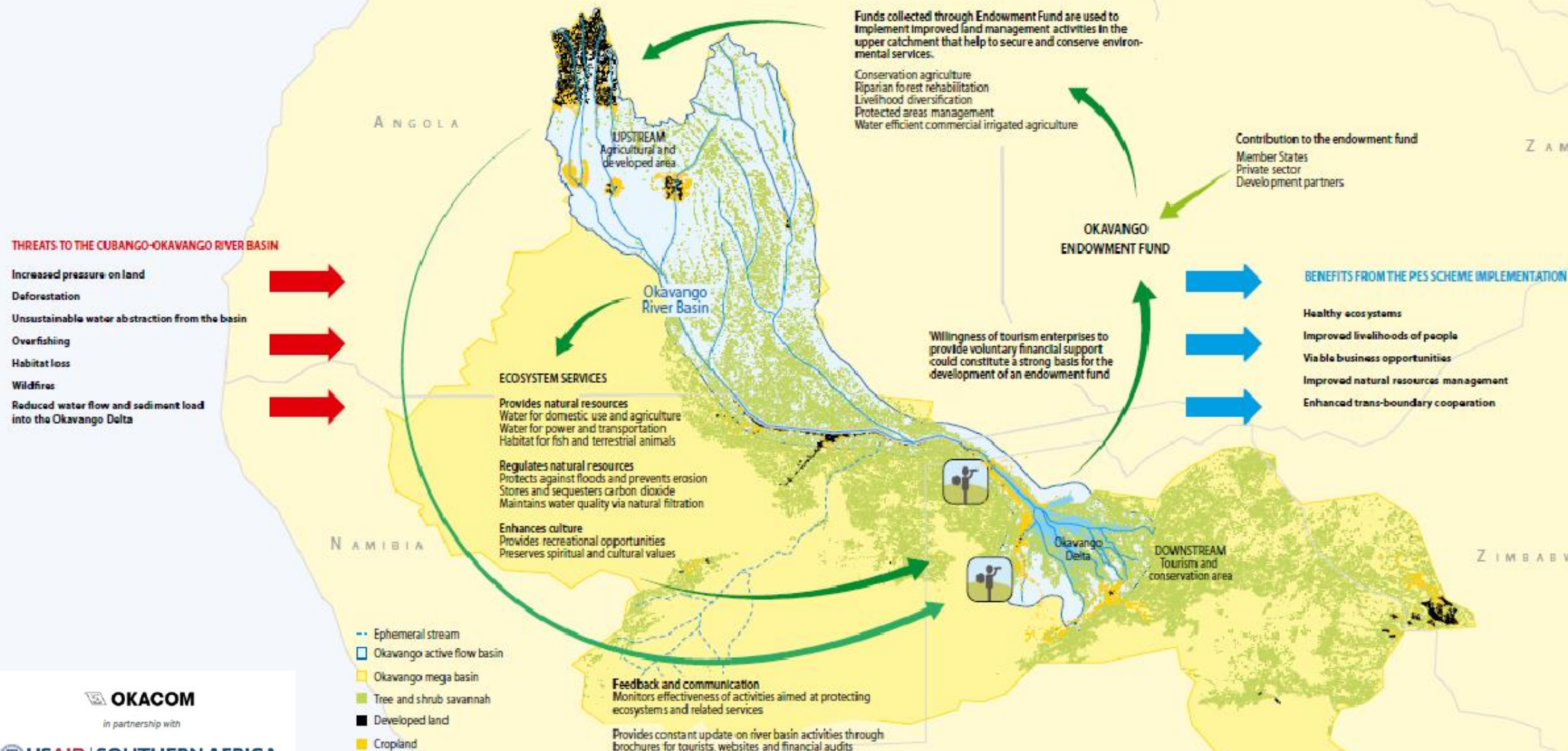
# Drivers and Areas of Concern in the Basin (from SAP)





# Payment for Ecosystem Services Scheme in the Cubango-Okavango River Basin

## PES Scheme and Endowment Fund for the Cubango-Okavango River Basin



**OKACOM**

in partnership with

**USAID | SOUTHERN AFRICA**

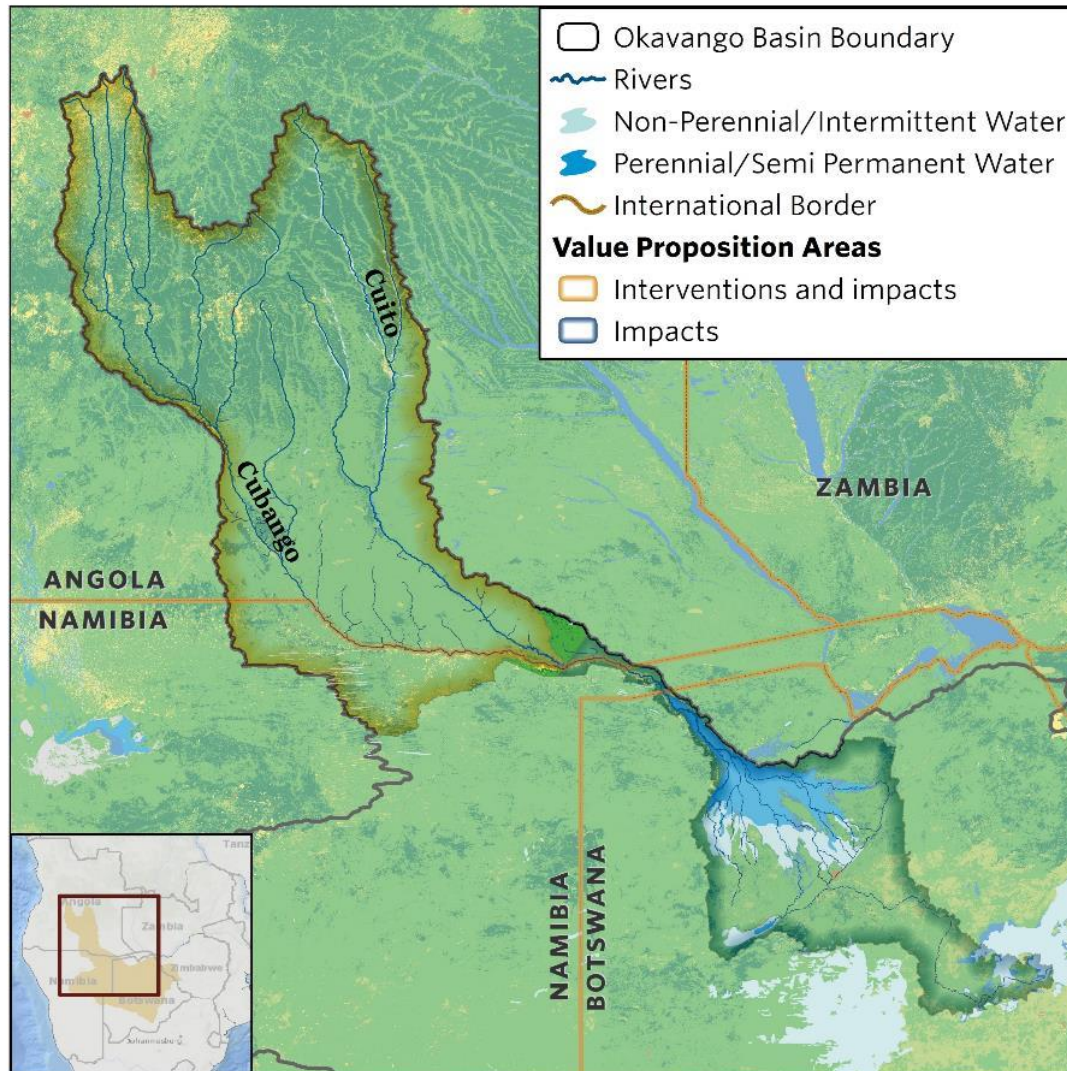




# Cubango-Okavango River Basin (CORB) Fund Concept

## Source Water Protection & Livelihoods

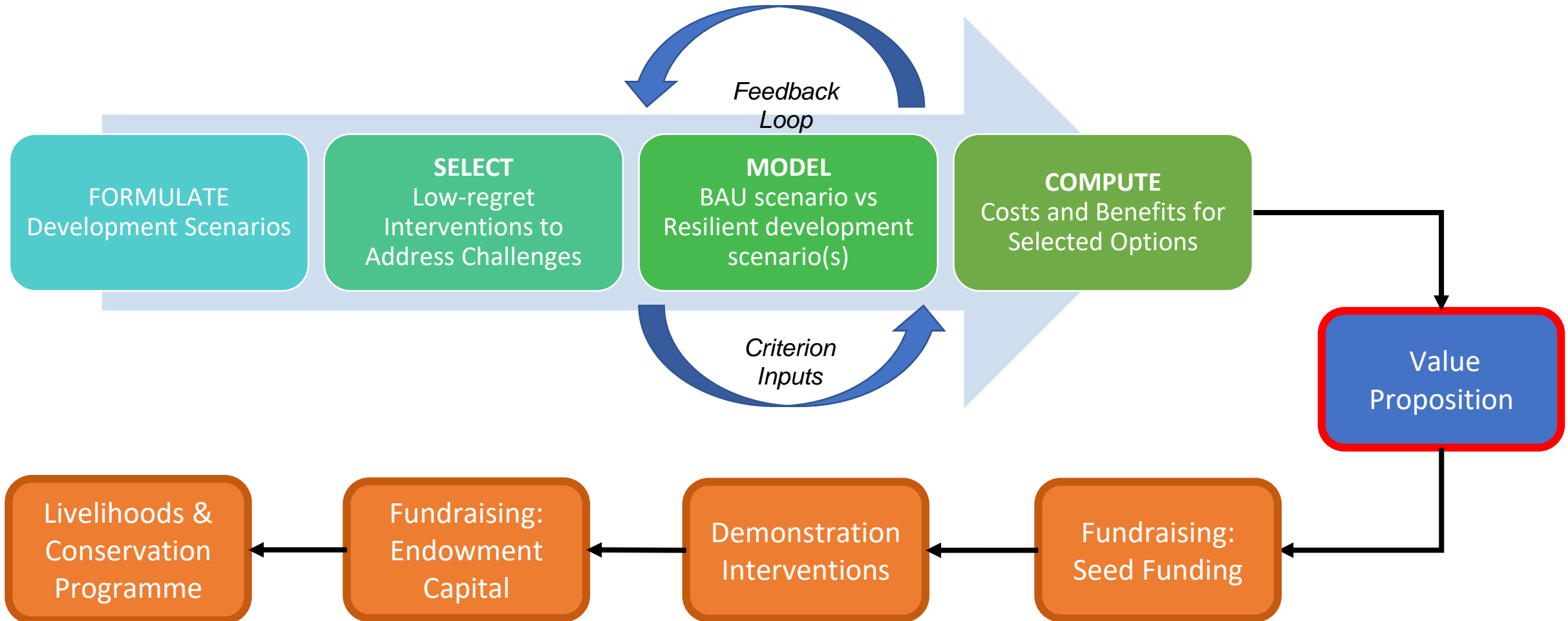
*To restore the **ecosystem integrity** of the CORB, by financing the development of conservation and livelihoods interventions for the equitable benefit of its inhabitants*



-  Protected areas (existing & new)
-  Forest management improvement
-  Riparian restoration & protection
-  Conservation agriculture
-  Grazing management
-  Fire risk management
-  Wetland restoration & protection
-  Road improvement
- Distributed renewable energy



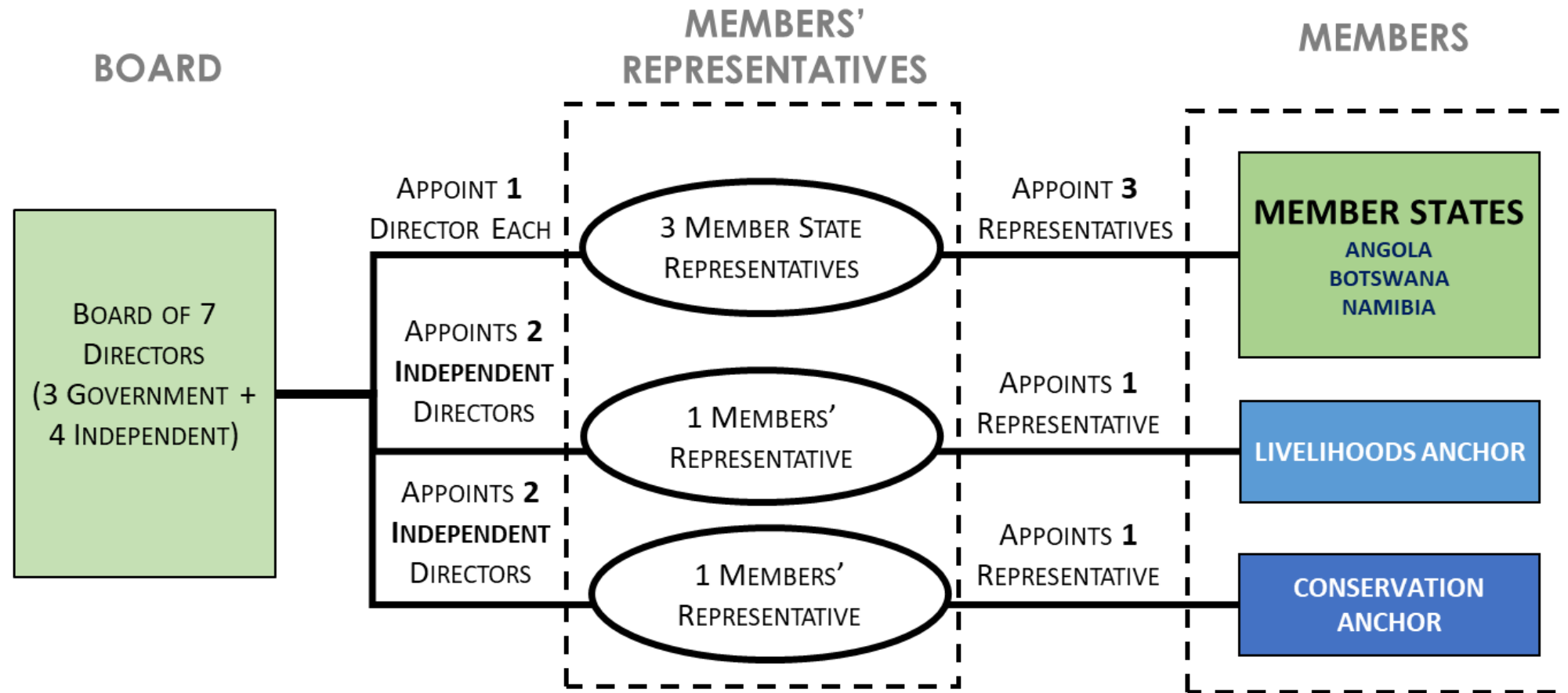
# Approach to Water Fund Value Proposition





# CORB Fund | DRAFT GOVERNANCE

CORB FUND'S UPDATED  
GOVERNANCE STRUCTURE





# OKAVANGO BASIN: LESSONS LEARNED TO DATE

- Public and private donors are most interested in Fund impacts to ecological integrity AND livelihoods
- Trans-national Fund governance is complicated, and independence is key, but good models exists (e.g., Caribbean Biodiversity Fund)
- A Value Proposition (Business Case) is necessary to give donor confidence
- Hybrid funding structure: prove out via project funds so that an endowment fund can be created



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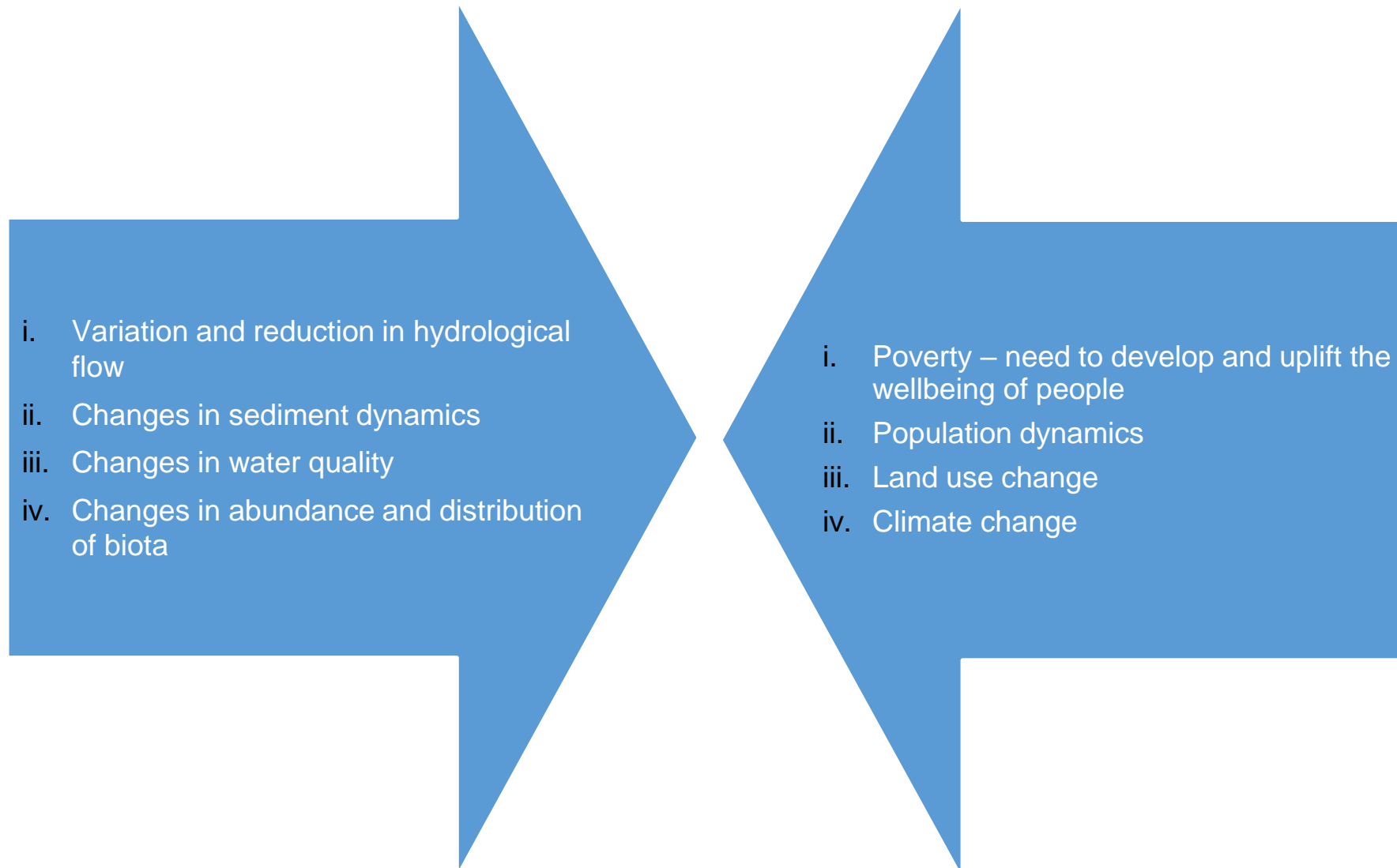
# Okavango Basin Threats

- 95% of basin water comes from Angola-- the Delta's future is almost wholly dependent on Angola's decisions
- Water infrastructure projects are being planned that could alter ½ of the river's flow:
  - Hydropower dams
  - Irrigated agriculture (up to 300,000 hectares on poor soil)
  - Out of basin water diversions for water supply and agriculture
- Land degradation and forest loss is accelerating in the Upper Okavango
- No current protection of source water areas
- Significant alterations to river flow and sediment would irreparably damage the Delta and its wildlife





# Drivers and Areas of Concern in the Basin (from SAP)

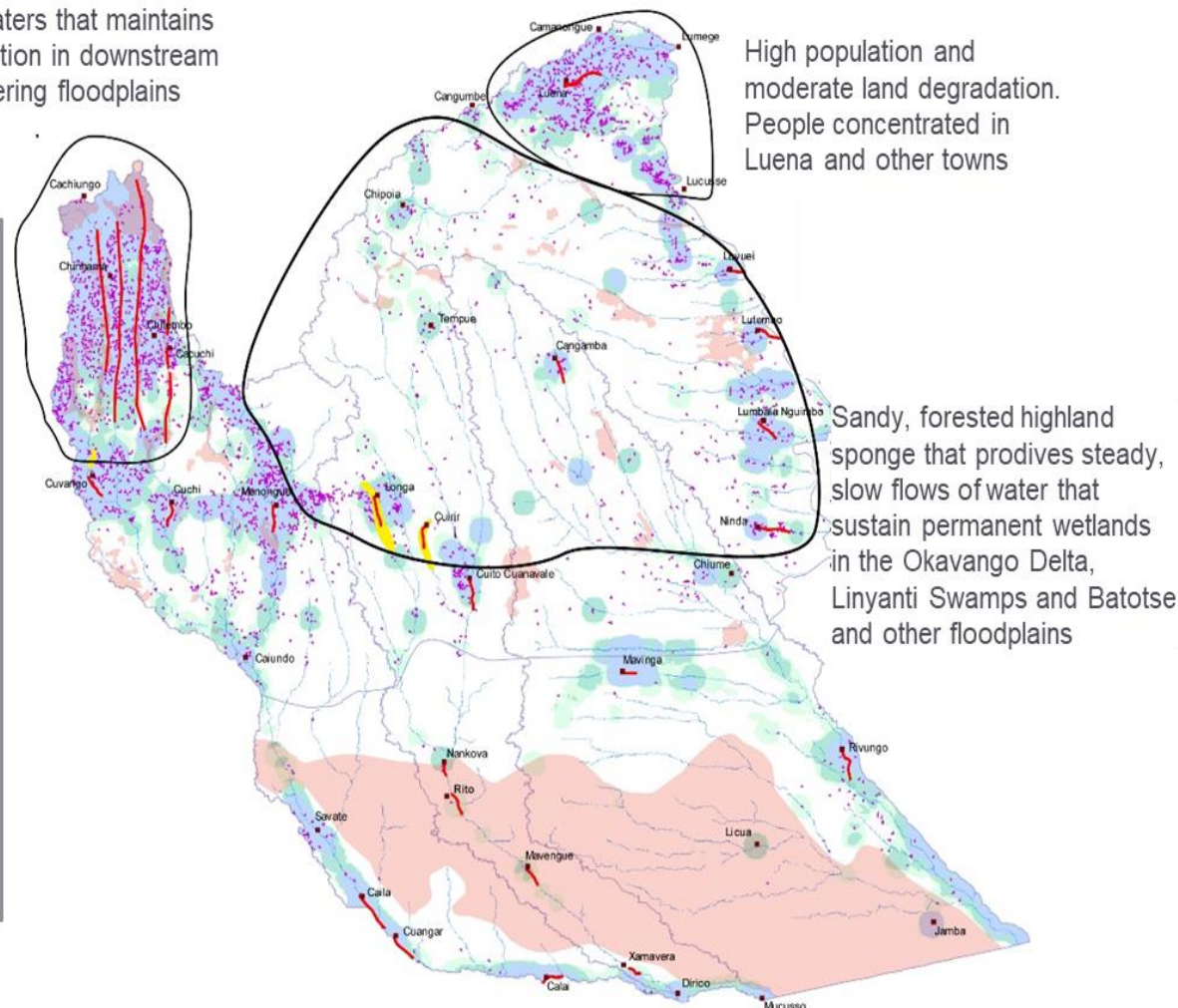
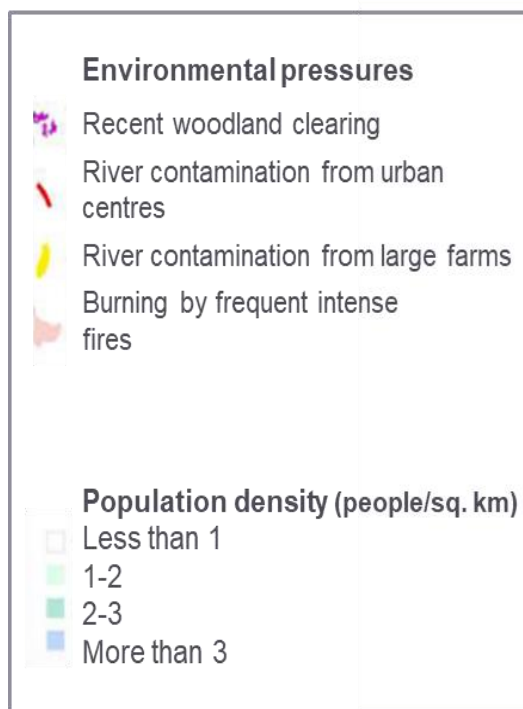




# Okavango Basin: Pressures on Land & Water in the Water Tower Region

High population and land degradation, but critical source of floodwaters that maintains production and reproduction in downstream Okavango Delta and rivering floodplains

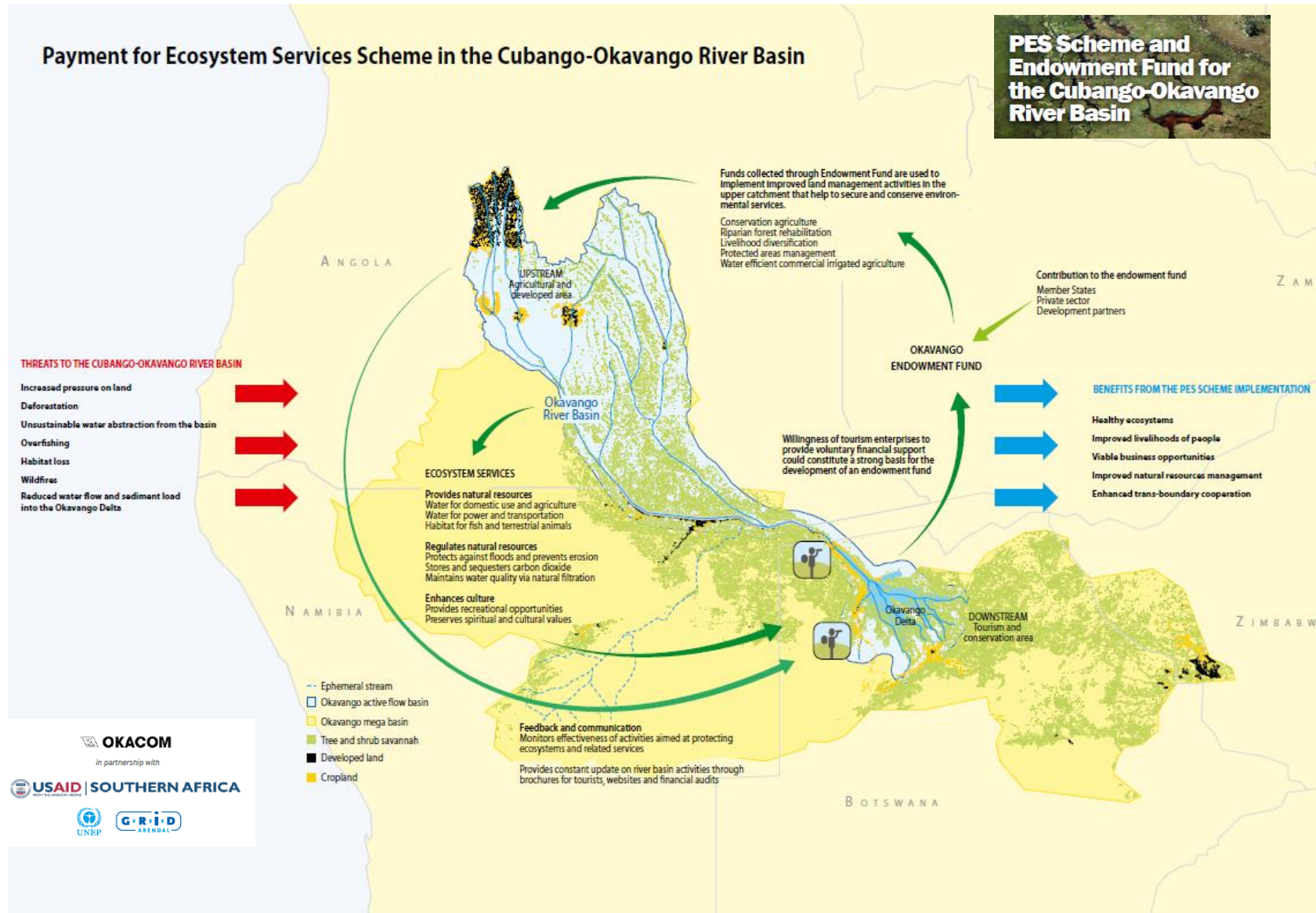
High population and moderate land degradation. People concentrated in Luena and other towns





## Payment for Ecosystem Services Scheme in the Cubango-Okavango River Basin

## PES Scheme and Endowment Fund for the Cubango-Okavango River Basin





# COMMON ELEMENTS TO PES

- Transaction is voluntary and legally binding
- Ecosystem service provided is well defined and valued
- Minimum of one service buyer and user
- Minimum of one ecosystem service seller/provider
- Payments are conditional on continued provision of the ecosystem service
- **Transboundary context with less developed policy/legislative Framework?**

- *Adopted from IUCN and Katoomba Group*





# DEFINITION

*The Cubango-Okavango River Basin (CORB) Fund is...*

1. an **internationally respected** fund providing equitable benefits across the CORB, through activities that **enhance livelihoods** and mitigate threats to the CORB's **ecosystem services**, ensuring the **delivery** of these services to **future generations**.
2. a **sustainable financing mechanism** that will contribute towards sustainable development in the CORB and improve the livelihoods of its population whilst reducing the impact of socio-ecological threats.



# PURPOSE

*The CORB Fund is designed to...*

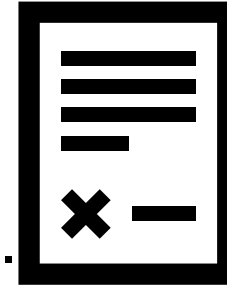
...protect the **ecosystem resilience** of the CORB,  
by financing the development of  
conservation and livelihoods interventions  
for the equitable benefit of its inhabitants.



# GOVERNANCE

## *CORB Fund's CONSTITUTION:*

- Primary **governance document** of Fund.
- **Statutorily binding** on Members and Directors.
- Restricts the conduct of the **Company's affairs**.
- Sets out **powers, duties and obligations**.
- Requires the company to keep **financial records**.
- **Allows delegation** by the Board of Directors to committees.





# GOVERNANCE

## MEMBERS



- ‘Owners’ of the Fund, but cannot use the Fund’s assets or income for personal gain of any sort.
- Ultimate control of the Fund.



## BOARD OF DIRECTORS (BoD)

- Mandated Governing Body of the Fund
- Accountable to Members

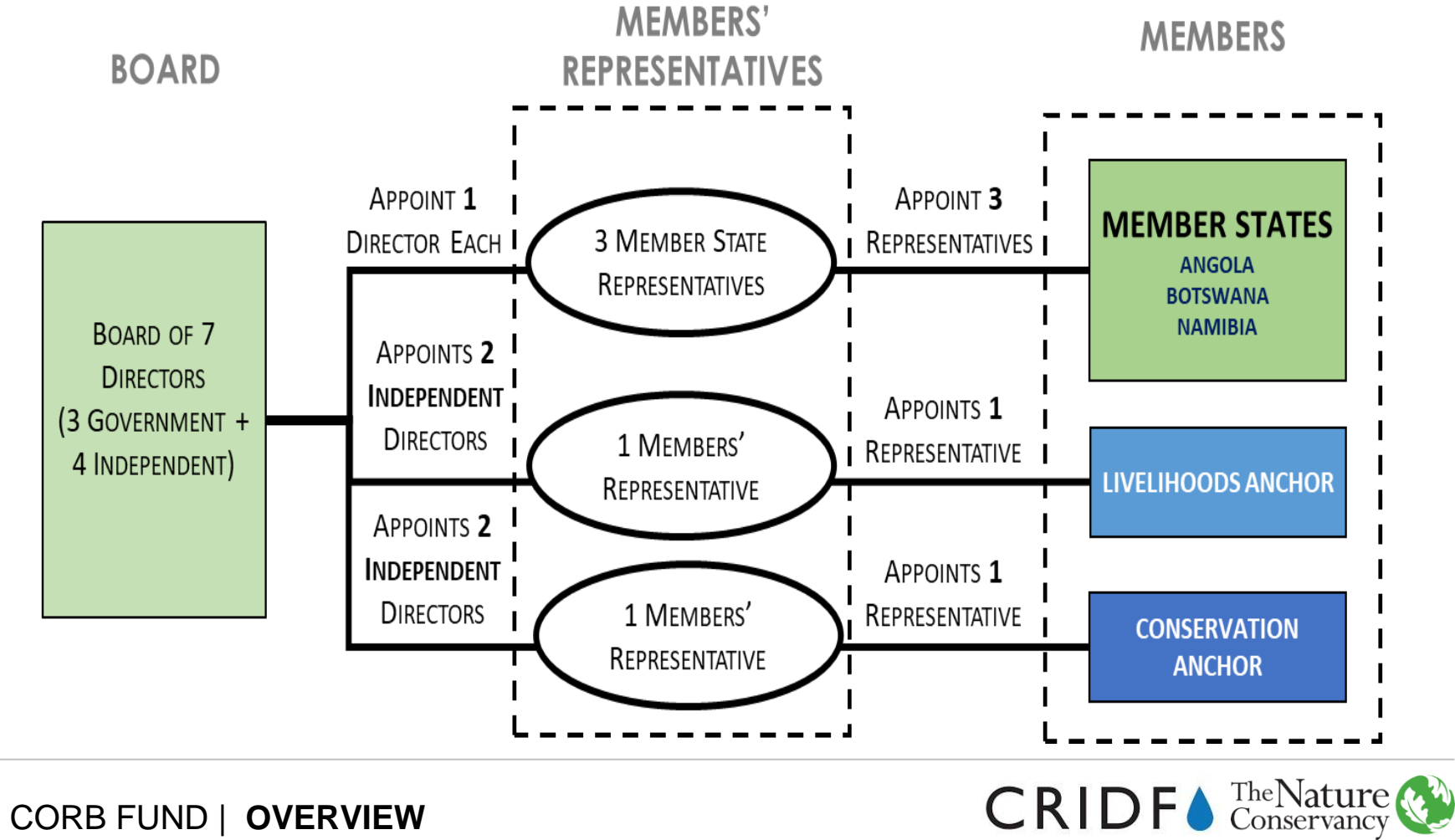


## EXECUTIVE OFFICER (EO)

- Manages the Fund’s day-to-day activities and organisation.
- Accountable to the Board of Directors



# GOVERNANCE



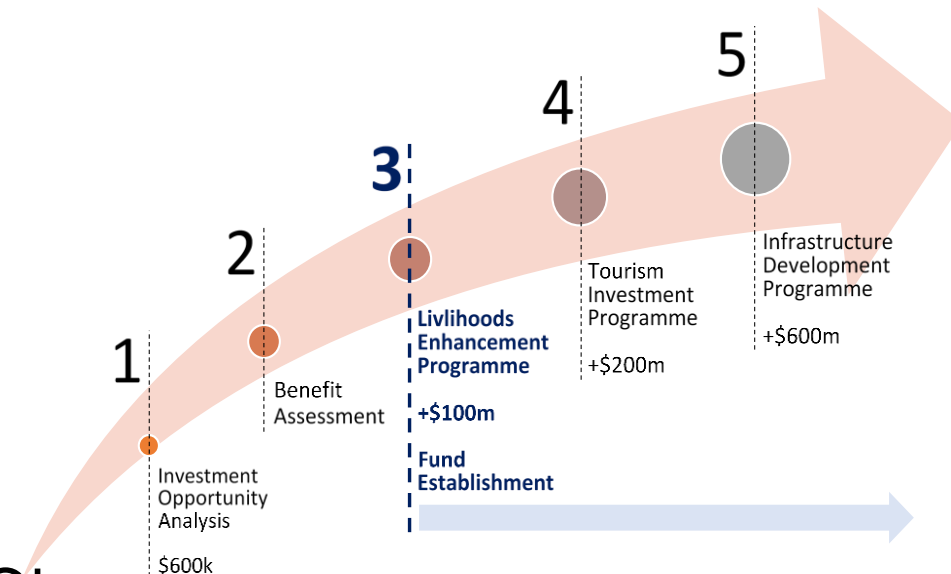


# Business Case for Source Water Protection

## SCIENCE FOR DECISION-MAKING

### BUSINESS CASE

- Linked to new Okavango Basin Endowment Fund under development
- Asset for fundraising
- Focused on shaping future implementation of targeted conservation & livelihood interventions
- Part of a larger program of Okavango investment (see figure)

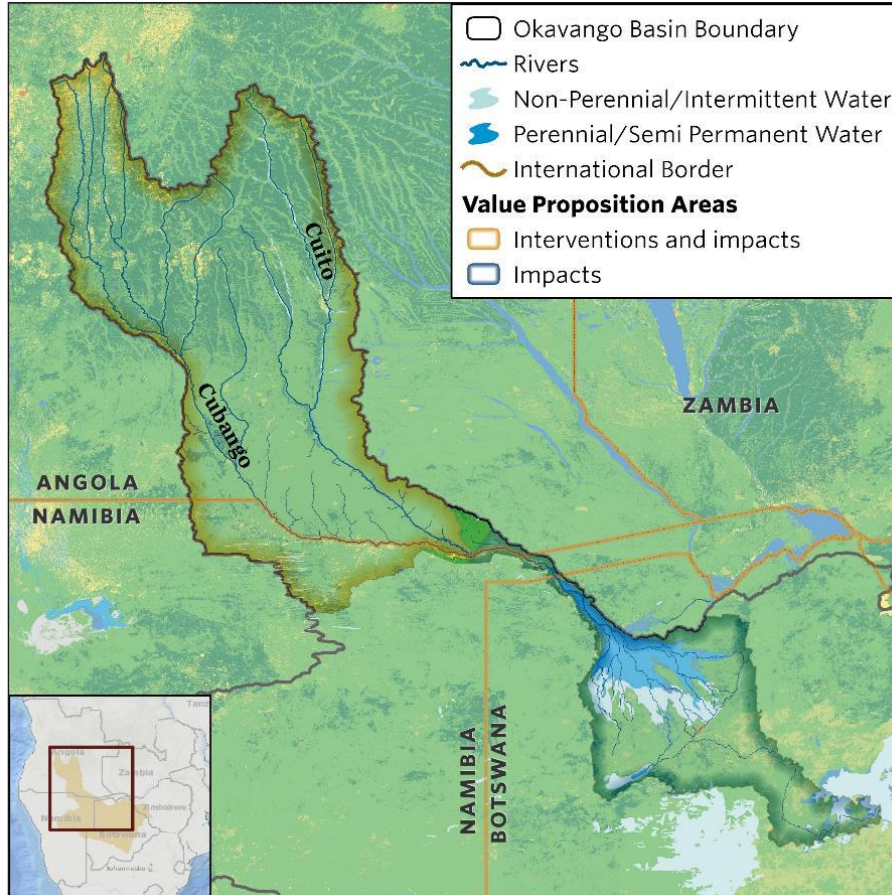




# Cubango-Okavango River Basin (CORB) Fund

## Concept

### Source Water Protection & Livelihoods

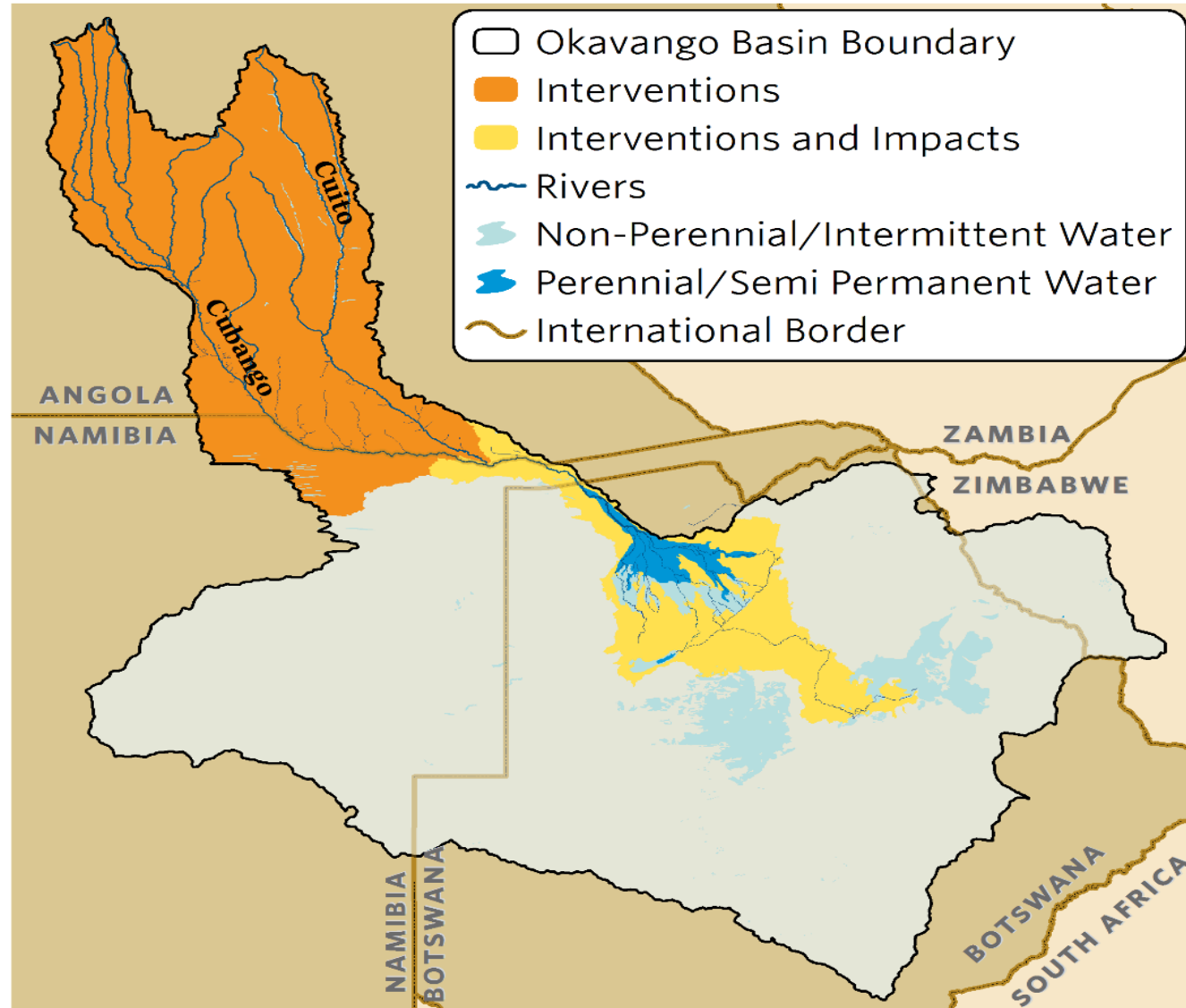


- Protected areas (existing & new)
- Forest management improvement
- Riparian restoration & protection
- Conservation agriculture
- Grazing management
- Fire risk management
- Wetland restoration & protection
- Road improvement
- Distributed renewable energy



# Business Case for Source Water Protection

## GEOGRAPHIC FOCUS ON MODELING & INTERVENTIONS





# Capacity Building in Fund Development and Implementation

- Training on Water Funds
  - Cape Town Training in October 2018 and
  - Kenya Training in 2017 – OKACOM Member States participated
- Offer to OKACOM of support via TNC Endowment Fund experts
- Offer to OKACOM for Fund learning exchange to Brazil or Kenya
- Offer to provide Trust Funds Training to OKACOM – OKACOM 2019 Annual Meeting





# Key Observations from the CORB Fund

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- Important to have clarity on the geographical scope of interventions
- Types of interventions – informed by solid science
- Demonstration of the ecosystem goods and services linked to interventions
- Water Fund Approach
  - How do you attract funding for on the ground implementation?
  - Transparent and broad-based stakeholder participation
  - Inclusive and transparent governance arrangements
  - Clear demonstration of the benefits for downstream users (economic and hydrological modelling)
  - Who are the downstream users – e.g. tourism industry, water supply?
  - International community (biodiversity value, tourism and existence/bequest values)



# OKAVANGO BASIN: LESSONS LEARNED TO DATE

- Public and private donors are most interested in Fund impacts to ecological integrity AND livelihoods
- Trans-national Fund governance is complicated, and independence is key, but good models exist (e.g., Caribbean Biodiversity Fund)
- A Value Proposition (Business Case) is necessary to give donor confidence
- Hybrid funding structure: prove out via project funds so that an endowment fund can be created
- Leveraging partnerships (TNC, CRIDE, World Bank, Resilient Waters, e.t.c)





A close-up photograph of a public water tap. The tap is made of brass and has a black handle. Water is flowing from the spout into a white container. In the background, several yellow jerrycans are visible, and a person in a blue shirt is standing. The scene is outdoors, likely in a rural or semi-rural area.

Q&A