



# m&e case study

## CapeNature: building institutional capacity #15



When the C.A.P.E. partnership was established in 2001, with the purpose of building institutional capacity to protect the biodiversity of the Cape Floristic Region, CapeNature was an obvious lead agent for the first phase of C.A.P.E.'s implementation. It had an official mandate to conserve the biodiversity of the region, was supported by adequate capacity, and, as an independent parastatal, it had the institutional flexibility required to accept and manage donor funding.

The Biodiversity Conservation and Sustainable Development project from 2004-2009, funded by the Global Environment Facility through the World Bank and the United Nations Development Programme, enabled the implementation of large scale strategic projects through CapeNature, including stewardship, landscape corridors and fine-scale planning initiatives. These projects enabled the organization to expand its mandate to include management of biodiversity outside reserves. However, as the projects drew to a close, these changes needed to be internalized. C.A.P.E. supported this process through the development of a business case which motivated for substantial additional support from the provincial treasury.

***The C.A.P.E. partnership supports CapeNature's concept of a conservation economy and has helped the organization establish the institutional capacity required. An important aspect of this support was the development of a business case which was submitted to the provincial government.***

***The business case strengthened the organization by motivating for and securing much needed additional financial support from the province. It also helped the organization to refocus on its core mandate and strengthen internal integration.***

### **BIODIVERSITY UNDERPINS THE ECONOMY**

The starting point for the business case reflects the growing recognition that the conservation of biodiversity, and, in particular, the environmental services it supports, is not an independent component of economic development but is fundamental to the sustainability of the region's economy. Biodiversity conservation thus provides the foundation on which sectors such as agriculture and tourism must be built.

CapeNature manages 18% of the province's surface area in 42 protected areas. By 2009 it had extended its reach further through 33 conservation agreements which cover an additional 45 000 ha. This includes many catchments which provide clean water and scenery which is important for tourism. The people of the province are consequently dependent on many ecosystem services maintained through CapeNature.

In providing support for conservation, the province is therefore supporting the sustainability of the whole economy. This is in line with the provincial growth and development strategy, iKapa elihlumayo, which promotes sustainability. The CapeNature business case challenged the province to translate these ideals into action. It highlighted the fact that additional support was needed as CapeNature had taken on an expanded mandate to support sustainable ecosystem management in areas outside reserves.

### **EXISTING REVENUE SOURCES**

When CapeNature was first established as an independent board, it was envisaged that the organization would become financially independent through the promotion of tourism in protected areas. However, the establishment of successful public-private partnerships proved challenging: Of the 20 sites initially identified only one is currently operational. The organization has recognized the complexity of the support required to make such initiatives viable. While there is still potential to increase tourism revenue, it is unlikely to cover the operational costs of conserving biodiversity across the whole landscape.

CapeNature has been the recipient of significant grants from local funders of the "Working for" programmes, and also from international donors, often mediated by C.A.P.E. In recent years these grants have provided up to half the organization's budget. These additional resources have enabled the organization to achieve remarkable success as an implementing agent.

The organization learnt, however, that the management of such large grants is costly. Supervision is required for the additional staff while procurement and reporting to donors is time consuming. These internal costs had been greatly underestimated. In future, specific provision will be made for the management of additional funds and for the



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integration of additional activities into the organization. CapeNature will also only accept funds and join partnerships which, like C.A.P.E., align with their core mandate.

## REQUEST FOR ADDITIONAL FUNDS

Much of the funding received from international donors was given as 'start up' funding. The business case therefore motivated that if CapeNature was to continue to fulfill their expanded mandate, which now included the conservation of biodiversity outside reserves, they would need additional state support. More specifically it identified the following key issues:

- A key constraint for the organization has been institutional capacity. C.A.P.E. provided temporary funding for several key posts. Additional funding is required to internalize these new programmes as donor programmes phase out.
- Maintenance of equipment and systems has been severely constrained by several years of tight budgets. This has reached the point where it impacts on the organization's ability to deliver.
- Both the business case and a provincial work study identified a lack of parity between CapeNature salaries and that of equivalent state salaries. This has led to difficulties recruiting and retaining staff.

The business case formed an important part of a series of constructive engagements with the provincial treasury. It contributed significantly towards an improved understanding of CapeNature's role in supporting the province's economy and the financial support required if it is to continue to fulfill its mandate.

The province responded by providing additional funding. Although less than the substantial increase requested, it was enough to make a significant difference: an additional R13 million was provided for the 2009/10 financial year alone to create competitive conditions of service which would enable the organization to attract and keep top staff.

## THE WAY FORWARD

Importantly, in addition to providing a platform for securing additional funding, the business case also provided an invaluable institutional review at a critical period of the institution's development. It identified several strategic shifts required to improve effectiveness and sustainability within the organization.

In particular it was recommended that the organization maintain greater focus on their core mandate of conservation. It also made several helpful recommendations towards improving internal integration through collaborative planning and alignment of performance management.

The next step for CapeNature will be to quantify the value of the ecosystem services it helps to maintain. They will need to make the case for conservation in a format which is accessible and compelling for political decision-makers.

The development of a strong business case significantly strengthened the institution. CapeNature's goal is to secure the support it requires to enable it to continue its work across the landscape in promoting the conservation of the region's unique biodiversity and supporting its ecosystem services.

***"The business case not only motivated for additional funding but also provided an invaluable independent review of the operation of the organization which will guide future management."***

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**Key Words:**

*Business Case, Financial Sustainability, Institutional Capacity, Ecosystem Services, Partnerships*

