

## Financing Equilibrium in the Cloud Forests of Kafa. Fundraising Strategy for the Kafa Biosphere Reserve, Ethiopia



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This document is part of the fundraising and marketing sub-component of the project:

“Climate Protection and Preservation of Primary Forests – A Management Model using the Wild Coffee Forests in Ethiopia as an Example”

Executed by the Nature and Biodiversity Conservation Union Germany (NABU) and funded within the framework of the International Climate Initiative by the German Federal Ministry for the Environment, Conservation and Reactor Safety (BMU).

### **Summary of the project**

Only 40 years ago, approximately 40% of the Ethiopian land surface was forested; today, only 2.7% of that remains. According to the U.N., Ethiopia could be completely deforested by 2020. The afro-montane forests in the south-western Ethiopia are considered to be an invaluable genetic resource: these forests are both the centre and origin of the genetic diversity of Arabica coffee (*Coffea arabica*).

The project's overriding aim is the protection and the sustainable use of the remaining afro-montane cloud-forests, in order to avoid greenhouse-gas emissions and secure carbon-storage capacities, as well as ecosystem benefits for the local population. Carbon capture and storage will be increased through reforestation and rehabilitation of fragmented forests and downgraded areas. In order to simultaneously safeguard the needs of the local population, community plantations with fast-growing tree species, sustainable forest management, and efficient wood-burning stoves are being introduced.

Regional sustainable development in the Kafa Biosphere Reserve (BR) is initiated and promoted using measures such as ecotourism and micro credits. The scheme's integrative approach could, if successfully implemented, work as a “best-practice” model for climate and resource protection and sustainable regional development.

### **The fundraising and marketing subcomponent**

Effective management and long-term financing are exceedingly important for consolidating the Kafa Biosphere Reserve (BR) and ensuring the sustainable conservation of valuable habitats. Currently, there is no fundraising for the BR. The small BR Management Entity and 30 rangers are financed by NABU. To support access to new funding sources for the BR management and to promote alternative income to the BR inhabitants, it is necessary to engage in marketing the Kafa Biosphere Reserve to potential visitors and to potential conservation investors.

This sub-component of the project therefore develops a marketing concept and a fundraising strategy for the Kafa BR.

#### **Acknowledgements:**

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## EXECUTIVE SUMMARY

This Fundraising Strategy is intended to guide the strategic financial planning and fundraising decisions for the recently designated Kafa Biosphere Reserve (BR), Ethiopia. It is written for those in charge of implementing the UNESCO concept for biosphere reserves - namely the Kafa BR managers in the Kafa Zone Administration (KZA) - and for all further persons and organisations supporting this process.

It may also offer advice to other biosphere reserves in Africa, provided they operate under similar conditions. Recommendations in this strategy are geared to the local BR context. Yet, some actions are more suited to partnerships with non-Ethiopian organisations operating 'overseas', i.e. in donor country contexts.

The strategy begins with an analysis of the financial situation of the Kafa BR, including current income streams and funding needs. It identifies potential funding sources and describes a selection of fundraising tools to help meet funding needs over the coming decade. It also gives practical advice for employing these fundraising tools in the Kafa context.

### Why a Kafa Biosphere Reserve?

The Kafa region in South West Ethiopia is part of the Eastern Afro-montane biodiversity hot-spot. It is a nature lover's dream and a place of world importance with regard to its dazzling range of biodiversity. The cloud forests are home to the people of Kafa. They are also the world's cradle of coffee, boasting thousands of wild *Coffea Arabica* plant species. Despite the region's outstanding features and fascinating beauty, Kafa is rather unknown to the world, and facing pressures to develop along unsustainable paths.

Responding to an initiative by NABU and local/regional government, the area was officially recognized in June 2010 and designated by UNESCO as the Kafa Biosphere Reserve. It stretches for more than 760,000 ha and covers a forested area of about 352,000 ha, with an estimated 600,000 inhabitants. The BR pursues to balance development aspirations and conservation needs. The aim is to preserve this life sustaining natural heritage for the people of Kafa, and for all Ethiopians.

### What are the potential funding sources?

1. Tourism
2. International government support
3. Local and regional contributions
4. Foreign private philanthropy and corporate donations
5. Payments for Ecosystem Services (PES)

### What are the BR's funding needs?

Current funding for BR management and BR implementation activities mainly comes from NABU and from the NABU-run project funded by BMU/IKI, which will be completed in late 2013.

Precise BR funding needs, both for specific actions and for basic running costs, cannot be determined at this stage, for two reasons:

1. A proposed management plan still needs to be adopted and completed with a program of work/agenda for action that specifies what exactly is to be done in the BR context, and what costs this will entail.
2. No official structure for the BR management has been established so far. Rangers and two BR managers are being employed by the zonal Dep. of Agricultural Development (DoAD), with NABU funding. Neither their exact responsibilities, nor the contributions by other government bodies (e.g. forestry), nor the mode for inter-agency collaboration for implementing and running the BR have been officially specified.

Therefore, in this strategy, a hypothetical yet plausible set of basic management tasks for a functioning Kafa BR has been constructed. Associated costs are estimated at 265.800 p.a., including staff, office, transport and a basic budget for operations/maintenance.

### What are the recommended actions?

#### Short term perspective

- 1 Clarify structure and functioning of the BR management entity. Clarify how the BR finances will be managed in the long-term. An independent trust fund for the BR may be the most convincing format for attracting and spending funds, provided that costs of running the trust fund are shared and kept at modest levels.
- 2 Work towards a clear commitment by KZA to finance a fix part of the basic BR running costs, for example by means of re-dedicating part of the available staff/resources to regular BR tasks, or to a BR management plan that has been fully specified and adopted.
- 3 Develop two convincing conservation investment proposals, for which the local suitability, the added value, and substantial co-finance can be clearly shown. Build for on project ideas that have been prioritized by NABU experts.
- 4 Rely on the specific expertise and credibility of NABU for further applications for project-based funding. Project proposals/funding applications should aim for longer term project durations (>3 years) and foresee a significant budget for consolidating the BR management entity.
- 5 Secure political backing for the proposals and secure their complementarity to on-going NGO activities and government programmes.

#### Mid- and long-term perspective:

- 6 Aim at diversifying the BR income portfolio, focusing on any 2 additional funding sources at a time.
- 7 Pursue BR income from tourism, PES and Ethiopian business, at a later stage, as initial costs for raising funds from these sources will be high at the moment and/or actual income potential is low or uncertain.

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## 1 INTRODUCTION

This Fundraising Strategy is intended to guide the strategic financial planning and fundraising decisions for the recently designated Kafa Biosphere Reserve (BR), Ethiopia.

It is written for those in charge of implementing the UNESCO concept for biosphere reserves - namely the Kafa BR managers in the Kafa Zone Administration (KZA) - and for the persons and organisations supporting this process.

It may also offer advice to other biosphere reserves in Africa, provided they operate under similar conditions. Recommendations in this strategy are geared to the local BR context. Yet, some actions are more suited to partnerships with non-Ethiopian organisations operating 'overseas', i.e. in donor country contexts.



### The fundraising strategy follows for steps:

1. First, the financial situation of the Kafa BR is examined: This includes looking at current income streams (Chapter 2), and funding needs, both, for regular management tasks, and for singular investments (Chapter 3).
2. Then, one needs to assess the BR's financial sustainability: its potential capacity for generating sufficient income for meeting own costs (Chapter 4). This includes cost savings potential and fundraising potential.
3. Against this background, the relevant fundraising tools (Chapter 5), geared to the different potential funding sources, are described and characterized with the regard to their suitability for the Kafa context.
4. Finally, strategic considerations (Chapter 6) help move from instruments to action.

### Why a Biosphere Reserve?

The Kafa region in South West Ethiopia is part of the Eastern Afro-montane biodiversity hotspot. It is a place of world importance with regard to its dazzling range of biodiversity. The cloud forests are home to the people of Kafa. They are also the world's cradle of coffee, boasting thousands of wild *Coffea Arabica* plant species. Despite the region's outstanding features and fascinating beauty, Kafa is rather unknown to the world, due to its relatively remote location.

Nonetheless, the Kafa region is facing pressures to develop along unsustainable paths. National government policy promotes investments in agricultural intensification, both, for economic growth and for food security in the face of a steadily growing national population. However, agricultural diversification may be more suitable to the region – that is cultivating and collecting multiple forest products in the same area, rather than forest clearing for monocultures. Also, road development programs have considerably improved connectivity of the region with the country's economic centres – with many business advantages and socio-ecological challenges this typically brings along.

Resulting from an initiative by NABU and zonal/regional government, the area was officially recognized by UNESCO in June 2010 and designated as the Kafa Biosphere Reserve. It stretches for more than 760,000 ha and covers a forested area of about 352,000 ha, with an estimated 600.000 inhabitants.

The BR pursues to balance development aspirations and conservation needs. The aim is to preserve this life sustaining natural heritage for the people of Kafa, and for all Ethiopians. In contrast to national parks with a focus on preserving 'wild' nature, the category of Biosphere Reserves (BR) places human interaction with the natural environment at the centre of attention. UNESCO's Man and the Biosphere-Program (MaB) runs the world network of biosphere reserves since the mid-1970s.

Biosphere Reserves have core zones, buffer zones and a transition zone. This sequence can be understood as a gradient of increasing human activities. Thus the core zone serves to give long-term protection to the landscapes, ecosystems and the species it contains, the buffer zone allows for very limited human activity, while the transition zone is intended as an area of co-operation extending outwards, which may contain a variety of agricultural services, human settlements and other use – here new forms of land use and new activities for a strong local economy are to be invented and tested – for a sustainable development that benefits the people living in this area.



## 2 CURRENT INCOME OF THE KAFA BR

At present, 30 rangers and 2 BR managers are explicitly being employed by the Kafa Zone Administration, in the Department of Agricultural Development (DoAD) for BR management tasks. Funding for them is provided by NABU, with co-finance (office and travel costs) by DoAD/KZA:

	SALARY €/ MONTH	OFFICE & TRAVEL €	Total €/ month
30 rangers	3.000	2.250	5.250
2 BR managers	1.600	~ 500 (KZA)	~ 2.100
Total □/month	4.600	~ 2.750	~ 7.350

To this one can add considerable investments funded by the BMU/IKI project that is being implemented by NABU. While these are singular costs – e.g. for the construction of the BR visitor centre, or the production of informative and educational materials – they reduce subsequent operational costs: e.g. if flyers have been developed and printed in sufficient quantity, they need not be done again within the coming 3-5 years.

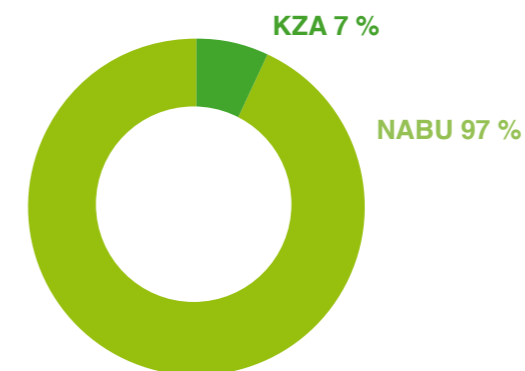
Furthermore, there is staff such as the extension agents at Kebele level (local unit of administration) and the forestry officers at Woreda level (administrative unit below Kafa Zone), that right now do not work for BR implementation but could after the corresponding training and job specification, well assume BR tasks.

One of the principal difficulties in estimating the full range of BR income is that at present, it is still unclear which governmental activities and departments can be considered as part of the BR implementation effort. Arguably, activities in the areas of tourism, economic development, forestry, agricultural extension could all be considered as contributions for the BR, provided that these activities follow a BR implementation agenda – and associated staff salaries could be calculated as BR income. However, for such a complete BR income estimate, the programme of work of the BR and the BR management structure still need to be further specified and adopted (see below).

Thus, there are more resources available than described in the above table. They are not quantified here because they cannot, at this point, be clearly attributed to the BR.

**The above table translates into the following distribution:**

Current sources of funding for BR management



Most of NABU's activities in Kafa are funded by the BMU/IKI project. Yet, the funding for BR managers comes from NABU's general funding base in Germany which includes private philanthropy and corporate donations.





### 3 FUNDING NEEDS OF THE KAFA BR

In this strategy, a hypothetical yet plausible set of basic management tasks for a functioning Kafa BR has been constructed. Associated costs are estimated at 265.800 p.a., including staff, office, transport and a basic budget for operations/maintenance.

To assess the long term BR funding needs a situation has to be anticipated which has not yet arrived: Initial steps to consolidate the BR (see box) still have to be completed. Apart from current NABU funding (see above), continuous KZA commitment, resources and staff time will be required in the coming 2-3 years for such consolidation.

#### Suggested next steps for consolidating the Kafa BR:

1. Formally establishing the BR management structure and mechanisms for continuous collaboration among KZA offices and with other stakeholders
2. Facilitating a process for locally adapting/endorsing a BR vision and agreeing on an action agenda for BR implementation (how do KZA offices and other stakeholders concretely pursue BR concept, or integrate it into their regular activities?)
3. Completing the establishment of BR infrastructure, i.e. zone demarcation, information centre, signage and tourist facilities.
4. Completing information and educational materials, including website, leaflets, book, posters, exposition at BR information centre.

Once, initial consolidation has been completed, funding needs are divided into a regular budget for regular BR management tasks and a project-based budget for specific additional investments which will have been locally agreed-upon, and applied for separately. The Kafa BR will always require a basic budget for regular BR management and project based funding for specific additional actions and investments.

#### Funding needs are determined by

1. the BR implementation objectives and the regular BR management costs they imply, including basic coordination, monitoring, protection, communication and education,
2. PLUS the investments and specific actions for BR implementation, which need to be specified and agreed upon in a BR implementation agenda, an action agenda, a programme of work, or a similar document
3. MINUS the income streams and in-kind contributions already available for the BR.

#### 3.1 Kafa BR implementation objectives

What are the Kafa BR implementation objectives? They result from translating the generic UNESCO concept of BRs into a locally grounded vision for Kafa.

**UNESCO: BRs are 'model areas of sustainable development'.** The over-arching function of the Biosphere Reserve is to give practical effect to UNESCO's MaB (Man and the Biosphere) Program, namely to promote sustainable development in a place-specific manner for the benefit of the local people and the environment. There is no fix blueprint for BRs. A forest or a landscape changes continuously – as do human needs. So a BR is never fully completed – it is an on-going process to seek to balance human needs and nature conservation.

**What does BR implementation mean?** For adapting the general UNESCO concept to the needs and conditions of Kafa Zone, a dialogue within KZA, and with stakeholders is required. It means that for a 5- to 10-year period, government and residents agree on a plan and on rules about how they want to live in and develop the area of the BR. After about 5 years, the plan is being reviewed, revised and renewed.

**A BR can be considered implemented, if it displays three characteristics:**

1. an officially adopted management and action plan (or 'programme of work') that is being effectively pursued by all government offices involved (e.g. forestry, agriculture, economic development, planning, water & sanitation, education, tourism, ect) and also by CSO's, cooperatives and other stakeholders.
2. clear sets of rules for (i) core zones and (ii) buffer zones that are widely known and de facto in use.
3. a mandated and functioning BR management structure with sufficient operational budget to pursue regular BR management tasks (see below).

**Translating the BR management plan into an action agenda**

The current Kafa BR management plan proposes general objectives and a range of possible activities and describes a sophisticated BR organisational structure. The document has been produced in the course of the UNESCO nomination process of the Kafa BR. So far, it has not been turned into a specific, measurable, and realistic action plan or programme of work for KZA.

According to this proposed management plan, key requirements are that the economy be grown and that the efficiency of state and NGO spending be increased, within an integrated and holistic planning effort.

The consultants estimate that the actions proposed in this document in total require investments of circa 25 million over the coming decade.

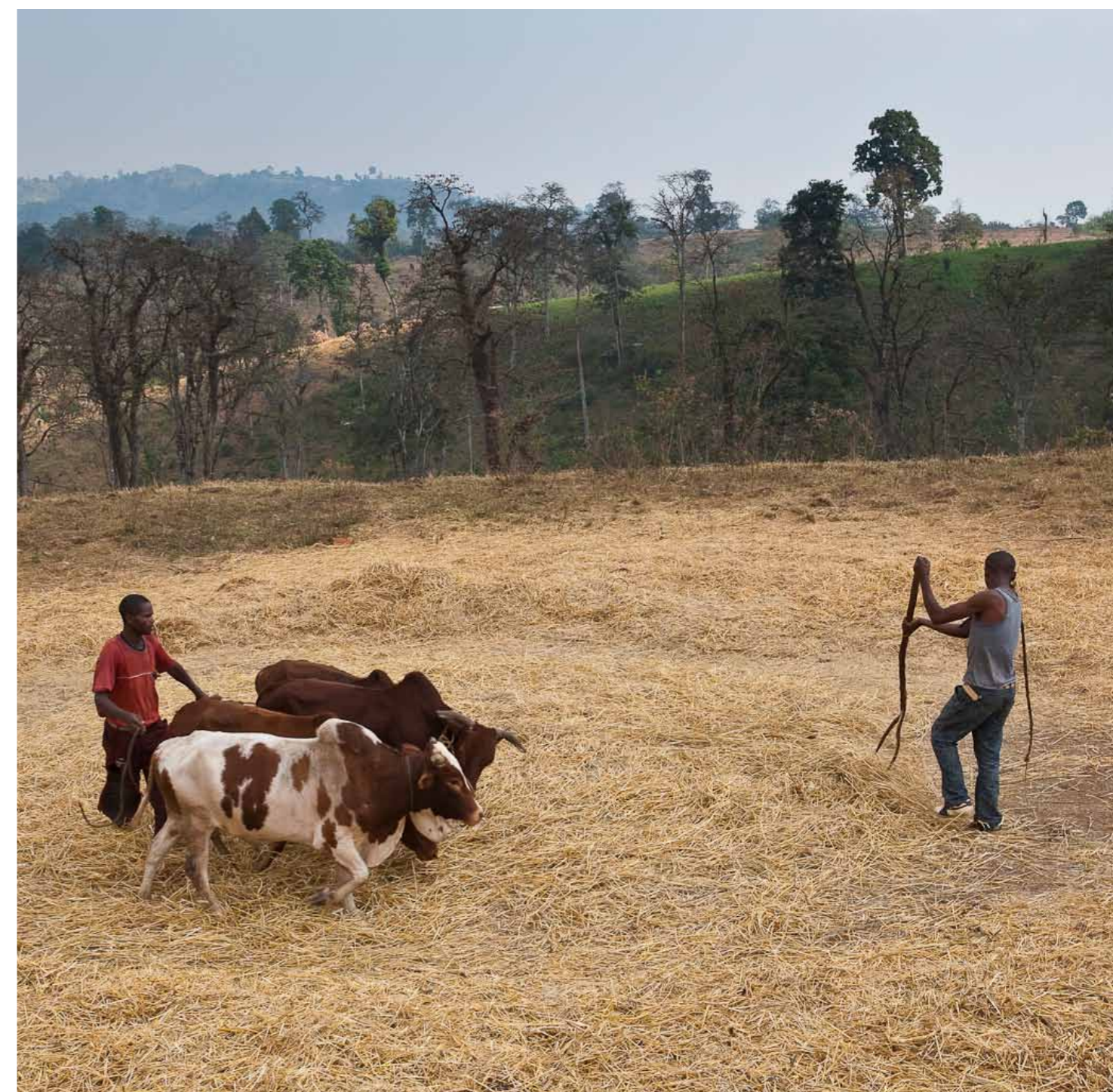
Therefore prioritisation is needed, so as to provide guidance for BR implementation under more resource-restrained conditions. The BR management plan is valuable input for a dialogue within KZA and with stakeholders.

**Suggested process for developing a local BR vision and action agenda:**

1. All government agencies and KZA departments involved develop a joint vision of the implemented Kafa BR, based on the UNESCO concept for BRs and on input from civil society organisations.
2. Each government agency and KZA department involved analyses its current tasks and determines which of them need to be realigned to contribute to the joint vision.
3. A set of regular BR management tasks is being identified as well as the institutional structure of the BR management entity to take care of these tasks (see below).
4. A portfolio of project ideas is being identified which complement the regular BR management tasks and focus on specific investments and actions to implement the BR according to the joint vision.

As this process has not yet taken place, the future shape of the BR remains somewhat uncertain – and with it the costs and funding needs of implementing and maintaining the Kafa BR. To still provide guidance on future costs, the consultants have therefore (i) constructed a hypothetical yet plausible set of basic management tasks for a functioning Kafa BR. Associated costs are estimated at 265.800€ p.a., including staff, office, transport and a basic budget for operations/maintenance. Furthermore, the consultants have developed (ii) a portfolio of project ideas for the specific BR implementation actions and investments. These are being summarised in the following.

**The following estimate of regular management tasks and cost is based on this proposal, which is intended to inform the above described process – and not to circumvent it. It remains KZA's principal responsibility to determine the future course of the Kafa BR.**



## 3.2 Kafa BR tasks and costs

Here, a hypothetical yet plausible set of basic management tasks for a functioning Kafa BR is proposed. Once the immediate steps for BR consolidation have been taken, the BR structure clarified and the BR programme of work specified (see above), various regular tasks will have to form the core of BR activities in the coming years.

### Their costs are estimated at

- **ETB 5.316.000/year (€265.800 @ 20:1 forex ratio), or**
- **ETB 443.000/month (€22.150).**

If these regular BR management tasks, described in more detail below, are not assumed, the integrity of the Kafa forests will likely continue to be threatened and the UNESCO concept cannot be realised. Building and maintaining BR core staff capacity is critical for longer term effectiveness of the BR management.

### Regular BR management tasks can be grouped into four organisational sub-units:

1. BR Co-Management Unit: Different government offices and organisations have tasks and interests in the BR - they need facilitation and back-stopping. Local residents need to be made aware and kept involved.

1.1. BR coordination & follow-up: Coordination between all actors involved (incl. various KZA offices) in order to take BR implementation forward; continuous support to all actors involved in their respective activities for BR implementation, in line with the programme of work for BR implementation. The purpose is to secure follow-up with all relevant actors and to progressively mainstream the BR concept in their work.

1.2. BR focal point & education: Liaison with all stakeholders; running the visitor centre and maintenance of website, leaflets, materials, and updated BR information; teacher training and outreach activities for schools, for local public, and for events as per request by KZA. The focal point can very well explain the BR concept and its implementation in Kafa, e.g. for media requests. He has an overview of past and on-going activities and can therefore transmit ideas and requests from stakeholders to the right person. He ensures that stakeholders are informed, and consulted where appropriate, on important BR developments.

2. BR Field Work Unit: Forest officers at Woreda level (rural administration unit below zonal level) and extension agents at Kebele level (group of villages, local administration unit) need support and coordination for BR tasks.

2.1. BR conservation measures: planning and organising concrete measures for ecosystem protection/restoration/reforestation

2.2. BR infrastructure maintenance: maintaining trails, signage, zonal demarcation etc.

2.3. BR enforcement: Conflict management in case of problems in core and buffer zones.

3. BR Economic Development Unit: Mainstreaming the BR concept in the local economy to enhance sustainable livelihoods. This needs to be specified in the programme of work for BR implementation, and certainly needs project based funding in addition to a core team. It can include:

3.1. BR tourism: promoting sustainable tourism development. It is realistic to assume that visitor numbers will continuously grow for the coming 10 years. The regular annual costs of maintaining public infrastructure for tourism, and for the monitoring and management of tourism impacts inside the BR will typically have to be covered by regular income rather than by specific project funding. Income from tourism can partly assume these costs, if a fee collection system is implemented and generates more income than additional fee collecting costs.

3.2. BR product value chain: local BR certification and marketing of coffee, honey, spices, medicinal plants, handicrafts etc.

3.3. BR natural resource use: developing alternative income from new forms of natural resource use, e.g. from agroforestry, or coffee husk recycling. The national and regional government policy of enhancing income from increased agricultural production needs to be interpreted for the Kafa BR. One way to do so is to focus on agroforestry rather than intensive coffee production and staplefood-monoculture.

4. BR Services Unit: In this unit a range of services are comprised that may differ in their relative importance but are altogether indispensable:

4.1. BR monitoring & research: Determining and implementing a basic monitoring system that is focussed on information needs for BR management. Coordination, support and oversight of any research activities in the BR. Facilitating research is a key role of biosphere reserves according to UNESCO. It is vital that core staff is being employed and specific expertise is maintained from one research/conservation project to the next. Staff is needed to ensure the direct benefit from research activities and research results to the BR – not only in knowledge terms, but also in terms of practical advice, higher level advocacy, and community outreach.

4.2. BR human resources & capacity building: Recruiting and supervising staff. BR staff require training and supervision in order to perform their tasks well. The same goes for staff in other KZA offices that are involved in BR implementation. For this, training needs and appropriate resources & learning tools need to be identified and trainings organised.

4.3. BR networking & project applications: Developing and maintaining diverse contacts with (inter)national conservation community and higher government is prerequisite to secure political backing and capture opportunities for funding and participation in other projects. This involves also the tasks of co-preparing and applying for specific projects with partners.

4.4. BR financial administration: General accounting tasks, and the establishment and administration of a mechanism to receive funds, e.g. a trust fund.

### What are the costs of assuming these tasks?

Here, we estimate required staff numbers for each sub-unit, and associate average overheads (transport & office costs) per staff according to the following cost assumptions:

#### Monthly salary estimate

Head manager:	15.000 ETB	750€ (1:20 forex ratio)
Officer:	10.000 ETB	500€
Assistant:	3.000 ETB	150€
Driver, Ranger:	2.000 ETB	100€

#### Monthly office and transport cost assumption:

Per officer/head manager:	12.000ETB	600€
Per assistant:	8.000ETB	400€

Combining these cost assumptions with specific staff numbers for each sub-unit of the BR management structure, and complementing them with a minimal budget for operations in each sub-unit results in the following table with total monthly and annual cost estimates per sub-unit. Obviously, such average estimates are very rough, nonetheless they provide initial orientation on regular costs for a fully functioning Kafa BR.

### 3.3 Cost estimate of regular management tasks in the Kafa BR

Regular BR tasks:	Staff	Salary/ month	Office & Transport	Operations/ month	Total Birr / month	Total Birr / year	Comments on budget for operations
<b>1. BR Co-Management Unit</b>							
1.1. BR coordination & follow-up	1 head manager, 2 officers, 2 assistants, 2 drivers	45.000	52.000	20.000	117.000	<b>1.404.000</b>	15.000 for visitor centre maintenance; 5.000 for outreach activities to schools and local public
1.2. BR focal point & education							
<b>2. BR Field Work Unit</b>							
2.1. BR conservation measures	2 officers, 2 assistants, 2 drivers, 30 rangers*	90.000	40.000	45.000	175.000	<b>2.100.000</b>	15.000 for minimal conservation tasks in core/buffer; 1.000 per ranger for any activity (e.g. maintenance of signposts)
2.2. BR infrastructure maintenance							
2.3. BR enforcement							
<b>3. BR Economic Development Unit</b>							
3.1. BR tourism	1 officer, 1 assistant**	13.000	20.000	15.000	48.000	<b>576.000</b>	5.000 for tourism trainings/materials, 10.000 for local economic development (e.g. certification scheme, micro credits)
3.2. BR product value chain							
3.3. BR natural resource use							
<b>4. BR Services Unit</b>							
4.1. BR monitoring & research	2 officers, 2 assistants, 1 financial officer	36.000	52.000	15.000	103.000	<b>1.236.000</b>	5.000 socio-ecological monitoring, 5.000 staff training, 5.000 for (inter)national networking
4.2. BR HR & capacity building							
4.3. BR networking & projects							
4.4. BR financial administration							
<b>Total Regular Costs Birr/year</b>						<b>5.316.000</b>	<b>Birr</b>
<b>Total Regular Costs EUR/year (1:20 forex ratio)</b>						<b>265.800</b>	<b>EUR</b>

\* not included in estimate: support by 10 forest officers (Woreda) and 80 extension agents (Kebele)

\*\* this minimum needs to be topped with project funded extra staff

### 3.4 Costs of specific actions for implementing the Kafa BR

In addition to regular management tasks, specific actions for implementing the BR concept in Kafa should be agreed upon by the authorities and protagonists of the BR initiative. Specific actions indicate how the generic UNESCO concept is interpreted and translated to local needs.

The following project ideas address locally articulated challenges to and opportunities for enhancing sustainability in the region. They are possible answers to the question: What activities should the BR authorities specifically focus on to implement the UNESCO concept in the Kafa region? These proposed actions are intended as input for a local dialogue on how to proceed with BR implementation (see above described process).

**Specific actions for BR implementation require additional investments of 4-8€ million over the coming decade. Cost range depends on scope of the activities.**

The consultants have identified these activities during their visit to Bonga in May 2012, based on interviews with experts from various KZA offices, from NABU, KDA and other local organisations. See annex for full descriptions. These activities have been formulated as project ideas to emphasize that they cannot be funded by any regular budget. Also, the framing as a project idea indicates their suitability for fundraising via project proposals or project-based applications for funding.

**Portfolio of specific actions for implementing the Kafa BR, presented as project ideas (see annex for descriptions):**

1. Detailed land use planning of selected core and buffer zones, development of agroforestry, and institutional consolidation of the BR Management Entity

This first project idea focuses on enhancing the capacity of buffer zones to protect core zones and on completing the task of establishing a credible management entity. The project would make a significant contribution to enhancing the livelihoods of buffer zone residents by means of a conversion programme to agroforestry, which in turn helps to tackle conversion pressures on the buffer zone and infringement into core zones.

This project should be planned and budgeted in such a way that there is substantial and continued support, in resources, advice and joint work, for the establishment and effective running of the BR management entity - to have the BR management entity fully functional as a secretariat facilitating BR implementation across all Kafa Zone Administration (KZA) departments and stakeholders involved, and with the capacity and legal recognition to raise its own future funds for the on-going implementation of the UNESCO Kafa Biosphere Reserve.

**The following project ideas are complementary to the first one – to be prioritised during BR management planning:**

2. Promoting sustainable economic growth in agricultural sector to reduce pressure on Kafa BR's ecosystems
3. Women's economic empowerment within the Kafa Biosphere Reserve
4. Medicinal plant diversity and cultural heritage: Combining plant diversity conservation with rehabilitating and fostering transmission of traditional medicinal knowledge, to enhance farmers' resilience and improve basic healthcare
5. Up-scaling bioregional conservation capacities and consolidating cross-regional infrastructure
6. Developing a biodiversity-focused PES mechanism for sustainable business development inside the Kafa BR

See annex for detailed descriptions of project ideas.



## 4 FINANCIAL SUSTAINABILITY OF THE KAFA BR

The previous chapters looked at current income and at expected BR funding needs:

**According to the estimates in Chapter 2, €7.350/month are currently available. That is about 1/3 of the regular BR management costs, estimated in Chapter 3 at €22.150/month.**

However, this is not a robust indication for funding needs in the coming years: It is as yet unclear whether NABU will be able to continue funding BR staff beyond mid 2013. Furthermore, the NABU funded salaries significantly exceed the current wage level, which are typically paid and which have been taken as a basis for the BR management costs estimate.

Also, the joint action agenda/programme of work for further BR implementation will reveal which costs can actually be assumed by existing government offices and programmes: It needs to be negotiated among the responsible entities which of the described tasks can be shared and/or assumed by staff from other programs/departments.

For example the BR information centre, the national coffee museum, the open air museum and the municipal tourism office could possibly join efforts and thereby reduce some of the running costs. Also, forestry officers at Woreda level could possibly assume monitoring tasks, and teachers could possibly assume educational and/or outreach activities, if the political decision has been taken to broadly pursue BR implementation. Further cost-saving or cost sharing options are described below.

So, will the Kafa BR, once fully functional, be able to generate sufficient income or attract sufficient funding for covering its expected costs? Perhaps.

Here, the probability and options to meet these needs are examined. Financial sustainability refers to the degree to which BR related costs can be met and will be covered in the future. The capacity of the BR to cover its current and future costs depends on external and internal factors.

**BR management can focus on internal factors to enhance financial sustainability, such as:**

- choosing cost-effective actions to pursue BR objectives,
- keeping costs of basic management tasks under control,
- enhancing the capacity of the BR organisational structure to attract funding.

**External factors affecting financial sustainability cannot be influenced by the BR management, e.g.:**

- development of the Ethiopian tourism market
- policies of national government
- priorities of foreign donors

In the following, cost-saving potential and fundraising potential will be examined in more detail.

## 4.1 Cost-saving potential in the Kafa BR

Some options exist to keep BR related costs from rising, or even to save on them. These options can be realised in the process of formulating the action plan for BR implementation, for example:

1. Consolidating PFM as structures for local co-management in the Kafa BR: One way to limit future costs, e.g. for monitoring, patrol and enforcement is to further develop the local organisations set up for PFM into local BR site support groups. They could become primary stakeholders to whom certain monitoring and outreach activities are transferred, possibly but not necessarily beyond the PFM activities. They should in turn enjoy enhanced visibility, voice and rights in BR-related planning and decision making.
2. Aligning the action plan/programme of work for BR implementation with regular government programmes. Regular government budget for forestry, tourism, education, marketing, and conservation can be employed for implementing the BR if the respective authorities have become involved in and committed to the process and understand the BR as a guiding framework for the area, which cuts across various sector responsibilities.
3. Pursuing a decentralised distribution of responsibilities prevents double structures: Rather than establishing BR structures and running BR programmes in parallel to other government structures and actions, synergies need to be realised. For example, forestry officers at Woreda level and extension agents at Kebele level can be trained and accompanied to pursue certain BR related tasks or to integrate BR concept into their regular work. The BR management entity is responsible for coordinating and facilitating collaborations, not for assuming entire BR implementation.
4. Seeking further partners (with money). Experts from other projects, such as the HOAREC local tourism development in the Rift Valley programme, or the HOAREC/Strongbow partnership providing tourism capacity building in various technical colleges and universities in the South-West can help save considerable costs in the mid-term. But these savings can only be realised if, in the short term, people from the BR management entity are sufficiently paid and capacitated to plan and realise such collaborations.

However, all cost-saving options do require by themselves certain investments, and they can in turn also weaken the performance of certain tasks. So efforts to further rationalise and streamline BR management procedures and tasks are very limited.



### 4.1.1 Local site support groups and in-kind contributions

Local conservation efforts are a key component of a stable BR income portfolio. A steady flow of in-kind contributions can be secured and huge operational costs can be saved, if the local residents assume co-management responsibility. They will likely do so if convinced that certain BR related conservation, reforestation, or monitoring tasks are beneficial for keeping their natural systems intact, upon which they depend.

Within the process of establishing the Kafa BR, NABU has continuously interacted with local communities and supported the setting up of local site support groups. Site Support Groups (SSGs) are organized, independent groups of voluntary individuals who work in partnership with relevant stakeholders, to promote conservation and sustainable development at key biodiversity sites.

The concept of site support groups is used by organisations affiliated within the BirdLife International Network. In 19 African countries, more than 130 site support groups have been established nearby important bird areas over the past 15 years.

[http://www.birdlife.org/action/capacity/africa\\_ssgs/index.html](http://www.birdlife.org/action/capacity/africa_ssgs/index.html)

While the idea of small local conservation support groups may be more recent, the associated concepts of community based conservation are old. Communities have always developed rules and practices for preventing degradation of their natural systems.

Under specific circumstances, resident communities are best placed for assuming stewardship responsibilities for their lands. They have the intimate knowledge of the area, work and live there most of the time, and have a strong interest in maintaining intact their sources of e.g. food, water, fuel wood, medicine, fibres etc.

Some circumstances have been repeatedly found to facilitate community based conservation, for example:

- Clear rights to their lands and recognised boundaries of their lands
- Stable community relations with functioning mechanisms for consultation, joint decision making and arbitration
- Absence of strong external pressures, such as strong in-migration or investor interests in the area.

The UNESCO concept for Biosphere Reserves requires broad and continued stakeholder participation. Promoting the involvement of communities in regular BR management is not primarily a tool for saving costs or for generating in-kind contributions. Its primary purpose is to ensure that those living inside the BR have co-responsibility for living from and conserving the forests.

## 4.2 Fundraising potential of the Kafa BR

Kafa's fundraising potential is determined by two aspects, its natural attractions and the capacity of its management structure to attract funding: Kafa's natural attractions are very strong, but its institutional capacity to attract funding is weak.

### 4.2.1 Kafa's natural attractions

Kafa's forests sustain biodiverse life and a rich bio-cultural heritage. The Kafa BR Marketing Concept claims that Kafa merits to be as famous as the Bwindi Impenetrable Park in Uganda. While Kafa's forests do not boast any gorilla populations like Bwindi, the Marketing Concept has identified three convincing key themes for communicating the particular value of the Kafa region. All three themes are very relevant for fundraising, the first two focus on natural attractions:

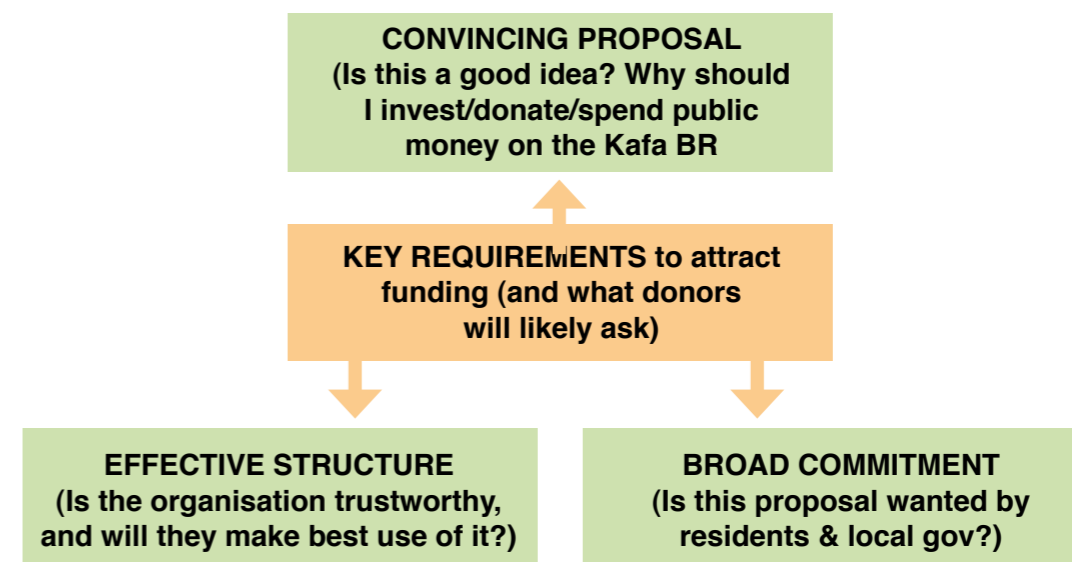
- **CRADLE OF COFFEE:** the region is the origin of *Coffea Arabica* and still hosts a vast genetic diversity of wild coffee plant species. In many countries in the western world, coffee drinking is taken very seriously – Kafa wild coffee beans are a rare specialty. Coffee is today part of an international lifestyle and increasing consumer numbers are interested in supporting fair and environmentally friendly coffee cultivation.
- **CLOUD FORESTS:** the last remnants of East African tropical rainforest. Kafa's cloud forests provide a dazzling range of biodiversity and a multi-sensual experience for its visitors. It is home to the Kafa people with their rich bio-cultural heritage. It is a rapidly diminishing habitat in Ethiopia and a seriously endangered one in all of Eastern Africa. Deforestation rates in Ethiopia continue to be high. Furthermore, the forests boast lion populations (recently discovered and photographed), and is home to the highly charismatic colobus monkey.
- **BIOSPHERE RESERVE:** a worldwide recognition by UNESCO for special areas and for a special commitment. UNESCO attributes this title to areas of outstanding bio-cultural value, where policy makers and citizens search for sustainable ways of living with nature. Key for this are also local roots, knowledge and culture. While there are more than 100.000 protected areas globally, only about 600 of them count with this special designation. In sum, the natural attractions, which are under increasing development pressures, as well as the international recognition by UNESCO constitute strong elements for convincing fundraising campaigns.

### 4.2.2 Capacity of the BR organisational structure to attract funding

Is the Kafa BR management a credible receptor of conservation funding? Currently, there is no institutional structure established that is closely connected to local/regional government yet sufficiently independent to exclusively focus on BR implementation. This situation is a serious potential obstacle for fundraising.

For directly attracting funds for the BR, a semi-independent BR Management Entity is of critical importance. It needs to be a formally established and trustworthy organisation to receive any funds and spend them according to a clearly defined spending decision procedure. Without proof of financial management capacity and a record of high spending efficiency, donors will hesitate.

An effective structure for receiving and spending funds is the first out of three key requirements for successfully fundraising for Kafa BR. A convincing proposal for potential donors is the second requirement (see Annex section with project ideas). Broad commitment by local/regional government and stakeholders to these proposals and to the BR concept in general is the third requirement.



### Key requirements to attract funding for the Kafa BR

For establishing a robust, effective and independent local BR Management Entity, this report recommends a prolonged establishment and consolidation period. This may be best achieved by the continued active presence (~4-6 years) of a NABU field office dedicated to BR implementation, e.g. by means of a follow-up project. During this time NABU could provide technical & policy support to the management body until it is self-sustaining and fully operational.

As long as the local BR management structure is not yet in the position to attract and manage project funds or donations, the BR management will depend on KZA contributions or on organisations like NABU that can attract funds and are able and entitled to receive, manage and spend funds.

### Proposed structure of a Kafa BR Management Entity

This report recommends that the establishment of the Management Entity is made a priority of current and future funding for the Biosphere Reserve, and should be adequately supported by NABU until such time that it is fully functioning. This body shall have (i) core staff, (ii) a management board with representatives from the principal government departments involved, and (iii) a high level steering committee for advocacy support and strategic guidance.

#### A semi-independent BR Management Entity

##### Advantages of this structure:

- BR implementation can be pursued across the lines of sector agencies;
- It can receive, manage and spend funds for BR implementation in an autonomous and accountable manner, making conservation investment attractive to potential donors;
- BR implementation can be pursued with less risk of being affected by elections, policy changes or government restructuring;
- the BR organisation can become member of HOAREC and other networks that facilitate exchange, national level advocacy, and joint application for project funding.

##### Potential disadvantages:

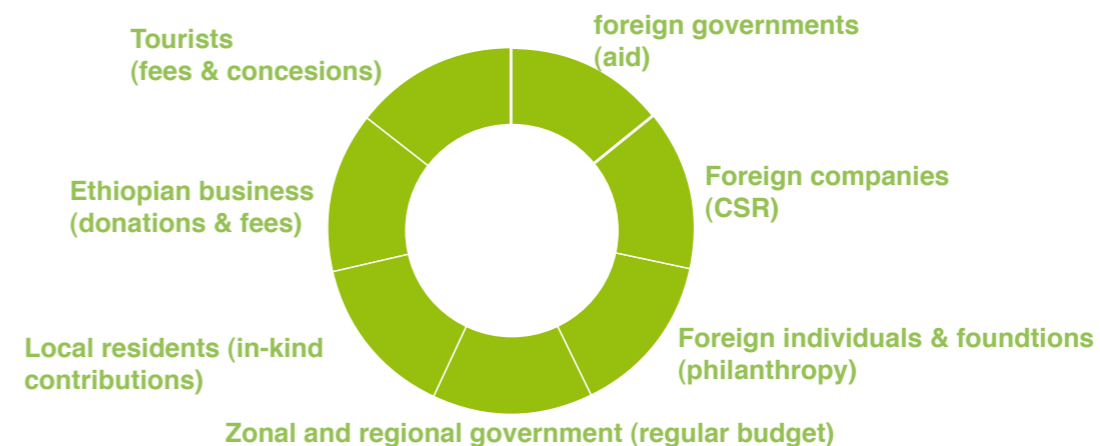
- the reliance on very capable staff to work at the interface of the various government departments and as project managers accountable to donors;
- the risk of government agencies withdrawing from their respective responsibilities for the BR by assuming that the entity can assume and undertake all tasks.



## 5 FUNDRAISING INSTRUMENTS

Even though, today, the bulk of BR funding comes from the BMU/IKI project, there are various target groups potentially willing to contribute to the BR, with cash and/or in-kind contributions. From a fundraising perspective, these potential funders need to be addressed in different ways. In the following 5 different funding sources or fundraising options together with their associated fundraising instruments are presented.

### OVERVIEW OF POTENTIAL FUNDING SOURCES FOR THE KAFA BR:



### 5.1 Revenues from tourism

Tourists require and pay for a range of services. Many of these can be organised in a way that they contribute to the income of the Kafa BR management. However, the overall perspective for BR income from tourism is very limited at present.

Most foreign visitors to Ethiopia travel in groups organised by tour agencies along Northern and Southern circuits. The Kafa region has so far not been on these circuits. Of the 10,095 tourists that visited the Kafa area in the first two quarters of the fiscal year 2008, only 198 were foreigners (Chernet 2008, internal report for NABU).

While this number fluctuates, one can assume on average a growing influx of foreign tourists to the area, because of its rich natural and cultural heritage and the safe conditions. The Kafa tourism development strategy has identified and prioritised the ecotourism market segment. A small number of tour operators have included Kafa in some of their packages, e.g. African Dreams, Geo Tours.

REVENUES FROM TOURISM FOR KAFA BR MANAGEMENT	MAIN ADVANTAGES	MAIN DISADVANTAGES
Entrance fees, concessions, income from direct operations (donations and purchases)	<ul style="list-style-type: none"> <li>• If capacity and infrastructure are in place, it can generate BR income and revenues for local service providers.</li> <li>• Comes from those directly benefitting</li> <li>• Comes from those with resources to pay</li> </ul>	<ul style="list-style-type: none"> <li>• Requires credible fee collection mechanism</li> <li>• Initially, only brings small amounts as there are few tourists</li> <li>• Rising tourist numbers enhance also costs and environmental impacts.</li> <li>• Can fluctuate highly as tours change</li> </ul>



## Global eco-tourism trends

World tourism arrivals have grown by 23% and are forecast to double by 2020.

“In Germany, the market potential for eco-tourism probably lies in the region of some 14.5 million travellers (total market 48.4 million), while the current demand is estimated between 1 and 3 million. These tend to be people in their 40s, highly educated people with a [net monthly] income between 1,500-2,500Eur (50% market), and above 2,500Eur another 50% of the market [in 2004 purchasing power]. The German profile is similar to that of the UK, France and Canada, while the Spanish, Italian and US markets are slightly younger and lower spending.” (R. Tapper, Pay per Nature, WWF report 2004).

### Tourism trends in Ethiopia

The long term vision of the government is to make Ethiopia one of the top ten tourist destinations in Africa by the year 2020, with an emphasis on maximising the poverty-reducing impacts of tourism (MoFED 2006, p. 143). The Ethiopian Ministry of Culture and Tourism expects that the number of tourist arrivals will grow to more than 785,000 per year in 2014. Landscape beauty constitutes an important element motivating tourists to visit Ethiopia, and national parks are attracting rapidly growing visitor numbers (The SDPASE Mid-Term Evaluation Report, 2012, Annex, p.45):

	Number of tourists	
	2007	2012
Awash	8,568	11,430
Abijata Shala	7,720	10,181
Bale	979	5,092
Nech Sar	7,441	24,123
Mago	4,452	9,277
Omo	41	317
Simien	6,497	17,566
<b>Total</b>	<b>35,698</b>	<b>77,986</b>

### How to raise funds from tourism

There are three principal mechanisms that protected areas use to raise funds from eco-tourism:

1. Entrance fees and/or user fees collected from visitors (e.g. diving/hiking permits). These can be collected at entrance gates, in hotels or directly from the tour operators.
2. Concessions: contracts between protected areas and businesses or individuals under which those businesses or individuals are permitted to operate within a protected area.
3. Direct operation of tourism activities: Protected area authorities engage themselves in developing and running tourism businesses.

Considerable up-front investments are required for attracting a sufficient tourism influx that justifies the set-up of either (i) entrance fees, (ii) concessions, or (iii) direct tourism operations. The NABU/BMU/IKI project has realised important investments in tourism-related infrastructure, marketing and training for the BR.

## Two challenges to tourism development are often encountered in protected areas around the world:

- ‘Nature tourism’ – visiting natural areas without necessarily taking much care - can be very damaging to ecosystems and their inhabitants. It is often confounded with ‘ecotourism’ – visiting natural areas in ways that benefit its people while maintaining intact the environment.
- The ecotourism community faces significant challenges in awareness building and education and actively working against green-washing within the tourism industry.

In the following, the three mechanisms are described with regard to their potential applicability in Kafa.

### 5.1.1 Tool 1: Visitor entrance fee system

#### High fees and differentiated fee policy:

The fee system should distinguish between national and foreign visitors. These rates can differ substantially: In Lake Naivasha NP in Kenya, for example, national visitors pay for park entrance the equivalent of 100 ETB, and foreign visitors pay the equivalent of 500ETB. Such a differentiated price policy is widely used. Foreign visitors from industrialised countries have high purchasing power due to the exchange rate. An entrance fee of 20-40□ still makes up only a small share of the total travel costs of foreign tourists visiting Ethiopia (which typically exceed 1000□ including air fare).

However, high entrance fees (to foreign visitors) still have to be made more widely acceptable in Ethiopia. Tour operators (and to lesser extent individual travellers) may not be willing to accept a fee of e.g. 30□ for Kafa BR if in other protected areas, the fee is just 2-10□. For example, Bale Mountain National Park currently charges 50 ETB (~2€) entrance fee per foreign visitor per 48h (and 30ETB for a national visitor) (balemountains.org), while the Simien National Park currently charges foreigners 6USD/day, with the obligatory scout charging 4USD/day. At such a low rate, establishing a fee collection system in Kafa BR is not worth the effort, given low visitor numbers.

The initial entrance fee should be set at ~15□/foreign visitor/48h and only be started at the stage when more than three tour operators regularly bring tours to the Kafa BR. The fee could be further increased once the new destination has become firmly established as part of the Southern Itinerary of tour operators, e.g. after 2 years.

#### Risks:

Inefficient fee collection, corruption and bribery at entrance gates result in losses of entrance fee revenue from protected areas. Scarce personnel resources risk to be redeployed towards collection of fees rather than core PA management tasks. Thus, the different options for an entry fee system should be analysed up-front in terms of their feasibility and set-up costs.

EXAMPLE: In Yanachaga–Chemillen National Park, Peru, in order to cover the cost of a simple entry-fee system, more than 100 times the current number of visitors would be required. (Jared Hardner, 2008. The Problem of Financing Protected Areas in the Andes-Amazon Region)

**Requirements for successfully charging visitors at a higher rate:**

- The visitor experience needs to be of a high quality – this is above all a matter of training and good organisation and coordination between complementary local service providers, so as to allow for authentic and intimate interaction with the people of Kafa (see box on coffee tourism in Mt Kilimanjaro). You cannot demand high visitor fees for modest visitor experiences.
- BR managers need to clearly communicate the use of the entrance fees. Studies about protected areas in developing country settings (e.g. in Komodo, Indonesia: Walpole et al 2001) have shown that foreign visitors are willing to pay ~20-50\$ for entrance if they are convincingly informed that (at least part of) the funds generated by the fee are being effectively used for conserving the area. This includes reporting on the high credibility and transparency of spending mechanisms.
- Tour operators need to be involved in the issue and convinced of the higher amounts by giving them all the necessary information for them to pass on to visitors (and to foreign tour agencies). In that way they will also be able to pass on the additional charge to the visitor rather than having to pay the charge from the overall budget they have available for running the trip).

**The entrance fee should be simple and clear:**

- The fee should entitle access to the principal tourism activities (all hiking trails that have been established, including Barta Falls, Dadiban Hot Springs, coffee gardens, etc, and include use of un-serviced camp and picnic sites.
- Fees should be directly for 2 days – overnight visitors are the preferred target group – day visitors should leave with the feeling that there is much more to see.
- BR entrance fees should include access to the BR visitor centre, so visitors understand the connection. But a donations box should be prominently placed, with clear indications about what currently the BR management is collecting funds for.

**Other visitor fees:**

- For use of hiking trails it should be obligatory to hire locally certified guides from a local guides association at fix rates.
- If further services are being offered (meals, demonstration of herbal cures, coffee ceremony, horse or donkey tours, colobus or bird watching tours, visit to coffee farmers or to coffee cooperative) these should be offered by locally certified local service providers at fix rates.
- In the first 2 years, charges for the extra services should not exceed more than double the average alternative local income opportunity in order to prevent social disruption.
- BR entrance fee changes should be strategically set jointly with the fees for other (obligatory) local services, based on feedback from operators. For operators it is to total cost that counts.
- The BR management should take an active interest in maintaining high quality of local services and in preventing price dumping amongst providers.

**Fee collection system:**

- The BR visitor centre should also maintain the fee collection system, incl. keeping records, issuing receipts and dealing with complaints.
- Fix rates and a single fee collection system for all services strongly enhance credibility (as opposed to negotiated prices paid on the street).
- The BR management should closely collaborate with local associations of tourism service providers for annually setting prices for different services with tour operators.
- Operators should all be charged the same amounts.
- Fee collection from groups should be done directly with tour operators. For individual travellers, hotels should oblige visitors to pay at the BR visitor centre and present their receipt. Collaboration by hotels is also needed for monitoring groups and cross-checking visitor numbers reported by operators.
- The payment mode for tour operators should be subject to negotiation with them – their voluntary collaboration is required.
- The functioning of the fee collection system as well as the purpose of the funds generated thereby, should be integral part of all BR related tourism trainings. Every service provider in the BR should be able to explain the fee system, its purpose and functioning.
- Funds from visitor fees should be spent on tourism related investments and maintenance, such as signage, trails, the visitor centre or related trainings Funds could also be used for lion monitoring and similarly exciting conservation tasks – however, funds should not be used for office rent, salaries, or similar expenses which do not at all resonate with the visitor experience.



### 5.1.2 Tool 2: Tourism concessions

Concessions are contracts between protected areas and businesses or individuals under which those businesses or individuals are permitted to operate within a protected area. These are complementary to charging visitors directly and can apply to tour operators, accommodation, souvenir shops, cafés and similar. In turn, authorities invest in maintaining the protected area. In addition they can run a local certification scheme for high quality, social standards and environmental management.

#### Risks:

In new PAs, investors first need to be found that take the risk of starting a new operation in an area not yet established for tourism. Investors only come if doing profitable business is highly probable. The concession (typically 2-7% of concessionaire earnings) should be regularly renegotiated to adapt to visitor flows. Concessions need legal backing – for this the situation in Kafa is as yet unclear. Tourism businesses also may be unwilling to invest in environmental management measures.

### 5.1.3 Tool 3: Direct tourism operations

With direct operations, the PA authority provides/manages itself tourism related services which generate income, e.g. camping sites, visitor centre, souvenir shops, special interest tours. This can be done in close collaboration with local businesses.

The BR Management Entity could become involved in the process of developing Kafa as a coffee tourism destination. To generate income for BR management, the BR Management Entity could either act (and charge) as local facilitator and intermediary to national and foreign tour operators, or charge a visitor fee, or both. KDA could be a potentially suitable partner for this.

#### Developing a community coffee tourism destination at Mt. Kilimanjaro

The Coffee Tour for visitors:

- A high quality encounter for the tourists with a Tanzanian coffee farmer rather than a tourist guide. Large tour groups are broken into small groups of between four and six participants to be shown around different farms by several farmers.
- The visit generally begins with lunch prepared by a group of farmers' wives and eaten outside one of the farmhouses.
- The tourists in the smaller groups then go with the farmer to visit the farmer's field where the farmer explains the process of coffee farming from the planting of the seedlings to the harvesting and processing of the beans.
- The tourists are encouraged to pick the berries and to carry them back to the farm where they process them, separating the beans from the pulp, roasting the berries over a wood fire, grinding the roasted beans with a pestle and mortar and finally drinking the coffee which they have harvested with the farmer.
- The conversation begins around coffee but soon expands into a personal encounter and conversation about school, children and football – with both the farmers and the tourists asking questions of the other.
- This is not a conventional tourist experience; it is much closer to the host and guest paradigm. The tourists leave having enjoyed a meaningful social encounter with a Tanzanian coffee farmer, and gained a practical understanding of the effort required to grow coffee.

Case adapted from: Sustainable Tourism with Kilimanjaro Coffee Farmers, by: Harro Boekhold, boekhold@contour-projects.com. Check also: <http://www.paseo.nu/tanzania/>

The case from Mt. Kilimanjaro illustrates the product and indicates requirements for developing direct tourism operations: The Dutch tourism consultancy Contour Projects worked with a local coffee cooperative at Mt Kilimanjaro to define a "fair tourism product". In a few years the product portfolio has increased from coffee tours to a campsite, additional tours and a restaurant. The purpose of the intervention was to secure an additional livelihood activity for coffee farmers and their families (see box).

#### Risks:

Doing business is seldom a core capacity of protected area authorities, and in case operations actually become successful, clear guidance is needed to navigate between business and conservation objectives.

#### Requirements for successful direct tourism operations:

The following lessons can be learned from the Coffee tours at Mt. Kilimanjaro:

- The guides were selected after an application procedure by a committee of the local coffee cooperative, village board members and the consultant from Contour Projects.
- Out of 52 applications the first year, initially only 9 farmers were selected based upon three main criteria: ability to speak English, understanding service and hospitality and knowledge of the natural environment, flora and fauna.
- The first training of the guides and cooks took place immediately before the first groups arrived. The training comprised an intensive one week period.
- Training was both practical and relevant; and that the trained guides and cooks were immediately able to practise and further develop their skills.
- Convincing a tour operator to include the area in its itinerary if the product was ready, ensured that there was demand for the coffee tour.
- Engaging the operator in the development of the product ensured that local services were geared towards that demand.
- The tour operator maintained detailed quality checks on the experience asking its clients to fill in a separate customer satisfaction survey for the coffee experience. (Source: Harro Boekhold, boekhold@contour-projects.com)



### 5.1.4 Supporting Tool: Tourism Certification

Certification does not by itself generate income for the BR but effectively supports eco-tourism development. Certification helps to guide tourism development towards high quality services by aligning investments and practices with internationally accepted criteria and benchmarks. You do good and tell about it.

Certification is a suitable strategy for further profiling and communicating the Kafa BR as an eco-tourism destination (see Marketing Concept) – this is relevant for fundraising:

From a fundraising perspective, certification can ease access to the eco-tourism target group. It does by itself not generate direct income to the BR but helps attract those visitors that are potentially willing to support the BR management in one way or the other (donations, entrance fees, demand for local services and products)

Certification requires an up-front effort in terms of time and investments which improves the quality and often generates a long-term commitment to more sustainable business practices.

#### Useful sources on sustainable tourism certification:

- [www.destinet.eu](http://www.destinet.eu) offers a good overview of how the many certification schemes on the tourism market differ.
- The Sustainable Tourism Certification Network facilitates exchange of experience: [www.certificationnetwork.org](http://www.certificationnetwork.org)
- The Global Sustainable Tourism Council has proposed minimum standards for certification schemes: [www.gstcouncil.org](http://www.gstcouncil.org)

### 5.1.5 Recommendations for raising funds from tourism in Kafa

- Overall income from tourism for the BR management is expected remain below 10.000€ with around 400 foreign visitors per year. Therefore this is only recommended if tourism opens significant income options for local service providers.
- It is recommend at this stage to develop close collaborations with selected tour agencies, as they are the single most important access to the desired target group of eco-tourists. Also, they can ensure that any tourism-related development efforts inside the BR are aligned with actual demand.
- This report recommends the BR Management Entity to focus on an entrance fee system and direct operations, possibly jointly with KDA.
- Concessions are not recommended at this stage: Talks with two potent tourism service providers, the operators of Paradise Lodge and of Negash Lodge, have revealed that currently, the Kafa BR is not sufficiently well established in tourism circuits to attract investor interests, given the long distance to the country's economic centres.
- The entrance fee system should be simple and clear, fees should be set at ~15€/foreign visitor/48h. Fees should be complemented with measures ensuring a high quality tourism experience
- For developing direct tourism close exchange should be sought with Contour Projects, the organisation which successfully developed coffee tourism at Mt Kilimanjaro. [boekhold@contour-projects.com](mailto:boekhold@contour-projects.com)

- External tourism certification is not recommended at this point, as the range of producers of regional products and of tourism service providers is still small, and ecotourism as such in its very initial stage.
- However, any tourism development efforts should be considerate of the openly available criteria which certifiers look for (see box). On their basis, a local set of criteria for sustainable tourism could be adapted and jointly adopted with a core group of service providers. (For more details see also the Kafa BR Marketing Concept).

### 5.1.6 Required investments and expected income

FUNDRAISING TOOL	REQUIRED INVESTMENTS	EXPECTED INCOME
Entrance fee system	Ensuring a high quality portfolio of tourism services is being offered	Circa 6.000€ in second year 2 of operation (400 visitors estimated), depending on tourism development.
	Designing the fee scheme	
	Training of BR staff on fee scheme	This option is only feasible if high quality services can be provided
	Training of BR staff on fee scheme	
Direct operations: facilitating between local service providers and tour operators	Developing close working relations with tour operators	If local service providers charge on average 15€/day/person, the additional coordinating charge for the BR management would have to be ~5€/day/person:
	Securing mandate from local providers to represent them towards tour operators	
	Developing tour packages, organising logistic support and training for high quality local services.	2.000€ in second year of operation (with 400 visitors)
	Responding to needs of tour operators, offering packages for varying interests and duration.	This option is only feasible if promotion of sustainable tourism is by itself a priority for the BR



## 5.2 International Government Support

International government support so far provides important funding to the Kafa BR. It should continue as a principal funding source.

Applying to foreign governments and to international sources for project based funding can provide significant amounts of funding typically for periods of 3-5 years. The challenge is to compose project applications in such a way that donor priorities are being fulfilled while gearing budgets and proposed actions as much as possible to local needs and conditions, as e.g. to be specified in a BR implementation agenda.

No other funding source will in the foreseeable future allow for similar amounts of income for consolidating the BR. Because of its integrative character, the UNESCO BR concept allows for project applications, both, to environmental conservation funds, such as GEF, and to international development aid.

INT. GOVERNMENT SUPPORT	ADVANTAGES	DISADVANTAGES
Large projects, project extensions, and partnering in others' projects, e.g. as pilot site	<ul style="list-style-type: none"> <li>• Current IKI is important reference: Others have found Kafa to be in need of receiving larger conservation funding, and capable of spending it well.</li> <li>• Significant amounts obtainable (0,1-5mio€)</li> <li>• Kafa very suitable for being a 'young' BR, and for pursuing with the BR concept an internationally recognised development &amp; conservation approach.</li> <li>• Can make important contributions to regular BR management costs</li> </ul>	<ul style="list-style-type: none"> <li>• Big up-front effort – you need an experienced organisation to co-apply or to coach application</li> <li>• Getting hijacked: Larger amounts can incite higher gov. levels to intervene</li> <li>• Foreign reporting and management standards imply high operating costs</li> <li>• Often rather inflexible spending schedules and short time frame (&lt; 5 years)</li> <li>• Potentially long time lag between application and funding decision</li> </ul>
Small grants programmes from embassies (e.g. US) and GEF/SGP	<ul style="list-style-type: none"> <li>• IKI project and BR a good reference (as above)</li> <li>• Geared to improving community conditions, thus connects BR visibly with local well-being</li> <li>• No foreigner's expertise required for application</li> <li>• 10-50k USD for concrete investments</li> </ul>	<ul style="list-style-type: none"> <li>• Local NGO or CSO required as applicant</li> <li>• Local commitment and co-finance (in-kind) needs to be proven up-front which creates disappointment in case of declined proposal</li> <li>• Simple application implies many applications to be processed – chances a priori unclear.</li> </ul>

### 5.2.1 Channels of foreign government funding

Foreign governments directly invest in development projects, mainly via their respective organisations of development cooperation (e.g. GIZ, DANIDA, NORAD, DFID, USAID). They also support development projects via international treaties (<http://www.planttreaty.org>), and international organisations (e.g. UNDP, EU). Another large share of their support is channelled via globally operating funds to which NGOs such as NABU or Deutsche Stiftung Weltbevölkerung - DSW, can apply (e.g. Global Environment Facility –GEF, German International Climate Initiative – BMU/IKI).

The following box indicates a selection of recent and current foreign government support for Southern Ethiopia, where Kafa is located.

### Foreign governments that have supported sustainable rural development in Southern Ethiopia.

This list indicates some of the recent foreign aid actions:

- EU: Supported the FARM Africa 'Strengthening Sustainable Livelihoods Forest Management Programme'. Contributed to the process for the designation of the Kafa region as a UNESCO Biosphere Reserve. Funded NTFP and Participatory Forest Management Research project. STRONGBOW: a sustainable tourism capacity building project.
- The Netherlands: Supports HOAREC, the Horn of Africa Regional Environment Centre which is doing applied research and conservation. Supported the KDP SUPAK project: Sustainable Poverty Alleviation Project Kafa Zone (SUPAK)/Kafa Development Programme.
- Germany: Federal Ministry for the Environment, Conservation and Reactor Safety (BMU) - via the International Climate Initiative or other funding via the German Agency for Nature Conservation (BfN) supports Ethiopia's three coffee forest BRs Yayu, Sheka and Kafa
- Japan: The Japan International Cooperation Agency (JICA) has long invested into Ethiopia. Japan was one of the main importers of Ethiopian Coffee. JICA has invested in a Participatory Forest Management Project in Belete-Gera Regional Forest Priority Area (Belete-Gera PFMP).
- Norway: Norway is one of three development partners supporting the Bale Eco-Region Sustainable Management Programme (BERSMP) in southern Oromia. Future projects will be assessed in line with Government Climate Resilient Green Economy Plan.
- Sweden: Contributed funds to the Sustainable Land Use Forum
- United Nations Framework: Global Environment Facility – funding of Sustainable Development of the Protected Area System of Ethiopia (SDPASE)

### 5.2.2 Tool 4: Applying for large project funding

#### What is it?

Donors set up 'country programmes' or 'operational plans' where their funding priorities are defined for longer periods. For example, DFID will increase funding for primary education, keep significant climate change funding and scale down funding for HIV/AIDS, according to its operational plan 2011-2015 (<http://www.dfid.gov.uk/Documents/publications1/op/ethiopia-2011.pdf>).

Most funding is spent within 3-5 year project periods. Donors operate with large project categories such as food sufficiency, adaptation to climate change, biodiversity conservation, or water and sanitation projects, etc. Project applications need to be geared to and formulated for those categories for which funding is most likely. For example, if you want to promote agroforestry in the buffer zone of the Kafa BR, you could formulate a similar bundle of activities (e.g. training+ nursery+ seed money+ support for marketing products) either to enhance the livelihood situation of the rural poor inhabitants, or to improve the biodiversity protection in core zones by stopping deforestation in surrounding buffer zones. So, the BR concept allows pursuing actions and funding from various funding categories.

To understand which environmental aspects are prioritized for funding from UN bodies, you can consult the UN Development Assistance Framework for Ethiopia: This document guides actions and investments of some 30 UN bodies active in Ethiopia, including UNDP. In the current framework (2011-2015) environmental concerns focus on water sanitation and hygiene, while protected areas or biodiversity conservation are not being emphasized at all ([http://www.et.undp.org/index.php?option=com\\_docman&task=doc\\_download&gid=123](http://www.et.undp.org/index.php?option=com_docman&task=doc_download&gid=123)).

**How does it work? Applying for large project funding**

For applying for project funding, applicants need to develop detailed proposals according to specific rules and criteria of the donor organisations. They need to have proof that their funding will be spent efficiently and according to sound and a-priori approved or endorsed plans. Project funding comes with significant project monitoring and reporting tasks.

The entire process of applying for project funding and managing large projects, has become increasingly professionalised. Safeguards, rules, procedures and technical terms abound. It is therefore improbable that national or local organisations without staff with previous experience in managing foreign funded projects will successfully apply for such funding.

The alternative is to seek partners with experience in applying for such funds. Even if international development/conservation organisations apply to principally implement themselves, they still often rely on local or regional partners for support in actual implementation.

Risks:

- Considerable up-front investments with very specific expertise are required for successfully applying for large projects. Even if proposals are very convincing, time lags until a donor decision has been taken can be considerable. Also donors can suddenly change priorities and eventually decline a previously welcomed proposal.
- If project applications are successful, large amounts of funding become suddenly available. While these are bound by strict conditions and procedures, such influx of funding can stir interests by higher government levels and by other stakeholders to also attempt to benefit from it. This may create problems of coordination and even conflict.
- Foreign reporting and management standards imply specific capacities which may not be readily available. Failing to report and to manage project finances according to donor conditions may result not only in loss of future chances for obtaining funds, but may also result in charges to pay back funds already spent. Great care should be taken to hire competent staff or to collaborate with experienced partners to be able to fulfil donor requirements.
- Local developments may differ from what has been planned in project proposals. Often rather inflexible spending schedules and short time frame of project funding make it difficult to adapt to changing circumstances.

**5.2.3 Recommendations for applying to large project funding for the Kafa BR**

For Kafa, it should be a first priority to develop a small, professional, independent Kafa BR Management Entity that can potentially act as implementing partner to other organisations that have the capacity to apply to foreign government funding. They should have a track record in project management from programmes covering environmental, climate change and/or development priorities. For example, NABU fulfils this requirement. At present, and for the past years, NABU has successfully acted as principal applicant and project manager for establishing and implementing the BR.

NABU should continue as intermediary between the Kafa administration and foreign government funders for a transition period. Various actions are recommended to enhance the future probability of the BR authorities to successfully apply for project funding:

- Build a credible local BR management organisation. Until a local BR management organisation has become fully functional, NGOs such as NABU will remain indispensable for attracting foreign funding.
- Sharpen the profile of the BR as potential recipient of foreign government funding. Past efforts to set up the Kafa BR need to be documented online to provide evidence of the continuity of government and NGO efforts to pursue the BR.
- Develop proposals for (inter-)national funding programmes. Based on funding needs analysis applications should be organised in such a way that various simultaneous projects could realistically support each other - rather than competing for the same core management capacities. Timing and co-funding are key issues. See Annex section for suitable project ideas.
- Enhance networking. The Kafa BR management organisation should dedicate efforts on further developing personal contacts within the international development/conservation/applied research networks in Ethiopia and become known as a competent organisation and potential partner in future projects. Competence and organisational stability, including low staff fluctuation, are critical.
- Engage in project-based partnerships with other projects to obtain funds and in kind support for the BR. Such collaborations with already existing projects can provide new input and strengthen the position of Kafa BR at national level. Typically, it is easier to obtain in-kind resources than new funding from such collaborations. Also collaborations can by themselves be time-consuming. But their strategic importance for future activities cannot be underestimated.



## 5.2.4 Tool 5: Applying to small grants programmes

### What is it?

Small grants have become popular over the last two decades because they allow a local community or organisation to directly apply to a funder, without going the long path of obtaining regional and national government endorsement. Small grants are hoped to act as catalysts to communities, providing just the missing bit of funding for a self-help initiative. Development research emphasizes the need to support local organisational capacity. Consult the 2012 IIED Briefing: “Eight ways for unleashing the potential of local organisations” (<http://pubs.iied.org/pdfs/17138IIED.pdf>) Making small grants directly available is a key component there.

### Example 1: The GEF Small Grants Program (SGP)

GEF Small Grants Programme was established in 1992, the year of the Rio Earth Summit. The SGP focuses on providing financial and technical support to community-led projects in developing countries that conserve and restore the natural world while enhancing the well-being and livelihoods of people.

The SGP’s priorities relate to (i) biodiversity conservation, (ii) climate change mitigation/adaption, (iii) land degradation

Distinguished feature of the SGP, unlike other GEF support programmes, is that grants are made directly to non-governmental organizations (NGO) and community-based organizations (CBOs) in recognition of the key role they play in environment and development concerns around the world. SGP provides grants up to US\$ 50,000 for community-based activities. (Source: GEF SGP Country Programme Strategy 2006-2009)

Current (2011-2014) geographic priority of GEF SGP does not cover SNNPR – however, there is strong overlap with thematic objectives (see box). Also, during (2006-2009) SNNPR was clearly a geographic priority which may enhance chances to still apply during this cycle.

For detailed information: [www.gefsgpet.org](http://www.gefsgpet.org)

### GEF Small Grants Programme (SGP):

‘Immediate Objectives’ well apply to Kafa BR:

Immediate Objective 1: Improve sustainability of protected areas and indigenous and community conservation areas through community-based actions

- Empowering community and enhance active engagement in protected area through training, awareness raising, improving access to information, finance and appropriate technology.
- Creating alternative livelihood (ecotourism, intensification of agriculture, value addition to their products

Immediate Objective 2: Mainstream biodiversity conservation and sustainable use into production landscapes.

- Area closure and ecological restoration
- Management by utilization of integrated agricultural systems and awareness raising.
- Promotion of Farmers’ Varieties (FV) and medicinal plants in home gardens.

### Example 2: Rufford Small Grants for Nature Conservation

Grants of up to £6,000 for conservation projects around the world

### Who/what is eligible?

- Individuals or small groups
- Projects outside the first world

### Critical components of the application

- Impact must be pragmatic, measurable, lasting
- The grant must make up majority of the budget
- Funds must be used predominantly in the field
- Applications must be submitted through website
- The project should be approx. 12-18 months

Source: <http://www.ruffordsmallgrants.org/>

### Example 3: Ambassador’s Special Self-Help Program (SSHP) of the United States Embassy

The Ambassador’s Special Self-Help Program (SSHP) of the United States Embassy in Addis Ababa funds small-scale activities in Ethiopia that promote self-reliance and foster development.

With SSHP support, communities build schools, bridges and latrines; dig wells for potable water; teach income-generating skills; and undertake other activities that improve living conditions or increase income.

Communities funded through the Special Self-Help Program must commit to providing a significant local contribution, either financial or in-kind, to support the proposed project.

### Projects selected for SSHP funding must:

- be initiated by the community
- improve living conditions or increase income
- benefit the greatest number of people possible
- have a substantial community contribution in the form of cash, labor, or materials
- be completed within one year
- be within the community’s capacity to maintain
- need only one-time assistance
- only fund project-related expenses (i.e. no overhead costs)

For detailed information: <http://ethiopia.usembassy.gov/about-us/funding-opportunities.html>

### 5.2.5 Recommendations on Small Grants Programmes

- For the Kafa BR, small grants, like the Rufford Foundation, the US-Ambassadors Self-Help Programme in Ethiopia, or the GEF Small Grants Programme, are attractive for quickly raising missing amounts for specific actions, e.g. that have been identified within participatory processes or voiced by stakeholders.
- Small grants programmes require proof of local commitment and important local (in-kind) contributions, but they are quick and rather simple to apply for.
- Successful application always also depends on factors beyond local reach: e.g. donors possibly hesitate to give money if they have funded similar projects in the region already. Seeking early direct contact with staff of the programme is indispensable for a successful application.

### 5.2.6 A special opportunity? Participation in SDPASE Trust Fund

The project SDPASE ('Sustainable Development of the Protected Area System in Ethiopia) receives international support from GEF worth 9 million USD and leverages in kind contributions from the Ethiopian Wildlife and Conservation Authority (EWCA) estimated at 12 million USD. The purpose of the project is to reform Ethiopia's PA system by consolidating its national parks and its meta-structure, in terms of conservation capacity and financial sustainability.

One component of this project is to set up a trust fund for Ethiopia's PAs. In the second 'tranche' (Phase), which began in 2012, 1 million USD are foreseen as initial capital stock for the SDPASE trust fund. The principal purpose of this fund is to attract sufficient capital stock so as to allow for significantly contributing to covering the recurrent costs of Ethiopian PAs. While this fund is not yet operational, the Kafa BR authorities should closely follow the SDPASE project and pursue opportunities for collaborating with EWCA within the project context. This may be ideally as regular recipient of allocations from the trust fund for recurrent costs.

BR managers should apply for small allocations, because getting into the system of the SDPASE trust fund is the critical initial barrier. Once, accepted, the Kafa BR is likely to benefit from other activities taking place within the project as well, notably, conservation, tourism and PA management related trainings and networking.

Apart from nurturing good working relations, BR managers should communicate to EWCA and GIZ-IS (German Technical Cooperation), who are implementing the project, the particular qualities of the Kafa BR which make it an interesting complementary participant in the portfolio of the PAs prioritised for SDPASE. These qualities comprise the following aspects: Within SNNPR, rainforest habitat type, densely populated region with acute pressures on ecosystems, UNESCO BR concept, important initial investments have already been achieved, pro-poor approach to conservation.

Chances are mixed for getting involved in the SDPASE project, because of the politicized context of this very large project. Yet, given the low costs involved, the opportunity should not be missed.

### 5.2.7 Required investments and expected income

FUNDRAISING TOOL	REQUIRED INVESTMENTS	EXPECTED INCOME
New projects, project extensions, and partnering in others' projects, e.g. as pilot site	Partnering with other organisations, such as NABU, that have the experience, reputation and contacts for successfully applying to full grants from international and foreign government sources	Full project grants from intergovernmental sources typically range from 150.000€ to 5 million €.
Small grants programmes from embassies (e.g. US) and GEF/SGP	Building the capacity and reputation for successfully implementing projects and for managing grant money efficiently  Securing significant local contributions for co-financing projects, as required in many schemes	Depending on the programme: up to 40.000€ (50.000USD)

### 5.3 Regional and local contributions

One can distinguish between local/ regional government contributions and in-kind contributions from local resident communities. Both sources have already provided significant support to the Kafa BR. The importance of this support goes beyond financial and in-kind contributions and encompasses local ownership and commitment from government – indispensable ingredients for successful BR implementation. Here, these sources are examined from a fundraising perspective:

KZA AND REGIONAL GOV. CONTRIBUTIONS	ADVANTAGE	DISADVANTAGE
• Regional or zonal government dedicates staff, office, transportation and other resources from the regular budget to BR management	• Enhances local political ownership • Enhances local accountability • Important as co-finance for external funding • Suitable for regular running costs	• Depends on the Administrator's commitment • Choice of staff may follow criteria other than capacity • If BR management is fully integrated within KZA this may be considered by foreign donors as limiting its independence and financial credibility.
• Alignment of KZA regular activities with BR implementation agenda	• No additional costs, as relevant departments pursue BR agenda within their regular activities • Enhances mainstreaming of BR concept	• Requires up-front effort to specify and agree on BR implementation agenda among KZA departments



### 5.3.1 Tool 6: Establishing regular government contributions to the Kafa BR

#### What is it?

This tool does not appear a fundraising tool in the strict sense – however, from the BR perspective, negotiations and agreements with zonal, regional or even federal government on regular contributions, both, in cash and in kind, could constitute a most important funding source for covering regular BR management costs.

To our knowledge, there are no national government contributions going directly to Kafa Zone for conservation, and there are no such funds available to which Kafa could apply for. As the core zones have a protected area status of the regional government ( i.e. they are no national parks), the BR cannot obtain direct funding from the national protected area system.

Also, the budgets of KZA and of SNNPR Regional Ministries do not at this point include any regular funding for managing the BR ( see description of regular BR management tasks in Chapter 3). Nonetheless, some regular funding can be employed for implementing the BR concept, e.g. forestry and rural development resources.

For this, an action agenda/programme of work for BR implementation across various government agencies needs to be specified and agreed upon. For example, if the forestry officers at Woreda level are mandated and equipped (by higher level government to whom they are accountable) to include patrolling of BR core zones into their regular tasks then the corresponding resources have de facto been made available and committed to the BR.

#### Risks:

- If BR management is largely funded by KZA it may possibly be also fully integrated within KZA. However, for project funding applications especially from private philanthropy and foreign government donors, this may be considered as limiting the applicant's independence and financial credibility. See also Chapter 4 on this.
- Choice of staff may follow criteria other than capacity. Care should be taken to prevent staff fluctuations, so as to ensure that staff training on the specific BR management issues brings results.

### 5.3.2 Recommendations for establishing regular government contributions

- Proper budgetary planning and negotiations with different government levels should be pursued. The Kafa BR should be planned with (i) core budget needs for BR management and (ii) a de-central budget of earmarked resources in a range of government departments.
- In joint negotiations, KZA and SNNPR government could:
  - o Attribute a regular budget to BR management tasks, either located within DoAD or, preferably, as an independent BR Management Entity.
  - o Have departments earmark part of their funding explicitly for BR tasks. This requires the action agenda for BR implementation to be agreed upon (see Chapter 2). In this agenda, relevant departments examine their activities in the light of a Kafa BR vision and align activities with the BR concept.
- For example, the action agenda could decide for the period 2014/2015 to prioritize the following: (i) have all school children learn about the BR concept and the Kafa BR, (ii) have all tourism service providers receive training about the BR concept and the Kafa BR,

(iii) have a simple forestry monitoring system developed (iv) have the monitoring system implemented by local site support groups with the support from Woreda-level forestry officers, (iiv) etc...

- With such a list of priorities, government departments could then identify where resources are needed, and where available resources can be redirected.

### Should KZA raise local taxes for funding BR management?

Local authorities in Ethiopia have no significant revenue autonomy because most taxes and revenue generating opportunities are restricted by the regions. Local authorities receive block grants to fulfil state functions locally. However, local authorities raise taxes for regional governments, so there is a local tax collecting system in place [https://editorialexpress.com/cgi-bin/conference/download.cgi?db\\_name=IIPF63&paper\\_id=317](https://editorialexpress.com/cgi-bin/conference/download.cgi?db_name=IIPF63&paper_id=317).

Around the world, municipalities or zonal or regional governments impose environmental charges or taxes onto their resident population. For example, in many municipalities in Peru, Colombia and other Latin American countries, municipalities put a small extra charge on the monthly water bill for financing watershed protection. This money then serves e.g. to pay upstream land users to protect or restore the watershed from which drinking water is being abstracted, e.g. farmers reduce the number of grazing livestock or reforest their lands along streams. <http://www.eea.europa.eu/atlas/teeb/compensation-scheme-for-upstream-farmers/view>.

If it is legally possible to raise such a tax for running the BR, it is still useful to examine whether this is actually a suitable option: Is the amount that can be raised by such a tax worth the possibly negative message about biosphere reserves that such a tax would possibly send out?

#### Advantages of raising contributions via local tax system:

- generate regular income for the BR on a long-term basis;
- the possibility of using such funds as co-finance for applying for funding from international donors
- ease of collection (low collection costs), if a local taxing mechanism is already in place

#### Challenges of relying on local tax system:

- expensive if no collection system is in place
- a trusted mechanism for managing, spending and accounting for BR tax is needed
- Additional tax burden on local population
- As long as the local population has not associated the BR designation with any tangible local benefits, taxing for conservation implies that the BR incurs double costs to the local population: (i) forest use restrictions (e.g. core zone), and (ii) the tax.

## 5.4 Corporate sponsorships and collaborations

There is large potential for corporate support to the Kafa BR, but this does require serious up-front fundraising efforts. Tools only work in close partnership with an overseas organization operating in donor country contexts

CORPORATE SPONSORSHIPS	ADVANTAGE	DISADVANTAGE
<ul style="list-style-type: none"> <li>Approaching coffee trading and retailing companies, coffee equipment industry Coffee shops for donations or project co-funding</li> </ul>	<ul style="list-style-type: none"> <li>Potential for longer term partnerships if relations are well-maintained</li> <li>Clearly suitable for supporting one or various concrete coffee-related programmes in Kafa</li> <li>In the range of 10-100k USD</li> </ul>	<ul style="list-style-type: none"> <li>Requires close understanding of company's needs</li> <li>Can be stopped any time</li> <li>High demands for continuous trust-building and credibility (via personal relations)</li> <li>High demands for continuous 'story-telling'</li> </ul>

### Background: The Coffee Sector

For the Kafa BR, Corporate Social Responsibility (CSR) opportunities will likely be related to the Coffee Industry. This includes, traders, roasters, retailers, but also industry for coffee machinery and coffee shops.

Germany is currently the top destination for coffee exports from Ethiopia, followed by Saudi Arabia and the United States. Ethiopian coffee accounts for 4% of the world's production and 2% of the global export to all destinations. More than 25% of the population of Ethiopia, representing 15 million people, are dependent on coffee for their livelihoods, including 8 million people directly involved in coffee cultivation and 7 million in the pro-cessing, trading, transport, and financial sectors. Ethiopia is Africa's largest coffee producer producing close to 0.4 million tonnes annually. 95% of the coffee comes from close to one million small subsistence farmers, whose average land holding is about 0.5 ha.

Ethiopian coffee is often said to be "95% organic" because smallholders do not use chemical fertilizers, primarily because they cannot afford it. Very little Ethiopian coffee is actually certified organic.



## 5.4.1 Tool 7: Approaching companies for CSR funding

### What is it?

Corporate Social Responsibility (CSR) refers to funds and in-kind contributions provided by companies for social or environmental causes. Companies with a high corporate social responsibility profile wish to see active engagement in solutions-based initiatives. And many companies are keen to see their employees take an active role in any CSR initiative. For example, Veolia, a multi-national company in the electricity and sanitary services sectors, organises all its CSR activities via employees willing to coach a specific project (<http://fondation.veolia.com/en/>)

Companies that have already been engaged or shown an active interest in the Kafa region include: ABUS, Dallmayr, Grundig, Kraft Foods, Neumann Foundation, Original Food, Tchibo, WMF.

### How does it work?

Companies combine their own donations with raising funds from others:

- From customers: the start-up company Coffee Circle (Berlin) sells Ethiopian roasted beans and charges customers an additional 1€ per 1-kilo-pack to support schools and local infrastructure in the regions where they source the beans. <http://www.coffeecircle.com/>
- From their own employees: employee sponsorships ('Patenschaften'), tombolas, sports events, summer parties or pre-Christmas dinners and evening events for employees (and sometimes for business partners) are being used to raise funds, to thereby invoke a shared company spirit, and/or to communicate contributions from the company
- From government: shared initiatives such as prize competitions where the hosting and endorsement is being assumed by an international organisation or a government agency (such as Jack Wolfskin's involvement in the Deutscher Naturschutzpreis hosted by the German Federal Agency for Nature Conservation).
- From renowned scientists, TV moderators, celebrities or 'conservation ambassadors': events such as expeditions, guest lectures, and conference sponsorships rely on the idea that both partners can benefit from each other in addition to contributing to the good cause. While these benefits may not accrue in cash, comparable impact in terms of awareness raising from other actions would typically cost a lot of money.

### Risks:

- Whether a company takes active interest in Kafa BR depends on many factors internal to the company and beyond Kafa's reach. Thus, while effectively approaching companies requires significant effort, for example researching a company's past CSR activities and potential CSR needs, the results are a game of trial and error.
- CSR support can be stopped any time.
- High demands for continuous trust-building and credibility via personal relations, and for continuous 'story-telling' make this a potentially expensive fundraising instrument.

**How to approach companies?**

Each company is different and employee giving and CSR policies can change year-to-year. Who you approach and how you approach them can affect the outcome.

- Rather than cold-calling a company or sending an email with a link to your home page with funding requests, try and find out who in the HR department looks after the company's giving program/CSR strategy.
- See if you can arrange to meet them face-to-face, or if some can do it for you if the company is overseas.
- Look through the company's CSR policy first so that you can tailor your ask.
- Research how they have supported other employees in the past and reach for the stars. Know your charity's vision and know your goal. Emphasise how their support will help the charity you are fundraising for.

- Make sure you have all the necessary documents on hand, about the project you need funding for, the structure of the body receiving and spending the funds, detailed cost estimates, etc.

Source: Tapping into Corporate Dollars <http://blog.inspiredadventures.com.au>

Seeking CSR funding is much more of a 'courting process' than a blind exchange of documents. Fundraisers have to convince the key persons.

**“Elevator Pitch”: A storyline for fundraising for Kafa BR:**

Kafa is precious: Kafa's forests are the cradle of coffee and still harbour countless original wild varieties.

Kafa is threatened: new roads speed up in-migration, agricultural intensification policies favour high deforestation rates.

Effective protection is possible: Zonal government is committed, people are open to engage, Kafa is internationally recognized as BR by UNESCO, recent projects have had positive results.

Investments for implementing the Kafa BR are needed NOW: Make use of current momentum and available expertise to consolidate the shift from conventional to truly sustainable regional development. The Kafa BR needs help now, to soon be able to stand on its own feet. X, Y, Z now needs special attention.....

**Fundraiser Meghan Redd suggests:**

“Do you have an elevator pitch about why a company should invest in your project? [Can you tell it in one sentence?] If not, I would strongly suggest writing one. Then network your way into contact with the CSR/sustainability team at the company in which you are interested, give your elevator pitch and ask for 5 minutes to make a full presentation.

After the presentation, at the table with the CSR/sustainability team, be ready for an exchange that feels a lot more like a negotiation. This table is where you have the opportunity to develop a project idea and shake on your potential cooperation. After the meeting, you should offer to follow-up with a 1-2 page concept paper. If the project gets a green light, you may be asked to submit a full proposal. But this is just a formality, you'll likely have already agreed on the key components verbally or via email.

By far the biggest mistake I've seen NGOs make when applying for CSR funding is writing a lengthy proposal early in the process and blindly submitting it to a company. No one will ever read it.

Companies don't know what they want when it comes to CSR. One reason is that companies are waiting for a big idea. Companies value innovation and big ideas are what innovation is all about: Getting into the mindset of creating “shared value” for you and for the company. [...]Unlike with government donors, there is room for you to be provocative and negotiate. Tell them how much more they could be doing with their CSR capital and how. Just as a company wouldn't ignore a big, new product idea, they won't ignore a big, new CSR idea.” <http://sustainablebusinessforum.com/reddmegh/53430/show-me-money-getting-csr-funds-your-ngo>

**5.4.2 Recommendations for raising funds from companies****General prerequisites**

Corporate and private donors will not invest in conservation in the Kafa BR unless they are very certain that their funds will be efficiently spent and that very convincing objectives are being pursued.

**This implies, BR authorities have three key tasks if they want to raise funds from corporations:**

- Ensure there is strong managerial capacity and appropriate organisational structure for managing and spending funds well
- Sharpen the profile of the BR as an attractive recipient of (co-)funding and develop a portfolio of (co-)funding/sponsorship options
- Build and maintain trusted relations with potential donor representatives over longer periods. For this, international partners, such as NABU, are indispensable.

**Recommendations on communicating funding requests to companies**

- Be bold in conceiving and communicating the unique facets or innovative ideas in your project.
- Have a clear idea about how the CSR involvement can benefit the company.
- The private sector is risk-averse with CSR. Spend more time than usual going through project risks and mitigation strategies. Don't forget to include PR risks.
- Explain how you ensure that the money is well spent. The transparency section should be

comprehensive, especially if you're working in a country with problems of corruption.

Typically, companies know best, which instruments they want to use for communicating their commitment and for raising further funds. Kafa BR authorities should focus on good relationships and attractive and convincing funding proposals. Companies will themselves offer ideas for e.g. product-related fundraising (displays on product packaging), for combined product/fundraising campaigns or for events with employees, clients, consumers, etc. (See also Marketing Concept for further details).

### 5.4.3 Tool 8: Kafa Circle of Friends

#### What is it?

The idea is to establish an exclusive circle of supporting companies and organisations (and possibly individual donors) for developing more long-term relationships with private and corporate donors.

BR implementation on the ground requires continuous support, and many improvements do come only with longer-term efforts rather than with quick technical fixes. Therefore, stable partnerships are very helpful. However, they do also require special attention because many companies prefer not to commit their donations for longer periods to the same area, but rather to regularly choose anew whom to support.

#### Requirements

Built on personal contacts, these exclusive relations, or exclusive visible commitments as they may appear for the company, need to be well-earned and taken continuous care of. For BR fundraisers, this implies:

- Dedicating time to company representatives, e.g. for taking them on a tour through the BR, attending their meetings when they so wish, speaking at their company's events.
- Being flexible in offering them donation opportunities that fit their interests (which may change over time)
- Providing them with high quality narrative reports and regular updates

The Circle should be run by very stable staff as personal contacts count. And the first contact person should be in Europe to ensure easy communications and in order to thereby provide additional credibility.

Furthermore, those organising the Circle should take care about the actual composition of their membership: If a second coffee roaster joins the club, the first one may leave because he sees no exclusivity anymore since a direct competitor has joined.

### 5.4.4 Recommendations for Kafa Circle of Friends

- The BR authorities should request NABU to run the Circle of Friends of the Kafa BR. To European corporate donors, NABU is a well-respected and widely known conservation organisation with many decades of experience and high expertise, both in the area of technical conservation work, as well as in the field of managing conservation finances. NABU itself offers privileged partnerships with corporations that financially support them. A big difference here is that NABU has a broad range of projects and countries they work in, and consequently they can accommodate many changes in donor 'appetites'.

- Unless NABU can assume and ensure the operation of the Kafa Circle along the above mentioned lines for the coming years, the consultants do not recommend continuation or intensification of this high-cost instrument.

### 5.4.5 Required investments and expected income

FUNDRAISING TOOL	REQUIRED INVESTMENTS	EXPECTED INCOME
Approach company representatives for CSR: donations, sponsorships or project co-funding	Develop convincing and attractive conservation investment proposals, showing the urgency, the opportunity and the added value compared to previous investments.  Via partner organisations in Europe: Develop, deepen and continuously take care of personal relationships with persons responsible for CSR – offer or respond to requests with a menu of information/communication options	Depending on company and on the specific situation in that company: 20-150.000€
Invalidate the Kafa Circle of Friends	Give extra value to companies by providing exclusivity and continuous support to company requests related to CSR(-marketing) in exchange for a multi-annual CSR commitment.  Via partner organisations in Europe: Regular events, updates, and personal contact with the persons responsible for CSR.	Unclear. The CoffeeCircle.com example shows that high CSR impact in terms of company marketing is possible with limited donations ( but excellent media coverage of the company's social engagement).

## 5.5 Private Philanthropy

For fundraising from private donors and philanthropic foundations for the Kafa BR, at least three instruments may apply: Promoting a Kafa Trust Fund, proposing conservation investments to philanthropic foundations, and running a sponsorship programme

PRIVATE PHILANTROPY	ADVANTAGE	DISADVANTAGE
• Building a Kafa BR trust fund to attract donations, fees, or inheritances	• Stable income stream if sufficient capital stock	• Significant up-front investment in establishing trust fund • Only an empty vessel – does not by itself generate initial contributions • High running costs
• Proposals to philanthropic foundations	• See: large project funding, Chapter 5.2	• See: large project funding, Chapter 5.2
• Sponsorship Programme	• Creating a small but continuous income stream • Apart from funding builds a constituency which enhances policy support	• Significant up-front investments required to recruit sponsors • Continuous efforts required for maintaining donor relations, irrespective of the monthly donation (newsletters, personal responses to requests, campaigns, visits)

### 5.5.1 Tool 9: A Kafa BR trust fund

#### What is it?

Foreign corporate and private donors will hesitate to support the Kafa BR unless a secure mechanism for receiving and spending funds is firmly established, and with a proven record. A conservation trust fund for the Kafa BR may appear an alternative solution to the above mentioned financial credibility problem: trust funds work according to high professional standards.

The main purpose of conservation trust funds is to apply the expertise of conventional fund managers to capital earmarked for conservation. Professionally managed funds can generate significant interests. Endowments placed as capital stocks in trust funds are hoped to secure the long-term financing of recurrent PA costs from the interests annually generated by the fund. This depends on fund performance and on the overall economic situation.

Furthermore, even without large capital stock to generate sufficient interests, trust funds have some significant fundraising potential: they indicate to donors that their donations are professionally managed, clearly earmarked for a specific purpose (e.g. only for Kafa, not for other areas), but spent only when it is necessary rather than when it becomes available.

Conservation trust funds (CTFs) have a strong record in Latin America, where the banking sector is well established and governmental oversight is largely assumed to be functioning. In the African continent, several CTFs have been examined in a review (2008, see below), ranging from small funds dedicated to support a single PA (like the Mount Mulanje Conservation Trust in Malawi) to nation-wide funds, as for example in Madagascar.

#### Different Conservation Trust Fund Types:

##### Endowment Fund

Capital is invested in perpetuity, and only the resulting investment income is used to finance grants and activities.

##### Sinking Fund

The entire principal and investment income is disbursed over a fairly long period (typically 10 to 20 years) until it is completely spent and thus sinks to zero.

##### Revolving Fund

Income from taxes, fees, fines, or Payments for Ecosystem Services (PES), that are specially earmarked, regularly go into the fund to be used for specified purposes

Source: Tapping into Corporate Dollars <http://blog.inspiredadventures.com.au>

#### Conservation trust funds in Africa

Trust funds require conditions which are difficult to meet in many countries, including banking capacity, accountability mechanisms and overall governance conditions. The overview table (next page) indicates the overall low number of CTFs due to these demanding requirements. The table further indicates the relatively low amounts being spent via such funds. Thirdly, and perhaps most importantly, the table indicates the enormous administrative costs of up to 22% of the trust's volume to set up and run it.

#### Overview of African Conservation Trust Funds:

	Committed Capital at Inception (in millions)	Estimated Amounts Spent on Projects since creation (in millions)	Administrative Costs (as percentage of total budget)
Tany Meva (Madagascar)	\$10.4	\$5.0	22.5
Table Mountain Fund (South Africa)	\$6.6	\$2.5	NA
BMCT (Uganda)	\$4.3	\$4.0	40.0
MMCT (Malawi)	\$5.5	\$3.5	NA
GHCT (Ghana)	\$2.0	\$1.0	NA
EAMCEF (Eastern Arc - Tanzania)	\$7.0	\$0.1	35.0
FEDEC (Cameroon)	\$3.6	\$0.9	27.0
FAPB (Madagascar)	\$20.0	NA	NA
FPRCI (Côte d'Ivoire)	0	NA	14.5
TNS (Sangha Tri-National)	\$10.6	NA	NA
TFCA (Botswana)	\$7.0	NA	NA
Total	\$77.0	\$24.0	

Source: Conservation Finance Working Group: Rapid Review of Trust Funds (2008, p. 66): [http://www.conservation.org/global/gcf/Documents/rapid\\_review.pdf](http://www.conservation.org/global/gcf/Documents/rapid_review.pdf)

#### Risks and Requirements for successful trust funds

While the concrete requirements differ substantially with trust fund size, several challenges are commonly encountered in African CTFs:

- Attracting sufficient initial capitalisation or prospects for considerable recurrent revenue streams.
- Institutionalising a robust yet well-adapted governance structure for decisions on investments and on disbursements
- Achieving a good balance between enough government representation on the board and sufficient autonomy for CTFs to involve other stakeholders, create the necessary international networks, and attract private funding
- Finding favourable legal conditions with regard to the rules for foundations, NGOs, but also for financial transactions and tax exemptions
- Attracting qualified staff for fund management and good investment advisors at reasonable costs.

## 5.5.2 Recommendations for a Kafa trust fund

- Based on the synthesis of experience reviewed by the Conservation Finance Working Group (see table) and with particular attention to smaller CTFs such as the one for Mount Mulanje, Malawi, this report recommends to Kafa BR authorities not to engage in the complex tasks of establishing a local Kafa BR trust fund at this stage. Instead, partners such as NABU should be requested to set up two revolving funds, one in Ethiopia and one overseas, e.g. in Europe.
- These funds should have the dual purpose of (i) receiving donations, (local) fees, contributions and of (ii) investing funds to generate additional income, in case a critical capital stock has been accumulated.
- This report has repeatedly emphasized the need for a trustworthy structure for receiving, managing and spending funds – as a pre-condition for effectively attracting funds.
- The second purpose, i.e. generating additional income from capital stock via investments, still needs to be considered within constraints:
  - The smaller the capital stock available for investment the higher the administrative costs due to the fix costs for lawyers, audits, core staff and registrations, etc. Some sources estimate 5 million USD as the minimum threshold for endowment funds, below which the costs eat up the income from investments.
  - The annual income from investments by CTFs has been estimated by the rapid review (Conservation Finance Working Group: Rapid Review of Trust Funds) at ~8% averaged over a ten year period. From this income, administrative costs would still have to be deducted to determine the amounts available for disbursement from an endowment fund.
- The potential of an endowment trust fund to significantly contribute to regular running costs are limited. The following calculation is suggested: If administrative costs are optimistically estimated for a small endowment fund not to exceed 50% from investment income estimated at 8% interest, 4% interest would be available for disbursement. It requires a capital stock of 1 million€ to generate 40.000€ for annual disbursement. However, given the complexities involved, the additional set-up costs, as well as the little prospects for a 1 million€ endowment, this option to generate funds seems very limited.

## 5.5.3 Tool 10: Proposals to philanthropic foundations

### What is it?

Similar to international and foreign government support, philanthropic foundations for international conservation and development aid mostly operate within a project framework. While such foundations are entirely free to shift their funding priorities, they are like governments, interested in spending transparency and cost-effective use of funds. Therefore, the recommendations and considerations of Chapter 5.2 apply fully apply here as well. Successful applicants follow the guidelines stipulated for each philanthropic fund and submit a coherent account of the situation, of the problem, the intended actions, the risks and intended countermeasures, a log frame with milestones and a project budget.

### Some philanthropic foundations with potential interest Kafa

The consultants have examined several important international philanthropic foundations with regard to their relevance for the Kafa Biosphere Reserve:

- Ford Foundation: Works in Ethiopia via the East Africa Office, Nairobi. One thematic emphasis is highly suitable for Kafa BR implementation: 'Expanding community rights over natural resources'. <http://www.fordfoundation.org/regions/eastern-africa>

- Pew Charitable Trusts: Kafa BR not within their thematic scope
- David & Lucile Packard Foundation: Kafa BR not within their thematic scope
- MacArthur Foundation: Conservation and sustainable development strategy prioritizes East Africa. Thematic focus on understanding and mitigating pressures on the environment. <http://www.macfound.org/programs/conservation/strategy/>
- Gordon & Betty Moore Foundation : Environmental conservation program with focus on innovative resource use in places of unique biodiversity – i.e. suitable for Kafa BR <http://www.moore.org/environment-special.aspx>
- Helmsley Trust: Ethiopia is not within geographic priority area of their conservation programme.
- Veolia Foundation: Has supported projects in Eastern Africa, with one focus on energy and sanitation. Projects between 10-150.000€. You apply via contact on website to find a Veolia employee willing to coach your project. <http://fondation.veolia.com/en/>
- VW Foundation: only funds research and capacity building. However, the BR concept could very well justify applied research and capacity building, for example for rainforest conservation and sustainable resource use management regimes. The foundation has been funding research exchange and capacity building between East African rainforest organisations. <http://www.volkswagenstiftung.de/en/funding>
- EFICO Fund/ King Baudouin Foundation: Explicitly geared to support the living conditions of coffee and cocoa producing communities around the world. Ethiopia is among the prioritised countries (see box) <http://www.eficofoundation.org>

### Efico Fund – Criteria for financial support to coffee producing communities

The Efico Fund aims to improve the living conditions of poor communities producing coffee and/or cocoa in developing countries, managed by the King Baudouin Foundation

The project promoter/ applicant : an organization (NGO, company, public authority, private or public foundation) established in Belgium or abroad, not a private individual.

Content : the project must aim to provide sustainable development for poor populations that produce coffee – satisfying the three dimensions of sustainability: social, environmental and economic.

The foundation recognizes the multi-stakeholder model as developed by the UN Global Compact. Public authorities, private partners, unions, civil society, producers organisations and NGOs should be involved as much in the project content as in its financial realization.

Financing: Each year the Efico Fund has €100,000 to €150,000 available to support projects. Projects may be supported for one or several years, with a maximum of 3 years and a maximum grant of €20,000 per year.

Application: Application deadline is annually in August. Applications should be done via the King Baudouin Foundation website.

Source: <http://www.kbs-frb.be/call.aspx?id=293277&langtype=1033>

### 5.5.4 Recommendations for proposals to philanthropic foundations

Similar recommendations, as for large project proposals (Chapter 5.2), apply here as well:

- Build a credible local BR management organisation, and sharpen the profile of the BR as potential recipient of foreign government funding.
- Develop proposals for (inter-)national funding programmes. Based on funding needs analysis applications should be organised in such a way that various simultaneous projects could realistically support each other - rather than competing for the same core management capacities. Timing and co-funding are key issues. See Annex section for suitable project ideas.
- Enhance networking. The Kafa BR management organisation should dedicate efforts on further developing personal contacts within the international development/conservation/applied research networks in Ethiopia and become known as a competent organisation and potential partner in future projects. Competence and organisational stability, including low staff fluctuation, are critical.
- Engage in project-based partnerships with other projects to obtain funds and in kind support for the BR. Such collaborations with already existing projects can provide new input and strengthen the position of Kafa BR at national level.

### 5.5.5 Tool 11: Sponsorship programme for regular donations

#### What is it?

Sponsorships for birds, mammals, plants or habitats have a long tradition in conservation fundraising. All major conservation organisations in Europe, especially those with a strong membership base, operate such schemes. In such sponsorships, individual donors, small businesses, (sports) clubs, groups of friends or colleagues, donate a fix amount on a regular basis for a project or a 'good cause', typically between 5-50€ per month. In return, donors receive a certificate and regular updates on the project they are supporting.

#### How does it work?

NABU is running various sponsorship schemes in Germany for many years already. They have the following characteristics:

- Contact via NABU-website: <https://www.nabu.de/spendenundhelfen/patenschaft/>
- Choice of 15€, 30€ or other amount as monthly donation (minimum 5€)
- In return, sponsors receive a sponsorship certificate and an illustrated 4-page project-progress-report (twice a year).
- Sponsors give on average ~100€ per year, about 50% of sponsors are also supporting members of NABU.
- Sponsors donate about 5-7 years for one project,
- Initial sponsor recruitment and follow-up activities take about 20% of the total generated income.
- NABU's activities in Africa are less known among its members and supporters: therefore past efforts to run a sponsorship programme for a forest in Kenya met with mixed success only.

#### Requirements:

- For establishing such a sponsorship programme considerable up-front investments are required. If the project is appealing to potential sponsors and if running costs can be shouldered among various sponsorship programmes, financial break-even is after two to three years. If the programme does not fit the donor interest profile, it may cost more than it is able to generate. Key requirement is very precise knowledge about the target group that is being addressed in communications for this tool. For example a good data base of potential donors with interest in sponsoring conservation action in Kafa could be built from Kafa visitor records and visitor questionnaires.
- The stronger the personal identification with the sponsored animal (or plant), the more secure the willingness to regularly donate over longer periods. In principle, all emblematic natural elements which allow for personal identification of the donor with the good cause are suitable for sponsorships. Often though, mammal species with a human resemblance (e.g. primates), and other charismatic species (elephants, lions or giant turtles) are being promoted for sponsorships. Sponsoring them implies contributing to the conservation of their habitats, with all the other, less charismatic, plants, animals and ecosystem processes being protected all along.

#### How to set up a sponsorship programme?

Kafa could seek to set up its own sponsorship programme in collaboration with an organisation active in donor countries, and make use of visitor contact details, once regular visitor numbers are large enough to warrant such an effort.

#### Steps to follow:

- Identify charismatic 1-3 species for sponsorship programme, make sure that attractive news about them can be provided at least twice a year, and funding requests can refer to conservation actions specifically for these species.
- Collect visitor data: electronic contact details, tour operator, date of visit, type of tour. Seek collaboration with tour operators for this.
- Devise sponsor recruitment plan: Formulate short and enticing texts on Kafa sponsorships, first mailing, reminder mailing, follow-up mailing, seek ambassadors, pitch to events, ...
- Plan significant time and resources for seeking personal contact during sponsor recruitment. Only personal contact can help grow the emotional attachment needed for donors to commit to continuously fund the BR.
- Devise small, authentic, and manageable gift, give-aways in addition to a certificate (see Marketing Concept, Chapter 5.9).
- Sort out online donation procedure and tax slips issue
- Clarify how much staff time and resources are available for up-front investment, for rapid response to donor requests, for personalised thank you letters and for maintaining close donor-relations.
- Start only, if you are convinced of the projected return on investment

#### Risks:

- Starting an ill-designed sponsorship programme
- Starting a well-designed sponsorship programme, but without access to target group of potential donors
- Investing up-front in sponsorship programme without long-term planning security: sponsorships, like support associations need prolonged dedicated efforts.

### 5.5.6 Recommendations for sponsorship programme

Only consider sponsorship programmes:

- If you have a contact list of minimum 250 well targeted potential donors from Kafa visitor records, or
- If you can collaborate with an overseas organisation working with exactly your target group, and willing to assume up-front investments and running costs of the scheme for max. 25% of the generated income.

Without such a partnership, costs will be high and expected returns very limited. A Kafa BR sponsorship program can best grow as one in a group. It would have to be planned, placed and communicated in line with the other already existing sponsorship programs.

**Then, the following applies:**

- Focus on the forest lions of Kafa. Recent photographs of sightings of forest lions should be employed. However, previous checks of whether sufficient information and sufficient interestign material for story telling is available on the lions.
- Focus on the colobus monkey: Colobus is the symbolic animal of the BR and figures prominently in its logo. This animal has a very characteristic appearance (fur markings) which makes it easily recognisable among rainforest monkey species. It is an elegant, very social, very agile, surprising animal, with funny rather than fearsome behaviour. It is therefore highly attractive to visitors and potential sponsors. As inhabitants of the coffee rainforest, the colobus story can convincingly integrate the theme of wild coffee trees.
- Follow stepwise procedure as described above.

### 5.5.7 Further instruments: online fundraising and supporters' association

The following fundraising instruments require substantial activities outside Ethiopia and are not recommended for direct use by the Kafa BR authorities. However, in partnership with overseas organisations, they may in later years become attractive.

'Cold calling' and Online fundraising

Donations from private individuals vary, but many donors respond to fundraising calls with relatively small amounts. There are many good causes, and donors shift their support in response to high-profile environmental "events", media stories and humanitarian disasters. Therefore, cold-calling for Kafa by means of mailings or online appeals directly competes with thousands of other 'worthy causes'. A critical success factor is effective targeting of potential private donors. Professional fundraising companies offer their services and often charge high percentages for them.

Recent examples of successful crowd-funding via web-based social media for specific requests (such as legal assistance in case of biased government prosecution) should not hide the fact that manoeuvring these communication channels not only requires specific know-how, but so far, there is too limited replicable experience available, to transfer it and recommend this option for anyone who is not already very literate in online networks. Furthermore, online fundraising, especially crowd-funding, has not yet produced more continuous income streams (as required for covering recurrent costs) which would justify any significant investment in online fundraising campaigns for the Kafa BR.

#### Membership in a supporters' association

Donations from individuals make up an important share of the total funds available for organisations such as NABU, with several thousand supporting members (NABU: >500.000).

However, for the Kafa BR authorities, this is rather a long-term perspective. Membership to a supporters' association largely grows from personal experience with the area, or personal contact with people acting as ambassadors.

For the Mount Mulanje Conservation Trust Fund, several years of high personal dedication from a range of individuals were necessary to grow a support association in the UK specifically geared to fundraising for the park. Kafa cannot count on such a history yet – therefore initiating a supporters' association should be reconsidered at the stage when a steady number of visitors annually (>500) provide sufficient options for easy direct contact and recruitment for membership.

### 5.5.8 Required investments and expected income

FUNDRAISING TOOL	REQUIRED INVESTMENTS	EXPECTED INCOME
Build a Kafa BR Trust to attract donations and invest capital stock	Set up accounts in Ethiopia and abroad, establish fund management and disbursement procedures, contract investment firms for running the fund or investment advisors.	Catalytic for fundraising in general: an independent trust fund visibly ensures sound financial procedures. Income from investments of capital stock (assumed 1mio€): ~4%
Apply to philanthropic foundations for project funding	Partnering with other organisations, such as NABU, that have the experience, reputation and contacts for successfully applying to grants from philanthropic foundations	Grants from philanthropic foundations typically range from 20-500.000€.

The discrete costs and expected returns from a sponsorship programme fully depend on who runs the programme and how many other sponsorships programmes share the fix costs.

## 5.6 Payment for Ecosystem Services

PES	ADVANTAGE	DISADVANTAGE
<ul style="list-style-type: none"> <li>• Participation in REDD+ and international offsets</li> <li>• Participation in national PES schemes</li> <li>• A PES scheme for Kafa BR</li> </ul>	<ul style="list-style-type: none"> <li>• Can accrue considerable amounts of foreign funding on a regular basis</li> <li>• Very popular instrument</li> </ul>	<ul style="list-style-type: none"> <li>• Uncertain whether feasible at this point: The Kafa BR is too small to attract larger scale investors</li> <li>• Considerable up-front investment to establish governance structure for contracting, monitoring, money transfers, etc</li> <li>• Requires full specification and local recognition of property rights</li> </ul>

PES stands for: Payments for Environmental Services. The idea behind it is that functioning environments provide many goods and services free of charge. With such payments, those who benefit from the service pay those who provide the service for doing so.

For example, meadows in a watershed in the mountains do provide fodder for the local farmers' goats, but also ensure that rainfall is being absorbed by the soil and flows down in streams. Now, if the number of goats increases to the point where the meadows degrade from grazing, then water will not be absorbed anymore and the streams will have less water and less regular water flow levels.



In a PES scheme, the downstream water users can pay the upstream farmers for maintaining the meadows intact, for example by not allowing more than a certain number of goats to graze on them. Thereby the upstream farmers have an incentive to protect the meadows, because the connection has been made between the benefits that the downstream water users have from regular water flows and the grazing pattern of the upstream farmers.

**PES hold different promises to different people:**

- Donors can see in it the extension of nature conservation opportunities onto private lands and a means to enhance cost-effective spending.
- For many policy makers, the supposedly direct linkages between investment and output are attractive,
- For industry there are strong potential benefits from increased options to offset (residual) environmental damage.
- Local communities, in turn, engage in PES where this becomes attractive within their respective livelihood strategies.

Whether such different expectations can be satisfied depends on how a PES scheme works on the ground.

**5.6.1 Tool 12: Participation in (inter)national PES schemes**

**What is it?**

Payments for Ecosystem Services (PES) are mostly referred to as an instrument where buyers and sellers voluntarily agree on a payment for the provision of a specific environmental service, or for an additional activity that is believed to ensure such provision.

PES schemes have been widely promoted in recent years. The motivation is to mobilize additional funding and to allocate it to those conservation tasks from where most direct benefit can be expected. National governments pay other governments for reducing emissions from deforestation; coastal cities pay protected areas for conserving dunes or mangroves as flood protection; farmers pay their upstream neighbours for erosion control in the watershed.

**Key requirements for successful PES schemes**

PES only works ...

- if there is de facto a robust case for PES. In other words: From an ecological perspective clear gains in ecosystem services can be convincingly anticipated from specific land use changes - when compared to the business as usual scenario. PES contracts can only be made if some benefits would not have happened otherwise, if it is clearly an additional benefit.
- if the rights of those living in the area are clear. When making contracts the question often arises to whom a certain area actually belongs. Often it does not clearly belong to a single person or group. Often, also there is disagreement between formal and traditional legal systems with regard to property and property rights.
- if there is a market demand. Does anybody want to pay for any of the benefits provided? Those willing to pay, e.g. for the preservation of the genetic variety of coffee Arabica plants, are either coffee companies or conservation NGOs, but almost certainly they are based in Europe or the US.
- If there is an intermediary: Intermediary organisations become critical that can actually facilitate a contract between two very distant and different contracting parties.

**5.6.2 Recommendations for participating in (inter)national PES scheme**

This report recommends to post-pone considerations for participating in PES schemes until any such scheme makes a precise offer. Judgement should be principally upon the offer's conditions. However, some general considerations apply:

- For water-PES, only a national market demand may apply. A potential local market depends on reliance (e.g. of coffee growers) on upstream watershed preservation. More funding potential could come from industrial water users: the relevance of the Kafa BR area for the Omo River Hydropower project should be checked.
- For biodiversity-PES, the maintenance of (i) montane cloud forest habitat and (ii) of the wild coffee gene pool appear of great interest: Critical here is the development of an appropriate methodology as a pre-condition for convincing potential buyers of the ecosystem service. How can coffee gene pool maintenance be measured, and changes verified without enormous costs?
- For carbon PES, the international market demand is strong and methodologies abound. Here adherence to VCS standards enhances credibility, but, in turn, implies higher costs of running the scheme (leaving less revenues from the payments for the BR).



### 5.6.3 Tool 13: A PES scheme for the Kafa BR

During the consultants' visit to Bonga in May 2012, a different proposal emerged, based on conversations with NABU experts: A PES scheme for national agribusiness companies that benefit from the intact forest ecosystems in the Kafa BR.

The rationale is as follows: As long as tea and coffee producing companies do not realise their dependence on intact ecosystem services such as water provision, pollination, erosion control, microclimate, they will not be willing to regularly contribute to the BR fund for maintaining/improving the BR ecosystems.

The national discourse largely neglects the need for maintaining ecosystems within their original functioning, and pushes for large-scale conversion to intensive, export oriented agriculture. Thus a quantification of the ecosystem's services (ES) and of their importance for the local/national economy seems highly relevant to secure local/regional/national public support for the BR and against large-scale conversion.

Such an ES-assessment would furthermore establish a quantified baseline for (i) the degree of future degradation due to economic activities, mainly monoculture, and (ii) the monetary equivalent of the role of ES in the economic output of cash-crop agriculture.

Actual income will probably remain below 5.000€ annually per company, because of small numbers of businesses and high operating costs. Apart from tea and coffee plantations, the electricity and forest companies could also be included – then income prospects are up to ~10.000€ annually

The principal gain from this scheme is not the total amount generated but the actual source: if businesses commit to paying for the maintenance of the ecosystem services they need, the de facto build a strong constituency for the BR.

#### Requirements for a local PES scheme

Complementary to the four above mentioned conditions for PES (a robust case, clear property rights, market demand, and an intermediary) four steps are required to examine the fundraising potential and prepare the ground for a regional PES scheme for the Kafa BR:

- 1 costs assessment: How can the PES scheme be organised to incur only moderate costs in the long term? Only if large areas can be covered by the scheme, revenues outweigh running costs!
- 2 assessment of rainforest ecosystem services (ES): Following the TEEB stepwise approach, a suite of critical rainforest ES would be identified and assessed. Such assessment would draw on field data, as well as conservative value estimates from various other studies with high relevance to the area.
- 3 communication of Kafa BR natural capital: Assessment results would be communicated via a workshop and complementary communications work to the zonal, regional and national level. Possible application of assessment results to the Ethiopian rainforest (including the other 2 BRs) would be examined. Continued advisory action to the KZA as well as to the regional business community to ensure buy-in and adoption to the approach.
- 4 capacity building and establishment of a governance structure for fee-collection from regional business, based on the ES assessment. Embedded in KZA but under public oversight. International communication as best practice example (if successful) and feeding into national ecosystem services assessment initiative

### 5.6.4 Recommendations for a PES scheme for Kafa

- The above mentioned steps for further assessing the suitability of a PES scheme should be pursued. They could also be packaged as a project idea for raising funds for a rapid feasibility assessment (see Annex section).
- Prior and during any PES related efforts the issue of sorting property rights should receive full attention to prevent subsequent conflict.
- One concrete step to further explore options for a PES is to seek to become involved in the national REDD readiness project for Ethiopia, for which World Bank funding was applied for by national government in January 2011. For background on the readiness preparedness programme of the World Bank Forest Carbon Partnership check:

<http://wbi.worldbank.org/wbi/Data/wbi/wbicms/files/drupal-acquia/wbi/2%20-%20REDD%20Readiness%20and%20FCPF%20-%20A.Lotsch.pdf>

### 5.6.5 Required investments and expected income

FUNDRAISING TOOL	REQUIRED INVESTMENTS	EXPECTED INCOME
Participating in (inter) national PES schemes	<p>Have ecosystem service stocks and flows estimated</p> <p>Offer Kafa as a pilot site, participant to potential buyers and/or traders ('Wildlife Works Carbon')</p> <p>Negotiate and follow-up until agreement has actually been achieved</p>	<p>Uncertain. Depending on services for which payments are actually agreed, on the type of buyer (trader, NGO, government - governments also use PES schemes to channel aid), on forward selling periods, etc.</p> <p>For Kafa, payments unlikely exceed 20.000€ annually from which costs would have to be deducted.</p>
Setting up a PES scheme for Kafa	<p>Develop a robust case for PES based on assessment of ES availability and use (who benefits in which ways from which ES?)</p> <p>Set up coordinating mechanism/governance structure for the transactions</p>	<p>Actual income will probably remain below 2000€ annually per company. Apart from tea and coffee plantations, the electricity and forest companies could also be included</p> <p>The principal gain from this scheme is not the total amount generated but the actual source: if businesses commit to paying for the maintenance of the ecosystem services they need, the de facto build a strong constituency for the BR.</p>





## 6 STRATEGIC CONSIDERATIONS FOR FUNDRAISING FOR KAFA

Each type of funding source has its particular characteristics, as described in the previous section. It is neither realistic nor recommended to have them equally contribute to the overall Kafa BR budget. Various strategic concerns should guide the selection and application of fundraising instruments:

### Short term perspective (<1 year)

- 1 Clarify structure and functioning of the BR management entity. Clarify how the BR finances will be managed in the long-term. An independent trust fund for the BR may be the most convincing format for attracting and spending funds, provided that costs of running the trust fund are shared and kept at modest levels.
- 2 Work towards a clear commitment by KZA to finance a fix part of the basic BR running costs, for example by means of re-dedicating part of the available staff/resources to regular BR tasks, or to a BR management plan that has been fully specified and adopted.
- 3 Clarify priority actions for BR implementation. It is important to determine and clearly communicate the main direction the BR will follow – while ‘sustainability’ can mean everything from energy saving stoves to demarcating core zones, donors want coherence, and BR managers need to agree on the thematic emphasis for a given 3-5 year period. Other topics can also be pursued but will not be a priority (See also section one on requirements for effective fundraising)
- 4 Begin with the low hanging fruits: 2-3 additional projects with particular BR activities will be the most effective fundraising activity. They will be much more promising at this early stage than aiming for significant income from tourism, PES, sponsorships programmes or a supporters’ association, for which the conditions are not yet beneficial or income prospects simply too low for now.
- 5 Develop two convincing project proposals, for which the local suitability, the added value, and substantial co-finance can be clearly shown. Build for on project ideas that have been prioritized by NABU experts.
- 6 Secure political backing for the proposals and their complementarity to on-going efforts and government programmes. The key point is complementarity! If efforts associated with the BR simply replace staff, resources and efforts under a different title, not much, will have been won. The BR concept is an alternative paradigm for development, not an additional input for a cure called ‘more of the same’.
- 7 Rely on the specific expertise and credibility of NABU for further applications for project-based funding. Project proposals/funding applications should aim for longer term project durations (>3 years) and foresee a significant budget for consolidating the BR management entity.
- 8 Focus on donors (government programs, companies and philanthropic foundations) with longer term potential. While there is no guarantee, 2 long term donors/projects will save considerable future fundraising costs and coordination efforts, compared to e.g. 8 projects/contributions of a few months only.

**Mid- and long-term perspective (1<x<3 years):**

9 Consolidate local and KZA commitment to keep funding gaps for regular running costs to a minimum. This is about making sound use of the resources available. Spending scarce resources well is protecting the BR from sudden funding shortages, and keeping additional funds from simply replenishing the accounts for regular costs.

10 Progressively diversify foreign sources for project based funding, to include either CSR-partnerships, further multi-lateral donors (e.g. UNDP), or philanthropic foundations. For each of these, considerable effort is needed. Therefore, focus on max 2 of them at one time.

11 Pursue BR income from tourism, PES and sponsorship programmes at a later stage, as initial costs for raising funds from these sources will be high at the moment and/or actual income potential is low or uncertain.

These considerations apply in the following way to the proposed fundraising tools:  
green = suggested prioritisation

CH.	FUNDRAISING TOOL	ESTIMATED IN-COME, WITHOUT COSTS	CURRENT FEASIBILITY IN THE KAFA BR CONTEXT
5.1.1	Tool 1: Visitor entrance fee system	6.000 □ /year	medium
5.1.2	Tool 2: Tourism concessions	unclear	low
5.1.3	Tool 3: Direct tourism operations	2.000□ /year	medium
5.2.2	Tool 4: Applying for large project funding	150.000-2.000 000□	high
5.2.4	Tool 5: Applying to small grants programmes	10.000-40.000□	high
5.3.1	Tool 6: Establishing regular government contributions to the Kafa BR	Depends on agenda for BR implementation and negotiations	high
5.4.1	Tool 7: Approaching companies for Corporate Social Responsibility funding	10.000-150.000□	medium
5.4.3	Tool 8: Kafa Circle of Friends	Unclear, supports Tool 7	medium
5.5.1	Tool 9: A Kafa BR trust fund	4-8% of capital stock	high, but no capital stock
5.5.3	Tool 10: Proposals to philanthropic foundations	20.000-500.000□	high
5.5.5	Tool 11: Sponsorship programme for regular donations	~100□ per sponsor per year	low
5.6.1	Tool 12: Participation in (inter)national PES schemes	<20.000□ per year	medium
5.6.3	Tool 13: A PES scheme for the Kafa BR	5.000-10.000□	low





## 7 CONCLUSION

The Kafa BR is a promising example of a new generation of biosphere reserves in Africa. Considering local human livelihoods and conservation objectives jointly, is a big step beyond restrictive conservation, still dominant in many protected areas around the world.

BR's place the human interaction with the natural environment at the centre of attention, and thereby develop and innovate sustainable local solutions - at least in theory. The Kafa BR is promising because for more than five years, dedicated zonal administrators, experienced Ethiopian development and conservation professionals, and a committed German conservation NGO have developed this initiative, jointly with more than a dozen further partners.

While NABU has been driving this process so far, over the coming years, the BR management needs to gain sufficiently in strength and capacity to run its own affairs. Pursuing a broad range of actions - such as local tourism development, reforestation, energy efficient stoves and BR related outreach - NABU did not take the opportunities that the BMU/IKI project funding provided to turn these actions into tasks and successes of a BR management entity, an entity which has still not been established.

Building an effective arrangement for the Kafa BR is a challenge: A combination, e.g., of (i) a BR management entity running core tasks, (ii) a mechanism to keep all departments involved which take part in BR implementation, and (iii) a semi-independent foundation for attracting and managing donations for the BR. As local BR management capacities are still weak, local fundraising capacities are virtually non-existent. Against this backdrop, 4-6 years of further NABU support, based on new project applications, can provide the time to consolidate Kafa BR management structures. And then the Kafa BR should employ further fundraising tools for diversifying its income portfolio and enhancing its financial autonomy. From NABU's perspective this would complete a success story of planning, establishing and actually implementing a BR in Ethiopia.

From Kafa's perspective, such support would be absolutely critical for turning BR promises into reality.

## Further reading

### On financing protected areas:

Lucy Emerton 2006. Sustainable Financing of Protected Areas: A global review of challenges and options. IUCN Best Practice Protected Area Guidelines Series <http://app.iucn.org/dbtw-wpd/edocs/PAG-013.pdf>

Excellent portal with resources on PA finance: <http://www.conservationfinance.org/>

About financial sustainability of protected areas [http://www.undp.org/content/dam/aplaws/publication/en/publications/environment-energy/www-ee-library/biodiversity/financial-sustainability-of-protected-areas-in-latin-america-and-the-caribbean/financial\\_sus\\_pa\\_lac.pdf](http://www.undp.org/content/dam/aplaws/publication/en/publications/environment-energy/www-ee-library/biodiversity/financial-sustainability-of-protected-areas-in-latin-america-and-the-caribbean/financial_sus_pa_lac.pdf)

Geoghean: Financing Pas report <http://www.canari.org/finance.pdf>

### On ecotourism financing protected areas:

On revenue generating mechanisms from tourism in protected areas: [http://conserveonline.org/library/manual\\_vol2\\_english.pdf/view.html](http://conserveonline.org/library/manual_vol2_english.pdf/view.html)

On developing an ecotourism destination:  
<http://www.pnuma.org/industria/documentos/Ecotourism1.pdf>

IUCN practical guidance on (eco-)tourism in protected areas:  
<http://data.iucn.org/dbtw-wpd/html/tourism/cover.html>

### For practical guidance on co-management e.g for BR implementation:

Sharing Power: Learning by Doing in Co-Management of Natural Resources  
[http://www.iucn.org/about/union/commissions/ceesp/ceesp\\_publications/sharing\\_power.cfm](http://www.iucn.org/about/union/commissions/ceesp/ceesp_publications/sharing_power.cfm)

### About corporate giving:

<http://nonprofit.about.com/od/fundraising/ss/7-Types-Of-Corporate-Giving-Programs.htm>

<http://www.malwarwick.com/assets/presentations/about-csr-part-2-10-07.pdf>

### Fundraisign guidance

[http://www.grassrootsfundraising.org/wp-content/uploads/2011/08/TREC\\_Conservation\\_Fund.pdf](http://www.grassrootsfundraising.org/wp-content/uploads/2011/08/TREC_Conservation_Fund.pdf)

<http://www.institute-of-fundraising.org.uk/guidance/about-fundraising/>

## ANNEX

**Specific actions for BR implementation:  
Project ideas for fundraising  
by means of applications for project based funding**

This annex section to the Kafa BR Fundraising Strategy contains a description of six specific actions for implementing the UNESCO BR concept in Kafa. These proposed specific actions serve to inform local and regional debate about how to translate the generic BR concept into a local reality in Kafa.

In short: If BRs are all about living sustainably within a finite ecosystem, which concrete activities should be undertaken to pursue such a goal?

Specific actions come on top of regular BR management tasks (See chapter 3). They should demonstrate how the people of Kafa can seek new ways of making best use of their available natural resources for a good living.

Specific actions require additional funding. Therefore they are presented here as project ideas. Project ideas can be developed into fully fledged proposals for applying to different funding sources, e.g. international government funding.

Given the weak institutional set-up of the Kafa BR at current stage, project funding for specific actions to further implement the BR concept should also be used to finance the consolidation of BR management structures.

This report emphasises the importance and urgency around establishing a functioning, credible and independent Biosphere Reserve Management Entity, as without this there is no mechanism in place, beyond NABU itself, to attract and channel further funds into the region.

PROJECT ONE:	NABU support of detailed land use planning of selected core and buffer zones, development of agroforestry, and institutional consolidation of the BR Management Entity
PROJECT TWO:	Promoting sustainable economic growth in agricultural sector to relieve pressure on Kafa BR's ecosystems
PROJECT THREE:	Women's Economic Empowerment within the Kafa Biosphere Reserve
PROJECT FOUR:	Medicinal plant diversity and cultural heritage: Combining plant diversity conservation with rehabilitating and fostering transmission of traditional medicinal knowledge, to enhance farmers' resilience and improve basic healthcare.
PROJECT FIVE:	Upscaling bioregional conservation capacities and consolidating cross-regional infrastructure
PROJECT SIX:	Developing a biodiversity-focused PES mechanism for sustainable business development inside the Kafa BR

## PROJECT ONE: NABU support of detailed land use planning of selected core and buffer zones, development of agroforestry, and institutional consolidation of the BR Management Entity

**4 years: 400.000-700.000€**

### Rationale:

This project draws on fundamental aspects of the Man and Biosphere (MaB) programme including acknowledgement of cultural values, Zonal Administration agricultural priorities, and international funding demand for robust mechanisms for distribution of development and conservation funds.

This project aims to implement detailed land use planning, focussing on buffer zones in order to enhance effective protection of neighbouring core zones. It follows the logic of progressively testing and implementing concrete integrated conservation measures in critical areas of the BR to be replicated in other areas of the BR at a later stage.

Land use planning on its own is insufficient. Three complementary activities enable the successful implementation of developed land use plans: (i) demarcation of zones, (ii) restoration of selected streams connecting buffer and core, and (iii) a conversion programme to agroforestry in the buffer zone.

In order to develop a sustainable land management strategy within the biosphere region this action is seen as a vital first step in order to then identify issues, challenges and opportunities for on going land management activities. The Management Plan highlighted that the biosphere reserve should encourage a symbiotic relationship between conservation and nature-related economic activities in the buffer area which implies that a portion of benefits derived from the use of natural resources is to be invested back into conservation.

The proposed project undertakes these concrete measures with resources to further consolidate the Biosphere Reserve Management Entity. The BR management entity should be established over the next 12 months as an independent legal body accountable to a steering committee with representatives from all relevant government agencies. Consolidating this entity while pursuing concrete BR implementation tasks, will enhance its management capacity and strengthen its position as a semi-autonomous coordinator among government agencies and other stakeholders. It will protect the running of the biosphere reserve from impacts of future changes in regional/zonal government. The management entity, as a separate legal entity is also crucial for the attraction of other funding sources as it provides the mechanism by which funds can flow to the Kafa Biosphere Reserve.

In order to provide continuity it is recommended that NABU apply for funds to enable this project as the risks of exiting the region once the ICI project is completed are great e.g. loss of personnel who have the history, contacts and experience to help the BR through this crucial planning and establishment phase. The following project activities have been scoped in collaboration with local personnel in Ethiopia.

**Project activities:**

- Action 1 – Detailed land use plan for buffer zone: this is a vital first step in ensuring that the local communities adopt sustainable land use/agroforestry actions, which in turn support the ongoing success of the Biosphere Reserve. This activity would map current land use in buffer and transitional zones. This would cover 53 kebeles (approx 3-6 villages per kebele) which equates to approximately 40% of the biosphere area. The mapping would be at a kebele level and focuses down to individual dwelling level, which will ultimately provide individual landowner plans and overall hectare by hectare land use identification. Findings would enable the development of agroforestry and wetland programmes, and identify pressure areas within the biosphere reserve. It is anticipated that this activity would take up to two years to complete. The CAP process would be applied, enabling farmers/households to agree to and implement individual land management plans.
- Action 2 – Demarcation of core and buffer zone: there needs to be clear demarcation of core and buffer zones, and also transitional zones. It is planned to construct regular signage around the perimeter of core zones in order to remind local communities that they are at the boundary of the core zone. It is also planned to construct pillars and create natural physical features which clearly indicate borders between buffer and transition zones, such as buffer plantations (via reforestation). These plantations would be managed by the local communities. The plantations have the additional advantage of being viable habitats for agro-silviculture activities such as beekeeping;
- Action 3 – Ecosystem restoration of critical stream habitats: various streams connect transition, buffer and core zones. Current degradation in upstream transition and buffer zones invariably affect the core zones by inflow of pollutants, siltation and microbiological change. A programme to improve watershed management is also a KZA priority and this action complements current watershed management efforts. Concrete measures will be identified in the land-use plan outlined above (Action 1). Over the past year, in particular, there has been a lot of pressure on waterways due to drought. It is envisaged that this activity will create water corridors and therefore reduce impacts from farming such as siltation and pollution of waterways by livestock, soil erosion due to monoculture etc. At present the land bordering streams is heavily degraded and farmers have not seen incentives for managing the areas properly. The establishment of a management scheme would help with the rehabilitation of these streams. There is an ambition to connect the four core zones via these corridors at a later stage.
- Action 4 – Conversion to agroforestry: as mentioned earlier, agroforestry is a priority of the current zonal and regional governments. In fact, conversion to agroforestry constitutes the single most effective means to enhance income and subsistence for a growing number of inhabitants without increasing pressure on the natural resource base. Agroforestry in the buffer zone therefore effectively protects core zones against further encroachment. This is an indispensable complement to border demarcation of zones. The land use plan (Action 1) will enable, encourage and support the conversion of cereal monoculture farming practice to more diversification. This can also help provide more focus to the current government-supported agroforestry activity which is at present scattered throughout the zone and therefore can be ineffective. In addition to working with farmers to implement agroforestry farming methods, the activity will be supported by the development of plant nurseries in the kebeles.

- Action 5 – Transitional zone land use management: This area is much more problematic as most of the natural state forests have been converted to largely monoculture farming practices. To combat this, and improve sustainable land management and agroforestry practices, it is planned to focus on garden diversity first. It is envisaged that this programme of activity uses the Community Action Planning (CAP) method to analyse, evaluate and advise on optimal interventions. These interventions would be phased, starting with minimum impact on the community (such as garden focus first) to show the positive trends of diversification of planting, enabling the gradual expansion of more diverse land use practices. This helps build relationships with local communities to educate and inform about the benefits of diversification in land management practice, and enables optimisation of land use at a micro level. Over time it is hoped that farmers will come to see the benefits of adopting better land use management collaboratively at a community level. One of the other issues in the transitional zone is that much of the cleared land is non-productive. The typical productivity cycle is that the forest area is cleared for monoculture such as maize or tea, but after three years of monoculture the soil quality is depleted and no longer productive, the land then lies as waste and pressure to clear other forested areas is increased. By adopting more diverse land management practices and being equipped with plant nurseries etc it is hoped that these depleted lands can be rehabilitated.
- Action 6 – Official recognition of spiritual forest management: The heart of the UNESCO biosphere concept is the relationship between man and the natural environment. This is exemplified by local community management of what have become the core zones of the Kafa Biosphere Reserve.

The most pristine forest areas within the Kafa Biosphere Reserve have been maintained due to the spiritual and values of the local communities. In accordance with the cultural traditions, local communities have spiritual leaders who are revered within the community. The spiritual leaders have a unique role as intermediaries between the communities and the natural environment. They have the knowledge of where the spirits and supernatural beings reside in the forests and look over the local communities. In order to respect these dwelling places of the supernatural, the spiritual leaders clearly designate the areas of the forest which no man may enter. This authority over the local communities is backed up by their belief in the power of both the spiritual leader himself and the entities he represents. As such this aspect of the local cultural heritage has been a powerful tool in inter-generational conservation and protection of key forest areas. These pristine areas have now formed the 13 core zones of the Kafa Biosphere Reserve.

There is the opportunity to give further recognition to the power of these spiritual leaders and the proven effectiveness of their ability to protect and preserve the natural heritage of the region. In order to encourage community responsibility for land management it is proposed that the legal recognition of the spiritual leaders as custodians of the land would further promote and encourage local management and enforcement of the protection of the core/spiritual zones. This has special relevance when local communities have to deal with migrants to the area from outside the Kafa region. In addition, the official recognition of spiritual leaders supports maintaining their authority in face of limited interest of the younger generation.



By recognising in law and at zonal, regional and national level, the authority of the spiritual leaders, this can enhance local land management, but also help to reinvigorate cultural traditions within the Kafa Biosphere Reserve. This then has a follow on positive impact for the marketing of the region to potential funders and to the tourism sector. It is envisaged the Biosphere Management Entity would work with local communities and the zonal, regional and national governments to secure the legal recognition of the spiritual stewardship of the core zones and create the terms of reference for this spiritual management in relation to addressing future immigration in the region.

- Action 7 – Consolidation of BR Management Entity: the long term management of the biosphere reserve, and the ability to attract funding to support this activity is inextricably linked with the establishment and recognition of a stable, representative and expert Biosphere Reserve Management Entity. The Management Entity and its advisory board pursues the mid- and long-term alignment of government programmes and policies with the BR concept. For this purpose it translates the existing BR management plan, which is a generic document, into a concrete, time-bound, and prioritised programme of work.

**The BR Management Entity has several critical functions:**

- o to act as a secretariat driving programme implementation across the lines of sector agencies
- o to staff the BR visitor centre as a permanent contact point for tourists, government and for the local population
- o to promote and coordinate the uptake of project activities, results and lessons from project areas to the entire BR
- o to advise future government programmes and externally funded projects on securing compatibility and complementarity with the programme of work for BR implementation.
- o to represent the Kafa BR in national and regional BR networks and act as contact person to UNESCO
- o to receive, manage, account for and spend donations and contributions to a newly established BR fund, in accordance with the programme of work.

It is recommended that NABU give strong consideration to supporting this as a follow-up project to the current one for the following reasons:

- It provides continuity of support to the establishment of the Kafa Biosphere Reserve;
- It ensures that practical sustainable land management programmes are established at woreda and kebele levels to facilitate on going successful management of the Biosphere Reserve
- It enables NABU to provide strong NGO support as the Biosphere Reserve Management Entity is established and gains credibility within the region and also with regards to acting as a channel for other international funding sources.

**PROJECT TWO: Promoting sustainable economic growth in agricultural sector to relieve pressure on Kafa BR's ecosystems**

**3 years: 500.000-800.000□**

**Rationale:**

Central to the continued success of the Kafa Biosphere Reserve is the ability for local communities to generate agricultural income streams which do not have negative consequences for sustainable land management, in particular, reducing the need to continue to clear forested areas.

This project focusses on developing and strengthening routes to market for Non-Timber Forest Products (NTFPs) and developing an overall brand for products from the Kafa Biosphere Reserve via a certification or labelling programme. This project builds on MaB and the BR Management Plan objectives including strengthening local economies and developing certification based on the Unique Sales Proposition of the Kafa Biosphere Reserve.

Within the region there are already a number of industries that trade in NTFPs, namely: coffee, honey, cereals, spices and coffee-husk brick and charcoal production. These products come from landowners in the buffer zones, and there is great potential for them to be developed in the transitional zones as well. A large percentage of the production of these products is carried out by landless peoples in collaboration with landowners (share-farming).

These sectors are currently run and represented by local cooperatives. There are 57 cooperatives located within the boundaries of the Kafa Biosphere Reserve and approximately 90% of these are focussed on coffee production. These cooperatives are developed in association with the Marketing and Cooperative Office, which also enables the legal recognition of the cooperatives. The cooperatives also work with four local farmers unions in order to be able to sell their products as it is the unions that have the mandate for export, not the cooperatives themselves.

This project would work with these existing structures, help create additional ones and develop capacity.

**Current challenges:**

Due to the nature of small holding farming systems in the Kafa region and the current lack of strong market infrastructure for sectors other than coffee, there are a number of challenges for this activity, which could be addressed by investment in this area:

- Individual farmers have small quantities of products and thus have challenges to get it to market – i.e they have to wait to accumulate enough stock to make the journey to market economically viable. This time lag degrades product quality due to age, insufficient storage facilities and lack of transportation;
- Lack of quality control for products – because of the mixed age of the products and insufficient storage facilities, the overall value of the product is either devalued or rejected by market traders;
- Lack of processing and drying facilities – without proper processing and drying facilities, farmers have to dry spices such as Cardamom in their domestic dwellings. This process lacks hygiene standards and house smoke taints the product, thus degrading the overall quality of the product which can lead to rejection at market;
- Lack of transportation to market – this leads to further delays in getting products to market.

- Lack of market intelligence – the current cooperative and union structures are focussed at a very local level, but they and the Marketing and Cooperative office do not have sufficient understanding of, or links with market channels (such as spice traders) in key centres such as Addis Ababa. This further undermines success at getting products to market and gaining a fair price for farmers.

#### **Project activities:**

An appropriately funded project could make a significant contribution to the sustainable economic growth of the local agricultural sector, and also help to preserve the aims and objectives of the Kafa Biosphere Reserve concept. Meetings with local representatives from cooperatives, the Marketing and Promotional Office, NABU and the government have identified the following key areas for investment:

- Action 1 – Survey of volumes of products in each woreda: this information will provide the basis for the development of economical transportation systems within the Kafa Biosphere Reserve for NTFPs;
- Action 2 – Standardisation and quality control: investment in drying, processing and storage facilities for each cooperative. This activity then helps create timely volumes at a community level and enables farmers to adhere to standardised processing systems;
- Action 3 – Transportation: subject to need identified in Action 1, investment in transportation such as trucks for cooperatives can enable them to take products to market in Bonga or further afield;
- Action 4 – Development of market hubs in Bonga: following the success of the Bonga Coffee Exchange, which provides daily market prices to local farmers (via digital displays in each village); similar market hubs could be established for spices, in association with the existing four unions for coffee and honey. Their primary functions are to enhance market intelligence, facilitate access to regional and national markets and organise transport. This would include taking representatives to market hubs in Addis, and also bringing traders from the capital to Bonga.
- Action 5 – Certification and labelling scheme and mechanism for non-timber forest agricultural products: the biosphere reserve management entity could work with the Marketing and Cooperative Office to approve and provide biosphere labelling for products that meet the objectives of the biosphere reserve i.e. that do not degrade the forest.

## **PROJECT THREE: Women's Economic Empowerment within the Kafa Biosphere Reserve**

**2-3 years: 200.000-400.000□**

#### **Rationale:**

The UNESCO Biosphere Reserve concept supports not only the conservation and restoration of natural environments, but also the cultural and economic development of the local communities inextricably linked with the natural surroundings. There are significant opportunities for the economic development of women within the Biosphere concept which can have multiple benefits for the community and forests alike.

Currently women are responsible for maintaining the home, bringing up their children and, if they have land, working in agricultural practices. There are however many women that are landless and as such have little opportunity to develop income streams. While addressing all social contexts within the Kafa region, this project would be of particular benefit to women in marginalised and landless tribes. The landless and 'outcast' Manja tribe traditionally make pottery so this would have direct positive impact on this tribe. Tannery activities are also undertaken by marginalised, landless tribes. Weaving is carried out across all tribes.

This project also is of direct benefit to the developing tourism industry in Kafa. At present it is very hard for an international visitor to the region to buy local crafts as a moment of their visit. Aside from a couple of stalls visibly selling woven products, there is low visibility of artisanal craft products in Bonga. The project could help with not only the creation of products for market, but also with more visible sales of them at key locations in the region. In addition there is also the opportunity to create market routes to other key centres such as the National Museum in Ethiopia, or even overseas cultural institutions that exhibit Ethiopian culture and artefacts.

#### **Discussions with a range of local people in Bonga, including NABU staff has identified the following opportunities for this project:**

- Developing opportunities for alternative income streams for women can help to reduce land conversion in the Kafa buffer and transitional zones as the reliance on growing crops for sale, such as cereals, is reduced;
- At present there is little, if any, local production of traditional crafts such as coffee pots and textiles. There is some weaving and tannery production, but it is not easy for tourists to purchase as the products are for local use and by nature too big for the average tourist to carry home with them. This project could help local women create artisanal products for the tourism and cultural market;
- Developing training and creating production facilities for women to develop more artisan crafts that reflect the region, has a joint effect of developing income strands due to tourism and cultural product sales, and also reinvigorating local crafts;
- There are also opportunities to develop secondary income strands for women related to coffee production via coffee husk bi-products such as bricks and charcoal;
- In accordance with government laws, new jute sacks must be used by farmers. The raw material for jute comes from the region but there are no production facilities. This also has potential for women's economic empowerment.

**Project activities:**

- Action 1 – Technical training in production of artisanal craft, coffee bi-products and jute production: meetings in Kafa have identified that the best way of providing technical training for women in the design and production of artisanal crafts is to engage experts from the National Museum of Ethiopia. They will bring with them not only the technical skills, but also an historical knowledge of the types of products made. This can then be applied at the local level. This activity also provides the added benefit of the technical experts being able to help development of products that could be sold beyond the Kafa Biosphere region, such as in the National Museum and also via other international institutions showcasing Ethiopian culture. Experts would be required for pottery, weaving, tannery, jewellery.

Jewellery special note: while the Kafa region has a history of jewellery including iron products and glass beads, this industry has declined due to availability of materials. While this sector would be very attractive for tourists, but initial investment is needed in more research would need to be undertaken to assess the practicality (due to availability of raw materials) to develop this area. If this sector does look feasible then training and production facilities could be developed.

Additional technical experts would be engaged to train women in manufacture of coffee bi-products such as coffee husk bricks and charcoal, and also just production.

Coffee ceremony: there is also direct income potential from tourism for women to be trained in providing the traditional coffee ceremony for tourists. A component of this activity would also be training in story-telling, in setting prices, display of produce and dealing with customers (tourists). This training could be incorporated with one of the other training components above they will all incorporate modules on setting price and dealing with customers (tourists).

- Action 2 – Acquisition of intermediate technology for coffee bi-products and jute production: income streams can be generated for women by creating opportunities for them to manufacture bricks and charcoal from coffee husks, which are largely a waste-product of coffee production.

Due to government legislation there is high demand for new jute sacks for coffee sales and transportation. It is believed there is considerable potential for revenue streams here for women if there was investment in intermediate technology for making the jute itself. Investment is also required to purchase equipment and construct facilities to leverage the opportunity for jute production in the region.

- Action 3 – Acquisition of equipment for cooperatives: there is a need for investment in pottery wheels, kilns, looms, tannery and jewellery equipment:

Pottery – at present most of the traditional pottery coffee pots are made in Jimma. There are some made in Bonga but this is restricted by access to kilns for firing and wheels. By developing the pottery industry through training and investment in communal production facilities such as kilns in Bonga and other key locations in the region, women could make the traditional pots in the Kafa region, along with other related items such as cups and bowls. Adding a glazing facility to the production process and support in developing product design would significantly enhance in product diversification and local value generation.

Textiles – there are some traditional textiles in the Kafa area. The textiles are woven from flax and include scarves and shawls but the industry is suffering due to lack of access to looms. Investment in training and in communal looms in Bonga and other key locations in the region could help address these issues.

Tannery- a range of tannery products are made in the Kafa region such as bags and ground sheets. There is real potential to develop this sector for local and tourism sales. Training and facilities are needed and guidance could also be given on the design of products geared specifically toward the tourism and cultural markets. Tannery is traditionally done by the marginalised Manja community who are particularly in need of additional income opportunities.

Jewellery – if it is identified that there are is access to locally available jewellery materials, then investment could be made in equipment for this activity.

Basket weaving would not require an investment in production facilities but in adapting and further developing product design for the tourism and the regional/national market.

- Action 4 – Funds for enabling development of markets in and beyond beyond Kafa region (travel costs to Addis, packaging of crafts etc), application of Kafa Biosphere branding: there are a number of routes to market for these products. Sales outlets could include the Kafa Biosphere Reserve information centre and/or the coffee museum; stalls within the town of Bonga and other villages on the route of tourism trails; villages at the tourism trails; other key cultural centres in Addis Ababa such as the National Museum; and international museums that display Ethiopian artefacts.

The technical experts engaged in Action 1 could assist with this, but it would also be beneficial to engage a buyer for a cultural institution such as the National Museum of Ethiopia to visit Bonga and work with the women's cooperatives to identify products which be marketed beyond the Kafa region.

In addition some funding will be required to help with Kafa Biosphere branding of the products (following the guidance created by Project Two above).

Coffee husk products and jute would be focussed on local markets.

- Action 5 – Costs for legal establishment of cooperatives in association with Marketing and Cooperative office: in order to support the development of these income streams for women, a women's cooperative should be established and legally recognised in accordance with current practice relating to the establishment of agricultural cooperatives and unions.

**PROJECT FOUR: Medicinal plant diversity and cultural heritage:  
Combining plant diversity conservation with rehabilitating and fostering  
transmission of traditional medicinal knowledge, to enhance farmers’  
resilience and improve basic healthcare.**

**2-3 years: 200.000-300.000□**

**Rationale:**

There is research, health and sustainable land management potential within the sphere of medicinal plant cultivation and usage. However, such a project would have to be carefully scoped and have the agreement of appropriate representatives of local communities due to cultural sensitivities regarding the knowledge and use of medicinal plants.

At present there are very few traditional healers left with the knowledge of medicinal plants and their uses. The younger generation has not shown interest in this area as it is seen as ‘old-fashioned’. As such, while many families have common medicinal plants growing in their gardens and local forest, they are not aware of the medicinal benefits or usage of these plants and as such are increasingly reliant on expensive western pharmaceutical products.

The core concept of this project is to work with traditional healers to teach common medicinal plant identification and usage this could serve two beneficial purposes to the local community:

- Cultivation of a range of medicinal plants in private gardens, which in turn adds to the desired sustainable land management outcome of diversification within land usage;
- Increased knowledge in the identification and usage of common plants for medicinal purposes, thus helping improve health of families and provide a means of treating certain diseases and acute illnesses without the need for expensive pharmaceutical drugs.
- Preservation and continuation of traditional knowledge;
- Local training and promotion of traditional medicine
- Development of medicinal plant nurseries;
- Publication of basic ethno-botanic guide on common medicinal herbs and their properties/ applications for schools (Amharic) and for tourists (English);
- Provision of another strand to the Biosphere Reserve concept in terms of recognition of key plant species and cultural heritage e.g. ability to host ethnobotany tours.

There is also the potential to create research programmes focussing on some key diseases such as cancer, rabies and the treatment of snake bites and work with traditional healers to see how medicinal plants from the area can be used to help cure these problems.

Word of caution: it is necessary to be aware though of cultural sensitivities for this project. Healers are respected in the community for their traditional knowledge so they do not make it freely available, often choosing only one child within their own family to pass this knowledge down to. There is also sacred sensitivity around identification and location of plants and as such much of this knowledge may be retained by the traditional healers and plants and certain areas they grow, not made available at all. Care should also be exercised so that if, due to a research project, pharmaceutical companies took the opportunity to try and manufacture from the base plants, there are appropriate access and benefits sharing agreements in place.

**Project activities:**

- Action 1 – Engagement of medicinal healers in Kafa region for identification of common medicinal plants and their uses and publication of guidebooks: this activity involves engaging someone with local knowledge and language to develop relationships with the medicinal healers in the region and work with them to identify common medicinal plants and their uses. Plants with limited toxicity and limited cultural secrecy should be prioritised. Their medical properties should be cross-checked by a recognised academic ethnobotanist who compiles a materia medica on the selected plants or products derived.
- Action 2 – Production of outreach materials: Educational materials will be written and produced in Amhari for schools and medical centres, and ethno-botanic guidebooks in Amharic and English for the general public and for tourists. This would involve an editor and designer.
- Action 3 – Outreach programme: The development of the materials and guides will be complemented with two training components. One emphasizing the ecological and cultural aspects of medicinal plants, geared to teachers and tour guides. The second, focussing on selected common diseases and health problems and their cure by means of traditional medicine, geared to the public health service and their extension agents.
- Action 4 – plant nurseries and training for local cultivation: this component focusses on enhancing the availability of selected medicinal plants to the local public. It also promotes their inclusion in local gardens and farms, focussing on cultivation and processing of cures for self-medication.
- Optional Action 5 – research on medicinal plants and key diseases: in case of sufficient potential and donor interest, a research programme within an Ethiopian University and possibly in partnership with an international institution such as the Jodrell Laboratory of the Royal Botanic Gardens Kew (in England) could be funded to study the potential application of further key medicinal plants from the Kafa region for the treatment of certain diseases such as cancer, rabies and the treatment of snake bites.

**PROJECT FIVE: Upscaling bioregional conservation capacities and consolidating cross-regional infrastructure****Length and budget: tbc****Rationale:**

Strength can be found in numbers. Kafa and Yayu are already designated as biosphere reserves and the Shaka biosphere reserve initiative is also furthering the recognition of the importance of the natural environment in the south west of Ethiopia. While each reserve has its own distinct geographical and cultural qualities, there is a strong argument for creating links between the three reserves in order to maximise opportunities for research and policy shifts in support of conservation, sustainable land management and the development of eco-tourism, while also reducing costs for each individual reserve.

This project seeks to enable the upscaling of bioregional conservation activities and also consolidate cross-regional infrastructure and advocacy work at federal level to the benefit of all three reserves.

**Project Activities:**

This project is comprised of various potential actions – their scope would result from a joint planning exercise among the executive organisations of the three BRs. For this reason - and depending on the actual resources available at the other BRs, which are at present unknown to the consultants –neither actions nor costs are specified at this point. However, possibilities for collaboration include the following areas:

- Establishing a mechanism for regular exchange and collaboration with Yayu BR and Shaka BR initiative (MELKA NGO) pursuing similar objectives
- Setting up a research coordinating facility for applied rainforest research across the bioregion.
- Bioregional advocacy for a common framework recognised, at federal level, regulating policy and investment conditions in the region.
- Development and adoption of a common bioregional conservation strategy extending to and connecting with Gambella project.
- Set-up of a common marketing/communication programme
- Set-up of a common capacity building programme and regional university/ college network

From the Kafa Biosphere Reserve perspective, it would be advisable to initiate this project once the Kafa Biosphere Reserve management entity has been established. As such it would be recommended that this project be planned to commence in late 2013 or 2014.

**PROJECT SIX: Developing a biodiversity-focused PES mechanism for sustainable business development inside the Kafa BR****1-2 years: 200.000-250.000□****Rationale:**

∑ As long as tea and coffee producing companies do not realise their dependence on intact ecosystem services such as water provision, pollination, erosion control, microclimate, they will not be willing to regularly contribute to the BR fund for maintaining/improving the BR ecosystems.

- The national discourse largely neglects the need for maintaining ecosystems within their original functioning, and pushes for large-scale conversion to intensive, export oriented agriculture. Thus a quantification of the ecosystem's services (ES) and of their importance for the local/national economy seems highly relevant to secure local/regional/national public support for the BR and against large-scale conversion.
- Such an ES-assessment would furthermore establish a quantified baseline for (i) the degree of future degradation due to economic activities, mainly monoculture, and (ii) the monetary equivalent of the role of ES in the economic output of cash-crop agriculture.
- Given the growing interest at federal level as well as in other projects to pursue such a strategy (notably in the HOAREC regional planning project for Gambella and in the GEF-funded SDPASE project) – important political interest in conducting such a study can be assumed. This interest stems from (i) the pursuit to establish PES schemes in Ethiopia, and (ii) the general interest in the UNEP-led initiative TEEB – The Economics of Ecosystem Services and Biodiversity.
- An assessment of rainforest ES could easily be complemented by further ES assessments of other bio-regions in Ethiopia to constitute a 'National TEEB Assessment' – in line with CBD commitments (cf. Aichi targets).

**Project Activities:**

- Action 1 – assessment of rainforest ecosystem services (ES): Following the TEEB step-wise approach, a suite of critical rainforest ES would be identified and assessed. Such assessment would draw on field data, as well as conservative value estimates from various other studies with high relevance to the area.
- Action 2 – communication of Kafa BR natural capital: Assessment results would be communicated via a workshop and complementary communications work to the zonal, regional and national level. Possible application of assessment results to the Ethiopian rainforest (including the other 2 BRs) would be examined. Continued advisory action to the KZA as well as to the regional business community to ensure buy-in and adoption for the approach.
- Action 3 – capacity building and establishment of a governance structure for fee-collection from regional business, based on the ES assessment. Embedded in KZA but under public oversight. International communication as best practice example (if successful) and feeding into national ecosystem services assessment initiative. -----

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