PANEL 3:

FINANCING INNOVATION IN TOURISM: PROMOTING CONSERVATION, COMPETITIVENESS, SUSTAINABILITY AND INCLUSION

Impact investing and conservation tourism

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10YFP STP
Impact Investing and Conservation Tourism

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Conservation Capital

A leading specialist practitioner in the field of conservation enterprise and related investment financing.

**Eco-systems:** We design and build smart business plans for important conservation areas. These use commercial enterprise and progressive institutional structures to support the long-term financial and ecological health from single sites, through to entire conservation landscapes and networks of national parks.

**Enterprises:** We help design, finance and develop SME businesses operating in or around important natural landscapes that drive direct local conservation outcomes and use this to optimise their underlying commercial value. To date we have focused primarily on the tourism, livestock, agricultural and bio-product sectors.

**Finance:** We research, design and incubate innovative financing structures and mechanisms to attract new types of capital for conservation and related enterprise projects. This has included pioneering the first conservation enterprise investment vehicles in both Africa and Europe.
Impact Investing

- Conservation impact investing
- Positive power of risk and return; creates incentives
- Softer form of capital with various financial tools
- Spectrum of financing sources, from family offices, to specialist funds, to multilateral development banks
- Conservation tourism a focus in conservation investing
- The funds we manage:
Quasi-equity / royalty structures

- Namibia community conservancy example:
  - US$ 245,000 investment
  - Terms: 8 year repayment schedule with 1.1 royalty

- Rwanda gorilla lodge example:
  - Wholly owned by community
  - US$ 250,000 royalty based loan from private investor
  - Repaid in 5 years, IRR > 20%

Rebate mechanisms

- International luxury travel company
- US$ 2m investment
- Terms: 10 year repayment, mechanism to reduce cost of capital with 2%
Financial Enablers

Clustering
– NB for smaller enterprises
– Cross marketing

Hybrid structures
– Combination of for-profit and not-for-profit legal entities
– For-profit operating company owned by not-for-profit holding company
– New investment capital unleashed alongside donor funds
– Profits are released as dividends to offset overheads and optimise financial efficiency and thereby attractiveness to donor markets
Trends and Benefits

Trends:
• Comparable returns
• Domestic market
• Consolidation

Benefits:
• Funds emerging
• Technical assistance facilities
• Softer than traditional forms of capital
• Active investors