

Practitioner's toolkit for nature-positive enterprises

Cambridge social ventures



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How to navigate this Toolkit

This toolkit is structured to guide practitioners through the entire process of developing and managing Nature-Positive Enterprises (NPEs).

To make the most of it:

1 Start with the Introduction

Understand the concept of Nature-Positive Enterprises, their principles, and how they differ from conventional businesses.

2 Explore Fauna & Flora's approach

Learn the key principles, rights, equity considerations, and governance aspects that underpin NPE development.

3 Use the table of contents for quick access

The toolkit is divided into four main sections:



Assessing Opportunities:

Steps to evaluate landscapes/seascapes, identify natural and social assets, and sense-check NPE viability.



Business design:

Guidance on using the Business Model Canvas for NPEs, defining objectives, customers, value propositions, operations, finance, governance, and risk management. Within the same chapter, you will also learn about Impact and Evaluation-tools for monitoring ecological, social, and financial impacts, defining indicators, and linking results to the Theory of Change.



Launching a Business:

practical advice on overcoming start-up challenges, raising capital, marketing, and establishing partnerships.



Managing the Business:

strategies for adaptive management, governance assessment, leadership, conflict resolution, and scaling up.

4 Refer to Case Studies

Real-world examples are embedded throughout the toolkit to illustrate concepts and provide practical insights. An introduction to each organisation can be read on [page 5](#).

5 Use Templates and Tools

Look for tables and frameworks (e.g., [Options Analysis Tool](#), [Business Model Canvas](#), [Governance Assessment](#)) to apply directly to your project.



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Practitioner's Toolkit for Nature-Positive Enterprises

Guidance on setting up and running small- and medium-sized enterprises for nature restoration and conservation

This toolkit for Nature-Positive Enterprises (NPEs) was developed as part of an Endangered Landscapes & Seascapes Programme (ELSP) grant to build technical capacity amongst ELSP partners in enterprise development. Technical content was developed in partnership between Fauna & Flora's Enterprise & Finance team and Cambridge Judge Business School's Cambridge Social Ventures team. The project was supported by ELSP and trained conservation practitioners working on NPEs across European landscapes.



Red bird of paradise.
© Bjorn Olesen



The Endangered Landscapes & Seascapes Programme (ELSP) aims to restore natural ecological processes, species populations and habitats for a better and more sustainable future. Its projects signal “a shift away from a narrative of ‘slowing declines’ and ‘no net loss’ to a positive and creative conservation agenda in which the value of our land and seas is recognised”. The ELSP is funded by Arcadia and managed by the Cambridge Conservation Initiative (CCI), a unique collaboration between leading biodiversity conservation organisations in and around Cambridge and the University of Cambridge.



Fauna & Flora is the world's first international conservation charity, focused on protecting biodiversity that underpins healthy ecosystems and is critical for life-support systems that humans and all other species rely on. Fauna & Flora's Enterprise & Finance team provides technical support at the interface between conservation, businesses and finance to develop financing mechanisms for conservation and restoration. Developing Nature-Positive Enterprises (NPEs) that attract or generate sustainable financing for nature preservation and restoration is an important part of the strategy. Fauna & Flora is developing more than 25 NPEs in 15 countries globally to positively contribute to nature and local livelihoods driving a green economy at the grass-roots level.



Cambridge Judge Business School (CJBS) is the business school of the University of Cambridge, working towards advancing knowledge and leadership in the business sector. CJBS pursues innovation through inter-disciplinary insight, entrepreneurial spirit and collaboration while aiming to highlight the latest thinking from academia and professional practice and applies the combined knowledge to specific business situations to turn thinking into action. Cambridge Social Ventures is part of the Cambridge Centre for Social Innovation at CJBS. Cambridge Social Ventures supports a range of businesses with positive social and environmental impacts. Its programmes are designed for people who will drive their businesses forward to create real, scalable, lasting social or environmental change.



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Acknowledgements

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Woman operating a sewing machine. A revival in traditional crafts such as felt-making has helped improve rural livelihoods.
© Jason Smith / Fauna & Flora



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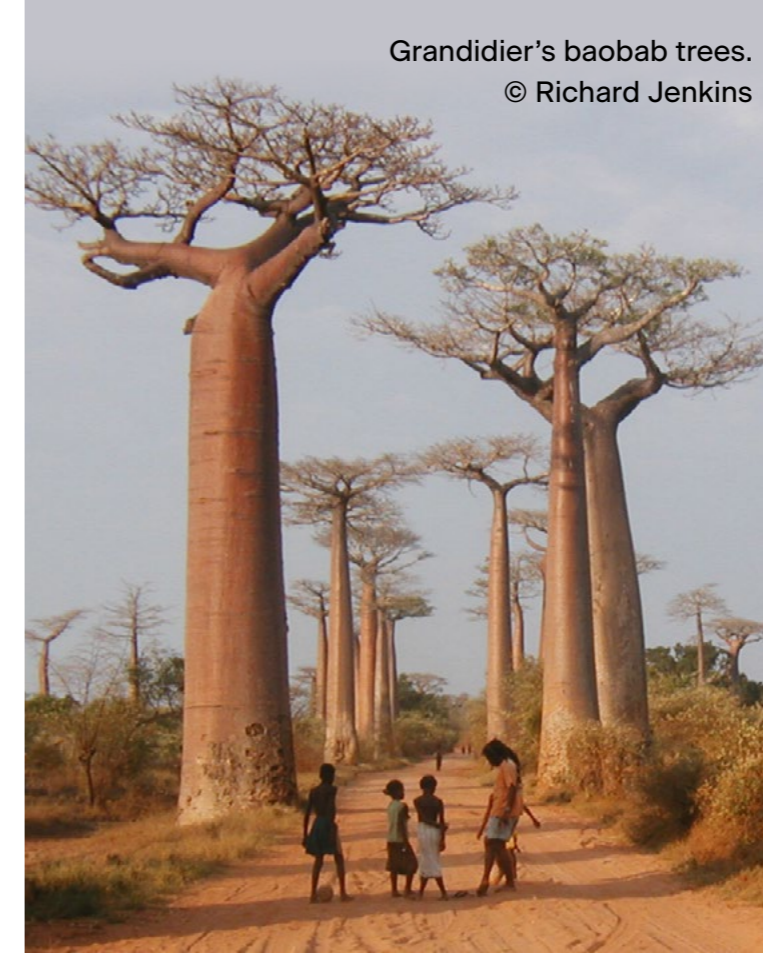
Below is an introduction to each organisation that has been chosen to provide actual case scenarios of the different topics described in this guide. They are lettered, and that letter will be referenced throughout the chapters.

A Akdeniz Koruma Derneği/ Mediterranean Conservation Society (AKD)

AKD was founded in 2012 in Izmir, Turkey. Its mission is to work with local communities to promote sustainable practices and to use sciencebased approaches to protect this Mediterranean ecosystem. Fauna & Flora has been supporting AKD to remove barriers to seascape recovery in Gokova bay, increasing climate change resilience and generating sustainable benefits for local people. One of the project's objectives is to explore, evaluate and introduce at least two mechanisms for generating revenues for local stakeholders through the sustainable use of marine resources.



A lion fish.
© Pippa Howard / Fauna & Flora



Granddier's baobab trees.
© Richard Jenkins

B Baobab Enterprise

Initiated by the Madagasikara Voakajy and carried out in collaboration with Label CBD Consulting, Fauna & Flora International and the Regional Department of Environment and Sustainable Development, the project aims to engage three beneficiary communities in making sustainable exploitation of baobab fruits an opportunity both for the conservation of the species and for the economic and social development of local communities by fruits processing and trade.

C Bulgarian Society for the Protection of Birds (BSBP)

The BSBP is the Birdlife International partner in Bulgaria, working to conserve wild birds and their habitats nationally. It owns and operates one of the few nature conservation and information centres in Bulgaria - Poda, near the city of Burgas on the Black Sea Coast; and the other in Madzharovo - in the Eastern Rhodope Mountains close to the southern border with Greece. Both Centres are operated by the wholly owned commercial company of BSPB - BSPB Ltd to closely manage the protected areas within which they are placed.



Brahminy Kite in flight.
© Bjorn Olesen

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Coffee plantations require shade and coffee farmers are encouraged to plant trees and conserve the existing trees around the villages, which in turn provides a haven for wildlife.
© Kyaw Kyaw Naing / Fauna & Flora

D Ethio Wetlands and Natural Resources Association (EWNRA)

EWNRA is a local nongovernmental organisation established in 2000 with environmental and development objectives specifically focusing on natural resources and wetlands in Ethiopia. EWNRA pioneers wetland issues in the country through integration with community livelihoods, water and food security, watershed management (soil and water) and capacity building (training and policy). EWNRA is implementing a Wild Coffee Conservation project in the Ethiopian forests.

E Fishing for Success

Founded in 2014, Fishing for Success is a community-based, volunteer-driven, nonprofit social enterprise in Petty Harbour, Newfoundland offers hands-on training that shares and celebrates traditional fishing knowledge and culture that has sustained generations.



Traditional fishing trap.
© Matt Glue / Fauna & Flora

F Fundatia ADEPT

Fundatia ADEPT, founded in 2004, is a biodiversity conservation and rural development NGO based in Saschiz, Romania. They aim to give the High Nature Value Farmed Landscapes of Transylvania and their communities an economic future and relevance in the 21st century without sacrificing sustainability and productivity. These landscapes are an important model for future productive and sustainable farming in Europe.



High nature value farmlands of Romania.
© Fundatia ADEPT

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Homemade jam from producers around the Făgăraș Mountains.
© Lizzie Duthie / Fauna & Flora

G Fundația Conservația Carpathia (FCC)

FCC was founded in 2009 by 12 philanthropists and conservationists to stop illegal logging and protect a significant area of Carpathian forests in Romania by creating a protected area for future generations. They did this by purchasing and leasing hunting land to protect all natural elements with private and public money.



© ProPark Foundation

I ProPark Foundation

ProPark Foundation was created in 2008 to find solutions for the existing problems and respond to specific challenges in Protected Areas. They are the primary capacity-building provider for protected areas and conservation in Romania. They develop projects and offer consultancy and mentoring services locally, across European and globally through networks that aim to develop the capacity of Protected Areas and nature conservation professionals.

H Istituto Oikos

Istituto Oikos is a non-profit organisation operating in Europe and the Global South to safeguard biodiversity and promote the widespread adoption of more sustainable lifestyles. The organisation's objective is to conserve the natural and cultural heritage of the region where they work while also enhancing the well-being and income of the inhabitants of the local villages. The organisation supports sustainable community development by promoting soft technologies and renewable energy, ecotourism initiatives, conscious water resource management, and agricultural, fishing and forest practice trials.



Abandoned agricultural terraces after the restoration in Maasser el Shouf, Mount Lebanon.
© Mirko Panichi / Istituto Oikos

J Zarand Association (ZA)

ZA is a key organisation promoting the importance of landscape connectivity and the harmonisation of grey and green infrastructure in Romania. AZ's practical approach is to present solutions for harmonising sectoral management based on scientific/technical best practices and adapted to address the local context, especially the needs of local communities.



Beehives with mountains in background.
© Chris Loades / Fauna & Flora

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Introduction



Introduction

In the past 50 years, nature has declined at an unprecedented rate, largely due to economic activities that treated natural capital as limitless, ignoring the vital benefits it provides. The Nature-Positive concept arose from the growing concerns over the rapid loss of biodiversity, which threatens life-support systems, human well-being, societies and economic stability. According to the World Economic Forum, over half of the global GDP is moderately or highly dependent on nature.

The Nature-Positive goal builds on the sustainability framework by emphasising not only the need for conservation but also the restoration of nature. Human activities are at the heart of the Nature-Positive goal. To reverse biodiversity loss, societies must reduce unsustainable consumption and production patterns.

Therefore, being Nature-Positive is about keeping nature's benefits flowing by tackling the main pressures that harm the stock of renewable and non-renewable natural resources (e.g. plants, animals, air, water, soils, minerals).



Walnuts are a vital source of income for many Kyrgyz and Tajik families. © Jason Smith / Fauna & Flora



Türkiye coastline and islands © Akdeniz Koruma Derneği

Hierarchy of Actions

The goal foresees a hierarchy of actions, also referred to as the mitigation hierarchy, to:



Avoid losses wherever possible

Why it matters:

Avoidance is the most effective and least costly way to protect ecosystems. Once damage is done, restoration is often expensive, slow and incomplete. Avoiding harm preserves intact ecosystems and biodiversity.



Reduce impacts when avoidance is not possible

Why it matters:

Reducing impacts helps limit degradation and maintains ecosystem functions. It's a practical step when avoidance isn't feasible due to operational or social constraints.



Compensate for unavoidable losses through ecological restoration

Why it matters:

Restoration helps recover biodiversity and ecosystem services, while compensation ensures that nature receives equivalent or greater benefits than what was lost.



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Fauna & Flora Approach to Nature-Positive Enterprise

Landscape and seascape restoration projects often aim to facilitate the development of Nature-Positive economies by promoting sustainable land use and, in some cases, providing training and facilitating enterprise development.

However, while terms like ‘Conservation Enterprise’ and ‘Nature-Positive Enterprise’ (NPE) are widely used, there is little understanding of what makes them different from regular businesses.

Nature-positivity applied to enterprises means that they have a key role not only in avoiding and minimising damage to biodiversity, but also in restoring, rehabilitating and transforming the way natural capital is used. The hierarchy presented above can help categorise actions and interventions as well as NPEs. The table below highlights the key differences between business as usual and Nature-Positive enterprises.

Business as usual	Nature-Positive enterprise
often treats nature as a backdrop for production.	actively integrates biodiversity, ecosystem restoration and livelihoods into its value proposition, products and operations.
typically focuses on reducing harm; for example, through waste minimisation, resource efficiency and offsetting conservation measures.	focuses on avoiding and reducing harm (as sustainability commands) but also on restoring degraded environments and regenerating ecosystems.
approaches largely aim to lessen negative impacts rather than create new positive ones.	approaches largely aim to create new positive impacts for nature, ensuring that benefits are inclusive and equitable for all.

NPEs can take many forms, from commercial companies to social enterprises, cooperatives, or community-based ventures, but they all share a commitment to regeneration by design, measurable ecological and social impact, and scalability through innovation and investment.

The ‘human and social capital’ element is also key in Nature-Positive enterprises. Thriving ecosystems depend on socially inclusive and equitable governance. When equity and justice are prioritised, they foster stronger environmental policies, public trust and greater participation in nature conservation and restoration, and are essential to the legitimacy of regulatory or policy interventions.

The elements of business models unique to an NPE will be covered extensively in this toolkit. In a Fauna & Flora context, they include:

1. A strong commitment towards natural, social and financial capital – with natural capital being at the heart of the business model;
2. NPEs tend to be established in different markets and within different sectors often involving agricultural, marine, or rural economies where conservation needs are most urgent;
3. NPE creation and support is often framed in restoration projects and tends to have further distinctions, such as the ability to convert increased natural capital from project activities into enterprise activities;
4. As such, these NPEs are likely to have more complex scaling-up strategies, and need longer timelines for development, as well as tailored impact metrics requirements.

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Social equity and rights principles

Nature-Positive enterprises that are fair, inclusive and respectful of rights involve integrating several key principles

Rights & tenure

Respecting community rights to land, resources and culture, and seeking Free, Prior and Informed Consent (FPIC) for any activity that affects them.

Equity & benefit-sharing

Agreeing on benefit sharing with communities, distributing it fairly, and guarding against power imbalances to avoid elite capture.

Gender responsiveness

Ensuring women and men have equal access to resources, opportunities and decision-making, and co-designing enterprises that recognise their different roles and needs.

Inclusion & participation

Actively supporting the participation of women, youth, and marginalised groups in activities and decisions, with governance structures that give them real influence.

Local capacity & ownership

Building local skills, knowledge and leadership to support enterprise models that communities can co-own and sustain in the long term.

Cultural values & knowledge

Integrating traditional knowledge with new approaches and ensuring enterprises align with local aspirations and culture.

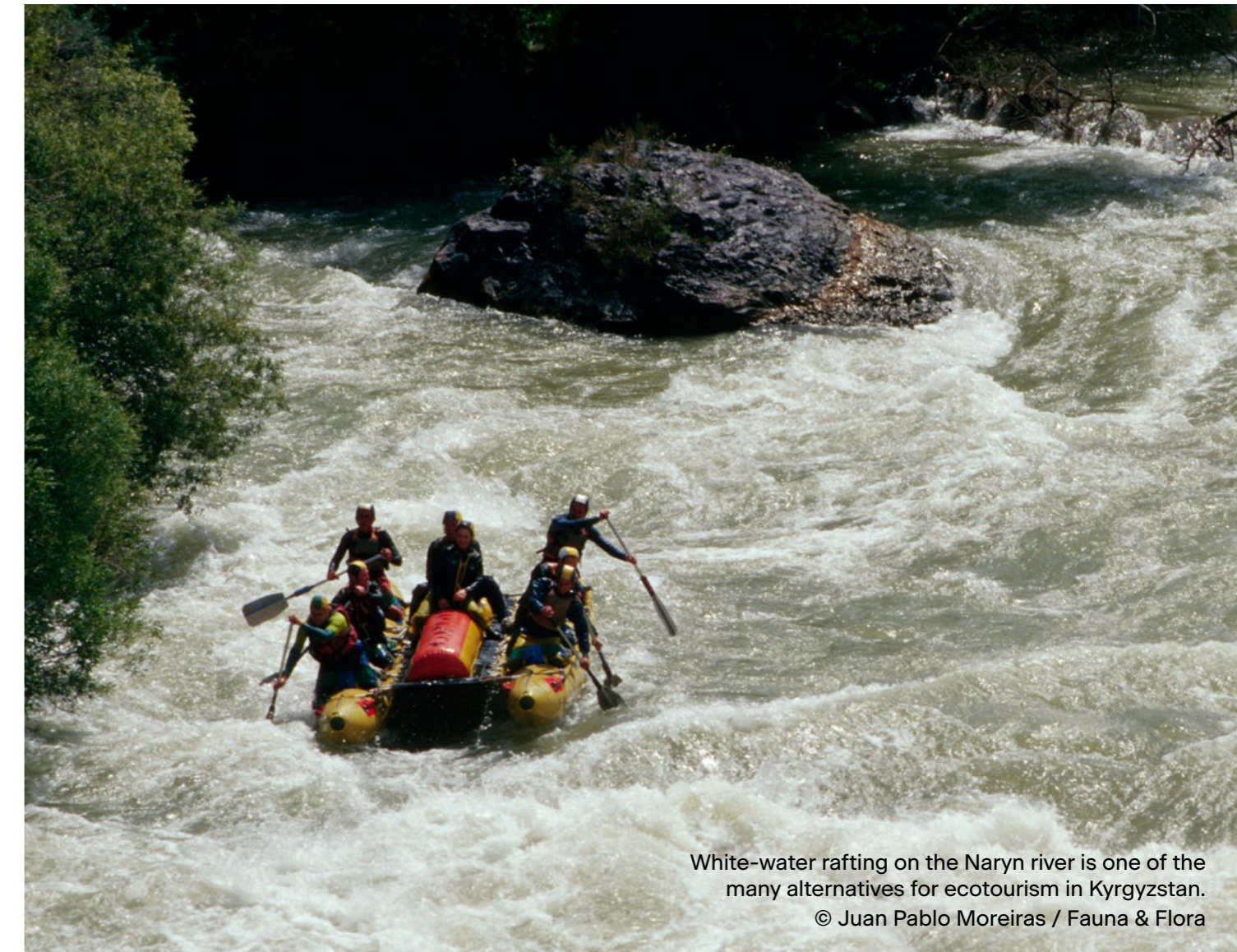
Safeguards & accountability

Ensuring decisions are transparent, setting safeguards to prevent harm to people and nature, and providing clear ways to resolve disputes (i.e. grievance mechanisms).

The above highlight the complexity of identifying opportunities and creating Nature-Positive enterprises. Conservation organisations implementing landscape or seascape restoration projects often face barriers when developing NPEs. These include:

- choosing viable products/services and target industries that are appropriate to specific geographies and to biodiversity conditions/challenges, whose development through market-based approaches would support nature restoration efforts while contributing to social and human flourishing;
- limited access to business expertise and technical support, or, where business expertise is available, limited knowledge of how to design enterprises to achieve a positive impact on biodiversity and livelihoods;
- a lack of access to appropriate sources of finance.

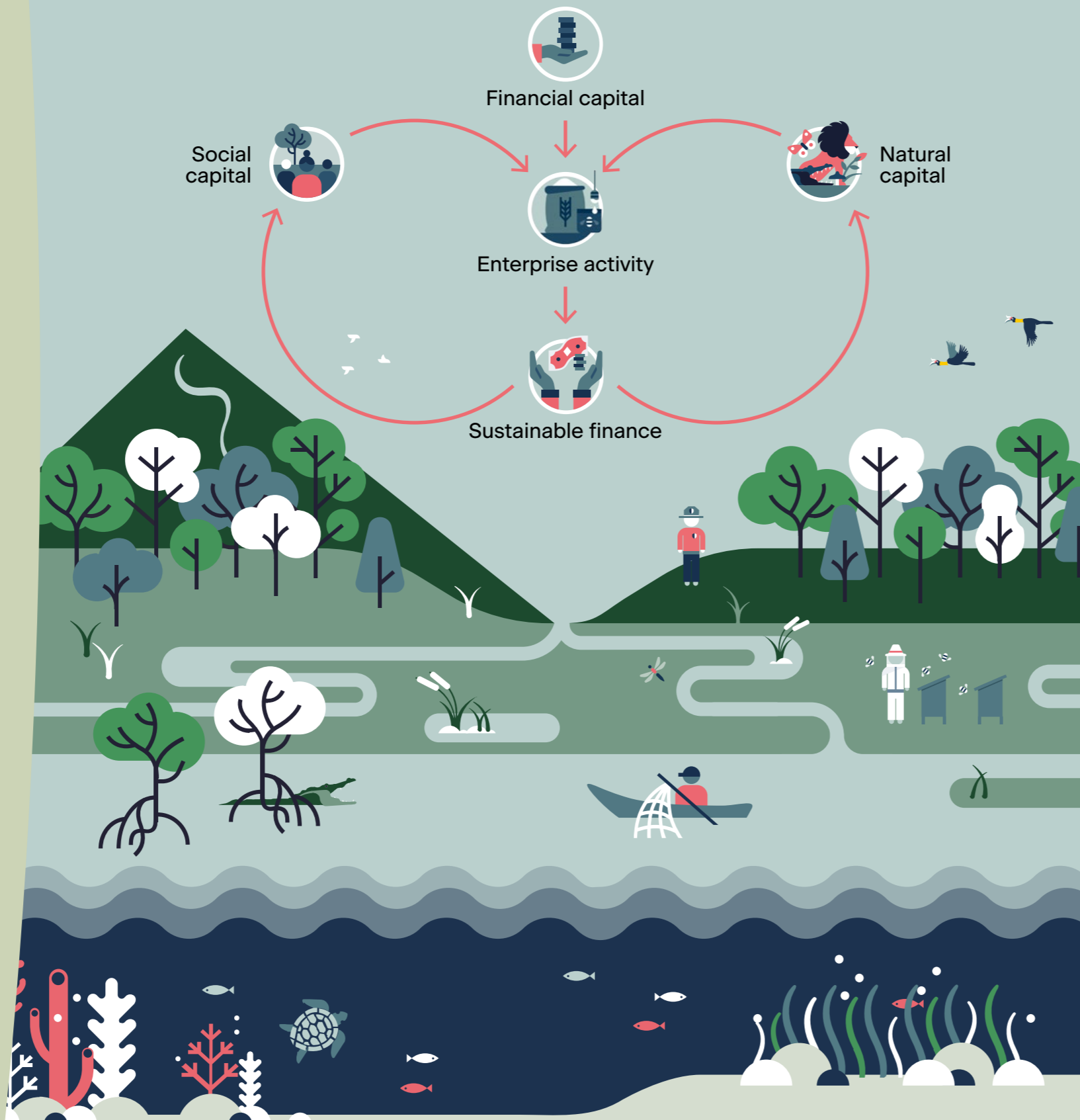
This toolkit has been developed to address such challenges and to build the capacity of practitioners responsible for facilitating NPE development.



White-water rafting on the Naryn river is one of the many alternatives for ecotourism in Kyrgyzstan.
© Juan Pablo Moreiras / Fauna & Flora

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Fauna & Flora define a Nature-Positive Enterprise as a viable business entity that sustainably derives value from natural and social capital in a land/seascape and attracts or generates sustainable finance that positively contribute to nature conservation and restoration while promoting fair and inclusive opportunities for local actors to benefit.



Fauna & Flora approach to NPE



Breaking down the definition

Viable business

Refers to a business that is financially sustainable and operates in a manner appropriate to its legal status, ensuring that it can maintain operations and growth over time.

Sustainably deriving value from natural and social capital

Means that business activities do not simply extract value but instead create and enhance it, generating benefits that contribute to maintaining or increasing the stock of both natural and social capital. For example, in relation to nature, this includes conservation, restoration, and regeneration efforts.

Natural capital

Encompasses the stock of natural resources and ecosystem services that a business relies on or influences, either directly or indirectly (e.g., soil, water, biodiversity, and climate regulation).

Social capital

Refers to the networks, relationships, norms, trust, and local knowledge that enable communities and organisations to work effectively together and build resilience.

Landscape

Defined as an area whose character results from the interaction between natural and human factors, encompassing everything from urban environments and agricultural land to natural ecosystems.

Seascape

Defined as a marine or coastal area where land and sea interact, characterised by a mosaic of habitats and the ecological, cultural, and historical connections that link them.

Attracting and generating sustainable finance

Means the enterprise not only generates revenue or profit but also has the capacity to attract investment and other forms of financing that support long-term environmental and social sustainability.

Fair and inclusive

Refers to practices that uphold equity, participation, and inclusivity, ensuring that benefits and decision-making processes are shared fairly among stakeholders (see [Key principles](#) on page 10).

Local actors

Include both economic actors (e.g., producers, cooperatives, small enterprises) and non-economic actors (e.g., community groups, local institutions, traditional governance structures) involved in or affected by the enterprise.

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The objectives of this toolkit are to:

1. Support managers of landscape/ seascape restoration and conservation projects to enable enterprise development.
2. Help enterprise technical staff in conservation and restoration organisations to assess potential business ideas, avoid common pitfalls and adopt the most efficient approach to developing NPEs.
3. Share case studies of NPEs and the factors that determine their success.

The toolkit includes sections designed to guide NPE practitioners in assessing opportunities for an NPE, how to design an appropriate NPE business model based on identified opportunities, how to launch an NPE and finally, the best practices for management and governance of an NPE. Case studies based on real NPE experiences will be used to illustrate all chapters, and their background information can be referred to in the ‘Organisations’ section on [page 5](#) of this guide. Content details of each chapter are summarised below.

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Business model:

A high-level document which articulates the mechanism by which an enterprise will achieve its objectives. It identifies sources of revenue, the intended customer base, products and basic financial projections. These are usually used internally to coordinate an enterprise’s activities.

Business plan:

A detailed strategy of an enterprise which describes the business concept in detail, covering all aspects of its future business strategy, including marketing, finance and operations. These are often used to present to an external audience such as potential stakeholders.

Conservation enterprise:

See “Nature-Positive enterprise”.

Equitable benefit sharing:

Fair and equitable distribution of benefits refers to the measures taken to ensure that the benefits arising from the utilisation of biodiversity and associated traditional knowledge, as well as the subsequent applications and commercialisation, are shared in a fair and equitable way among all those organisations or communities identified as having contributed to resource management, research and development, and/or commercialisation.

Lean start-up:

A methodology used to attract funding for a new enterprise or to introduce a new product on behalf of an existing enterprise. The lean start-up method advocates developing products for which consumer demand has already been demonstrated. The theory behind this approach is that a market will exist as soon as the product is launched, as opposed to developing a product in the hope that demand will emerge.

Nature-Positive enterprise (NPE):

A financially viable business entity with a mission to sustainably derive value from natural and social capital in a natural landscape/seascape and attract or generate sustainable finance for nature conservation and restoration while promoting fair and inclusive opportunities for local actors to benefit.

Small- and medium-sized enterprises (SMEs):

Although other technical definitions exist, the definition adopted here is derived from the International Financial Reporting Standards (IFRS) and includes any entity that does not have ‘public accountability’ or is not listed on a recognised stock-exchange.

Tusheti shepherd herding sheep.
© Gareth Goldthorpe / Fauna & Flora



Sustainable financing:

In a restoration or conservation context, sustainable financing involves generating profits from enterprise operations to directly finance project activities and create economic incentives for Nature-Positive behaviour change.

Triple bottom line:

Also referred to as “triple p” or “trip bottom-line”. The theory that a business should give equal weighting to considerations on social impact (people), ecological impact (planet) and financial gain (profit).

Natural assets:

Natural assets are assets of the natural environment. These include biological assets (produced or wild), land and water areas with their ecosystems, subsoil assets and air.

Enabling environment:

The social, legal and political environment and how supportive it is of your project objectives.

Sustainable financing mechanism:

An arrangement by which revenue is created on an ongoing basis. See also Sustainable Financing.

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Case Study:

The Fundația Conservation Carpathia “Food Hub”:

Fundația Conservation Carpathia (FCC) is the largest nature conservation organisation in Romania, which has protected 26,900 hectares of forest, established 78,000 hectares of hunting-free zones and planted 3,717,992 trees in the last 13 years.

FCC operates in the Făgăraș Mountains Natura 2000 landscape in the southern Carpathians, unique in its natural beauty, large tracts of wilderness, virgin forests and high population densities of large carnivores. It works to protect wolves, lynx, chamois, red deer and capercaillie, among other species, and has prioritised the protection and restoration of native forest areas, reduction of legal/illegal logging and the promotion of natural forest regeneration in the area.

FCC worked with Conservation Capital to understand the socio-economic context in the Făgăraș landscape and identified opportunities for enterprise development in the sectors of ecotourism, forest restoration activities and food production. The focus of the proposed conservation enterprise is to create jobs and income generation opportunities for locals and to contribute financially to the protected area administration and conservation easements for land ownership.

As a first step towards this plan, FCC is working towards establishing a dedicated conservation enterprise investment programme funded through donations, third-party investments and loans. A fund managed by financial specialists is expected to make strategic investments in conservation businesses.

One of the portfolios of the enterprise is a “food hub”, which centralises the marketing, distribution and sale of local and traditional food products from the Făgăraș Mountains produced by local smallholders. The hub supports farmers by marketing, branding and packaging fresh and healthy food produced by local farmers and family businesses.

Produce from the food hub, FCC, Romania
© Fundația Conservation Carpathia



Economic objective

FCC is helping to provide market access to local smallholders.



Social objective

The conservation enterprise will assist livelihood improvement of local smallholders through branding, packaging and regulatory standards required to reach a wider market. An example of this can be seen through the brand, The Fruits of the Mountains, which was created to aggregate produce and sell under a single brand name in the food hub.



Ecological objective

The overarching goal is to develop economic incentives for local communities and prove that the protected area is more beneficial for them than extractive practices by promoting sustainable income streams for local smallholders not reliant on forest resource extraction.

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Case study: AKD potential products and services, Türkiye

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Case study: AKD options analysis

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Step 1: Landscape Assessment

The first major step in developing NPEs and other sustainable finance mechanisms is to carry out a landscape-level assessment of the various assets already available on the project site that NPE models could draw on. This assessment process will help identify the ecosystem services and natural assets critical for the enterprise to operate successfully. This process also ensures that the business model aligns with the conservation goals and theory of change of the project landscape or seascape.

Key questions to guide the process of mapping assets and the wider enabling environment are suggested below. However, you may not immediately have all the information required to answer these questions thoroughly, so it is recommended that you start by capturing the available information and then developing a plan with the project team and partners to collect missing information.



Goals & Activities

- What are the main conservation and restoration goals for the landscape or seascape?
- What are the key threats to biodiversity, particularly those driven by market forces (e.g., agricultural expansion, overharvesting, extractive industries, tourism pressure, or unsustainable trade)?
- What is the landscape's theory of change?
- What other ongoing project activities (e.g., livelihoods, value chains, or community development) could inform or be strengthened by NPE development?



Spatial Context

- What are the administrative, jurisdictional, and community boundaries within the area (e.g., municipalities, protected areas, customary territories)?
- What are the geographic, ecological, and physical characteristics of the landscape or seascape (e.g., topography, coordinates, maps, natural features)?

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**Step 1:
 Landscape assessment**



Natural Assets

- What are the key natural assets in the landscape? (e.g., species of fauna and flora, soil for agri-based enterprises, forest resources for wild-harvested products, attractive climate or natural landscapes with tourism potential.)
- Which ecosystem services have the potential to support enterprises? Subdivisions and associated examples are listed below.
 - **Regulatory:** purification of water and air, carbon sequestration;
 - **Provisioning:** food (including seafood), crops, wild food and spices, raw materials, genetic resources, medicinal resources, energy (hydropower);
 - **Cultural:** biodiversity values, cultural values and amenity values for tourism. e.g., variety and uniqueness of the landscape, resources and wildlife; educational value or attracting scientifically orientated niche tourism markets.



The Kumtor gold mine in Kyrgyzstan.
 © Juan Pablo Moreiras / Fauna & Flora



Red-billed tropic birds (Phaeton sp.) flying over sea. From Great Bird Island, Antigua & Barbuda.
 © Jenny Daltry / FCG / Fauna & Flora



Market Context

- Are there any successful enterprises/businesses already present in the landscape, including any women-led enterprises?
- Are there any supply chains of major companies operating in the landscape?
- Are you aware of any like-minded private sector actors already operational or who may have expressed interest in operating in the landscape? If so, list them.
- Are there any third-party complementary tourism products in the landscape, such as cultural museums, archaeological or historical sites? If yes, list them.
- Is the local economy seasonal? For example, are there sectors only active for a few months in a year, or are activities constant throughout the year?
- What is the level of connectivity? For example, what is the standard of infrastructure in areas such as roads/rail and internet?
- Are the landscape's major markets easily accessible?
- What are the available financial sources for enterprises and communities (e.g., bank loans, micro-finance)?

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Social Context

- What is the demographic and socio-economic profile of the landscape, including sex-disaggregated data on population, employment, education, health services and urbanisation levels?
- What social and community organisations are active in the landscape, including women's groups and cooperatives, and what key skills or traditional (including gendered) knowledge exist within the community?
- What are the prevailing cultural values, gender roles and norms within the community, and how are these embedded in cultural practices?
- Are there marginalised, disadvantaged, or vulnerable groups – including women – who may face barriers to participating in or benefiting from project activities? What cultural, social, or political factors may further limit women's ability to engage in and benefit from these activities? For instance, this might include unpaid care work that impacts women's equal access to participation in income-generating activities.
- What is the history of collective action, political organisation, or conflict in the landscape, and what lessons can be drawn from past successes or failures?
- What is the current level of community engagement in conservation or development initiatives, and is there gender balance in leadership and decision-making? If participation is low, what could be done to strengthen it?



Sagyrbai Zarnaev, whose family has hunted with golden eagles for many generations.
© Juan Pablo Moreiras / Fauna & Flora



Rolling hills and lush forests in Romania's Carpathian region.
© Lizzie Duthie / Fauna & Flora



Governance & Policy

- What are the ownership and tenure arrangements for land, water, fisheries, forests and carbon, and which governance mechanisms (e.g., permits, quotas, certifications) regulate access and use? Are these arrangements clear or contested?
- Which institutions are responsible for landscape or seascape governance, including government agencies and community-based organisations (e.g., committees, cooperatives, associations), and how are they structured and managed?
- What multi-stakeholder platforms or coordination mechanisms exist (e.g., sustainable tourism boards, agroforestry platforms), and how effective are they in promoting collaboration and inclusive decision-making?
- Are there political sensitivities, conflicts of interest, or governance challenges that may affect stakeholder coordination or enterprise development?

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Org **F**



Goals & Activities

Conservation/restoration goals

Protect Transylvania's unique high-biodiversity landscapes by working with the small-scale farming communities that manage them.

Improve conservation of EU-protected grassland habitats and species, especially wildflower-rich hay meadows.

Increase farmer incomes, an additional incentive to continued traditional low-impact farming.

Key threats to biodiversity in the landscape

Overgrazing, land abandonment and land conversion.

Theory of change

Increasing local incomes through an economic activity linked to environmental protection or nature conservation will incentivise farmers to invest more in actions that protect natural resources.

Current project activities

Working with the local farmers' and breeders' associations to set up management plans that are beneficial for nature and generate additional revenues



Spatial Context

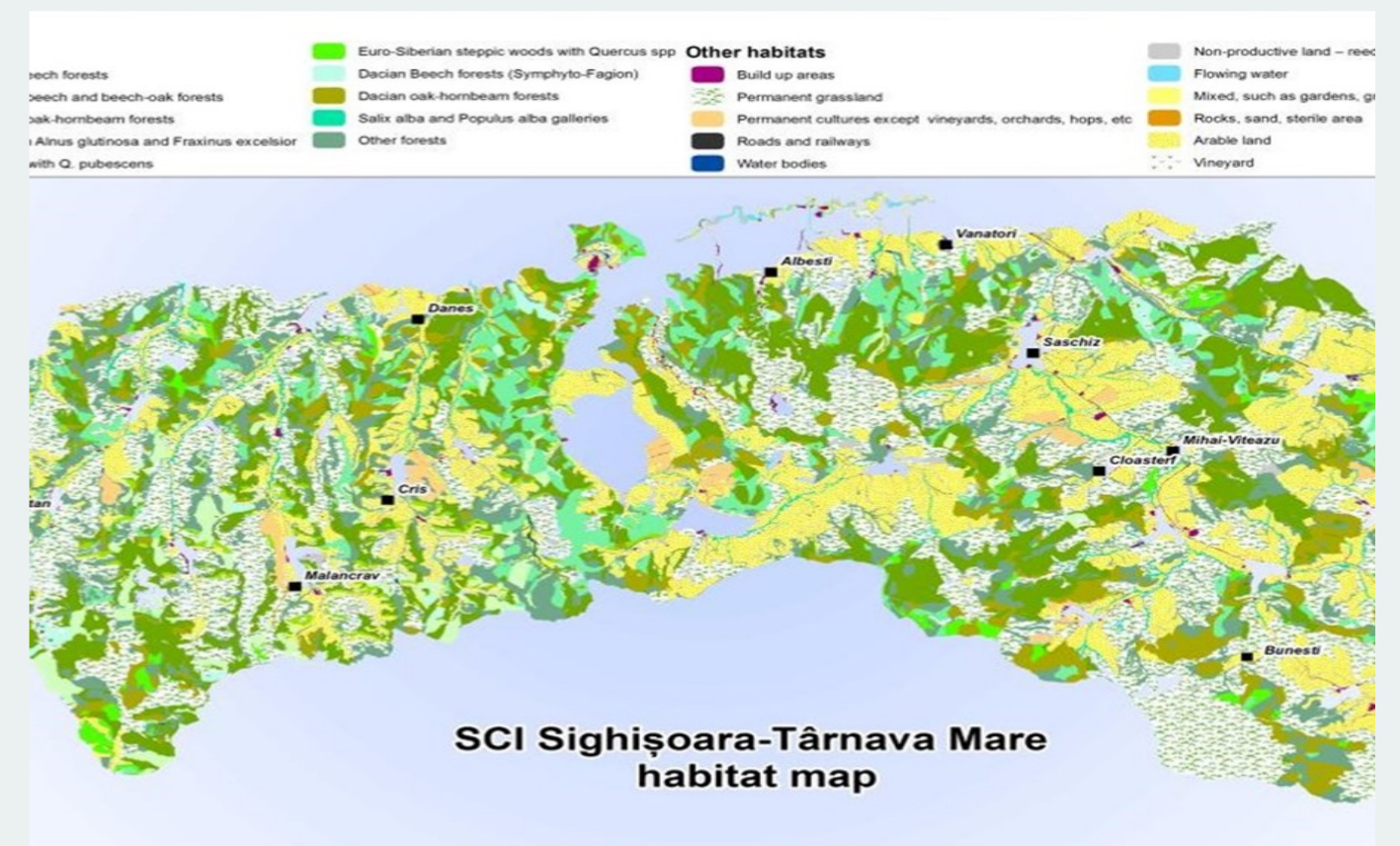
Physical characteristics of the landscape

The 89,265-ha Târnava Mare region of Transylvania is one of Europe's most important High Nature Value farmed landscapes. It has some of the highest plant diversity recorded anywhere in the world and is richer in biodiversity than many wilderness areas. This results from the survival of traditional small-scale agriculture in the area, creating a dynamic mosaic of habitats. Given its biodiversity values, this landscape was declared a Natura 2000 site.

Its survival is threatened by economic and demographic change. Conservation of the area can only be achieved with the strong support of local farmers and communities

who live in and around the area. To engender local support, conservation must be seen as promoting, not hindering, local prosperity.

It is a man-made landscape, not a wilderness area, including about 30 villages organised into eight communes (each commune is an administrative area under a single town hall). The area is a leading example of how low-impact human modifications to the landscape can create high biodiversity, arguably higher than would be found without any management. It has become a model in Europe for sustainably farmed landscapes that benefit local communities and habitat and species diversity.



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High nature value farmlands in Transylvania.
 © Fundatia ADEPT



Natural Assets

Landscape's natural assets

The Târnava Mare grasslands have the highest species diversity recorded for any habitat globally. Meadows in the area have 30-45 species in standard 0.5m x 0.5 m quadrats.

The area is dominated by priority habitats (habitats of special importance defined in the EU Habitats Directive), which support a rich diversity of flora and fauna, including many species protected under the Habitats and Wild Birds Directives.

The combination of small land parcels, traditional livestock farming methods and low fertiliser inputs has created a complex mosaic of different habitats. Rare in lowland Europe, this farmed landscape still supports large healthy populations of apex predator

species such as bears, wolves and birds of prey, indicating a healthy ecosystem, and a wide range of mammals, reptiles and invertebrates, including rare butterflies.

Many species threatened in Europe are still stable and even quite common in this area. The area is large enough to support these threatened species populations, and the mosaic provides variation in habitats and in the timing of habitat management, connectivity channels and 'stepping stones' such as trees, tree lines and other landscape features.

Landscape's ecosystem services

Important ecosystem services include carbon sequestration, water retention, flood prevention and soil health.



Market Context

Businesses and supply chains present in the landscape

Meat production, milk production, cheese production and tourism.

Average farm size is now 2.5 ha, but these holdings are made up of very small management parcels, typically between 0.2-0.5 ha.

Like-minded private sector actors

A network has been established that has strengthened the relationships between tourism service providers (not only guest houses but also local artisanal food producers), town halls and local communities. There is potential for the ecotourism business to be viable in the landscape.



Traditional farming and rich biodiversity of Târnava Mare.
 © Fundatia ADEPT

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Social Context

Demographic data:

This is an area in the process of great social and economic change. Land-use change in the form of increasing farm size, driven by economic pressures, is a major threat to the economic viability of smaller farms.

In Romania as a whole—discounting farms under 1 ha—average farm size increased by 62% (from 7.5 ha to 12.2 ha) in the last ten years. At the same time, the number of farmers in Romania has decreased by 32%. Fortunately, this trend is much less marked in the Târnava Mare area, where the number of farms remained stable at about 2,650 on 31,441 ha of farmland (11.8 ha average holding size).

Most of the population in the area lives on semi-subsistence farming, and 93% of holdings are less than 5 ha: of the 2,942 farms in the area, 1,854 are less than 1 ha, and 908 are 1-5 ha; only 180 farms are over 5 ha. The average farm size is 2.57 ha.

The average age of the head of the farming household is higher for the smaller farms. There is a prominent trend of an ageing population of small-scale farmers and a lack of attractiveness of such farms to the next generation.

The individual income from smallholdings makes it difficult to maintain traditional farming practices.

Traditional knowledge and skills in the landscape:

The landscape of Târnava Mare was created mainly by ‘Saxon’ farming families who arrived in the area between the 12th and 13th centuries from Mosel/Luxembourg regions. The built heritage of the Târnava Mare area is important. The small farming villages in the area still retain medieval village structures. Five villages and towns in the area have UNESCO World Heritage Site status. This represents important cultural and spiritual heritage for the local people and is a source of income owing to its attractiveness to tourists who visit the area for its built and natural heritage.

History of conflict in the community:

Most families have a longstanding history of farming with traditional systems dating back as far as 600 years, despite trends of depopulation and land ownership shifts associated with the communist regime.



Rural life in Transylvania: small-scale farmers and their livestock in a traditional village.
© Fundatia ADEPT



Governance & Policy

Institutions responsible for finance:

The EU LIFE programme is the main source of grant funding for projects for restoration, conservation and good management of Natura 2000 areas. Târnava Mare, through ADEPT, has implemented one LIFE project from 2010-2015 and is implementing another from 2021-2023.

EU Common Agriculture Policy (CAP) supports farmers through land-based payments. This supports farmers in managing their land while meeting certain simple land management criteria (Pillar I) and supports farmers who enter voluntary schemes (Pillar II, Rural Development Programme).

Multi-stakeholder platforms:

The establishment of farmer associations has been encouraged by the government to help farmers gain access to certain payments, including for common grazing. However, many associations have failed due to insufficient management ability.

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Case Study: Org **A**
**Akdeniz Koruma Derneği/
 Mediterranean Conservation Society
 Seascape Assessment, Türkiye**



Goals & Activities

Conservation/restoration goals

To reduce and remove barriers to seascape recovery in Gökova Bay, increasing climate change resilience and generating sustainable benefits for local people.

Current project activities

To explore, evaluate and introduce at least two mechanisms for generating revenues for local stakeholders through the sustainable use of marine resources.

Three mechanisms have previously been identified and explored: a fish price levy based on a market premium, a voluntary tourist user fee (aimed primarily at divers)

and a low-impact yacht mooring system. Blue Carbon opportunities – carbon stored in coastal and marine ecosystems – are also being explored under a consultancy with UNEP-WCMC and Bangor University.

Setting up low-impact yacht moorings has been delayed by a change in personnel at the Ministry of Environment.

Fauna & Flora has requested a review of previously identified and emerging sustainable financing opportunities to identify which are best suited for the seascape. This will include a field visit to engage local stakeholders, obtain field data and conduct a participatory review of existing options.

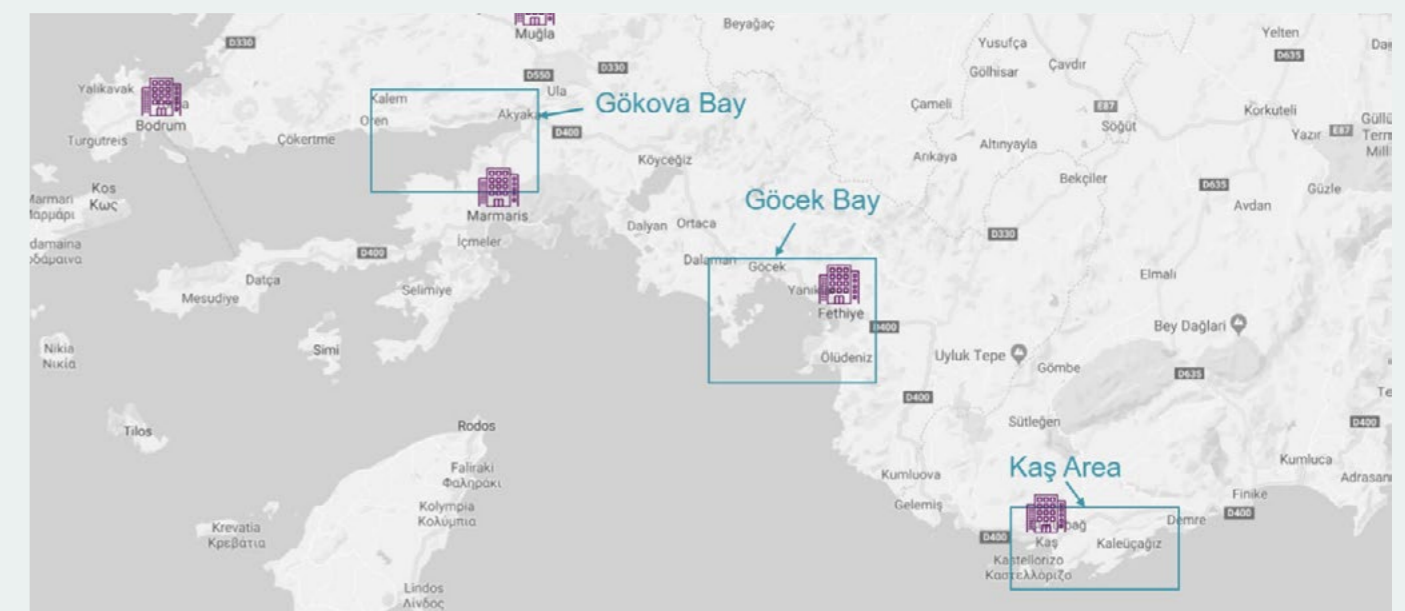


Spatial Context

Physical characteristics

AKD works in three priority areas in southwest Türkiye's Mediterranean coastal landscape: Gökova Bay, Göcek Bay and Kaş, as seen in the map below.

Figure 2. Map of priority areas for AKD's work in Türkiye



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Natural Assets

Landscape's natural assets

Marine fauna:

- Commercially valuable fish species in small numbers
- Charismatic megafauna – monk seals and sandbar sharks
- Increasing numbers of invasive species

Marine flora:

- Extensive seagrass beds, primarily Posidonia sp.
- Sponges
- Carbon potential

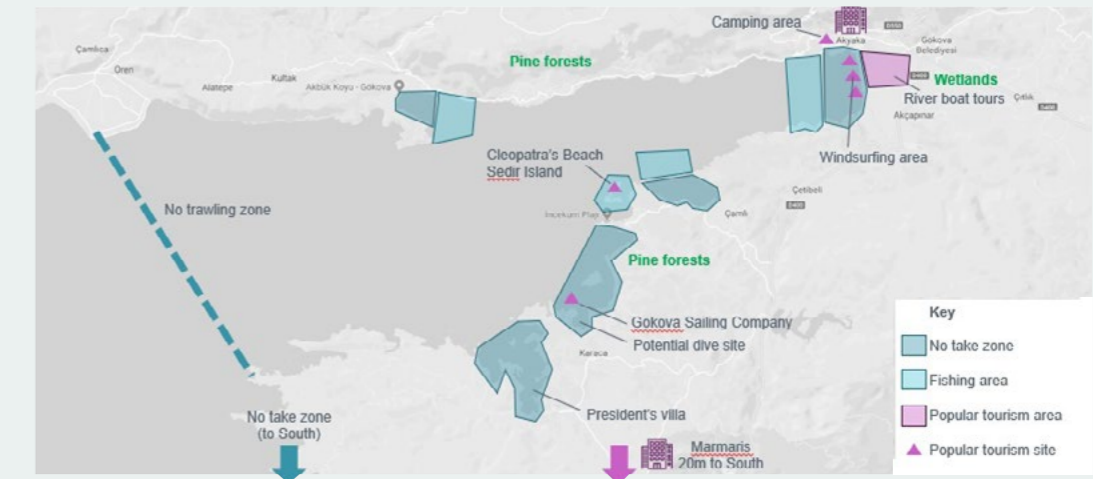
Natural beauty:

- Beautiful islands and beaches
- Wild valley (Gökova)
- Wetlands and lakes
- Underwater archaeology
- Reliable winds for water sports
- Attractive dive sites

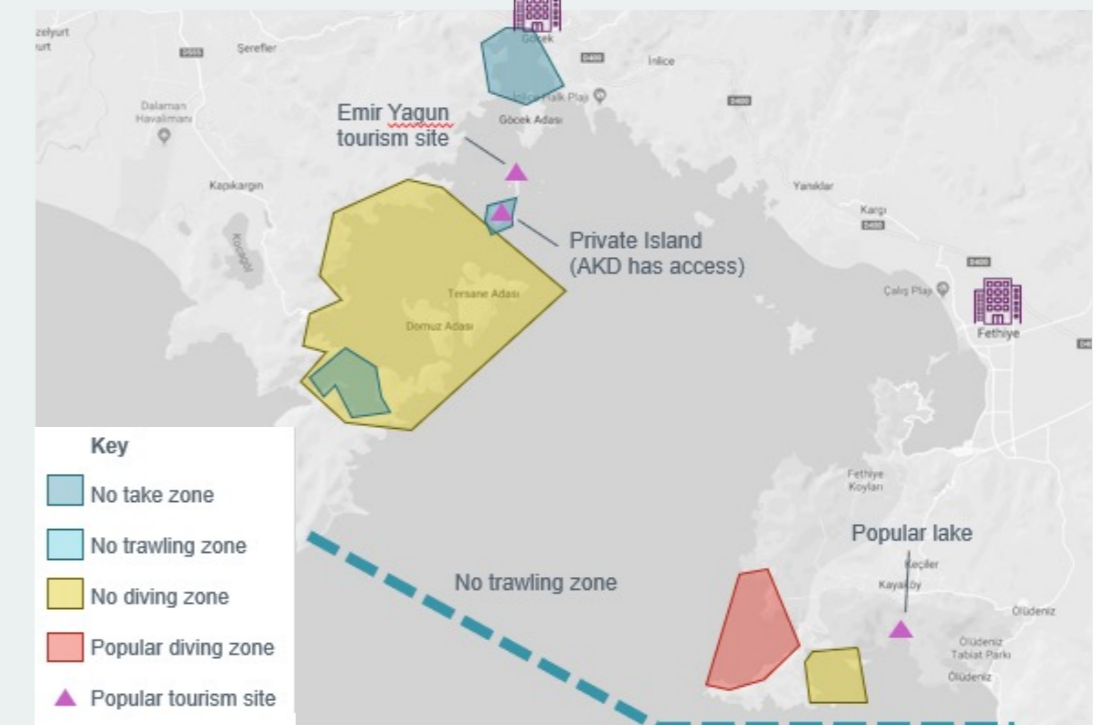
Opposite are three maps of the natural assets of Gökova Bay, Göcek Bay and Kaş areas:

Social Assets

- **Fishers:**
 - Knowledge of fish species and their movements
 - Small boats and small-scale fishing equipment
- **Tour boat operators:** Knowledge of sites, how to provide satisfactory tourist experiences and skills in guiding various activities. Own boats.
- **Hospitality/tourism workers:** Skills in cooking, cleaning, managing and marketing tourism businesses. Own hotels and restaurants.
- **Marine activity workers:** People working in sailing, diving, kayaking, coastering, mountain biking, hiking and others



**Figure 3a.
Gökova Bay
Natural Capital
Map**



**Figure 3b.
Göcek Bay
Natural Capital
Map**



**Figure 3c.
Kaş Area
Natural Capital
Map**

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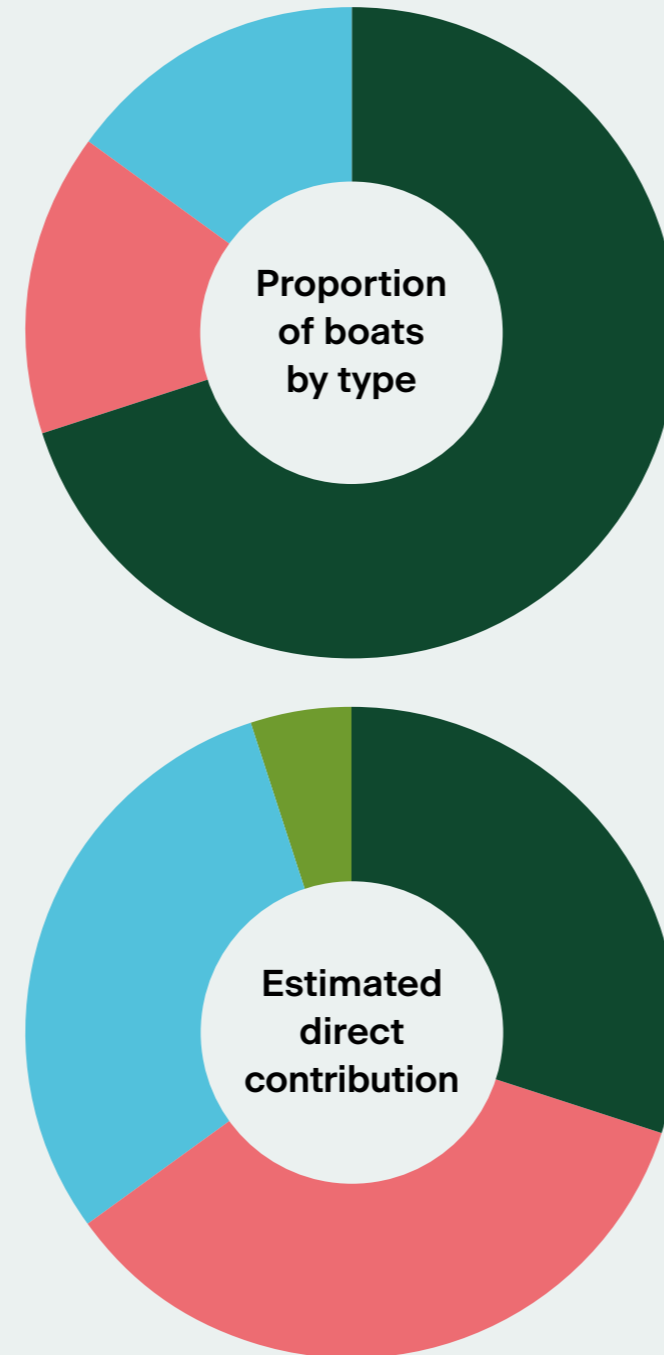
Market Context

Businesses and supply chains present in the landscape

Gökova

The opposite graphs (Figure 4a) show the results of interview surveys conducted by AKD with fishing cooperatives, dive industry firms and marinas. The top graph shows the estimated proportion of boats in the Gökova harbour by type as a proxy for the marine economy make-up; the bottom graph shows the estimated direct contribution to the marine economy by boat type. Results from this survey indicate that the marine economy in Gökova is dominated by domestic tourism, primarily day trips to Cleopatra’s Beach and the river tours, as well as being a major kitesurfing destination (not included in the graphs opposite).

Figure 4a. Gökova Marine Economy

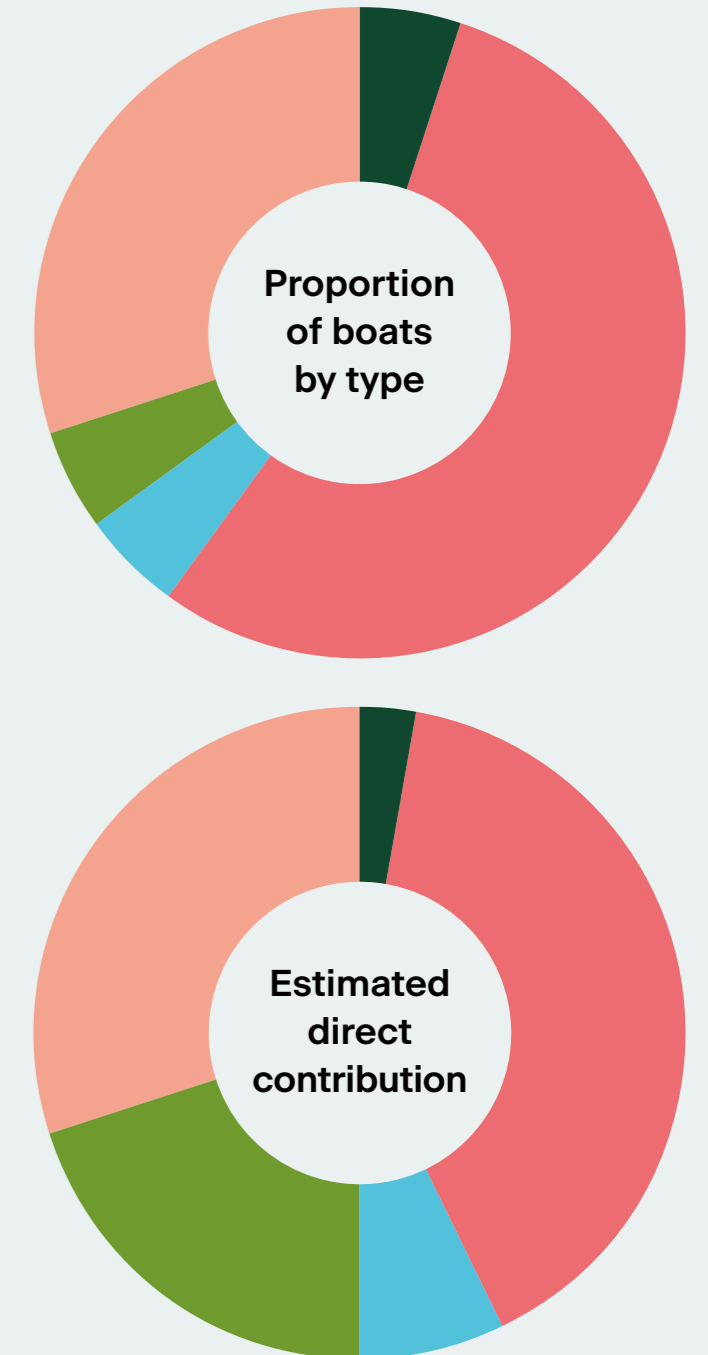


- Key**
- large tour boat
 - small tour boat
 - fishing boat
 - pescatourism
 - owner yachts

Göcek

The opposite graphs (Figure 4b) show the results of interview surveys conducted by AKD with fishing cooperatives, dive industry firms and marinas. The top graph shows the estimated number of boats in the Göcek harbour by type as a proxy for the marine economy make-up; the bottom graph shows the estimated direct contribution to the marine economy by boat type. Survey results indicate that the marine economy in Göcek is dominated by high- and mid-end recreational yachting, primarily owners and bareboat charters from overseas. Day trips to Emir Yagun are also popular, and there is a significant contribution from fishing the bay and its surroundings.

Figure 4b. Göcek Marine Economy



- Key**
- superyachts
 - owner yachts
 - bare boat hire
 - sea tour boats
 - fishing boats

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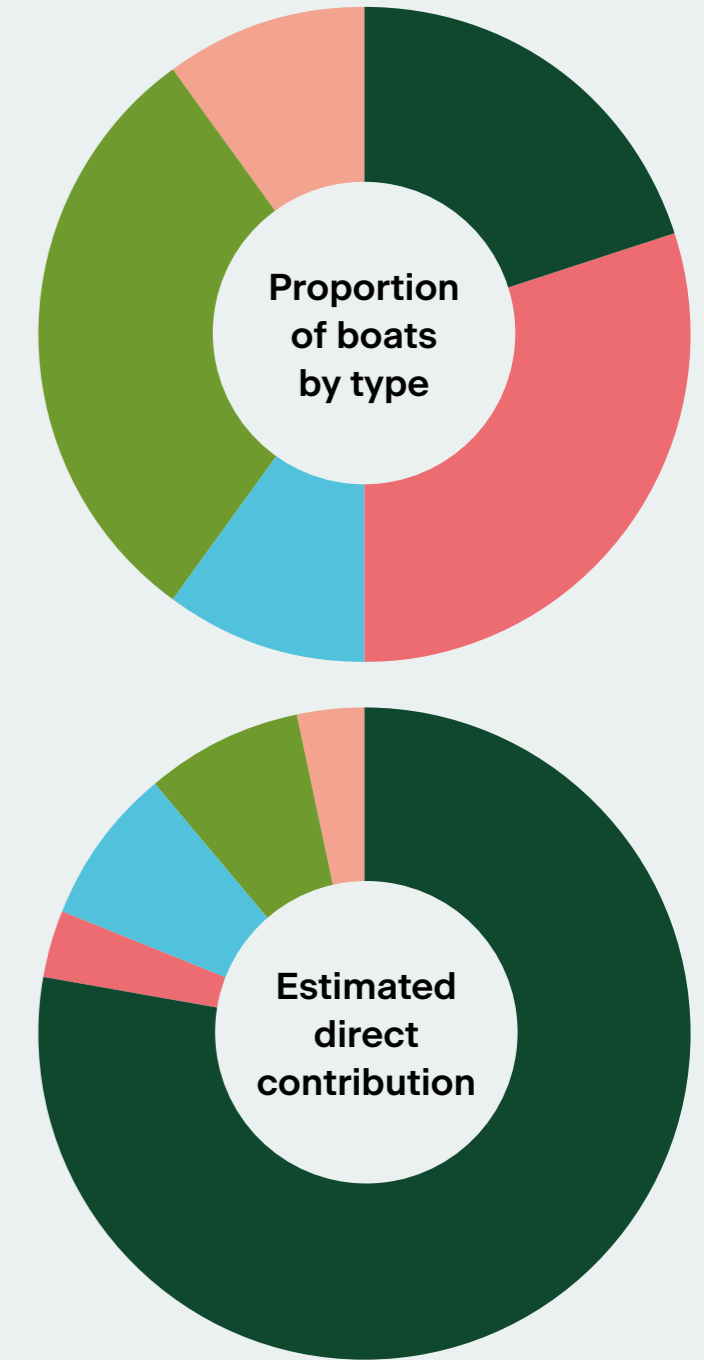


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Kaş:
The opposite graphs (Figure 4c) show the results of interview surveys conducted by AKD with fishing cooperatives, dive industry firms and marinas. The top graph shows the estimated number of boats in the Kaş harbour by type as a proxy for the marine economy make-up; the bottom graph shows the estimated direct contribution to the marine economy by boat type. The marine economy in Kaş is heavily dominated by domestic tourism, which aligns with its image as Türkiye’s outdoor adventure capital. Dive boats bring in the most revenue, with kayaking, coastering (not included) and day trips to local archaeological sites also making a significant contribution.

Figure 4c. Kaş Marine Economy



- Key**
- large tour boat
 - small tour boat
 - fishing boat
 - pescatourism
 - owner yachts

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Supply chains in the seascape

Regional Tourism:

- Southwest Türkiye is, after Istanbul, the main destination for tourists in the country. With its temperate climate, stunning scenery, beautiful beaches and Mediterranean lifestyle, it consistently attracts domestic and foreign tourists throughout the season, from May to October.
- Political instability in the country in 2016 did reduce visitor numbers, but numbers have since rebounded and are now above their previous peak (Figure 4d(a)).
- While Russians and Germans form the largest numbers of visitors to the country, overall, the UK provides the largest proportion of visitors to this region, supplying nearly a third of overseas visitors to Mugla (Figure 4d(b)). Many British people have also settled in the region as ex-pats, or own accommodation or yachts, and are a relatively organised and networked ex-pat group.

Figure 4d(a). Turkey Foreign tourist arrivals ('000s)

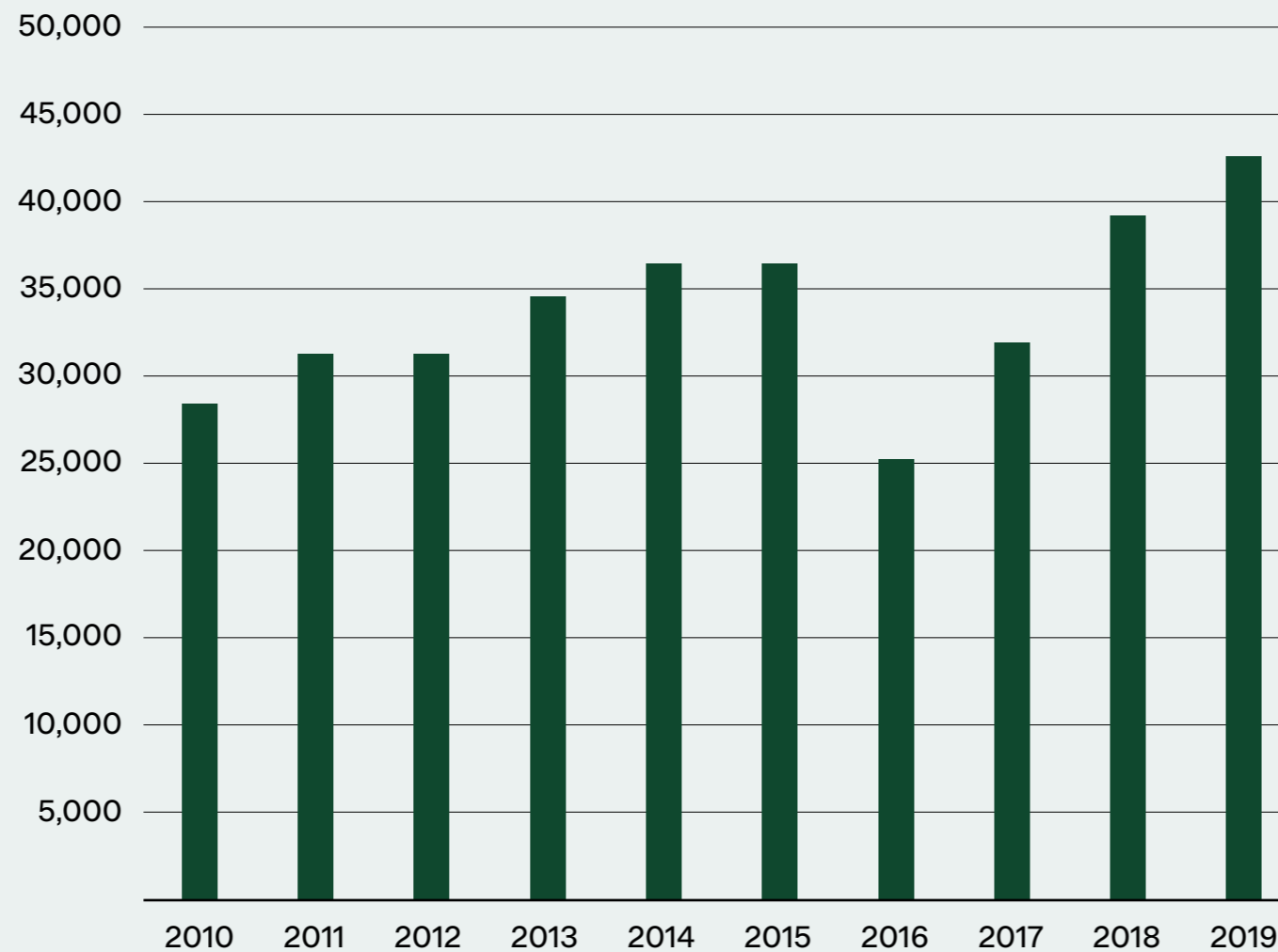


Figure 4d(b). Mugla province arrivals by country

- Overall, tourism numbers are evenly balanced between domestic and foreign visitors. However, there is a large variation according to location. For example, foreign visitors are concentrated in Marmaris, Ortaca and Göcek (not shown), while Datca, Akyaka and Kaş (not shown) are primarily domestic tourism destinations (Figure 4d(c)).
- Although there are several large tourist towns (Marmaris, Bodrum and Fethiye) in the region, smaller tourist areas have tended to specialise and offer a niche experience, such as sailing, windsurfing, or diving.

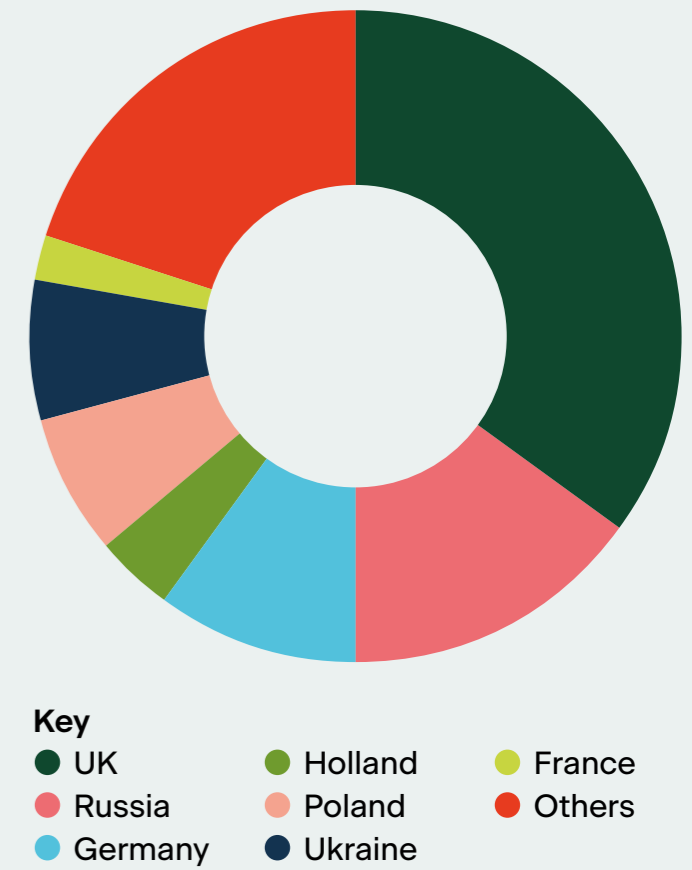
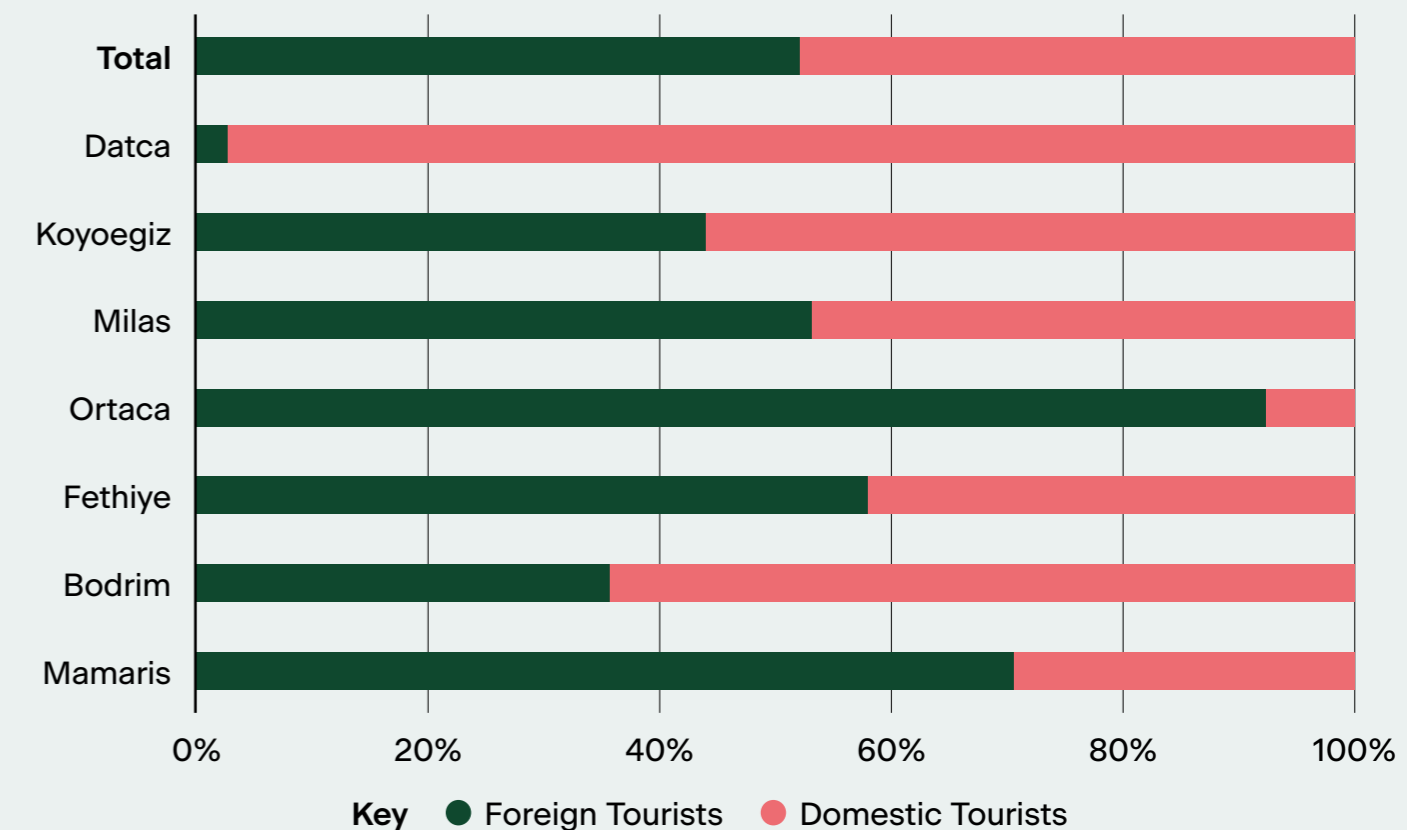


Figure 4d(c). Mugla province tourism split



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Fishing Industry:

- Fishing in the region is primarily artisanal in nature. Fishers use small boats (approx. 9m) with one to two crew members, fishing nearshore and inshore areas, often adjacent to the SEPA established by AKD. Fishers primarily use gill nets and long lines.
- Many fishers also operate tour boats, which explains a dip in catch value over the main tourism months (Figure 4e(a)). Catch value peaks in spring and autumn and declines in winter.
- Fishers are heavily reliant on a small number of species. Nearly two-thirds of the catch by volume and 81% by value comes from just four species in Akyaka (Figure 4e(b)).
- Fish are primarily sold through cooperatives and off the docks to residents, fishmongers and restaurants, as local demand exceeds supply. Higher-value fish are transported to regional markets in Ismir and Istanbul.

- Fishers have anecdotally been heavily impacted by the recent arrival of invasive tropical species through the Suez Canal in response to warmer sea temperatures caused by global warming. Large numbers of pufferfish, significant numbers of rabbitfish species and, most recently, lionfish, have been reported. Until recently, these species had little or no market value and were treated as bycatch rather than targeted for fishing. However, in Türkiye there is growing interest in promoting their consumption, creating market demand, and developing processing and pricing strategies for invasives like lionfish.

Figure 4e(a).
Industry seasonality comparison

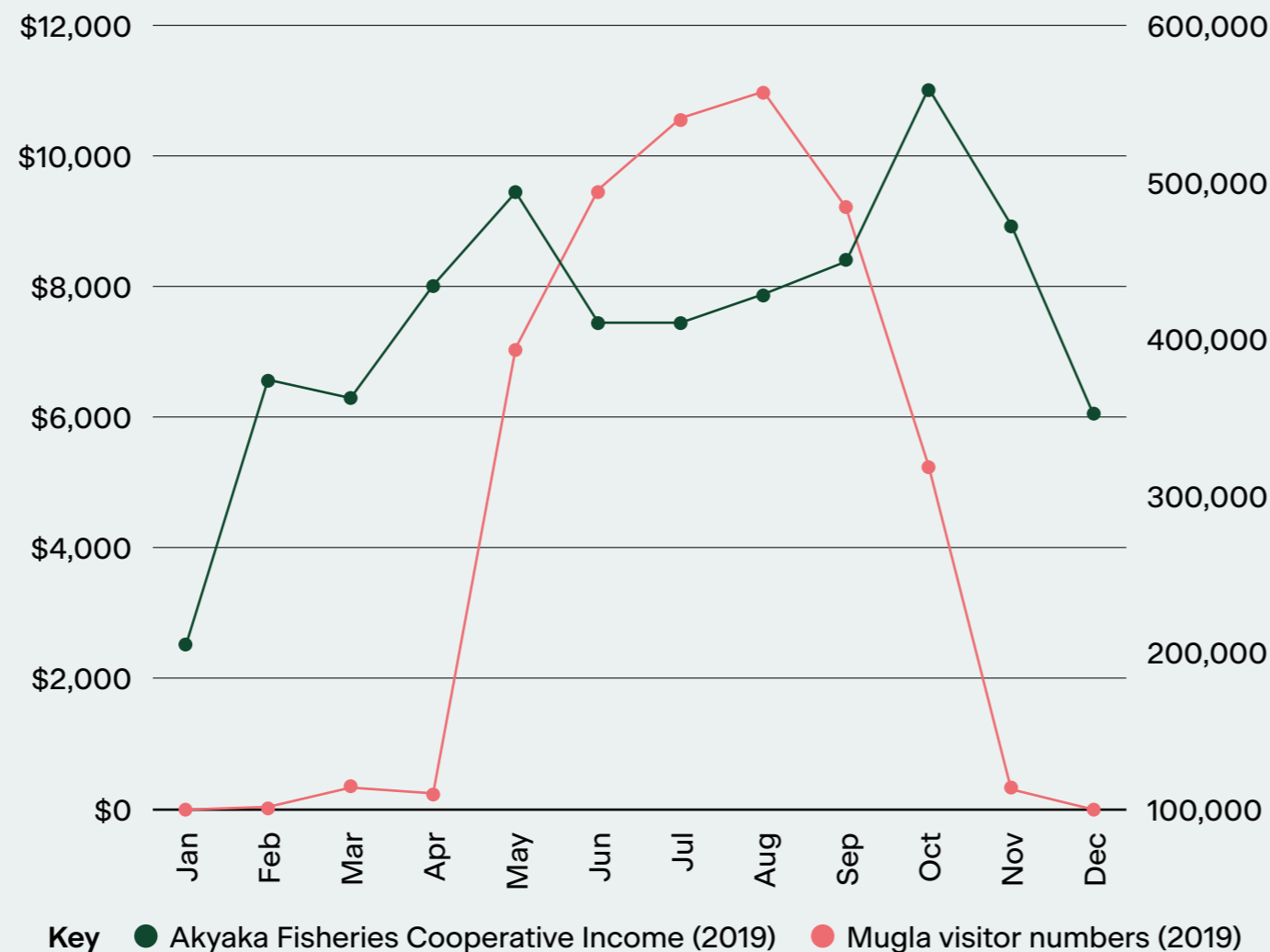


Figure 4e(b).
Species fishers are reliant on

Name of Species	% in total
Kima Mercan (Common pa pandora)	31%
Lahoz Türleri (White grouper)	25%
Cipura (Gilthead seabream)	15%
Kilkuyruk Mercan (Threadfin bream)	7%
Kefal (Flathead grey mullet)	6%
Istavrit (Atlantic horse mackerel)	5%
Barbun (Red mullet)	4%
Karides (Shrimps)	3%
Dil (Common sole)	2%
Sinagrit (Common dentex)	1%

Figure 4e(c). Fishing industry overview in Türkiye



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Social Context

The population of Türkiye is over 70 million and 98% Muslim. Well over half of its citizens live in cities. Cultural practices, social attitudes and lifestyles vary significantly across the country.

Major cities like Istanbul and Ankara are typically very modern and multicultural. However, many classic Turkish institutions remain very popular. For instance, local bazaars continue to be the main trading centres instead of shopping centres.



Governance & Policy

Institutions responsible for seascape governance

The Special Environment Protected Areas (SEPA)s in Türkiye, including marine protected areas (MPAs), are under the authority of the Ministry of Environment and Urbanisation's (MoEU) General Directorate for the Protection of Natural Assets (GDPNA). A list of management activities is prepared for the site level, but decisions on which will be funded are made at the national level.

Under current legislation, any revenue generated at the site level is remitted to the central level. There is no connection between income generated on-site and budget allocations to that site within GDPNA.

The GDPNA cooperates with numerous local/regional governmental agencies to address the management needs of SEPA)s through the actions of local agencies.

This leads to cost-sharing to a certain degree but weakens the management leadership, authority and ownership necessary for effective site conservation.

The GDPNA does not have the financial means to employ a local management unit at the site and acquire necessary equipment, so enforcement and patrolling of the SEPA)s are not carried out on-site. The Coast Guard Command, nominally in charge of patrolling SEPA)s, is busy with other issues, primarily clandestine migration to Greece.

Changes in government structures and financing of local government are driven by inter-party politics that starves opposition-led authorities of funds and realigns local government boundaries to deliver changes in control.

A lion fish. This species is has recently started arriving in Türkiye through the Suez Canal in response to warmer sea temperatures
 © Pippa Howard / Fauna & Flora



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**Step 2:
Setting sustainable
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Step 2.

Setting sustainable financing objectives

The next step is to determine the sustainable financing objectives for your landscape or seascape. The landscape assessment ([Step 1](#)) will have helped you collect information on the context of the project landscape and should inform your objectives.

The sustainable finance objectives should reflect the project or landscape's Theory of Change (ToC) and should give balanced consideration to ecological, social and economic factors. These key objectives will also inform the NPE's vision and mission, which will be covered in the [Business design chapter](#). You will also return to these objectives when choosing impact measures, which will determine whether the NPE is succeeding in delivering its objectives.

Referring to your landscape's ToC, use the following questions to guide you in determining the sustainable financing objectives for the project:

- Are there activities that need long-term financing to achieve intended outcomes?
- Is the objective of sustainable finance to generate income for restoration/conservation action (and reduce dependence on grant finance), to create economic incentives for the local community to conserve their natural resources, or a combination of both?

- To what extent can sustainable financing objectives help reduce social inequalities – particularly for women, youth and marginalised groups – while aligning with their priorities in conservation and income generation?
- Who are the key stakeholders in the chosen landscape whose collaboration/support is important to achieve the project goals?
- What are the aims of the project partners? Consider setting up discussions to ensure the NPE objectives align with their organisational goals.
- What are the needs and priorities of the local communities? Consider running the exercise in partnership with key stakeholders to ensure that all relevant perspectives are included in the design phase. Make sure women, as well as marginalised, disadvantaged or vulnerable groups often excluded from planning and decision-making, are actively involved.

Case study:

Akdeniz Koruma Derneği/ Mediterranean Conservation Society sustainable finance objectives, Türkiye

The project's sustainable financing objectives are:

1. Restoration of marine ecosystems, increasing climate resilience

The theory of change (ToC) for the project illustrates that new income streams will provide financial support for the restoration of marine ecosystems through funding operations like ranger patrols, which in turn protect the biodiversity within the marine protected area and encourage climate resilience.

2. Generate at least US\$300k/year in unrestricted funding for core activities

The ToC links the increase in income for fishers' livelihoods to new income streams to support the operations of the marine protected area (MPA). Create incentives for fishers to target invasive species to reduce their population size, therefore, their detrimental impact on the ecosystem

The ToC demonstrates that increased consumer demand will drive targeted fishing, resulting in better control of populations of invasive species.

3. Reduce impacts of recreational yachting and tour boats on the marine environment

The ToC links the increase in biodiversity as a result of project activities to an increase in natural assets for tourism companies, which increases financial support from these stakeholders and increases motivation to comply with mooring regulations.

4. Maintain high legitimacy and engagement with local fishers

The ToC links protecting fishers' livelihoods to financial support for MPA activities, both encouraging conduct which controls invasive species' populations and creating motivation to comply with regulations.

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**Step 3:
List of potential
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**Case study:
AKD potential products
and services, Türkiye**



Step 3: List of potential products/services and options analysis



Potential products and services

The next step is to choose the
product or service that will form the
concept of the NPE business model.

This requires a long-list exercise for
potential products and services. List
each product or service separately,

as it is important to assess each
potential option individually, even
though the business model may end
up using just one or two products or/
and services.



Kadınazmağı Creek.
© Zafer Kizilkaya



Producing honey.
© Chris Loades / Fauna & Flora



Bird watching.
© Juan Pablo Moreiras / Fauna & Flora



Harvesting coffee.
© Edy Susanto / Fauna & Flora

Case study: Akdeniz Koruma Derneği/ Mediterranean Conservation Society potential products and services, Türkiye

Below is an example of the list of potential products and services listed as
part of the long-list exercise done for the sustainable financing project in the
Gökova seascape in Türkiye.

- Ecotourism
- Wildlife viewing
- Wild harvest products
- Pesca-tourism
- Agritourism
- Mooring buoys
- Dive levies
- Visitor centre
- Ultra-luxury villa
- Scientific diver training/
data collection
- Exclusive diving in closed areas
- Invasive fish food festivals
- Lionfish sales
- Place-branded premium fish
- Rabbitfish export
- Model fishing boat
- Prawn fishing
- Fish pet food
- Outdoors centre Kayak etc
- Experiences for flotilla
yacht companies
- Fundraising – British expats/
homeowners in region
- Cistus Incanus herbal tea
- Red Pine honey export
- Conservation coffee brand
- Tetrodotoxin (TTX) extract
from pufferfish



Sailing boats on anchor.
© Zafer Kizilkaya

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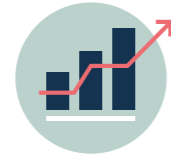
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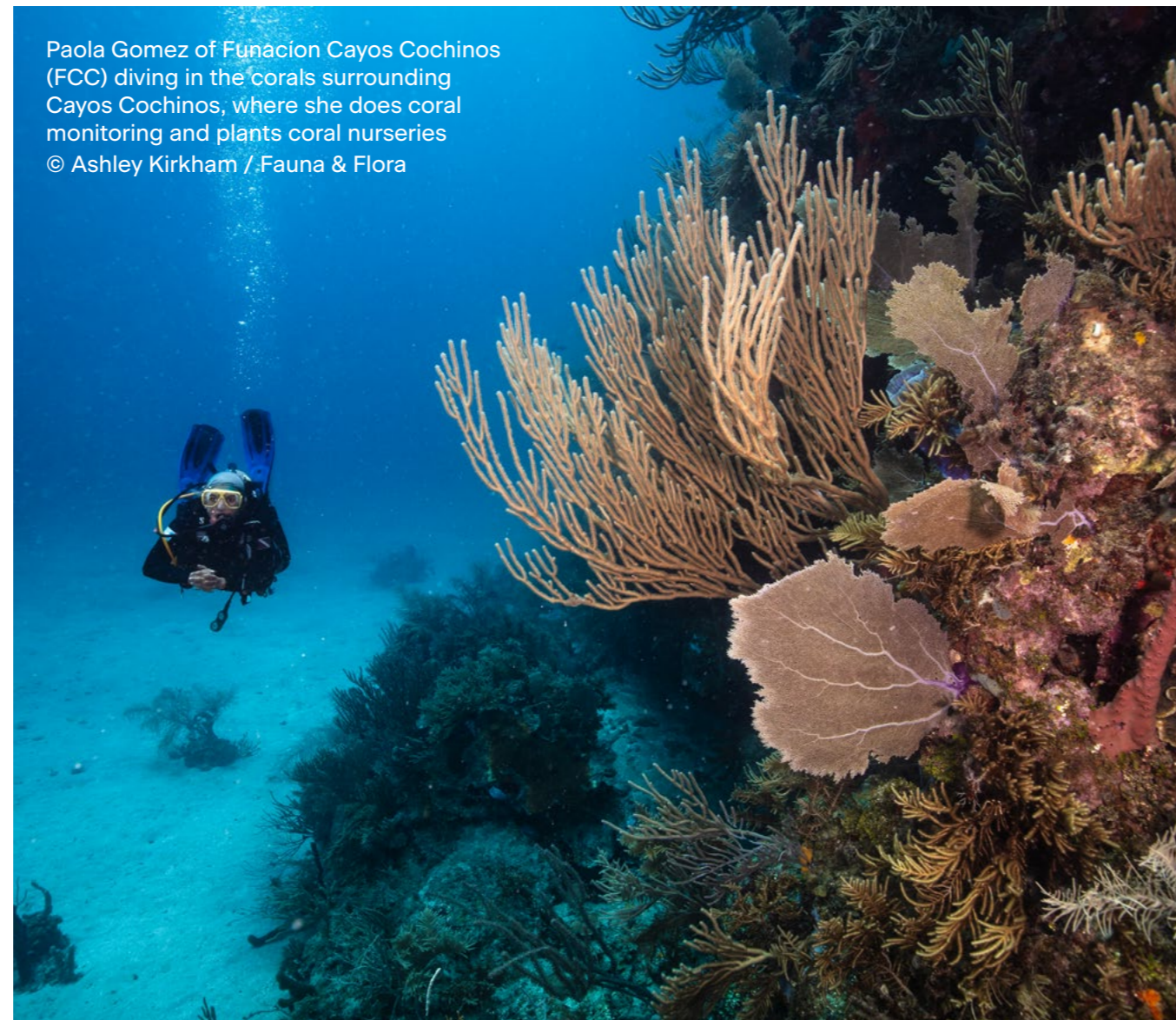


Options Analysis Tool

Once the list of potential options is ready, it needs to be narrowed down to a shortlist of one or more products or services to be sold or offered by the NPE. An Options Analysis Tool can be used to ensure this process is logical and systematic. It is recommended to run the exercise with as wide a stakeholder group as possible, and that stakeholders, including local communities, are involved in the decision-making process from the NPE concept stage. Note that it is important to keep

records of the results of the exercise and minutes of the discussion(s) if possible, as it provides the “justification” for why the selected NPE concept was chosen. It may be convenient to revisit this long list in the future if there is interest in exploring further products or services at a later time.

The Options Analysis Tool should be tailored to the specific needs of your NPE (see Step 2 on objectives for guidance). Below are some example criteria to consider.



Paola Gomez of Fundación Cayos Cochinos (FCC) diving in the corals surrounding Cayos Cochinos, where she does coral monitoring and plants coral nurseries © Ashley Kirkham / Fauna & Flora

**Step 3:
List of potential
products/services and
options analysis**



Example criteria

Ecological Impact

- Does the option clearly support conservation, restoration, or sustainable use of biodiversity and ecosystems?
- Could it reduce existing pressures (e.g., overharvesting, habitat loss, pollution)?
- Is there a risk of negative environmental impacts or excessive pressure on the environment (e.g. from an increasing number of tourists)?

Community Impact

- Does the option create fair and inclusive opportunities for local people, including women, youth, and marginalised groups?
- Are benefits shared transparently and equitably?
- Could it benefit a significant number of people, providing meaningful improvements to livelihoods, wellbeing, or social cohesion?

Cultural Fit

- Is the enterprise idea aligned with local traditions, knowledge, and aspirations?
- Would it be considered fair, appropriate, and respectful of rights and cultural values?

Local Capacity

- Do communities and partners have, or could they reasonably develop, the skills, resources, and enabling conditions (infrastructure, policies, institutions) to make this option work?

Economic Viability

- Is there evidence that the enterprise could generate reliable revenues or value, at a scale sufficient to sustain itself over the long term?
- Does it avoid overdependence on unstable markets or subsidies?

Resilience

- Is the enterprise likely to endure and adapt over time in the face of shocks such as climate impacts, market fluctuations, or political changes?
- Does it strengthen the adaptive capacity of both people and ecosystems?

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**Step 3:
List of potential products/services and options analysis**



Basket weaving.
© Camilla Rhodes / Fauna & Flora

The following table is a template for the Options Analysis Tool. As you use it, ask yourself:

- Does it need to be adapted for your NPE project?
- Based on your NPE objectives, should any aspects be given a higher weighting?

Start by assigning each criterion (shown as columns in the template) a basic score from 1 to 5, reflecting how well the option meets that criterion. For example, if a product is expected to have a strong community impact, it might score a 4 or 5 in the “Community Impact” column.

If needed, you can refine these scores by applying a weighting of 1 to 3 for each aspect (1 = less important, 3 = more important). For instance, economic viability might be weighted as 3 because a project cannot succeed without generating reliable revenue. If the basic score is 4, multiplying it by a weighting of 3 gives a final score of 12.

It’s essential to give balanced attention to all three dimensions: People, Planet, and Profit. If you modify the tool, conduct a sense-check both before starting and after completing the exercise (see Step 4) to ensure no aspect is disproportionately weighted.

Options Analysis Tool – Template

Enterprise Option	Example: Kayak tours
Ecological Impact	Score: 4 Weight: 1 Total (Score x Weight): 4
Community Impact	Score: 3 Weight: 2 Total (Score x Weight): 6
Cultural Fit	Score: 4 Weight: 1 Total (Score x Weight): 4
Local Capacity	Score: 3 Weight: 1 Total (Score x Weight): 3
Economic Viability	Score: 5 Weight: 1 Total (Score x Weight): 5
Resilience	Score: 3 Weight: 1 Total (Score x Weight): 3
TOTAL	25

Note: The following case studies use Options Analysis tables that look different from the template provided above. This is because each project adapted the tool to reflect its specific priorities and context. While the format and wording of the criteria may vary, all adaptations are based on the same overarching themes: ecological and social impact, economic potential, local capacity, alignment with project objectives, and sustainability. The key takeaway is that the Options Analysis Tool is meant to be flexible – projects should tailor it to their context while ensuring these core dimensions remain central.

Case study: ADEPT options analysis

ADEPT chose cheese production as it scored high across all aspects.

Enterprise/sustainable source of income for conservation activities	Ecotourism products (Score 1-5, 1 = low, 5 = high)		Wild harvest (Score 1-5, 1 = low, 5 = high)		Livestock (Score 1-5, 1 = low, 5 = high) Weightage = 1	Cheese production (Score 1-5, 1 = low, 5 = high) Weightage = 1
	Guided tours Weightage = 1	Accommodation and food Weightage = 1	Berries Weightage = 1	Honey Weightage = 1		
Scale of Impact Income generated: volume x price margin	3	4	4	3	4	5
	Number of people benefited	1	2	4	2	5
Alignment with our vision for sustainable finance for conservation activity		2	1	4	5	5
Inclusion of gender, youth, and marginalised community members	1	3	5	4	5	5
Do you have the technical capacity to develop this business?	1	1	4	3	3	5
Sustainability How environmentally and socially sustainable is it?	1	2	4	5	5	5
Scalability/Replicability Can the enterprise be scaled to landscape level?	2	2	5	3	4	5
Business risk	5	2	3	5	3	4
Total Sum of scores	16	17	33	30	34	39

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Case study: Akdeniz Koruma Derneği/ Mediterranean Conservation Society options analysis

AKD chose sales of invasive fish because it scored the best across the chosen measures.

Product	Scale How big is potential production, market and financial return?	Capacity Do we have or can acquire the skills and assets to produce it?	Alignment How well does this product fit with our objectives	Sustainability How environment/ socially sustainable is production	Quick pilot Can we start up without waiting for government	Score
Other invasive fish sales	● ● ●	● ● ●	● ● ● ● ● ●	● ● ● ● ● ●	● ● ● ● ●	20
Pufferfish toxin	● ● ● ● ● ●	● ● ●	● ● ● ● ● ●	● ● ● ● ●	● ●	19
Experiential philanthropy	● ●	● ● ● ● ●	● ● ●	● ● ● ●	● ● ● ● ● ● ●	17
Mooring buoys	● ● ●	● ● ●	● ● ● ● ● ●	● ● ● ● ●	● ●	17
British expats fundraising	● ●	● ● ● ● ●	● ● ●	● ● ● ● ●	● ● ● ● ●	17
Gökova adventure sports	● ●	● ● ● ● ●	●	● ● ● ●	● ● ● ● ●	14
Kaş dive leview	● ●	● ● ● ● ●	● ● ●	● ● ● ● ●	●	14
Pescatourism	● ●	● ● ● ● ●	● ● ● ● ●	● ●	● ●	14
Scientific diver training	●	● ● ● ● ●	●	● ●	● ● ● ● ● ● ●	13
Luxury villa rental	● ●	● ● ●	●	● ●	● ● ● ● ● ● ●	13
Gökova red pine honey	● ●	● ●	●	● ● ● ● ●	● ● ● ● ●	13
Model fishing boat	●	● ● ● ● ●	●	● ●	● ● ● ●	11
Cistus incanus herbal tea	● ● ●	● ●	●	● ● ● ●	● ●	11
Visitor centre	●	● ●	● ●	● ● ● ●	● ●	10

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Step 4: Sense-checking if an NPE is an appropriate model for your landscape

Project implementers and partners must take an important strategic decision at this stage on whether to go ahead with the launch of an NPE. They should base this decision on a final assessment of whether investing time and financial resources into the business model concept is likely to produce the required results.

As each project and landscape will have its strengths and weaknesses, it is important to be aware of the enabling factors and be prepared to focus on the project activities that create the conditions needed for the businesses to succeed. Some key enabling conditions for an enterprise to succeed are suggested opposite, based on Fauna & Flora's experience.



Key enabling conditions for NPE development

At site level:

- Existence of a supply chain with like-minded private actors for the chosen commodity
- Access to markets, especially those that pay premium prices for biodiversity-friendly products
- Existence of necessary physical infrastructure such as roads, electricity, network connectivity and water supply
- Access to appropriate finance for the business
- Pre-existing skills relevant to NPE among men and women in the community and as part of the land/seascape's social capital
- Ensure that the decision to proceed with an NPE considers whether women and other marginalised groups will have equitable access to benefits and participation opportunities

At the organisational level:

- Existence of entrepreneurial capacity among men and women in the organisation, including a business mindset and experience working with the private sector
- Existence of basic financial and organisational management skills

At the macro-economic level:

- Clarity of rights over natural assets, including any gender-based restrictions on rights to land and resource use
- Low risk of causing or escalating community conflicts, or of negatively affecting specific groups
- Ease of doing business in the country/landscape
- National credit ratings
- Existence of chambers of commerce, responsible tourism or other multi-stakeholder platforms

These considerations should give you a holistic view of the viability of the NPE business model by using the Options Analysis Tool. It provides a way of “sense-checking” the result before moving on to the next stage, Business Design. If your prioritised NPE business model no longer seems well suited to the context, revisit the options analysis, make any relevant amendments in line with your updated understanding, and choose the next most viable option.

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Using the Business Model Canvas for Nature Positive Enterprises

Using the Business Model Canvas for Nature Positive Enterprises

Now that you have chosen a concept for your NPE based on your objectives and the natural and social capital available in the landscape, you can begin to design your business model.

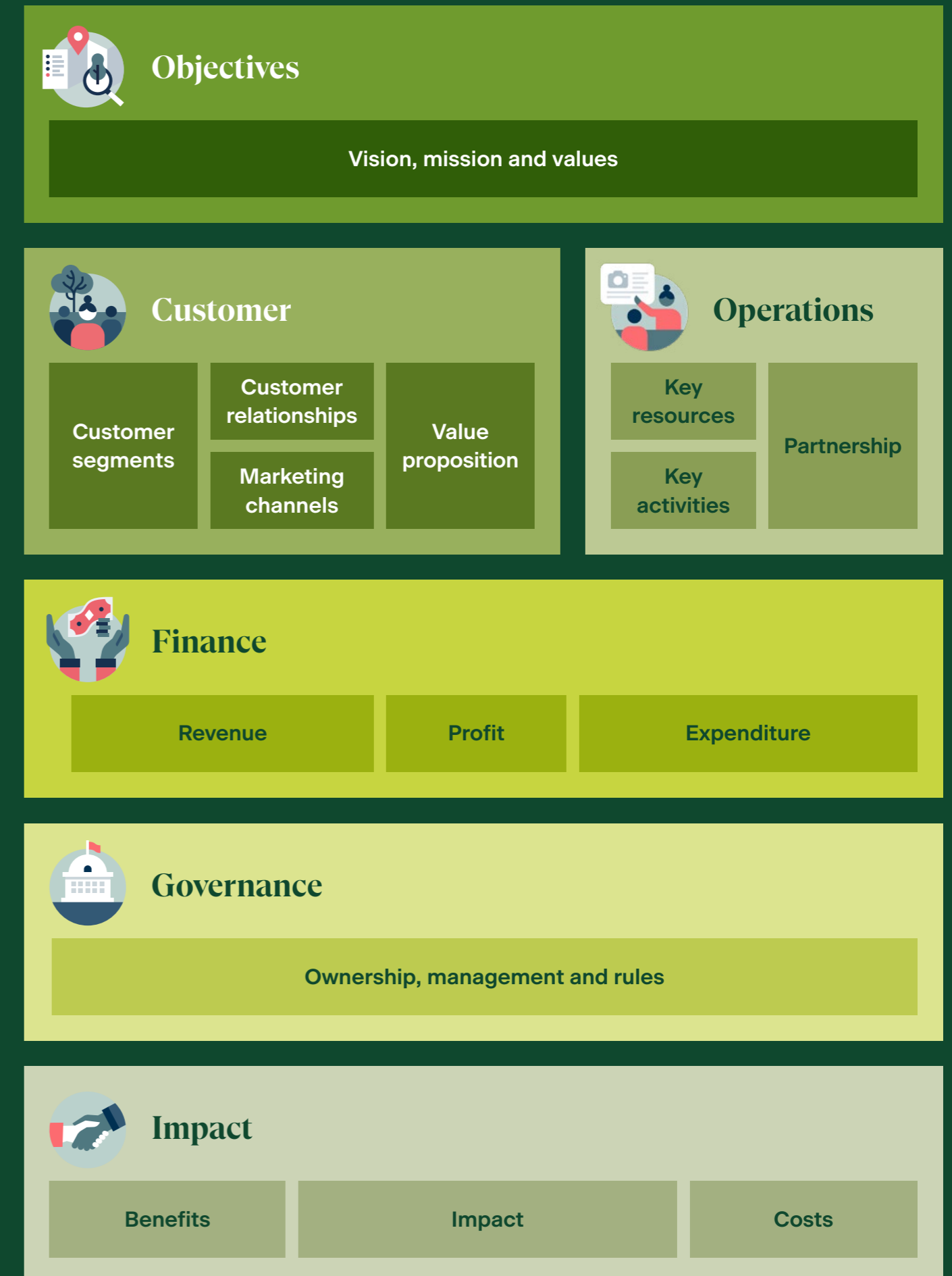
The Business Model Canvas (BMC) for NPEs is based on the approach developed by Alexander Osterwalder, which was intended to be used as a tool for start-ups to choose the right business model without the need to develop a complex and time-intensive business plan¹. In the NPE context, it helps describe how your NPE will operate while achieving its ecological, social and economic objectives. It will assist you in developing an initial plan for your NPE, which will eventually inform the development of a detailed business plan. Crucially, the synthesised information in the BMC can be used to inform the donors, investors or other stakeholders in the landscape about the plan for your NP².

Using the BMC to design your NPE will ensure it is coherent and all aspects of its design are well integrated and functional. For example, if you are developing a product for a specific type of customer, the operational part of the BMC helps identify what needs to be produced to meet this customer’s needs. It will also help you assemble some basic financial projections. By guiding you in estimating the costs of starting up and then running your NPE, it should start to give you an idea of how much you need to charge for your product or service to cover your costs and when you will ‘break even’ – the point at which all costs are covered by revenue.

The business model canvas template opposite shows the BMC in a template format which helps visualise how the six areas of your NPEs design are related, as well as providing an actual canvas for carrying out the BMC as an exercise with stakeholders. Each section of the BMC will be explored in more detail in the following sections, and a template will be provided at the end of this chapter for you to complete the exercise with your proposed NPE.

¹ [https:// hbr.org/2013/05/a-better-way-to-think-about-yo](https://hbr.org/2013/05/a-better-way-to-think-about-yo)
² Refer to stakeholder mapping which should have been carried out at the outset of your project, this will inform which stakeholders should be “consulted” and which should be “informed” at each stage of the NPE design. Note it is recommended to include key stakeholder like implementing partners in this stage of the process.

Business Model Canvas Template



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Objectives

**Case Study:
ZA vision, mission
and values**



Objectives

In the Assessing opportunities chapter, we looked at the overarching objectives for your landscape and the conservation/restoration project within it. This first section of the BMC is designed to help clarify these objectives in a succinct way to define the business model. In addition, the objectives will lay out the value that the enterprise will add to the supply chain, which is fundamental to the sustained operation of the enterprise.

The BMC does this by first guiding you to determine a vision, mission and values for your NPE. Next, it is important to refer back to the overarching landscape objectives and ensure that they remain integrated into this first building block of the business model.

These statements must be fairly short (no more than a few sentences), but should summarise the purpose of the business and provide focus, coherence and direction for the NPE. Although they are short, they form the backbone of your NPE business model. For example:

Vision

“To achieve national recognition for biodiversity and social values” (i.e., how you want your brand to be seen)

Mission

“Establish a thriving community-based enterprise that sells sustainably caught local fish to environmentally conscious customers” (i.e., a summary of how the enterprise will operate)

Values

“At source: promoting local biodiversity and fair prices for fishers. At the market: providing the best quality fish at a fair price” (i.e., what you believe in as an enterprise)

It is important that this exercise is carried out with the whole project team and a wider group of stakeholders if appropriate, as it is key to have full buy-in from these groups to the agreed objectives.



Bee-keepers collect honey from hives near the shore of Issyk-kul lake.
© Juan Pablo Moreiras / Fauna & Flora

Case Study: Org **J** Zarand Association vision, mission and values

In the Zarand landscape, few families are developing small businesses to gain income from their products, and most locals rely solely on land subsidies and self-subsistence agriculture. To tackle this, Zarand has set up an enterprise to develop a self-sustainable local honey enterprise to promote high-quality honey products that encourage traditional natural practices in the landscape.

The vision, mission and values that form the objectives of Zarand’s enterprise are:

Vision

Zarand landscape is internationally recognised for its biodiversity and cultural values.

Mission

Establishing a thriving community-based enterprise that markets traditional products sustainably produced, respecting the environment and culture-specific to Zarand.

Values

At the source – promoting local biodiversity and fair price for beekeepers.
At the market – the best quality honey at an affordable price is made available.

Case Study: Zarand Association Honey Enterprise marketing strategy

A marketing strategy was developed taking into account the state of play of the Romanian honey market and the growing demand for sustainably sourced natural sweeteners in the European market. Value chain analysis was conducted, revealing that though Romania is a major producer of honey in the EU, domestic consumption used to be low. As per the data available, individual honey consumption in Romania was 300-400 grams compared to 5 kg in Denmark, 1.5-2 kg in Germany, 1.5 kg in the Netherlands and Belgium, and 600 g in Hungary. Honey continues to be used mainly for medicinal purpose but consumption as a natural sweetener in food is increasing, especially among health-conscious consumers. Honey is one of the most exported Romanian natural products. As of 2017, the country contributes to 2.2% of export and ranks 14 in the world export market.

Based on the market data, Zarand's market strategy was developed targeting the following customers:

- Our primary target consumer target is health- and environmentally conscious customers, interested in traditional products.
- Our secondary consumer targets are the diaspora in other EU countries, interested in traditional products from back home.
- Our business targets are importers of honey in EU countries, corporates interested in sourcing products with biodiversity gain, and companies interested in best-quality honey with 100% traceability.



Customer

This second section of the BMC will help you define who the target customers are, how a relationship will be maintained with them, the marketing channels that will be used to attract customers and the value proposition to meet customers' needs. The customer segment of the BMC is made up of three sections – customers, marketing channels and customer relationships.

1 Customers

This sub-section identifies and categorises the customers the enterprise will work with. It will help identify a realistic and achievable customer segment for your NPE to target.

In general, a customer is a person who pays for your product or service. However, sometimes customers could be both funders and beneficiaries, depending on your business model. Therefore, it is important to set out a clear understanding of the target customer in the BMC.

Customers can be divided into three categories.

- Mass market (e.g. frozen fish – high-volume and low-quality product targeted at a wide range of customers in supermarkets)
- Niche market (e.g. sushi grade fish – high-quality and low-volume product targeted at specific customers who want quality and are prepared to pay more for it)
- Multi-sided market (e.g. a supply-chain intermediary buying fish from local fishers and selling to restaurants).

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Customer
Case Study:
ZA Honey Enterprise
marketing strategy



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Customer
Case Study:
AKD online platforms



2 Marketing channels

Your NPE's marketing channels are the platforms used to communicate information about products or services to the customer. The chosen marketing channels will depend on the type of customer, e.g. whether your customers are other businesses such as wholesalers (Business to Business, B2B) or whether you sell directly to the end user (Business to Customer, B2C). Depending on your customer, there are many marketing channels available, including sales personnel, websites, retailers and wholesalers. Other considerations include the cost of accessing each of these. For example, a website could be a cheaper way of reaching customers and getting them to place orders directly. Conversely, setting up a retail shop could mean a large up-front capital investment, but you may reap the rewards if you have a high degree of local foot traffic.

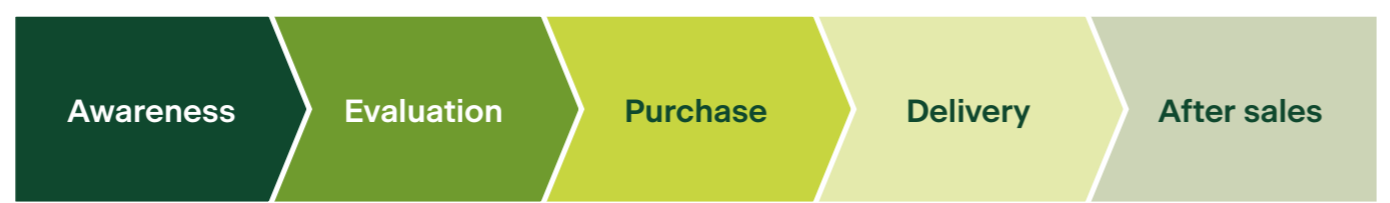
It is important to note that although selling your products or services through a B2B model may be more efficient (e.g. selling products in bulk to a wholesaler), B2B customers are likely to pay lower prices. Depending on the cost efficiencies of this model compared to a B2C model, this may reduce your profit margins. This can,

however, be reassessed during the financial projection and costing phase, and using a lean start-up approach should give you enough flexibility to test your approach and adapt it if necessary.

Once you have chosen your marketing channel (B2B or B2C), you can start determining a marketing strategy. Marketing your product or service involves a multiple-phase approach (see Figure 2).

- a. **Awareness:** Online platforms are one of the best-known ways to create visibility and awareness about the product.
- b. **Evaluation:** For better promotion, the product/services may have to be evaluated by external agencies.
- c. **Purchase:** The customers place the order for the product/services marketed.
- d. **Delivery:** The products/services are delivered to the customers. It may be received by the customers directly in person or it may have to be shipped.
- e. **After-sales:** After-sales support is key to maintaining a long-term relationship with the customer and attracting a future purchase of your product/service.

Figure 2: Phases of marketing

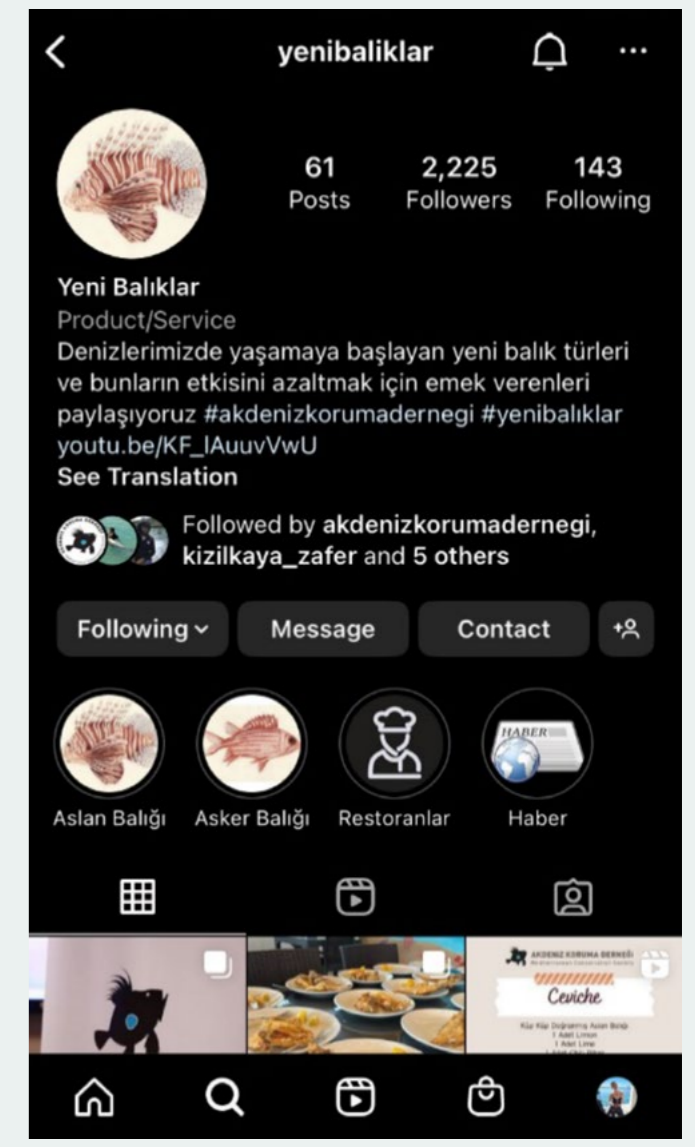


Case Study: Akdeniz Koruma Derneği Limited/ Mediterranean Conservation Society online platforms

AKD Limited, the NPE established by AKD, have made good use of online platforms, specifically through Instagram, to create awareness of their invasive fish intermediary enterprise. They post in Turkish and English to reach a wide audience and market their product as a delicious fish with a positive social and ecological impact. For example, they create posts explaining how they are working with local fishers and cooperatives to share information on how to safely process the invasive lionfish and increase understanding of the potential retail value of the species. They also work with online 'influencers', including famous chefs and local celebrities, to promote their invasive fish products.

In their latest annual report, AKD Limited reported 100,356 clicks/views on their social media account in the past 12 months.

The image opposite is a screenshot of the AKD Limited Instagram account.



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3 Customer Relationships

This sub-section considers the type of relationships your NPE should develop with its customers. It is important to identify what motivates your customers, as customer relationships are crucial for the success of your NPE. However, they can be expensive and time-consuming to develop, which will be assessed during the financing section, but bear this in mind when deciding which approach to take.

Customer relationships can include providing customers with personal assistance, e.g. face-to-face interaction, including an explanation of what the product delivers and answering any questions the customers might have. Developing personal connections and trust with the customer is key to the success of an NPE, so identifying who should manage those relationships is crucial. Some organisations assign specific personnel for customer service, for example, to retain an excellent relationship with customers.

In some cases, such as if the product is inexpensive or the size of the sale is small, self-service could be an appropriate way of arranging your customer relationships. Self-service could involve providing written information along with the product or on the website so that the customers can inform themselves about the product and how to purchase it directly without the help of personnel.

Your customer relationship could even involve developing a community where your customers share their experiences with the product. Some enterprises focus on the quality of the reviews of their product or service as a means of attracting customers through other customers' experiences. An example of this is widely seen in the tourism sector, where reviews on TripAdvisor and search engines such as Booking.com and Expedia are the principal feature that attracts clients after the price/discount of a hotel night or other related service.

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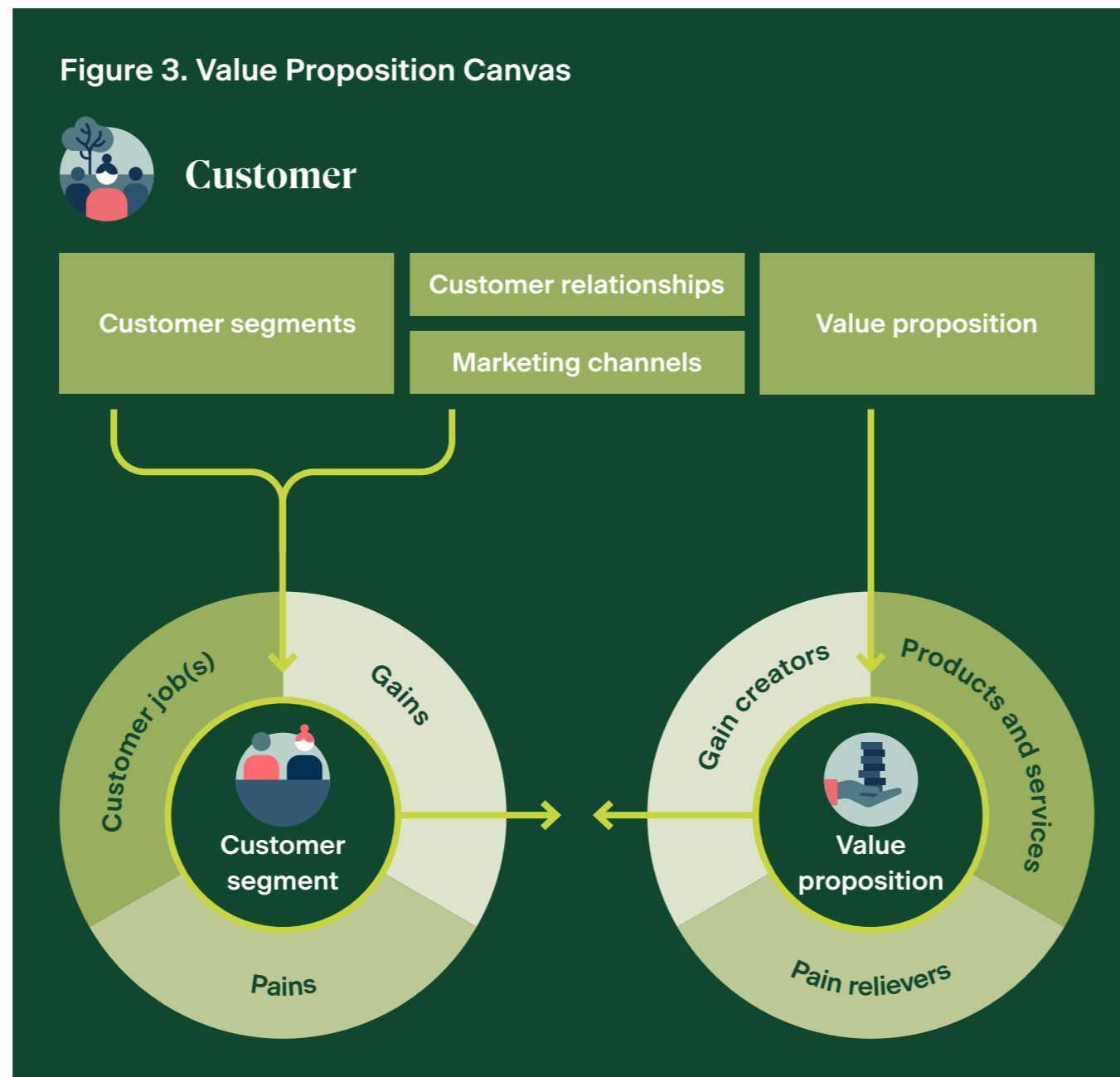


Value proposition

The value proposition is simply understanding how the NPE provides value to its customers. It is, therefore, important to understand the product from a customer's perspective. Value statements in the BMC can be defined using a Value Proposition Canvas (Figure 3). This image can be used as a visual template for this exercise, or you can simply list your thoughts for each prompt.

There are two aspects to a value proposition:

1. The customer segment (circle on the left)
2. The value map or value proposition (circle on the right)



1 Customer segment

The customer segment of the value proposition is intended to isolate the customer's needs. It has three sub-segments: customer jobs, pain and gains.

a. Customer jobs

These are the tasks the customers are trying to perform, the problems they are trying to solve, or the needs they are trying to satisfy. They may include financial needs, a desired quality of a product or service or, in some cases, even a requirement to satisfy emotional needs. There are different ways to identify what your customers need, such as by conducting market research or requesting customer feedback about the proposed NPE. This could mean distributing market surveys or questionnaires. When designing a feedback method, consider who your NPE's customers are, i.e. are they Business to Business (B2B) or Business to Customer (B2C)?

If you plan on marketing your product as "eco-friendly", for example, the costs of producing an eco-friendly product are likely to be higher and so a crucial question to ask at this stage is whether the target customer would be willing to pay more for an eco-friendly product.

For example, if you plan to set up a honey enterprise, other questions you may wish to ask include: Is organic honey important for the customers? What are the preferred types and flavours of honey? Is honey derived from particular flowers more popular? What sells best in the market?

b. Customer pains

These are inconveniences your customers face in the current market environment. It is important to identify these, as resolving these inconveniences could help you carve a niche for your NPE. Think about unsatisfactory outcomes experienced by your customers, risks involved in using the product or service, and obstacles (time involved, affordability etc.) to access the product or service.

c. Customer gains

These are the positive outcomes the customer will experience, over and above merely satisfying a task. For example, superior functionality, social gains, cost savings or positive emotions.

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2 Value map

A value map identifies the value that will be supplied to the customers based on understanding their needs. The proposition map has three aspects: products and services, gain creators and pain relievers.

a. Products and services

Products and services should allow customers to perform their basic requirements, i.e. “customer jobs”. The services or products offered must be as significant and relevant to the customer’s needs as possible.

Products and services are created based on understanding customer needs, pains and risks, to focus on relieving these pains and ensuring gains. Other considerations include the size of the problem, to ascertain if the customers would be willing to pay for the services offered to solve these problems.

b. Pain relievers

Think about how your NPE’s product or service reduces inconveniences your customers face, i.e. “customer pains”. Think in particular about inconveniences not addressed by products or services available in the market.

c. Gain creators

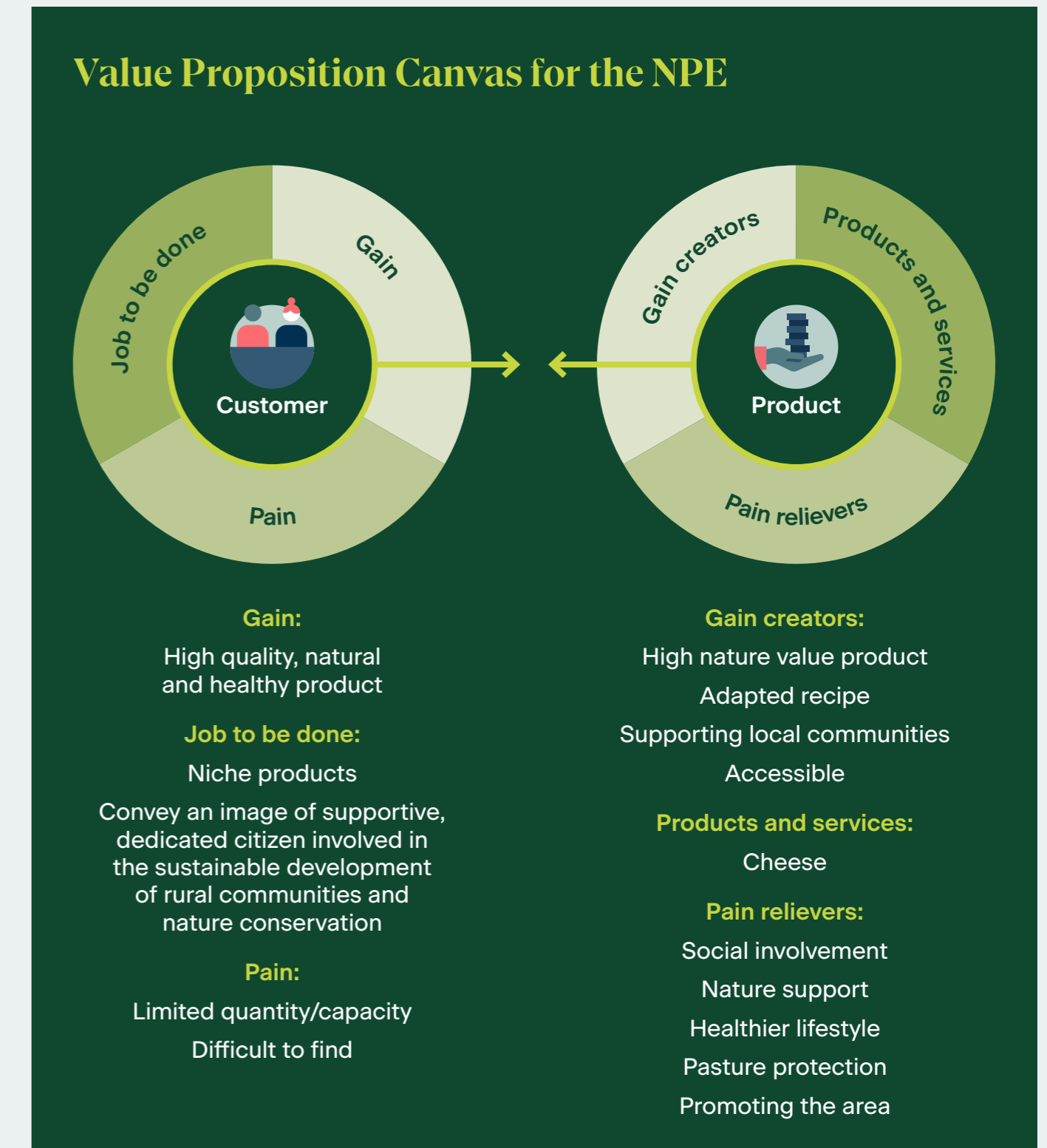
Think about how you can enhance your NPE’s product or service or design so that it maximises positive outcomes for the customer, i.e. “customer gains”. Again, consider how you might do this in a way not already done by a product or service available on the market.

Case Study:

Org **F**

Fundatia ADEPT business model

To produce and sell high-quality mature cheese covered in dried wildflowers, obtained from carefully chosen sources of milk collected from local farmers, to create strong incentives for them to continue managing their livestock in a sustainable manner and, in turn, benefit nature conservation.



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Operations

This section identifies the key resources required to run the activities of your NPE, as well as the necessary partnerships to be developed for successful implementation.

1 Key resources:

These are the resources required to build and deliver your NPE's products or services. These could include, for example, personnel, equipment, raw materials to make products or services, buildings, information technology and intellectual capital. Consider what skills and experience your team already has and any additional skills that will be required.

Sustainable use of resources is one distinction between NPEs and other kinds of enterprises, including social enterprises, which differentiates them from the traditional business

model. As your NPE business model depends on utilising natural capital, it is crucial to think through the sustainable aspect of the products/ services being offered.

When considering personnel requirements, reflect upon whether you have the skill sets within your organisation to complete the NPE activities (see next section on Key Activities). If not, where can you obtain this resource? If you do have those skill sets, do those staff members have the capacity to take on the additional work?

Case Study:

Org J

Zarand Association key resources

One of the key resources Zarand has focused on for its Honey NPE success is its people. Having experienced beekeepers with traditional knowledge and skills to produce high-quality honey and personnel with an entrepreneurial skill set has allowed it to be successful in running a honey business.

Other key resources identified in the Zarand business model are:

- Nature-rich grasslands and milk
- Farmers' knowledge
- Production capacity and facility
- Strong business/marketing skill set in personnel

The beekeeping project is a measure to mitigate elephant-human conflict that started in 2021 as a pilot. Fauna & Flora are supporting local people from the villages that are most affected by crop-raiding elephants.
 © Ruben Bañuelos Bons / Fauna & Flora



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2 Key activities

These are the activities required to sell the products/services to customers. These could include the organisation's production, management, marketing and administration. Refer back to Key Resources when completing this section, as it is important to ensure you have suitable personnel within your organisation to complete each activity, i.e. do you have personnel (men and women) within your organisation who have the right competencies to market the product, maintain the book-keeping and record-keeping, ensure proper governance and benefit sharing, and ensure transparency of operations? If you do not, you must consider where to source this resource.



3 Key partners

Identification of key partners is of high strategic importance and can add significant value to your NPE by enhancing its credibility. For example, there may be organisations or enterprises already established in the market that could advise or assist in marketing your product or service.

You may also wish to explore private-sector partnerships. For example, if you plan to export your product, privately run distribution companies could reduce your business risk by exporting the produce through already established and tested channels. They could also absorb some of the costs due to currency fluctuations, international payment, and quality standards as per the export market standards. There may also be resources which can be utilised, such as warehouse facilities and marketing channels, which may reduce the NPE's investments in such activities. In this case, the challenge faced is finding private sector partners who share the same sustainability or biodiversity conservation values as the NPE, and this should always be clarified beforehand.



Case Study:

Org **E**

Fishing for Success business model

Fishing for Success found expanding or replicating their business challenging, as their work was based in a single location. However, their impact has been growing despite limited resources due to their strong focus on replicating, rather than expanding, their business model and revenue generation activities. For example, their model has been replicated and adapted to the Japanese context by 'Girls who fish Japan' and the 'Japan Canada Sister Program', who were inspired by the outreach activities of Fishing for Success. Such collaborations/partnerships through inspiration were a strategic decision by Fishing for Success to improve their impact without draining their resources.

The enterprise has also partnered with the Memorial University of Newfoundland to build its profile and visibility. Fishing for Success became a research site and project for the university, where professors and students study the social enterprise business model. This has helped Fishing for Success tap into the university's resources, such as student placements and project work, to help run and build the programme. Many business students have also helped the enterprise to develop a marketing plan. This is also beneficial to university students, who gain practical experience in working with and contributing to the organisation's development and the community. Educational institutions can often play a key role in building the profile and operations of NPEs.

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Finance

This section will allow you to understand how revenue, expenditure and profits are determined and what you should consider when designing your financial strategy.

1 Revenue

This section of the BMC estimates your NPE's income from the sale of goods and services, grants and seed funds. Other potential revenue models include charging consultancy fees, which is worth considering if there are private sector partners who may be interested in tapping into your NPE's knowledge for sustainable business operations, particularly in monitoring and evaluation. You could also consider charging fees for using an asset, e.g. through subscriptions, hiring of services, licensing, or brokerage where the enterprise acts as a middleman.

Note that when calculating revenue and expenses, it is important to test your assumptions. For example, if your NPE is based on tourism, is there robust data on seasonality? If in doubt, be conservative with your estimates.

The COVID-19 pandemic provided a great example of the importance of diverse revenue streams, as lockdowns being imposed worldwide meant that tourism revenue was suddenly unavailable for most businesses. Only businesses with non-tourism-related activities could continue to make some income by focusing on those activities instead.

When considering whether you might be able to diversify your revenue streams, ask yourself:

- Are there other complementary activities that would generate income for your NPE?
- What risks might need to be mitigated by other revenue streams (e.g. will climate fluctuations affect yields and produce 'bad harvests')?
- Will there be a 'growth phase' (i.e., how long will it be before the product reaches the full intended market?)

The table below can be used as a template and will help structure these considerations. The first line has been filled in as an example.

#	1
Use this row to number your revenue streams	
Revenue item	Lionfish
Use this row to identify the product or service for sale.	
Tip: break the items down to reflect sales of different services or products of different quality.	
Cost	\$2
Record an estimate of how much one item would cost in this row.	
Sales price	\$3
Record an estimate of how much one item could be sold for in this row.	
Tip: Think about how much an item costs in relation to the sales price, as it will start to give you an impression of your profit margins.	
Assumptions	Seasonality means the only availability is in summer months, and there are also fluctuations in regular availability. Therefore, it is required to offset the risk of availability by substituting the supply with another species. Cold storage is required in order to meet demand. The produce is sold to restaurants with a higher price point; however, it's not sold as a premium product.
Record the assumptions you base this information on in this row.	

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Case Study: Org E **Fishing for Success revenue streams**

Fishing for Success owns real estate assets. They rent out some of this space to generate income, while some are used for their activities – tourism targeted to various age groups and tailored to their needs. They also generate cash flow through private tours for people who wish to have a fishing learning experience. The tour includes learning about traditional fishing skills such as dip-netting, local art projects, hikes and outings on boats, amongst others, to attract customers. Moreover, an activity designed to paint the fish caught by tourists is particularly enjoyed by visitors, generating income as people pay to participate. Given their tourism activities are seasonal, they promote innovative activities such as walking over frozen ponds or ice fishing in the winter months to attract tourists.

2 Expenditure

This estimates the costs involved in running your NPE. These fall into the following categories:

Start-up costs

You first need to consider start-up costs, e.g. non-recurring costs that the enterprise will incur at the initial stages of setting up the operations, including machinery, infrastructure etc.

In Fauna & Flora’s experience, start-up costs are usually covered by grant finance.

On-going costs

On-going costs include the costs of running your enterprise. These can be either fixed or variable.

It is important to build a financial model based on true and realistic costing to ensure that the operations of the enterprise recover the cost.

The table opposite can be used as a template to help structure these considerations. The first two lines have been filled in as an example.

Note that the idea of this exercise is to list different enterprises’ expected cost categories. This information can later be used in financial projections and break-even analyses as relevant.

Tip: Don’t forget to consider the associated costs of maintaining your assets, e.g. servicing, repairs, insurance fees etc. You may also want to consider how long an asset will last, and the cost of replacing assets once they have exceeded their useful life.

No	1	2	3
Cost Use this row to identify different costs	e.g. Vehicle for logistics	e.g. Sales & Purchases Manager Salary	e.g. Maintenance Costs
Start-up/ ongoing cost Tip: See costs categories above for guidance	Start-up	Ongoing	Ongoing
Estimated Cost (if known)	\$5,000	\$8,000	\$300
Notes	Vehicle useful life estimated at 8 years, after which replacement vehicle required		

3 Profit

To generate profits, the business must exceed the break-even point where the profits are equal to the costs of running the business. Once you reach this point, and the business revenue covers operating expenses, the business will start generating profits. Using a basic break-even analysis when designing your financial strategy can be advantageous to determine how much time will be needed to achieve this goal and plan your operations accordingly.



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Governance and Legal Structures

1 Incorporating your NPE as a company

For an entity to be classed as a company, it must be legally incorporated. Reasons for doing this include:

- Registering a company shows the seriousness of the operators about the issue and the cause, particularly to attract investments.
- The legal structure is necessary for the company to operate legally within the rules and regulations of the jurisdiction it is established in.
- It provides a governance structure, with specific personnel responsible for and liable for certain aspects of the NPE's operations.
- It codifies the mission of your NPE, e.g. in the Articles of Association.
- It protects individuals from risk as incorporated companies are the "legal person" liable for the risk of the business.

This section explores who the owners of your NPE will be, how the enterprise will be managed, and the rules and regulations governing your NPE.

The following rules and advice will help you decide how your NPE should be set up, legally structured and managed.

Note it is worth getting legal and tax advice specific to your jurisdiction before deciding on the type of legal entity which is most appropriate to your NPE.

It is ideal to think of the impact, funding and how the operations must be organised before deciding on the appropriate legal structure.

2 Choosing the correct legal structure for your NPE

Note: Please read the following guidance and evaluate how these apply in your jurisdiction and what advantages or disadvantages each of these could represent for you. This could be, for example, regarding attracting investment or accessing tax breaks. Further guidance can be requested by a company or tax lawyer in your area.

Companies limited by shares

Most companies are limited by shares. This means that the company structure consists of 'shares' owned by 'shareholders', and they are liable for the company's debts up to the value of shares held, which is often a very low 'nominal' amount such as €1. If you own 100% of the shares, you own 100% of the company. Shareholders are given certain rights, such as voting for changes to the company in line with the proportion of shares they own.

As well as being liable for a proportion of debt, shareholders are also entitled to a proportion of the company's profits in the form of a 'dividend', although the amount of dividend paid out, as opposed to retained for reinvestment into the company's operations, depends on the strategy of the company. This legal structure means company ownership can be transferred by buying and selling shares.

It is also worth noting that companies can be owned by another legal entity. For example, a non-profit conservation organisation could own 100% of shares in a subsidiary which trades a community-produced commodity like honey or fish. This would mean the profit from the trading subsidiary could be paid to the charity via a dividend.

Companies limited by guarantee

Some companies are limited by guarantee. This means the company has at least one 'guarantor' who is a member of the company and makes decisions. They guarantee up to a certain amount if the company cannot pay its debts. The 'owners' of the company are essentially the guarantors. Examples of this include non-profits, schools and public institutions.

The type of legal structure you choose for your NPE may influence the type of financing it will attract. For example, a company limited by guarantee may attract more investment as it has people instead of communities as guarantors and is, therefore, more likely to win grant funding. The legal structures available also differ between different countries' legal jurisdictions; however, some alternative legal structures are worth considering, depending on where your enterprise will be based and the purpose of the NPE.

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3 Other structures

Cooperatives

They have members and have equitable governance. E.g. buyers' and producers' cooperatives.

Trusts

Where assets are held and managed by one person or people called the 'trustee/s' to benefit another person or people called the 'beneficiary/s'. Examples of the assets held can include cash or real estate.

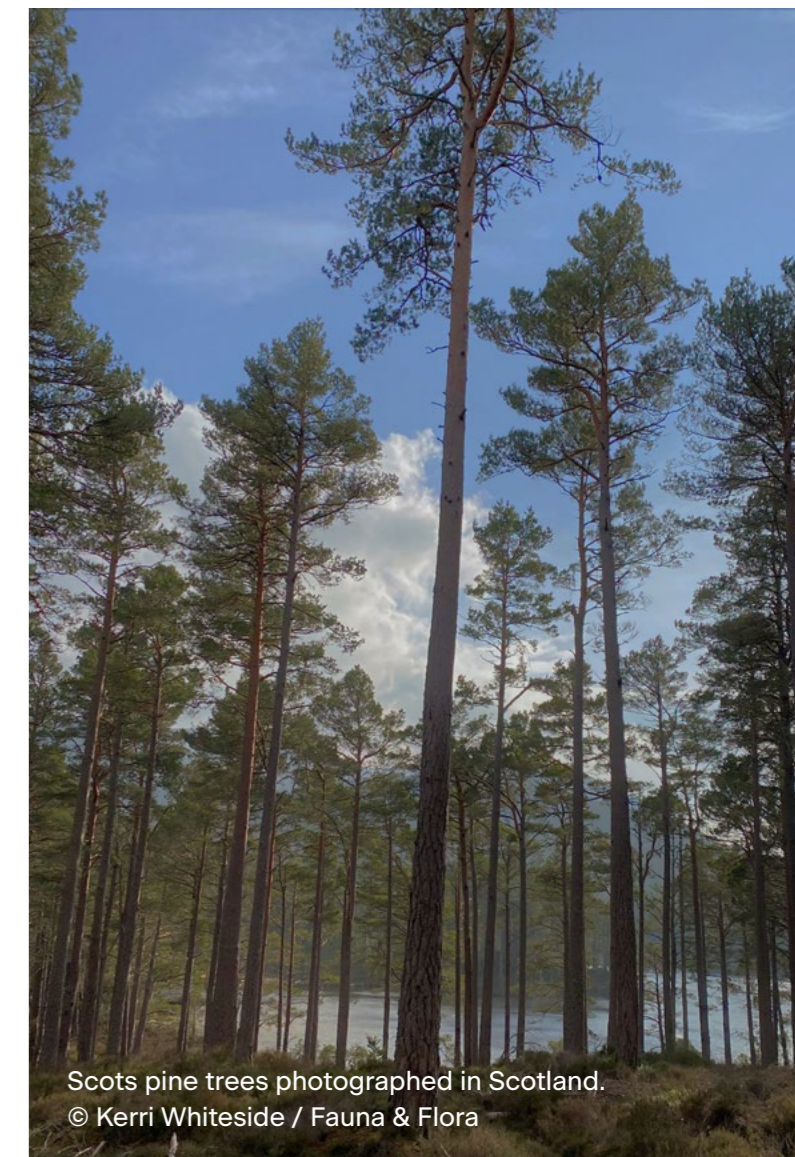
4 Governance of your NPE

Those in charge of the governance of your NPE will fall into the following categories:

- **Owners:** In the case of a limited company, these are the shareholders, who will influence key decisions by casting votes which are weighted according to how many shares they own (see [Finance section](#)). There are also limited liability companies that are owned by the members rather than shareholders. In such companies, every member gets one vote. Thus, the governance is more equitable. Such legal structures are mostly used for social ventures and cooperatives.
- **Board:** The Board of Directors or Board of Trustees. Their function is similar. It consists of directors, in the case of a limited company, or trustees, in the case of a trust or foundation. The owners appoint the directors/trustees to be responsible for the running of the company. The Board meets regularly to discuss and control the operations of the company.
- **Executers:** They are responsible for the operations of the company, such as the CEO and other key staff. They carry out the day-to-day operations of the company. Sometimes there could be an overlap of activities with the directors involved in day-to-day business operations.
- **Articles of Association:** The legal documents called Articles of Association describe how the company works, how decisions are made and how directors vote to make decisions.

Important considerations when setting up an NPE

- Purpose of the NPE.
- Beneficiaries of the venture.
- Utilisation of profits and surplus generated.
- Revenue generation mechanism.
- An NPE must commit to good governance and transparency. Consider how to write this into your Articles of Association.
- Most importantly, the enterprise must practice 'business not as usual' to be able to do things differently and have a positive impact on the environment.



Scots pine trees photographed in Scotland.
© Kerri Whiteside / Fauna & Flora



Saiga on the move.
© Albert Salemgareyev / ACBK



Impact and evaluation

The Impact section of a BMC outlines the broader effects and value your enterprise creates beyond financial returns. It captures the **benefits** (positive outcomes for people, nature and the economy), the **impacts** (long-term changes your activities lead to, such as improved livelihoods or restored ecosystems), and the **costs** (financial, social, or environmental trade-offs incurred in achieving these outcomes).

Benefits

When identifying the benefits of your NPE, start by clarifying who the key beneficiaries are and what kind of benefits they receive. These benefits may also be identified in three categories: social, environmental, and economic/financial.

Clearly mapping out who benefits, and how, helps to demonstrate the value your enterprise creates across different stakeholder groups and ensures that your activities are aligned with both community and conservation goals. Note that some of the benefits identified could overlap or look the same as outcome or impact of the NPEs. However, benefits specifically describe the value or advantage gained from outputs and are often a bridge between outcomes and impacts.

Here are some examples:

Who benefits:

- Socially: local communities, women's groups, local traders etc.
- Environmentally: conservation areas, corridors, species, water bodies etc.

How it benefits:

- Socially: increased income, improved skills, greater inclusion for the target groups of people.
- Environmentally: healthier habitats, reduced resource extraction pressure, improved water quality
- Economically/financially: access to premium markets, improved business resilience

Impact

When identifying impacts, focus on the long-term, systemic changes your NPE aims to achieve as a result of its benefits and outcomes. Consider these impacts across social, environmental and financial dimensions. Your NPE should be aligned with the broader conservation strategy of the site where you operate, ensuring that its design and impacts meaningfully contribute to the site's overall conservation goals. These impacts often represent the vision you developed at the beginning of this module and reflect enduring improvements in environmental health, social well-being and economic resilience.

Be sure to note down the assumptions on which these impacts are expected to be achieved. Assumptions are external factors or conditions that must hold true for your project to succeed but are outside your direct control. Identifying them helps you understand the risks, dependencies and enabling conditions for your NPE's success.

Examples of impact:

- A resilient mangrove ecosystem that supports sustainable livelihoods through increased fish stocks.
- Conservation of a protected area sustained by revenue generated through ecotourism.

Examples of assumptions:

- Producer groups remain interested in engaging with your NPE and are willing to adopt conservation-friendly practices.
- Government policies and regulations remain supportive of community-based enterprises, climate conditions remain favourable etc.

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Costs

Costs refer to the risks and trade-offs your NPEs may face to create the expected impact. Identifying the costs of your NPE involves analysing all the resources and trade-offs required to deliver your intended benefits and impacts. This includes financial and non-financial risks and trade-offs. Understanding your costs not only supports better planning and mitigation but also helps assess the balance between achieving social and conservation value and the resources required, ensuring your NPE remains both viable and responsible.

Examples:

- **Environmental risks and trade-offs:** overharvesting of natural resources due to increased demand, eco-tourism resulting in unsustainable inflow of tourists, use of natural area limiting conservation practices etc.
- **Social risks and trade-offs:** unequal distribution of benefits, increased workload for communities, changes in traditional livelihoods practices, lack of commitment from producer groups for quality improvement, power dynamics etc.
- **Financial risks and trade-offs:** lower levels of profits and longer period for the business to break even due to the time needed for nature-positive value creation, limited access to finance or overreliance on external funding, high upfront investment or operational costs that delay profitability etc.

Refer back to the objectives covered in the [Assessing Opportunities](#) chapter. This will help measure the impact you set out to achieve through the NPE project. It will also ensure you measure the objectives captured by the project's Theory of Change and that they address all People, Planet and Profit considerations.



Big giant Barrel Sponge.
© Paul Colley

1 Impact evaluation

Most often, setting up an enterprise itself becomes a Herculean task, where the monitoring and evaluation of the impact that it aims to achieve takes a back seat. However, impact evaluation is very important to assess the following:

- i. Is the NPE's intervention making a difference
- ii. How is the NPE's intervention making a difference
- iii. Will the same intervention work elsewhere

Impact evaluation helps the project implementers know if they are on the right track and thereby helps in using adaptive management to realign the activities towards the desired goals. Thus, it also helps to improve the performance of the enterprise. When enterprises can demonstrate evidence-based impact, it particularly helps in raising funds and supports a knowledge-based expansion of the project and informed decision-making at management and policy levels.

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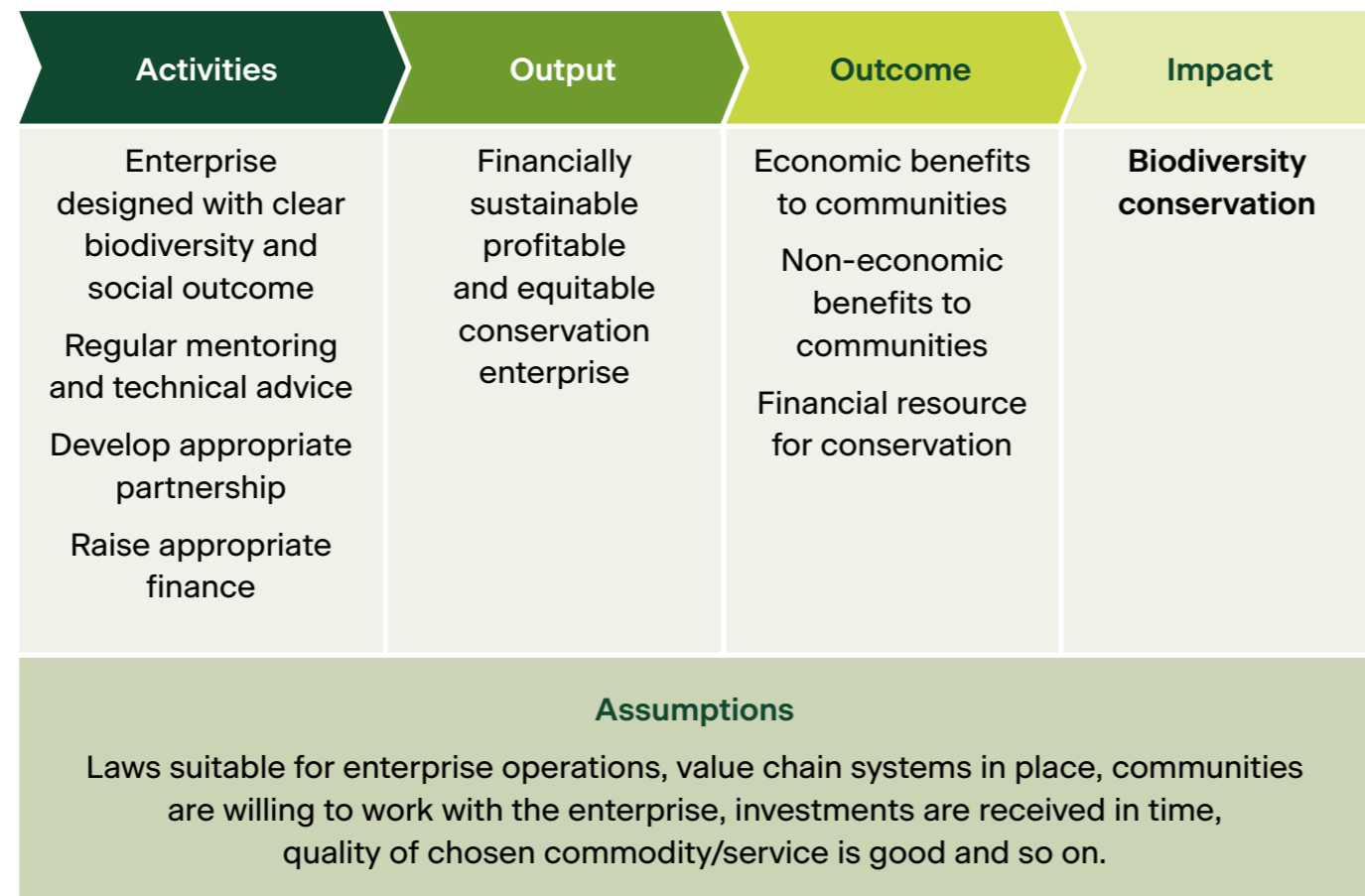
2 Steps involved in the process of impact evaluation

The process of impact evaluation must be scientifically sound, practically implementable and straightforward.

a. Defining the impact using the Theory of Change

First and foremost, NPEs must identify what impact they aim to achieve and define the process using a Theory of Change (Figure 4). At this stage, the project implementers must be mindful that a conservation enterprise is one of several interventions to address conservation challenges in a given landscape. Therefore, the Theory of Change of a conservation enterprise must always align with the landscape’s Theory of Change, as mentioned in earlier sections.

Figure 4: Theory of Change of NPEs



Activities

The key activities recognised for NPEs, in general, are designing the enterprise with clear biodiversity and social outcomes, mentoring and providing technical advice to the implementation teams, developing appropriate partnerships both at the community level that are socially inclusive and gender-sensitive (e.g., women-led or other cooperative societies) and with the private sector to market services/commodities to raise the necessary funds to operate the enterprise.

Output

With these activities, financially sustainable, profitable and equitable NPEs are set up.

Outcome

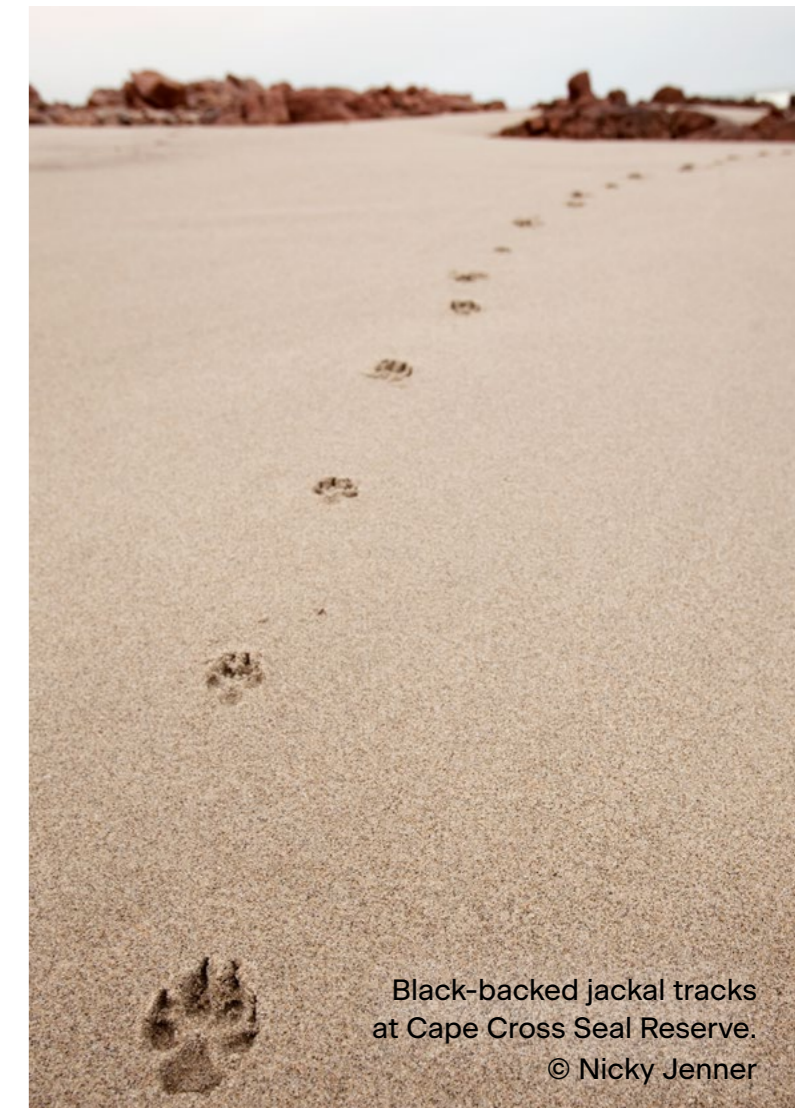
With clear strategies in place, NPEs generate economic incentives for the communities and sustainable income to cover the conservation operations. The outcome could be both or either of them, depending on the business context. There could be some supplementary outcomes depending on the business context, such as non-economic benefits (e.g. influencing market practices, enhancing the value of traditional knowledge and culture) and behavioural change among the communities in favour of conservation, which could increase local support for conservation.

Impact

Through this process, NPEs achieve biodiversity conservation and social and economic benefits that are equitably distributed.

Assumptions

For this process to work in a practical manner, it is assumed that suitable laws prevail in the countries of operation, there are value chains to support the proposed business, target communities are willing to work with the NPEs, investments are received in time, and the quality of the product/service is of a high standard.



Black-backed jackal tracks at Cape Cross Seal Reserve.
© Nicky Jenner

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Pink anemonefish or Pink Skunk clownfish (Amphiprion perideration) and anemone.
© Paul Colley

b. Identifying indicators

Indicators are metrics that define what impact looks like. These are measurable, relevant to the landscape, and always context specific. Indicators can be qualitative—based on descriptive data collected through methods such as open-ended survey questions or focus group discussions—or quantitative, involving numerical data such as percentages or other measurable metrics. Moreover, defining indicators with local communities can be an important way to ensure indicators reflect what matters to them. When communities co-define indicators,

they may also be more invested in monitoring them and using the results. Choosing the right indicators to measure the level of impact is a key step during the design stage.

Note that indicators should be “SMART”.

- S** specific
- M** measurable
- A** achievable
- R** relevant
- T** time-bound

Some examples of ecological, socio-economic and business impact indicators are shown below:

Ecological indicators (“Planet”)

These indicators are related to biodiversity or the ecological landscapes where NPEs function. Changes in habitat cover (% change of forest habitat in a defined area, for example), species richness (number of species present in landscape), amount of carbon sequestered (above- or below-ground carbon of an ecosystem, measured in tons), water and air quality, atmospheric temperature, among others, could be used as indicators for this category.

Social-economic indicators (“People”)

These indicators are related to the communities the project is associated with. Some of the social indicators could be a change in the behaviour of the people towards conservation, the well-being of the communities (e.g. happiness, quality of life), social equity (people with different cultural backgrounds given equal opportunities), the inclusion of marginalised communities, health benefits, equitable governance system, among others. Additionally, gender-specific indicators such as the inclusion of women in decision-making and those tracking progress on barriers to women’s participation (e.g. childcare provided, flexible meeting times) can provide

a strong equity lens for monitoring impact. Economic aspects of communities could be measured through indicators such as changes in revenue, new jobs created, and changes in costs incurred by the community.

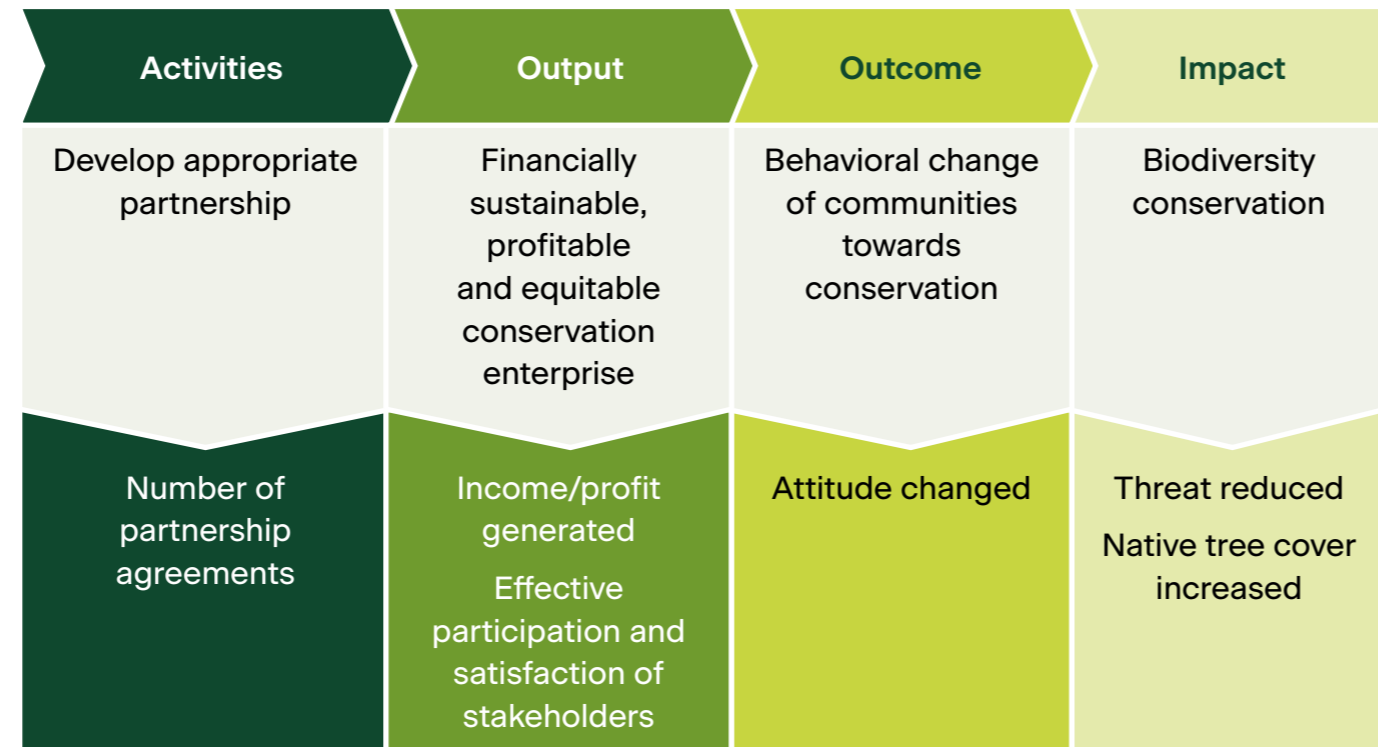
Business indicators (“Profit”)

These indicators are specific to the performance of the enterprise. They could be the development of a sound BMC, changes in sales of the products/services, changes in revenue, expansion of business to new areas, change in demand for the nature-positive products and services sold by the enterprise, new investment attracted, new partnerships/agreements created, financial and administrative efficiency of the enterprise, among others.

Note: Have in mind that an NPE can finance conservation directly through profits being invested in patrolling costs of protected areas, monitoring fauna through camera traps, or the regeneration of a degraded area, amongst other mechanisms. An indicator of how much revenue is going into each of these activities could be useful for understanding the impact the NPE has on conservation.

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Figure 5: Example flowchart for the process of choosing indicators

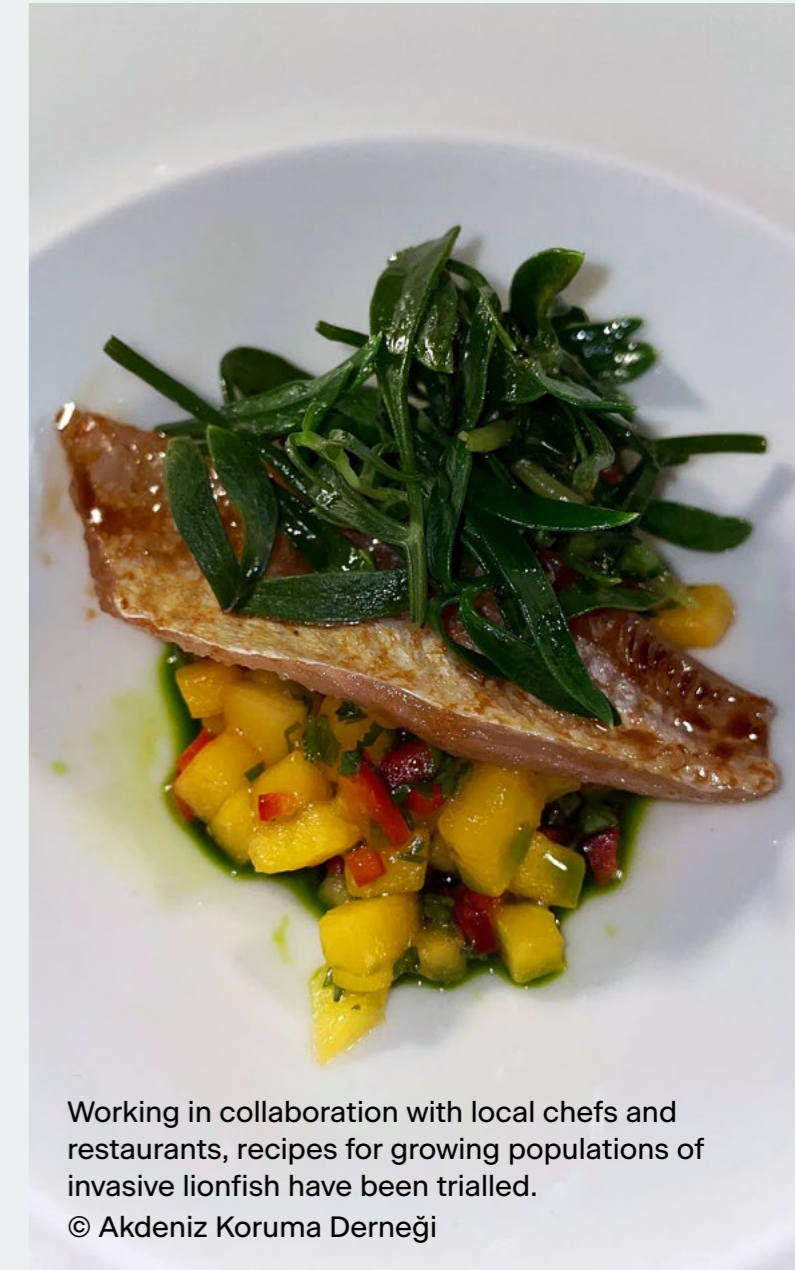


The flowchart shown in Figure 5 displays how to develop indicators based on the Theory of Change previously conceptualised (Figure. 3). Additional indicators from the ecological, socio-economic, and business-related should also be developed to evaluate key components in the Theory of Change of the NPE. For instance, the ‘Activity’ component, which includes developing an appropriate partnership, could be measured through a ‘number of partnership agreements signed’ indicator. Likewise, the ‘Impact’ component, which ultimately is biodiversity conservation, could be assessed through a ‘threat reduced’ indicator such as a percentage of surface water bodies in ‘High’ or ‘Good’ ecological status, for example.

Case Study: Akdeniz Koruma Derneği Limited/ Mediterranean Conservation Society business indicators

AKD is involved in reducing invasive marine species to allow the recovery of native fish communities. The business proposition of the enterprise is to educate the fishing community in the Mediterranean Sea and incentivise them to catch the invasive lionfish (*Pterois* sp.) and sell it to local restaurants. This invasive species of fish is renowned for its delicious taste, therefore representing a good business opportunity for the NPE to remove them from the sea and encourage consumption by tourists. Here is an example of some of the business indicators used by AKD:

- i. Number of cooperative societies that are participating in the NPE.
- ii. Income generated by fishermen and women monthly through their engagement with the NPE.
- iii. Number of agreements signed with the restaurants and other buyers for the sale of invasive species of fish caught by the communities.



Working in collaboration with local chefs and restaurants, recipes for growing populations of invasive lionfish have been trialled.
© Akdeniz Koruma Derneği

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Impact and evaluation



c. Data collection and analysis

The next important step in impact evaluation is data collection. NPEs can employ various methodologies for data collection that are already applied to assess ecological, social and business performance by both the conservation and business sectors.

During the life cycle of an NPE, one must collect at least two sets of data to compare them. The first set of data is called ‘baseline data’, which is collected when the NPE is in its initial stage. The second set of data is follow-up data, also called ‘outcome data’, which is collected over time to compare information and the resulting trends. Where relevant to the enterprise, both baseline and outcome data should be disaggregated by gender, age, ethnic background, and other social identifiers to support an inclusive and equitable analysis. During the analysis stage, these two data sets are compared to conclude if the intervention has made any difference. For example, if an enterprise is selling honey collected by community members to support the improvement of their livelihoods, the baseline data you may want to collect is income currently earned by the communities. If the community members earned \$1 per kilogramme of honey before the intervention of the NPE and \$1.50 per kilogramme after the intervention (accounting for inflation), the difference made by the NPE is \$0.50 for every kilogramme of honey sold by the target community.

Sources of data collection

Baseline data may be available from various existing sources. Ecological data, for example, may be available in some of the published literature from local citizen science groups, research organisations, independent scientists, government bodies etc. If the required information is not already available, one may have to conduct pre-assessments to gather the required baseline information. Similarly, socio-economic baseline data may also be available in government reports or other sources. If they are not available, pre-assessments at the household level or with focus groups may have to be conducted. The follow-up or outcome data for both the ecological and socio-economic assessments must always be collected at the same scale as the operations of the NPE to clearly demonstrate the difference made by the NPE. However, to assess the business impact, the best means of data collection is through bookkeeping to record cost-effectiveness, cash flow, investments etc., both at the baseline and outcome stages.

Data collection methods

The choice of data collection method is important for collecting robust and representative data.

Methods and tools for ecological data collection:

- Data on threat reduction could be collected through patrols in the field, combined with software to directly input data related to patrol events, such as instances of illegal fishing.
- Species data could be collected by walking line transects through DNA samples, point count observations, acoustic recorders, camera traps, etc.
- Habitat and vegetation monitoring could be done using GIS technology, remote sensing, drones, publicly available satellite imagery and field presence.
- Similarly, various methods are also used to monitor temperature and air quality and may be made publicly available by local weather stations.

Methods for socio-economic data collection:

- Quantitative and qualitative data collection is widely used. Data could be collected using a household survey or through focus group discussions.
- Disaggregate relevant indicators by gender, and other relevant social criteria. Data disaggregated by gender, age, ethnic background and similar factors is particularly useful for designing socially inclusive enterprises.
- Photos and videos to document could also be useful.
- Effective information could also be gathered through key informant interviews by talking to community or village influencers, public representatives etc. It is helpful to include a diverse range of informants, including female key informants to explore gender dynamics relevant to the design, implementation and impact of the NPE.

Methods for business data collection:

- Data from accounting bookkeeping, including revenue generated, cost-effectiveness, return on investment, etc.
- Customer satisfaction data collected through surveys filled out by customers after the product/service is sold.

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**Case Study:
EWNRA data
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d. Linking the results back to the Theory of Change

The results of the analysis are linked back with the Theory of Change to assess if the project is moving towards achieving impact.

e. Conclusion

Based on this assessment, one can arrive at a conclusion regarding the level of impact generated by the NPE. If there are any deviations or hindrances to achieving the proposed impact, corrective actions need to be identified through this process to readjust strategies.

Case Study:
Ethio Wetlands and Natural Resources Association data collection methods



An NPE established by Ethio Wetlands and Natural Resources Association applies various monitoring and data collection methods in the Ethiopian forests. The NPE is involved in reducing deforestation by supporting the local communities to sustainably harvest non-timber forest products (NTFP) such as forest coffee. The enterprise has a three-way business model, which is considered a triangulation methodology to achieve the impact:

- To reduce deforestation.
- To support the collection of good quality NTFP by the communities.
- To incentivise communities to improve their livelihood.

Methods and tools for monitoring used:

- GIS and satellite imagery to monitor change in forest land use.
- Line transects to monitor plant and animal diversity.
- Photography, mapping with the communities and field observations to monitor the growth and health of NTFP species of plants and trees.
- Household income surveys to collect socio-cultural and livelihood-related information.

Karst limestone hills with wetlands in foreground.
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Risk management planning

Risk assessment and planning its management must be done at the enterprise design stage to ensure that the project design can mitigate or manage most risks. While business typically entails reaping the rewards from entrepreneurial investments and risks, managing an enterprise means assessing its internal and external operating environments and identifying potential and actual risks to develop mitigation responses – this can be assessed with the probability of the risk developing in the table below. Failure to do so may result in poor project implementation and even failure of the enterprise. Typical risks involve political uncertainties, market fluctuations, competition or changes in government policies. A risk management plan should identify both potential and actual risks, rank them in terms of probability and impact, and pinpoint mitigation measures.

In addition to typical risks such as financial, operational and environmental, it is important to consider social risks, particularly for NPEs that engage local communities. These may include the risk of community members losing interest if economic benefits take time to materialise or lack of transparency in enterprise management that undermines community trust and support. Furthermore, gender-based risks should be identified at this stage. These can include risks of profits or benefits being controlled by men or elite groups, increased risk of violence or harassment towards women due to nature of project activities, and unequal access for women stemming from remote locations or restrictive customary norms. Involving local communities in identifying both risks and mitigation measures can significantly enhance the relevance, effectiveness and sustainability of interventions.

Table 4: Risk management planning template

Risk	Probability (%)	Impact	Mitigation/Management measures

Case Study: Fundația Conservation Carpathia risk management

During the first half year of operations, FCC managed the following risks:

1. **Product quality risk:**
FCC set up a system whereby the team works with veterinary-certified producers with necessary permits to operate and who regularly test their products. This has reduced the risk of FCC selling poor-quality products.
2. **Risk related to the availability of products:**
Given that some of the products sold are seasonal, FCC pre-orders a specific quantity from producers to ensure enough product quantities are stocked for business operations.
3. **Cash flow risks:**
In order to always have sufficient cash reserves, FCC has established commercial partnerships based on a payment term of 30-45 days credit to forecast cash flows with these terms and ensure a minimum cash reserve for the business costs.
4. **Risk related to food safety legislation:**
FCC has developed partnerships with relevant authorities, which provided advice and support to adapt to changes in current food and health regulations in order to comply with the law and not risk being shut down for not complying.
5. **Risk related to product transportation:**
FCC uses two methods of product delivery – an established partnership with one of the largest courier companies in Romania for long-distance delivery and its own transportation system for shorter-distance deliveries. This ensures they do not rely on only one means of transportation which could pose a risk if they are unavailable.

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Common challenges at the onset

Launching a business

Launching a business is an exciting yet challenging process. The following guidelines begin by exposing common challenges to be aware of in the initial stages of the business launch and continue through various stages, which are key to getting your NPE up and running. This chapter will display examples to illustrate how different NPEs launched their business operations.

Common challenges at the onset

 **Access to appropriate start-up capital**

At the start of a business launch, access to flexible, low-cost, low-risk capital is necessary, which is sometimes hard to access, especially for rural entrepreneurs or conservation NGOs with a limited track record in entrepreneurship.

 **Marketing**

Limited understanding of market trends and weak access to the market could hinder opportunities to reach the appropriate customers for the product/service.

 **Financial and managerial technical capacity**

Lack of technical skills among personnel, especially in financial management, can be critical as the business needs to be economically sustainable to operate efficiently. Often, NPEs are in remote locations where finding staff with business management expertise proves to be challenging.

 **Clear asset allocations**

Asset allocations and who benefits from what part of the business need to be clearly understood from the beginning to avoid conflicts with partners and shareholders.

 **Well-managed operations**

Running your business operations in an efficient and practical way and mitigating the associated risks that can come up by planning, is vital to achieving the expected outcomes.

 **Governance and benefit-sharing**

Lack of transparency in enterprise leadership and benefits-sharing processes can hinder the participation of local actors in NPEs.

 **Legal incorporation**

Establishing the business legally and securing a business permit can be challenging if the appropriate advice is not received.

 **Structuring partnerships**

Not being able to secure a partnership with a key actor and having a poor understanding of the role partnerships play in the NPE can be an obstacle to the success of the business.



Kyrgyz landscape. © Chris Loades / Fauna & Flora



Jackal jumping on a rodent, Etosha National Park, Namibia. © David Marsh / Fauna & Flora

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Case Study: Fundatia Conservation Carpathia challenges

The Roadele Muntilor Food Hub, supported by FCC, offers small producers in the Făgăraș Mountains area the opportunity to market their products, including jams, syrups, dairy products, honey and traditional teas, to a wider market through commercial partnerships. Some of the challenges faced by this enterprise are:

- Diversification of products.
- Expanding the number of producers.
- Ensuring the quality of the products.
- Developing their system of certification and verification of products.
- Developing more commercial partnerships.
- Securing the necessary quantities from small producers, as the added value for these products also comes from a limited manufacturing capacity.

Ensuring the quality of the products and being able to certify these standards is an important part of the Roadele Muntilor Food Hub business strategy and represents the value the business adds to the supply chain. FCC provided administrative support to the Roadele Muntilor Food Hub to ensure the milestone objective was achieved, and the business could use this as a unique selling point to attract more producers and commercial partners.



Case Study:

ProPark Foundation challenges

ProPark Ltd is an extension of the ProPark Foundation operating in Romania as an ecological landscaping company that conducts landscape evaluation, management and maintenance. The following challenges face the company:

- Lack of operational capacity.
- The company manager is also the Executive Director of the ProPark Foundation – hence having limited time available for managing both the enterprise and the foundation operations.
- Local politics influencing community activities is leading to division and conflict.
- Local politics emphasises quantity, not quality, of products.
- Exaggerated or unrealistic expectations of benefits for the local community.
- The general public has unrealistic expectations related to the speed a plantation can be developed (e.g. an urban forest)

The lack of operational capacity due to a lack of skilled workers was addressed by increasing salaries to compensate the available staff with an added value service of eco-responsibility. Additionally, to cope with market instability, the enterprise engages multiple temporary staff based on requirements while managing the core operations with just one full-time staff.



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Raising capital

Most entrepreneurs believe that if the fundamentals of a business idea, i.e. the management team, the market opportunities, the operating systems and controls, are sound, there is potential for the NPE to raise the required capital. However, accessing capital can be as arduous as it can be exciting. Built into the process are certain harsh realities that can seriously damage an emerging business. Entrepreneurs cannot escape these challenges and must be prepared to tackle them by identifying the best source of funding for their NPE by assessing the pros and cons of each alternative. Please refer to the [‘Finance Options for NPE’s Tool’](#) to evaluate this further.

Source of Finance

1 Debt financing

Debt financing is when the business raises capital by selling debt instruments, most commonly in a bank loan or bond. The principal advantage of borrowing funds to finance a new or existing business typically is that the lender will not have any say in how the business is managed and will not be entitled to any of the profits that the business generates. The disadvantage is that debt repayment may be especially burdensome for businesses that are new or expanding.

Below are a few points to have in mind when choosing this option:

- Failure to repay loans will risk the forfeiture of assets, including the possibility that the personal assets of the business owners are pledged as security for the loan.

- The credit approval process may result in some aspiring or existing business owners not qualifying for financing or only qualifying for high-interest loans or loans that require the pledge of personal assets as collateral. In addition, the time required to obtain credit approval may be significant.
- Excessive debt may overwhelm the business and ultimately risks bankruptcy.

Sources of debt financing may include conventional lenders (banks, credit unions, etc.), technology-based lenders, microlenders etc. The duration of a business loan is variable, and the speed of access to the funds will depend on the lender’s internal processes.

See [“Soft” loans under section \(5\) Biodiversity- or Nature-related funds.](#)

2 Equity financing

Equity financing is when the business sells shares to raise capital. The principal advantage of selling ownership of the business to finance a new or existing business is that the business may use the equity investment to run the business rather than making potentially burdensome loan repayments – and higher cost due to interest rates. In addition, the business and the business owner(s) will typically not have to repay the investors if the business loses money or fails. However, the disadvantages of equity financing include the following:

- Finding equity investors aligned with NPEs’ vision, mission and values can take longer than obtaining bank loans. Even after identifying the right equity investor, closing the deal and contractual agreements can take time.
- By selling ownership through shares, the entrepreneur will dilute control over the business.
- Investors are entitled to a specific share of the business profits, minimising the percentage of profits corresponding to the initial owner.
- There are more stakeholders in the business, meaning that each of the investors’ objectives will be prioritised over just one investor’s objective, and reaching all of these objectives can be challenging.



A beekeeper tends to his bees.
© Jason Smith / Fauna & Flora

3 Crowdfunding and peer-to-peer lending

Unless businesses have collateral (assets the lender accepts to secure the repayment of a loan) and can prove the ability to generate revenue, banks are hesitant to lend money. Often, start-up companies and businesses operating for less than a year do not have collateral. In these instances, private money lenders such as friends or family or ‘angel’ investors can be a better option. Private money lenders are willing to take more risks than banks, recognising the potential upside. Private lenders can also reach a decision faster with approvals only going through one tier rather than being overseen by many levels of management, as it would in a bank.

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Squid, *Sepiotheutis lessoniana*, is a lesepsian Red Sea species.
© Zafer Kizilkaya

4 Finance from private sector partners

If the NPE has an established partnership with a private sector actor, finance can be raised from these agreements. For example, if the private company agrees to buy a certain volume of produce, and if the NPE is short of capital to purchase enough raw material, finance can be raised from banks or impact investors that provide working capital finance.

There are instances where a private sector company could be keen on co-developing a supply chain with an NPE and makes an initial investment in the business, which is later repaid through the revenue obtained by the business operation.

Usually, if a private sector partner is in place, investors are more confident about the business potential and more open to investing in NPEs.

5 Biodiversity- or nature-related funds

There are some types of financing which are available for enterprise projects such as NPEs, which have a specific focus on positive biodiversity outcomes. These are typically in the form of grants and donations. Grants are usually sums transferred to a project to complete specific work in accordance with associated terms and conditions. Conversely, donations are money or assets that are gifted without attached covenants and are usually classed as unrestricted.

These sources of financing can come from various sources, for example:

- **Individuals:** Through one-off donations from people who support the project's cause.
- **Corporations or companies:** from Corporate Social Responsibility ("CSR") funds.

- **Impact investors:** Individuals or organisations may decide to invest with a strategy to generate specific positive effects on the environment. Most impact investing is done by institutional investors such as private foundations, pension funds, hedge funds, and private equity funds.
- **"Soft" loans:** Some projects may be able to attract a loan with terms that classify them as "soft" loans. This means that the covenants of the loan do not include assets secured against the loan. If there is a default on the loan, there is no obligation to repay the loan using the security.
- **Grants:** A grant is a sum of money typically given by a company, foundation, or government entity to facilitate financing a project. Grants are essentially gifts that do not have to be paid back under most conditions. Many NPEs use grants to finance their activities in the early stages. In many cases, they are used to test the business model through a pilot project to ask for further investment through a different mechanism, such as a loan.

Case Study:

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Fundatia ADEPT funding sources

A proposed cheese production unit in the NPE managed by ADEPT in Transylvania has been granted start-up capital through a non-repayable grant from the Carrefour Foundation. The grant will pay for the conversion of an existing building into a suitable production unit, the purchase of processing equipment, and a short period of product testing to develop suitable, high-quality cheese.

The enterprise is seeking an additional fund of €100,000, repayable over three years, in order to get the business on its feet, with profitable cash flow expected by the end of year 3. The enterprise has identified the following sources of funding:

1. **Biodiversity/nature-related funds:** which might offer soft loans or even grants.
2. **Debt financing:** from individual lenders who align with the business model.

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