IMPACT REPORT 2023

ACCT Fund

Africa Conservation & Communities Tourism Fund

FUND MANAGER

ThirdWay Partners

CONSERVATION ADVISOR

natureVest | The Nature Conservancy

WITH GRANT SUPPORT FROM

USAID
FROM THE AMERICAN PEOPLE

PROSPER AFRICA
A U.S. TRADE AND INVESTMENT INITIATIVE

COVER: © CLIFFORD ROSENBERG/TNC PHOTO CONTEST 2019

Contents

Chairman's Letter **3**

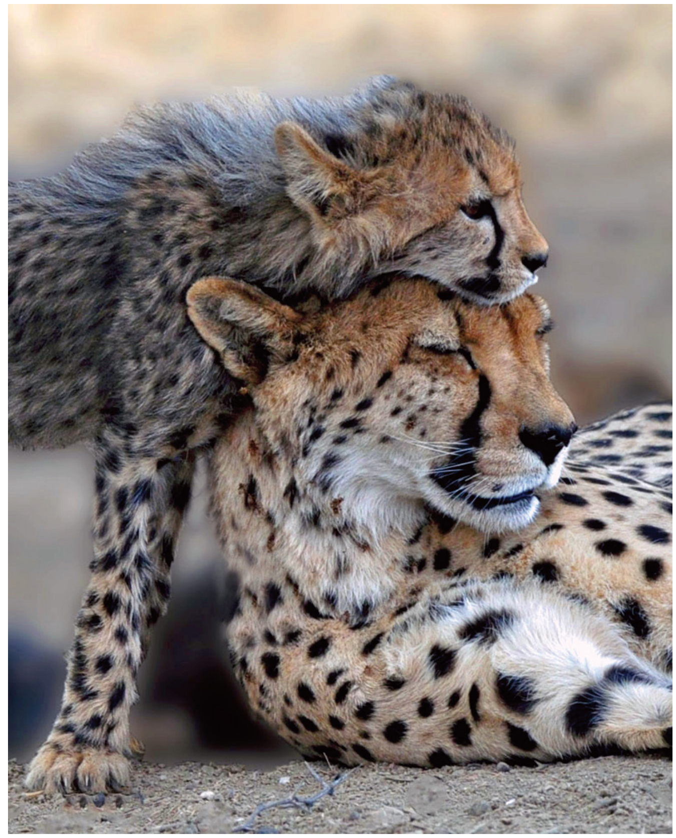
Chief Investment Officer's Letter **4**

Background to the Fund **5**
Africa's Biodiversity 5
The Value of Conservation Tourism 5
COVID-19 and the Origins of the Fund. 6
IMPACT STRATEGIES & OBJECTIVES 7

ACCT in 2023 . . . . **9**
The Story So Far 9
Conservation and Community Covenant Compliance . . 10
Environmental and Social Safeguards 10
Mkambati Nature Reserve, South Africa 12
Wildplaces, Uganda 13

Sustainability KPIs **14**

Endnotes **17**



FROM TOP: © CLAUDIA LOTHERING/TNC PHOTO CONTEST 2022; © AMI VITALE

Notice

This report (the "Impact Report") is provided for informational purposes and reference only. By acceptance hereof, you agree that (i) the information contained herein may not be used, reproduced or distributed to others, in whole or in part, for any other purpose without the prior written consent of ThirdWay Capital Management Ltd ("TW") and The Nature Conservancy ("TNC"); (ii) the information contained herein is strictly confidential and you will keep confidential all information contained herein not already in the public domain; (iii) the information contains highly confidential and proprietary "trade secrets" (some of which may constitute material non-public information); and (iv) you will only use the information contained in this Impact Report for informational purposes and will not trade in securities on the basis of any such information.

This Impact Report is not an offer to purchase securities. The contents hereof should not be construed as investment, legal, tax or other advice and you should consult your own advisers as to legal, business, tax and other related matters concerning any investment. Neither TNC nor any of its related organizations is registered as an investment adviser under The Investment Advisers Act of 1940, as amended (the "Advisers Act") or similar law or regulation in any other jurisdiction. Similarly, TW is not registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act").

No representation or warranty, express or implied, is made as to the accuracy or completeness of the information contained in this Impact Report. Past performance is not necessarily indicative of future results. Differences between past performance and actual results may be material and adverse. Activities made in the future may not be successful or may not equal the performance of the investments described in this Impact Report.

Forward Looking Statements

All statements in this Impact Report other than historical facts are forward-looking statements, which rely on a number of estimates, projections and assumptions concerning future events. Such statements are also subject to a number of uncertainties and factors outside TW and TNC's control. Such factors include, but are not limited to, uncertainty regarding and changes in global economic or market conditions, including those affecting industries related to the material presented in this Impact Report, and changes in foreign government policies, laws, regulations and practices. Opinions expressed are current opinions as of the date of this Impact Report. Should estimates, projections and assumptions or these other uncertainties and factors materialize in unexpected ways, actual results could differ materially from the forward-looking statements in this Impact Report. While the assumptions underlying these forward-looking statements may be reasonable under current circumstances, investors should bear in mind that such assumptions are inherently uncertain and subjective, and that past or projected performance is not necessarily indicative of future results. No representation or warranty, express or implied, is made as to the accuracy or completeness of the information contained in this Impact Report, and nothing shall be relied upon as a promise or representation as to the performance of any investment. Investors are cautioned not to place undue reliance on such forward-looking statements and should rely on their own assessment of an investment.

© NEIL MIDLANE/TNC

Chairman's Letter

Dear Investors,

As Chairman of the Conservation Committee, I am proud to introduce the Africa Conservation and Community Tourism Fund's Impact Report for 2023. In this report we reflect on a year in which the conservation tourism industry continued its post-COVID recovery on the continent, with increased rates and occupancies driving growth in conservation and community benefits in most regions.

This growth is reflected in the significant contributions made by camps in the Fund's portfolio. Highlights for the year include \$7.8m in payments to the owners and managers of conservation areas and \$9.6m in economic benefits to local communities, supporting the livelihoods of nearly 10,000 people.

The continued positive outlook for the industry has seen a number of tourism operators taking opportunities to grow their footprint through building new camps in valuable conservation landscapes. The ACCT Fund is uniquely positioned to support this growth, and recognises the potential of these new investments to drive even greater benefits for people and conservation.

The Fund has a number of levers to help the industry build back better. For example, we may require an operator to increase fixed payments to conservation areas, rather than the pure variable fee (per guest) that is the norm in many areas, thus sharing the risk with the owners of the land. Or ensuring that more camp staff are employed from local communities.

The Fund's structure also enables it to invest in more frontier tourism areas with high biodiversity value, where business may be riskier, but new investment can generate truly outsize impact. In 2023, investments into two landscapes in Uganda, as well as South Africa's Wild Coast, are good examples of this capacity.

Conservation tourism remains one of the best ways to sustainably finance conservation in Africa, yet I also believe there is still work to be done to encourage more equitable sharing of benefits as we try to migrate local community members from peripheral beneficiaries to integral shareholders in the industry. As we move into 2024, I am excited to see how tourism continues to transform community livelihoods and protect nature across Africa.

Matthew A. Brown (Matt)
Chairperson: ACCT Conservation Committee
Managing Director Global Conservation
The Nature Conservancy

© CLIFFORD ROSENBERG/TNC PHOTO CONTEST 2019

Chief Investment Officer's Letter

Dear Investors,

Three years ago, the ACCT Fund was set up in response to conservation threats resulting from the COVID pandemic, with the specific aim of alleviating short to mid-term financial stress on well-managed safari tourism operators working in sub-Saharan Africa. Our initial portfolio reflects this objective. Now, as we have started to witness a recovery, we continue to lend to operators, who struggled to recover after COVID, by helping them add lodges to portfolios and thus explore new opportunities for growth. Excitingly, we are also seeing an increase in new lodges anchoring conservation landscapes and incremental community impact.

We have lent a significant amount of our Kenyan allocation to operators who, amongst other areas, have a presence in the conservancies surrounding the Maasai Mara National Reserve. These conservancies represent a transformative story: significant tracts of land, essential for wildlife spillovers from the Reserve, have been preserved through community-agreed, long-term leases under which safari operators have subsequentially established lodges. Communities have been the beneficiaries of both lease fees and employment in the lodges. We must build on these successes. Communities in the Mara are traditionally pastoral farmers. In the last 20 years, the population in the Narok County has grown by 450,000 odd and livestock numbers have probably doubled to 1.5 million head of cattle, 2.6 million sheep and 1 million goats. As the population pressure grows and livestock numbers continue to rise, stakeholders need to help find long-term solutions to help these communities switch to high-value agriculture in the areas outside the conservancies. As always in the preservation of wilderness areas, the continuous improvement of local communities' lives is crucial.

Ultimately, if we are to preserve these wilderness areas, in Kenya and beyond, we cannot simply think about them as some new asset class from which to extract fees. We also need broader thinking on how humanity can insure their survival. That begins with the local community, investments in education and economic participation at a level significantly above where they are now. To paraphrase Matthew Stewart: It's going to take something from each of us, and perhaps especially from those who happen to be the momentary winners of this cycle. We need to peel our eyes away from the mirror of our own success in the West and think about what we can do in our everyday lives for the people who aren't our neighbours. We should be fighting for opportunities for people in Narok County, its children, and other people's children as if the future of our own children depended on it. It probably does.

The ACCT offers a valuable platform for such vital ambitions.

Guy Lafferty
Partner—Chief Investment Officer, ThirdWay Partners

© MATT TODD/TNC PHOTO CONTEST 2019

Background to the Fund

Africa's Biodiversity

Africa supports one-third of the world's biological diversity[1] and some of the world's most diverse and abundant large mammal populations.[2] In addition, Africa's savannahs and forests play a critical role in sequestering carbon and protecting our climate, whilst also providing sustainable livelihoods for millions of people.

However, despite measurable improvements in conservation management and wildlife protection across the African continent in recent decades, protected areas and the species that depend on them continue to experience significant losses.

As the pressure to use land to meet human needs continues to grow and climate change increasingly lowers land productivity in many places, African protected areas and other biodiversity hotspots are increasingly being fragmented or converted to unsustainable agricultural practices or other uses.

This, combined with longstanding threats like bushmeat hunting and the illegal wildlife trade, places critical species and habitats at significant risk of local extirpation and even extinction.[3]

As an example, the range of the African lion has declined by 95% compared to its historic range, with a 55% population decline between 1990 and 2015 despite the significant financial, policy, and behavioural investments in conservation.

Today, it is estimated that there are just over 20,000 lions left in the wild.[4]

The Value of Conservation Tourism

The Africa Conservation and Communities Tourism Fund ("ACCT", "the ACCT Fund", "the Fund") was developed to focus resources related to tourism on improving management of Africa's parks and sustaining local livelihoods.

Maintaining effective conservation management requires sustained and significant funding, and in many African countries, conservation tourism has, for decades, been one of the most important supporters of biodiversity on the continent, generating revenue for conservation and creating millions of employment opportunities.

The industry is important both for its direct conservation efforts and its dedicated focus on local community representation and empowerment.

From a conservation perspective, lease and concession fees paid by tourism businesses generate revenue for conservation area managers and owners. In addition, progressive tourism operators provide additional support for resource protection, land management, ecological research, habitat restoration, and key species re-introductions.

Whilst direct employment in camps and lodges is the biggest economic contributor to local communities, many operators also seek opportunities to empower local people through the integration of local culture into the guest experience and by working directly to support the local community through dedicated socio-economic programs.

Finally, tourism staff and guests provide additional conservation support by being the eyes and ears on the ground that help prevent illegal poaching, land invasion, and land conversion and by working with communities to advance the message of conservation.

COVID-19 and the Origins of the Fund

Prior to the COVID-19 pandemic, the African tourism industry directly generated over $ 29 billion annually and employed 3.6 million people[5], with indirect benefits estimated at $ 50 billion and 24 million African jobs when including the impact of the full supply chain.[6]

Few policymakers or tourism operators had any hope of anticipating, much less preparing for, the dramatic and immediate drop in tourism revenue that came with COVID-induced travel bans. On the tourism operator side, businesses had to drastically reduce costs, and achieved this through reducing salaries, laying off or furloughing staff, and, in many cases, reducing the fixed fees that they normally paid to conservation management authorities. The latter's normal revenue stream was further affected by losses in variable fees (entry fees, bed levies) that are directly linked to visitor numbers.

Whilst these spending cuts hurt local communities and conservation areas alike, they were essential for the industry to have any hope of surviving and reopening after the pandemic.

Recognising the resultant threat to conservation, The Nature Conservancy (TNC) collaborated with ThirdWay Partners to establish the Africa Conservation and Communities Tourism Fund (ACCT), an impact fund designed to make working capital loans at fair but affordable rates to responsible tourism operators with camps in and around important conservation areas. These

© NEIL MIDLANE/TNC

loans were structured to provide both flexible payment options and favourable base level interest rates to help these businesses get through the pandemic whilst still being able to afford, or work up to, their pre-COVID contributions to conservation and communities.

Following a relatively rapid and robust recovery of the industry following the COVID pandemic the Fund expanded its focus in mid-2022 to also support the growth of conservation tourism in important wildlife areas as operators looked to refurbish or expand existing camps and develop new ones, with the aim of catalysing incremental conservation and community benefits.

IMPACT STRATEGIES & OBJECTIVES

THE ACCT FUND WAS ESTABLISHED WITH THREE PRIMARY IMPACT OBJECTIVES		
1 To help restore and protect the conservation and community benefits that the tourism industry had been able to support before the COVID-19 pandemic	2 To support conservation tourism operators as they seek to increase and improve their long-term support for conservation areas and the communities that depend on them	3 To increase the resilience of conservation tourism operators to future external shocks

Based on the above objectives, TNC, acting as the Fund's Conservation Advisor, developed a suite of Conservation and Community Outcomes to give more specific guidance to the desired impact of each of the Fund's investments. Depending on the nature and circumstances of each transaction, TNC, in consultation with each tourism operator, and with guidance from the Fund's Conservation Committee, designs a set of legally binding Conservation and Community (C&C) Covenants that seek to align the portfolio company's activities with selected Outcomes (refer to Table 3 for the Outcomes being targeted in the current portfolio).

Typically, the outcomes are targeted through one or more of the C&C Covenants agreed on for each transaction.

Impact Strategy: Bringing TNC's conservation expertise to a market-based approach

The ACCT Fund is designed with the intent to activate significant, measurable impact for people, landscapes and wildlife, in support of TNC's mission		
The Fund's impact strategy seeks to address both immediate and long-term outcomes: **DEFENSIVE OUTCOMES** Restore and protect the outcomes that the conservation community, with support from the tourism industry, had been able to achieve pre-COVID **CATALYTIC OUTCOMES** Alongside a broader economic recovery, provide support for operators to increase and improve contributions toward long-term sustainability of communities and conservation	**FINANCIAL FLOWS TO CONSERVANCY** ▶	• Fees paid directly by the tourism operators to conservation areas and their conservation management teams
	IN-KIND SUPPORT ▶	• Staff and guest "eyes and ears" that supplement official patrols • Infrastructure development, such as roads and fire breaks • Habitat restoration • Contributions to conservation research
	COMMUNITY DEVELOPMENT SUPPORT ▶	• Jobs and salaries for community members • Demand for goods and services • Conduit for health and education programs • Channel for tourism-based philanthropy

At a Fund level, TNC and ThirdWay set five Sustainability Key Performance Indicators (Table 1) against which the overall impact returns of the Fund are measured. In some cases, part of the C&C additionality captured in these KPIs is as a result of the Fund enabling an investment that would otherwise not have happened. For example, the operator did not have access to other funding sources to build or acquire a new camp. The Fund's investment, therefore, results in, for example, additional lease fees being payable to a community conservancy, thus improving the capacity of conservancy management to protect its land and wildlife.

For all ACCT's investments, KPI outcomes are enhanced through the C&C Covenants agreed with the operator. Common examples would be that the operator commits to paying full lease fees (during the COVID-relief funding time) to conservancies or park authorities (Defensive Outcome 2) and increasing these over time as business improves (Catalytic Outcome 2). Similarly, an operator may commit to increasing local employment numbers back to pre-COVID levels (Defensive Outcome 4) and increasing them over time (Catalytic Outcome 4).

For the more recent transactions (i.e. mostly supporting operators to build or acquire new camps), typical requirements would include a voluntary contribution by the operator of a percentage of its revenue, as well as a Conservation and Community Levy charged to guests, to support conservation or community projects in the landscape, this targeting Catalytic Outcomes 1, 2 and 3. In some cases, we also required an operator to establish a new local non-profit organisation through which to channel these funds, as well as create a mechanism for increasing philanthropic donations by guests.

The cumulative impact of the investments and C&C Covenants are aggregated across the portfolio and reported under the five KPIs, thereby adding a quantitative element to the broader outcomes that the fund aims to achieve

TABLE 1. ACCT sustainability key performance indicators

Target Conservation/ Community Outcomes[7]	Performance Metric	Target Outcomes over the life of the Fund[8]
Employment	Number of staff retained	5,300
Community benefits from downstream flow of income from tourism employment	Number of community members reached	37,100
Total protected areas in which operators are active	Square kilometres protected	535,000
Direct financial flows to conservation landscape owners and/or managers	Value of annual payments	$31.5m
Direct contributions made to the socio-economic benefit of the community	Value of annual salary and non-salary flows to community benefit	$2.5m

Mkambati Matters, South Africa

The ACCT Fund's role in supporting the conservation of Africa's parks and sustaining local livelihoods through responsible tourism is nowhere more clear than at the Mkambati Nature Reserve in South Africa's Eastern Cape. Here, the Fund's support for Mkambati Matters, a local operator engaged in building a premier quality lodge in a small, protected area on the southeast coast of the country, is truly transformational.

By backing Mkambati Matters, the Fund is supporting sustainable conservation tourism in the heart of the Pondoland Centre of Plant Endemism, one of the planet's most important biodiversity hotspots. Though small in geographic terms, the reserve is extremely rich in biodiversity, with over 2,250 plant species, around 200 of which are endemic, found in the area.

Mkambati's beautiful rolling grasslands are set against a backdrop of the azure waters of the Indian Ocean, making it one of only a few places on earth where one can watch a large herd of eland, blesbok or zebra with dolphins and whales providing the backdrop. According to Yandisa Ngcuka, director of local non-profit Mkambati Conservation and Community, "like many other nature-based tourism hubs in Southern Africa, the communities surrounding Mkambati continue to grapple with poverty, inequality, and underdevelopment. In light of these challenges, the new GweGwe Lodge development holds great promise as a catalyst for both biodiversity conservation and local economic growth in the region. The broader Pondoland community is eagerly anticipating the potential of the GweGwe Lodge to fulfil these dual objectives

The project is building on a colourful history. The former home to a leprosy hospital around 100 years ago, subsequently re-purposed to provide a facility for treating tuberculosis, the area was then proclaimed as a nature reserve in 1977, when wildlife was reintroduced. In early 2000, seven neighbouring villages located inland from Mkambati formed a trust to represent the rights of their community members whose ancestors were the original inhabitants of the Mkambati lands who, under South Africa's apartheid laws, were forcefully evicted and resettled in the interior. Their land claim was successful and today the Mkambati Land Trust is the rightful owner of the Mkambati Nature Reserve.

Despite owning the land for more than 20 years, these seven communities have, to date, received precious little economic return from its protection, mainly due to the lack of development of any significant tourism assets in the reserve. Once operating at steady state occupancies, GweGwe Lodge and villas, the facility being developed with the support of ACCT funding, will generate in the region of USD400,000 per annum of funding for conservation and community upliftment in the Mkambati landscape. This excludes the salaries of the approximately 80 new permanent jobs for local people and further economic benefits that will be achieved through developing local businesses to supply goods and services to meet the lodge's needs.

To direct its conservation and community outreach programs, Mkambati Matters has formed a not-for-profit company that will channel funds raised to pay for the conservation and community uplift initiatives. For example, a team of all-women wildlife monitors will be formed, drawn from local communities. These women will undertake a range of wildlife and conservation activities and duties in and around the reserve, such as conducting wildlife surveys, supporting the enforcement authorities in anti-poaching initiatives and monitoring for illegal fishing activity.

The economic, environmental and social benefits will extend beyond the boundaries of the reserve to include school and health programs, such as a mobile health clinic and support for organic vegetable farming.

The change that the funding is enabling is truly transformational. Most exciting from a conservation perspective is the potential expansion of Mkambati into the interior, with the aim of increasing the size of the reserve from its current 7,400 hectares to some 15,000 hectares in the future. This process, being undertaken in partnership with the Mkambati Land Trust that owns the land, will be made possible through GweGwe demonstrating that genuine benefits for communities can be generated through equitable partnerships between private sector conservation tourism operators and local people.

© GEO JOOSTE/TNC PHOTO CONTEST 2022

ACCT in 2023

The Story So Far

After initially being conceptualised at the height of the COVID-19 pandemic in 2020, the ACCT Fund had its first close in May 2021, with an initial investment of $20m from TNC. During the remainder of that year the Fund advanced much-needed liquidity financing to four tourism operators with camps in key wildlife areas in Botswana and Kenya. Following a second close at $48 m in December 2021, a further three loans were finalised in 2022 to operators in Kenya and Tanzania. These loans all came at a critical juncture for these businesses. At the time, many operators were unable to pay their fees to conservation areas and were also forced to either reduce staff salaries or retrench people. ACCT's funding helped our portfolio companies avoid or reverse these effects on their companies, thus preventing further loss of revenue to conservation areas and employment of local people.

Contrary to all expectations, the Conservation Tourism industry in Africa started a remarkable recovery in 2022 (though not equally strong in all countries), as, despite new COVID variants appearing, the majority of source and destination countries lifted the travel restrictions that had been in place since early in the pandemic. Pent-up demand, in conjunction with significant amounts of rolled-over bookings from 2020 and 2021 resulted in many tourism operators running occupancies that rivalled or bettered their best historical years.

Whilst this recovery was hugely positive for the industry, it also meant that tourism businesses were focused on getting their camps back to operational standards, resulting in lower demand for liquidity financing from the Fund. As the year progressed, however, many operators began revisiting plans to refurbish existing camps and invest in new ones to expand their portfolios. ACCT recognised this change as a pathway to increase the positive impact of the industry, as these improved and new camps would generate additional revenue for conservation and new job opportunities for local people, in line with the second of the Fund's three primary objectives.

The second half of 2022, therefore, saw many conversations between ACCT and these businesses as we explored opportunities for ACCT to support these growth plans in ways that achieved, and potentially improved, the impact goals of the Fund.

In 2023, the industry continued on its path to recovery, with occupancy levels in southern African properties catching up after lagging their East African counterparts for much of 2022. With a final close at $70m in April, the fund completed four new transactions during the year, making investments into Kenya, South Africa and Uganda.

The first 2023 transaction was the provision of finance for the construction a new camp on a community conservancy in Kenya's Maasai Mara. As a result of this build, the operator was able to increase the financial contribution that it can make to the conservancy and the livelihoods of its members, and thus extend the leases of the conservancy by an ten extra years.

The second 2023 Kenya transaction was entered into with a medium-sized operator with a number of camps in the country. The funds from ACCT were allocated to major capital refurbishments of two existing camps, construction of new camp and the expansion of an existing property.

In Uganda, ACCT invested in an operator with a long track record in the country, and our funds are supporting their growth through the development of four new camps, two in Murchison Falls National Park and two in Kyambura Wildlife Reserve which is adjacent to Queen Elizabeth National Park in southern Uganda. Both of these areas are under-invested from a tourism perspective, and these new camps will result in significant increases in revenue to the Uganda Wildlife Authority and employment of members of the local community.

© AMI VITALE

The final investment in 2023 is a loan to a South African operator that is building a lodge in Mkambati Nature Reserve, a small protected area on the south east coast of the country. Despite its small size, this reserve is one of only a handful of conservation areas that protect the flora of the Pondoland Centre of Plant Endemism, a region of globally significant biodiversity. The development will also result in the first significant revenue to accrue to the local communities that own the reserve; an ownership title that was awarded to them in a land claim over 20 years ago and for which they have received precious little economic value to date.

Conservation and Community Covenant Compliance

Each time ACCT makes an investment, a suite of legally binding C&C Covenants are agreed with the operator, and the operator is required to report against these Covenants on a twice-yearly basis. In 2023, all the ACCT portfolio companies, with one exception, met and, in most cases, exceeded the commitments that they made to the fund through the C&C Covenants in their legal agreements.

In the case of the exception, an operator did not meet its carbon reduction targets as a result of their newly installed solar and battery system catching fire and being completely destroyed, before it became operational. The fire was caused by a faulty installation by the provider of the facility, and the operator subsequently decided to work with another party who can provide a better system and service.

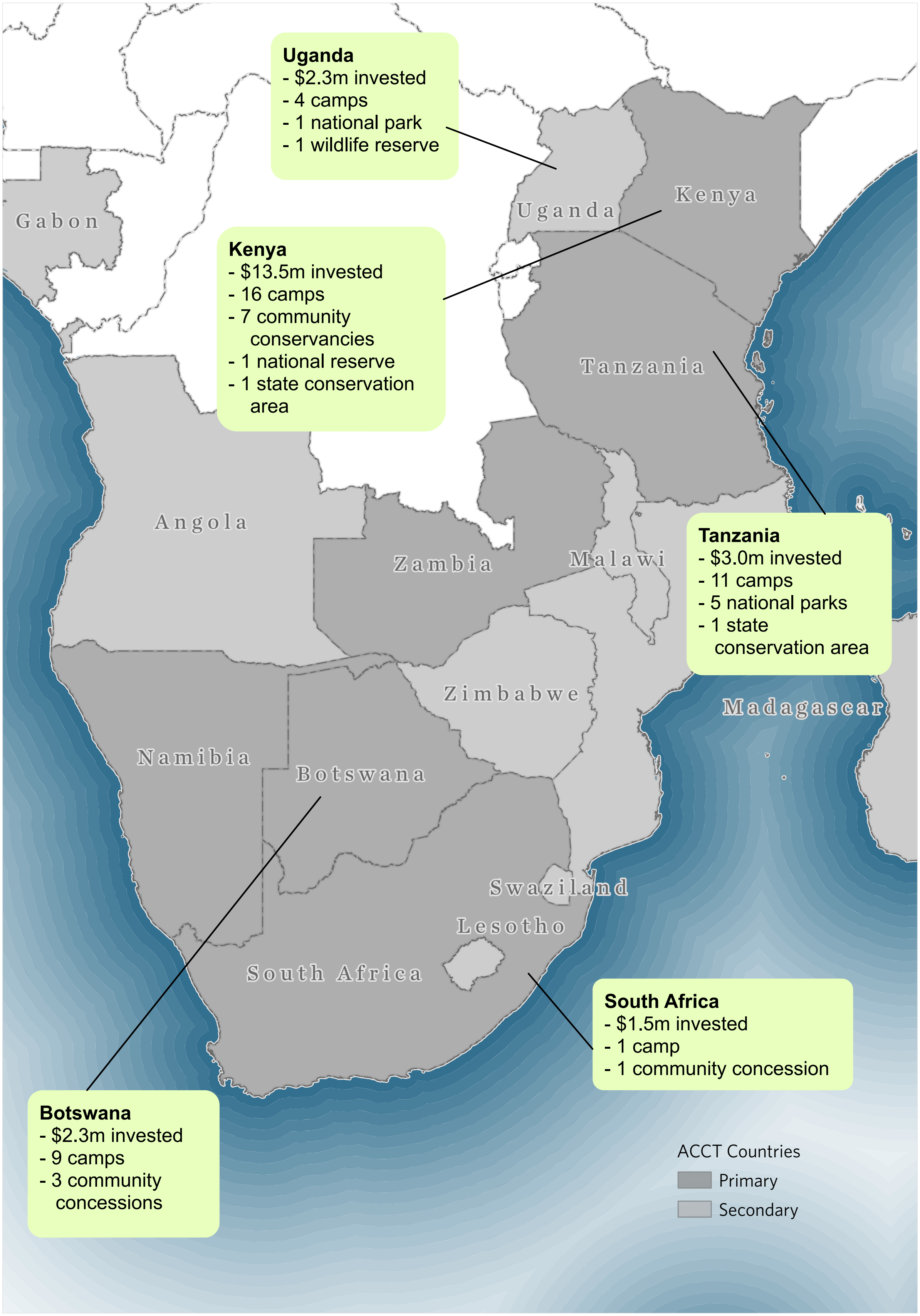
The ACCT Conservation Advisor informed the Conservation Committee of these issues and it was agreed that the Fund will engage with the operator in early 2024 to revisit their commitments and determine a way forward that is satisfactory to both parties.

Environmental and Social Safeguards

An important milestone achieved during 2023 was the finalisation and publication of the Fund's Environmental and Social Management System (ESMS). The ESMS provides guidance to the Fund on what environmental and social (E&S) risks need to be taken into account when considering a new investment, how to evaluate the materiality of those risks and how to mitigate them in partnership with the portfolio company.

A rigorous Environmental and Social Due Diligence is conducted for each potential investee, and any shortcomings identified are addressed with the operator through an Environmental and Social Action Plan, the outcomes of which are included in the C&C Covenants of the legal agreement between the Fund and the operator. Prior to the ESMS being finalised, this work was reviewed by external consultants, but is now completed in-house by the Conservation Advisor.

Distribution of the ACCT Fund's current portfolio



Wildplaces, Uganda

Strangely enough, it's Sir Winston Churchill who is credited with nicknaming Uganda "the Pearl of Africa". In his 1908 book, *My African Journey*, he writes "For magnificence, for variety of form and colour, for profusion of brilliant life—bird, insect, reptile, beast—for vast scale—Uganda is truly 'the Pearl of Africa.'"

In fact, prior to the reign of Idi Amin in the 1970's, Uganda was *the* safari destination in East Africa, far more popular than either Kenya or Tanzania. Amin's reign, followed by three decades of instability, had a significant negative effect on the country's appeal as a tourism destination, and thus its ability to finance the management of its conservation areas.

In 2017, following a prolonged period of relative political stability, and recognising the potential of sustainable tourism to generate funding for conservation, the Government of Uganda embarked on a drive to encourage new private sector tourism investment in multiple sites across its protected area estate.

Enter Wildplaces Africa, a Ugandan conservation tourism operator with three existing camps and over 30 years' experience running safaris in the country. In April 2022, after a prolonged tendering and due diligence process, interrupted by the Covid pandemic, Wildplaces signed lease agreements with the Uganda Wildlife Authority (UWA) for two concessions, one in Murchison Falls National Park, and the other in Kyambura Game Reserve, part of the greater Queen Elizabeth National Park (QENP) protected landscape. Given their sizes of 390,000 and 740,000 hectares respectively, and their high levels of biodiversity, Murchison and Queen Elizabeth are extremely important for conservation, whilst also holding high tourism potential.

Despite these attributes, the country's challenges described above mean that these two parks have historically been under-invested for tourism, particularly when it comes to high value, low volume operations which typically generate higher revenues with more jobs at a lower environmental cost than high volume alternatives.

With the help of a loan from the ACCT Fund, Wildplaces is about to change this status quo significantly, through the development of 30 new high-end beds in each of its two new concessions. Construction of a 10-bed tented camp at each location is already well-advanced, with Papa's Camp in Murchison and Honey Bear Bush Camp in Kyambura due to open in 2024. These will be followed by a more substantial 20-bed offering for each of these sites.

Based on projected occupancies of these camps, Wildplaces expects to be generating in excess of USD500,000 per year in lease and park fees for UWA for each concession once all camps are operating at a steady state. The majority of these funds will be used for managing the conservation areas, but, under UWA's progressive revenue-sharing programme, 20% of the amount raised will be allocated to supporting communities living adjacent to the National Parks through projects, chosen by these communities, that contribute to reducing human-wildlife conflict or improving livelihoods.

In terms of the agreement with the ACCT Fund, Wildplaces will also charge its guests a daily Conservation and Community Levy that will go to a newly-formed local non-profit dedicated to providing additional support to conservation and community upliftment in the landscapes.

In the words of Wildplaces Africa co-founder and Director, Pamela Wright: "We see ourselves as trailblazers or outliers in a way. Our lodges are all in far-flung places where we have been the first to develop, the first to train the local communities in hospitality, the first to work to develop game trails. Our new properties are going to be spectacular and will change the face of both Murchison and Queen Elizabeth. We couldn't find it, so we are building it."

The ACCT investment into Wildplaces is a prime example of how the Fund is able to catalyse sustainable investment into frontier tourism landscapes to the benefit of government, conservation and local communities.

© AMI VITALE

Sustainability KPIs

In this section, we report the impact performance of the current portfolio companies, aggregated from their C&C Covenant and quarterly impact reporting, against the 5 Sustainability KPIs of the Fund. If an operator was added to the portfolio during the reporting year, data are included from the date of the signing of a loan agreement. To date, the Fund has deployed approximately 27.8% of its capital available for investments, and this should be taken into account if comparing FY2023 KPI performance against the hypothetical returns in Table 1. In addition, only one of the new camps that was funded by ACCT in 2023 was operational during the year (and only for the last five months), and, as a result, employment numbers, salaries, local procurement and variable conservation fees attributable to the existing portfolio will all increase as these camps come online in 2024.

EMPLOYMENT

1,405 *staff retained*

Direct employment is undoubtedly the single biggest socio-economic benefit for communities from the conservation tourism industry, as the remote areas where these camps are located rarely have other viable, sustainable job opportunities for local people. This KPI represents the aggregated average number of full-time employees based in all 45 camps that are held in ACCT portfolio companies over the course of the 2023 reporting year[9].

COMMUNITY BENEFITS FROM DOWNSTREAM FLOW OF INCOME FROM TOURISM EMPLOYMENT

9,835 *community members reached*

This number represents a 7x multiple of the number of staff retained, a multiple that originates from a peer-reviewed research paper by Snyman (2012)[10]. The author interviewed 193 employees of high-end conservation tourism businesses in Malawi, Namibia, and Botswana covering a range of socio-economic indicators, amongst which was the question of how many dependents relied on the salary of the interviewee. The mean across the three countries was 7.42 dependents; for this KPI we rounded down to 7.

TOTAL PROTECTED AREAS IN WHICH OPERATORS ARE ACTIVE

88,103km^2 *square kilometres protected*

This KPI indicates the broader sphere of influence of ACCT portfolio camps across the conservation landscape in the region. However, it needs to be interpreted with caution, as it does not suggest that these camps are necessarily making a significant contribution to the protection of these conservation areas. In some cases, where a camp is the only one in a protected area or the fees it pays comprise the majority of the management costs thereof, this is certainly the case.

However, in other scenarios, an ACCT portfolio camp may be one of many in a much larger protected area, usually a National Park. In these cases, revenue contributions by ACCT-funded operators are supporting improved management of a portion of the protected area rather than in its entirety. Nonetheless, fees paid by these camps remain critical to the overall budgets of these parks, and losing these revenue streams can have knock-on effects far broader than just the local area of the camp operations. Table 2 gives a breakdown of this KPI by portfolio country, type and size of protected area.

TABLE 2. Type and size (km²) of protected areas in which ACCT operators are active

Country	Community Conservancy	Community Concession	Private Conservancy	National Park/ National Reserve	Other	Total
Botswana		6,136				6,136
Kenya	943		587	1,510		3,040
South Africa	77					77
Tanzania				66,725	8,094	74,819
Uganda				3,877	154	4,031
Totals	1,020	6,136	587	72,112	8,248	88,103

Ngorongoro Conservation Area. [2]Kyambura Wildlife Reserve [3] The Total Protected Area in which operators are active does not match the sum of each operator, as there is some overlap. For example both Elewana and Asilia have camps in Mara North Conservancy (300km²), which is only included once in the Totals row.

DIRECT FINANCIAL FLOWS TO CONSERVATION LANDSCAPE OWNERS AND/OR MANAGERS

$7.8m *value of annual payments*

This amount represents the sum of both contractual obligations and voluntary contributions made by operators to the owners and/or managers of conservation areas for the year ended 31 December 2023. The former is usually in the form of fixed and/or variable lease fees, concession fees, conservancy fees, and park fees. These are essentially the same thing, just with different names in different countries and/or types of conservation areas. Voluntary contributions represent CSR-type support that operators provide to conservation management, usually through donations to management authorities or local NGOs that support the protection of these areas. In many cases, the operator has agreed with ACCT, through their loan agreement, to a minimum voluntary contribution that they will make each year. This usually takes the form of a percentage of revenue, or a Conservation and Community Levy collected from guests. Approximately 2% of this number comprises voluntary contributions for the portfolio in 2023.

DIRECT CONTRIBUTIONS MADE TO THE SOCIO-ECONOMIC BENEFIT OF THE COMMUNITY

$9.6m *value of annual salary and non-salary flows to community benefit*

This KPI represents total economic value flowing to communities from ACCT camps for the year ended 31 December 2023. Salaries and wages comprise $6.9m of this amount, and of that, $4.3m is considered to be local salaries – i.e. paid to staff who live within 50km of the camp or protected area. About $2.3m of the reported contribution came in the form of local procurement (same definition), whilst a further $0.4m is from voluntary CSR-type contributions to socio-economic development projects.

TABLE 3. List of defensive and catalytic outcomes that were agreed upon as objectives for each of the operators per the specific C&C covenants in their loan agreements.

Outcome		Kenya 1	Botswana	Kenya 2	Tanzania	Kenya 3	Kenya 4	Uganda	South Africa
DEFENSIVE OUTCOMES									
1	Existing conservation activities carried out directly by the tourism business are maintained at pre-COVID levels (where it is appropriate to do so).	X	X	X	X	X			
2	Direct financial flows from the tourism business to the owners and/or managers of the conservation landscape are maintained at pre-COVID levels	X	X	X	X	X			
3	Direct contributions made by the tourism business to the socioeconomic well-being of the community/communities are maintained at pre-COVID levels (where it is appropriate to do so).	X		X	X	X			
4	Employment levels from the local community are maintained at pre-COVID levels.	X	X	X	X	X			
CATALYTIC OUTCOMES									
1	The area under improved conservation management and protection is increased.			X		X	X	X	X
2	Direct financial flows from the tourism business to the owners and/ormanagers of the conservation landscape are increased above pre-COVID levels	X	X	X	X	X	X	X	X
3	Direct contributions from the tourism business to the socio-economic well-being of the community/communities are increased above pre-COVID levels	X	X	X	X	X	X	X	X
4	Employment levels are increased above pre-COVID levels		X	X	X	X	X	X	X
5	Building business resilience to future exogenous shocks through expansion into other conservation-related activities.		X	X		X			

Endnotes

1 IUCN ESARO (2020). Closing the gap. The financing and resourcing of protected and conserved areas in Eastern and Southern Africa. Nairobi, Kenya: IUCN ESARO; BIOPAMA.

2 Lindsey, et al. Conserving Africa's wildlife and wildlands through the COVID-19 crisis and beyond. Nature Ecology and Evolution (2020).

3 https://www.nature.org/en-us/what-we-do/our-insights/perspectives/covid19-requires-new-conservation-revenue-model-africa/

4 https://www.panthera.org/cat/lion

5 https://www.nature.com/articles/s41559-020-1275-6

6 Bertzky et al., (2017), European Commission, Joint Research Centre, Science for the AU-EU Partnership: building knowledge for sustainable development, Publications Office of the European Union, Luxembourg.

7 See Section 5 of this report for details on KPI calculations.

8 The Fund closed at $70m, of which approximately $63m is available for deployment; the balance is set aside to cover management costs over the life of the Fund. We originally set targets based on a $50m fund size (see FY2022 Impact Report). The targets shown here are a linear extrapolation from $50m to $63m, the estimated capital available for deployment.

9 For working capital loans all the camps of the operator are taken into consideration for the Sustainability KPIs. For expansion projects, only the camps funded for expansion (or refurbishment) are included.

10 Snyman, S. L. 2012. The role of tourism employment in poverty reduction and community perceptions of conservation and tourism in southern Africa. Journal of Sustainable Tourism. 20:3. p395-416.