

CRIDF 



 **OKACOM**



# OKACOM OKAVANGO ENDOWMENT FUND

## AN OVERVIEW

AUGUST 2018

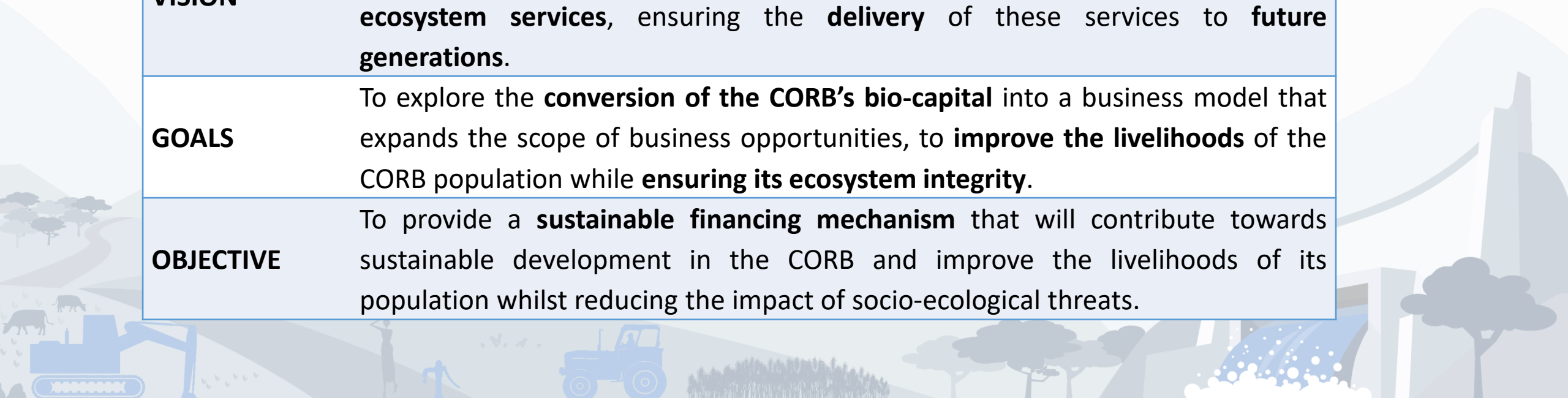




## INTRODUCTION

### FUND VISION, GOALS & PROJECT OBJECTIVES

<b>VISION</b>	An <b>internationally respected</b> fund providing equitable benefits across the CORB, through activities that <b>enhance livelihoods</b> and mitigate threats to the CORB's <b>ecosystem services</b> , ensuring the <b>delivery</b> of these services to <b>future generations</b> .
<b>GOALS</b>	To explore the <b>conversion of the CORB's bio-capital</b> into a business model that expands the scope of business opportunities, to <b>improve the livelihoods</b> of the CORB population while <b>ensuring its ecosystem integrity</b> .
<b>OBJECTIVE</b>	To provide a <b>sustainable financing mechanism</b> that will contribute towards sustainable development in the CORB and improve the livelihoods of its population whilst reducing the impact of socio-ecological threats.



## BASIC FUND CHARACTERISTICS

### LEGAL STRUCTURE

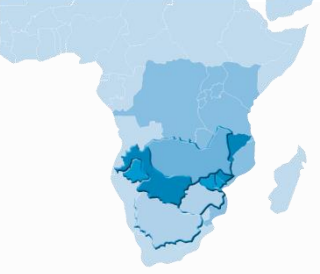
- The Fund will be established as a **Company Limited by Guarantee** in Botswana.

### OWNERSHIP

- No individual Member has ownership rights over the Fund's assets, and cannot use the Fund's assets or income for personal gain of any sort.
- No Member or Director can derive income from the Fund.
- The ultimate beneficiaries of the Fund to be communities in the Cubango Okavango River Basin

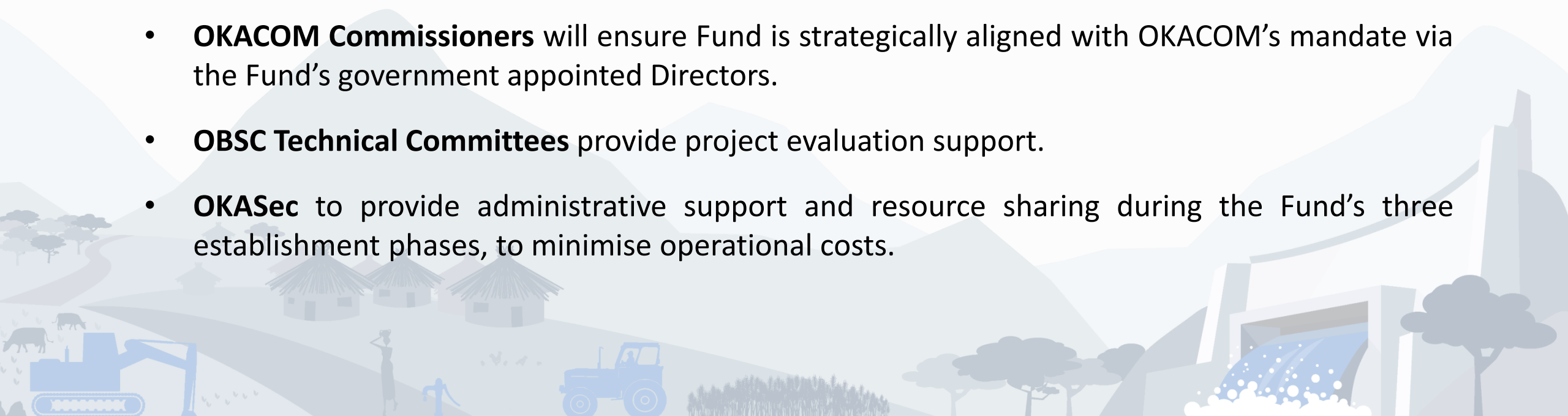
### DISSOLUTION PROVISION

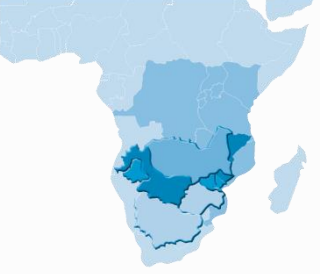
- The dissolution or liquidation of the Company requires a **Special Resolution** of Members.
- Remaining assets will be transferred to a charitable organisation(s) with a similar purpose.



## OKACOM AS A KEY STAKEHOLDER FUNCTIONS OF ROLE PLAYERS

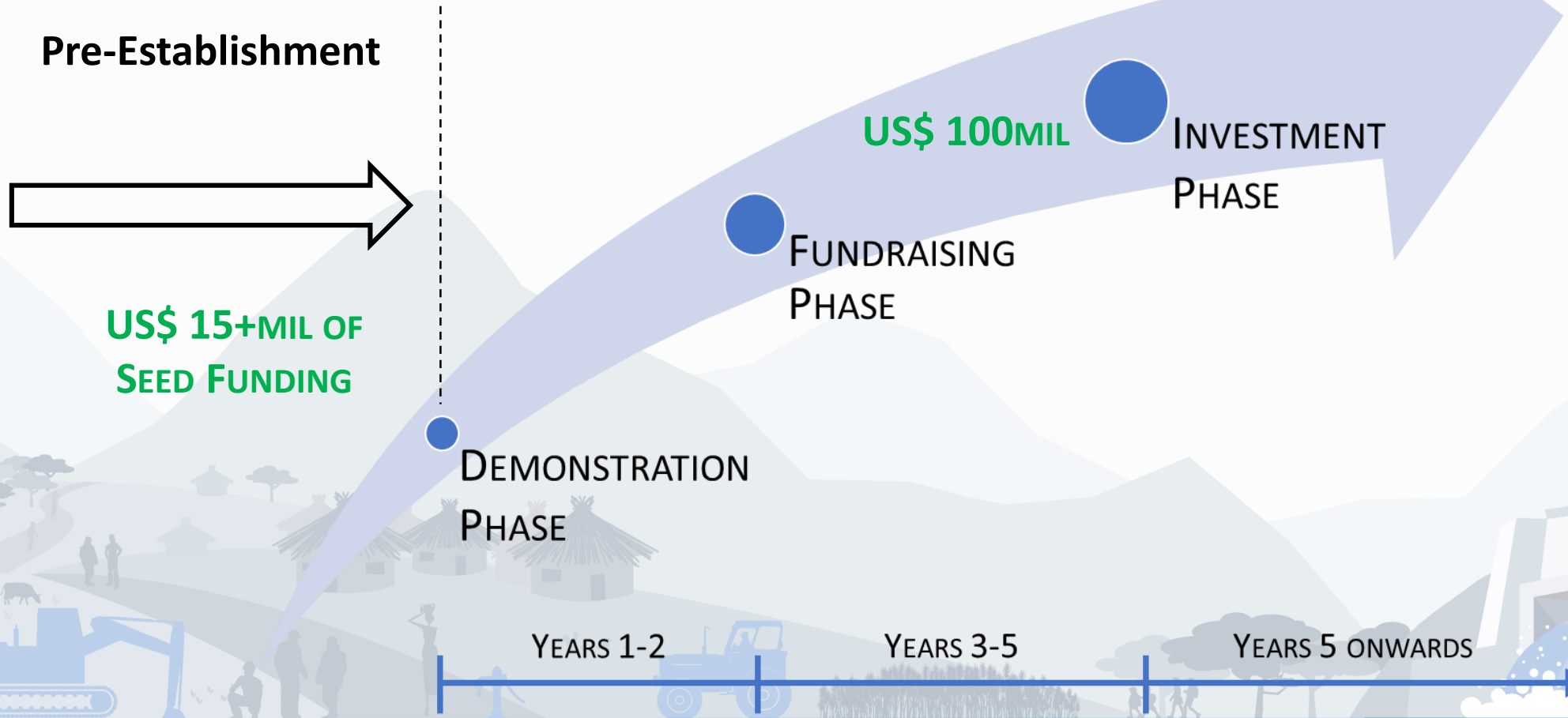
- **OKACOM Minister's Forum** to establish Fund and OKACOM Co-Chairs to be appointed as Members' Representatives .
- **OKACOM Commissioners** will ensure Fund is strategically aligned with OKACOM's mandate via the Fund's government appointed Directors.
- **OBSC Technical Committees** provide project evaluation support.
- **OKASec** to provide administrative support and resource sharing during the Fund's three establishment phases, to minimise operational costs.





# CRIDF

## PHASED APPROACH A PHASED APPROACH TO FUND ESTABLISHMENT

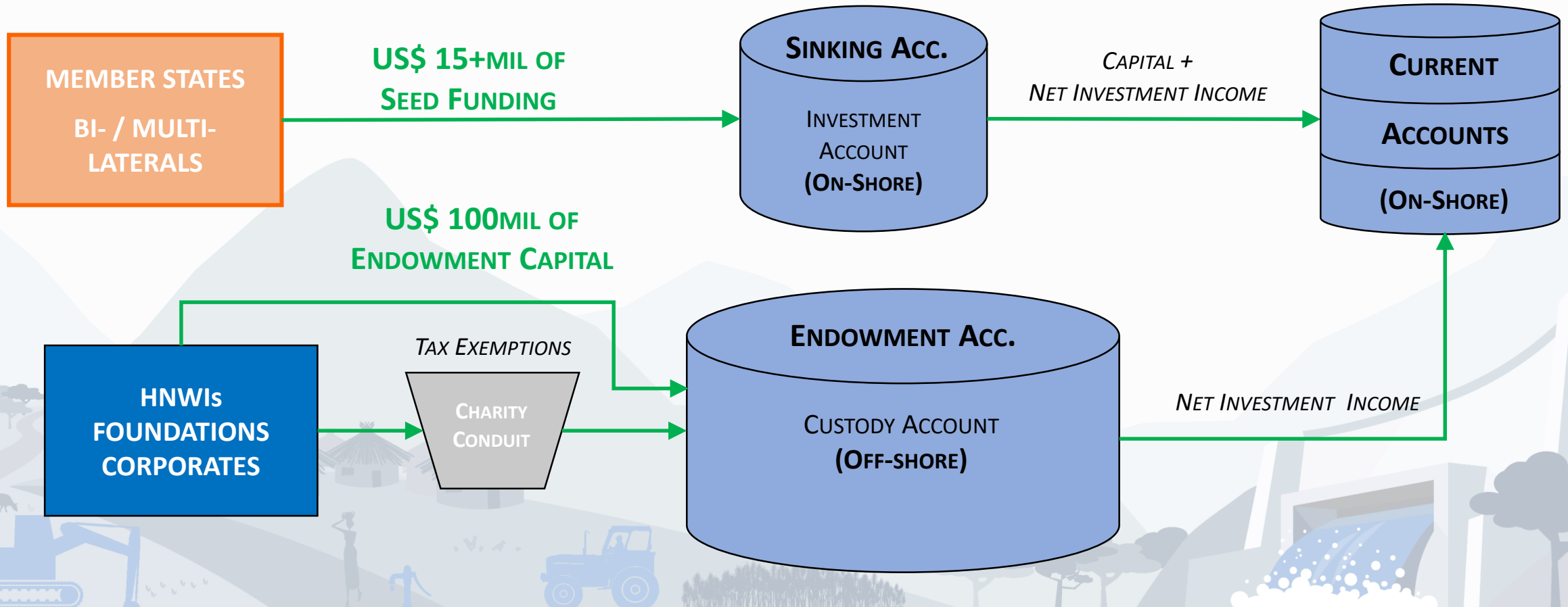


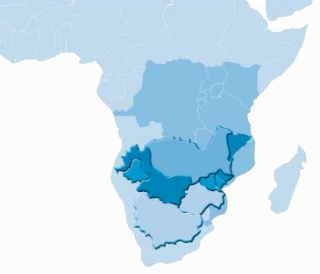


# CRIDF

## PHASED APPROACH

### INVESTMENT VEHICLES - SIMPLIFIED CASHFLOWS AND ACCOUNTS





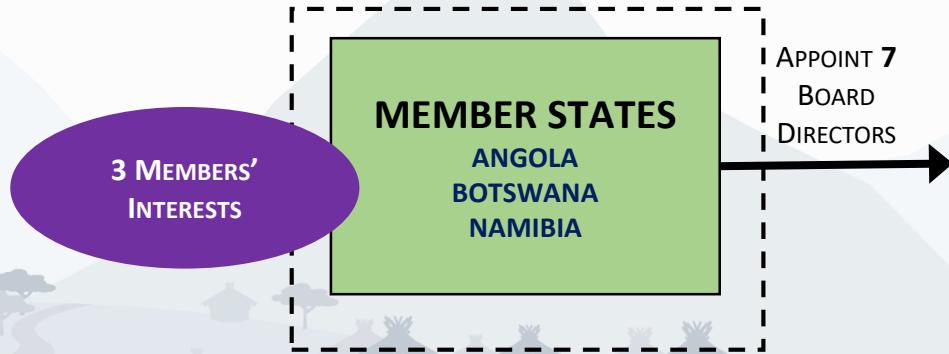
# CRIDF

## GOVERNANCE STRUCTURE



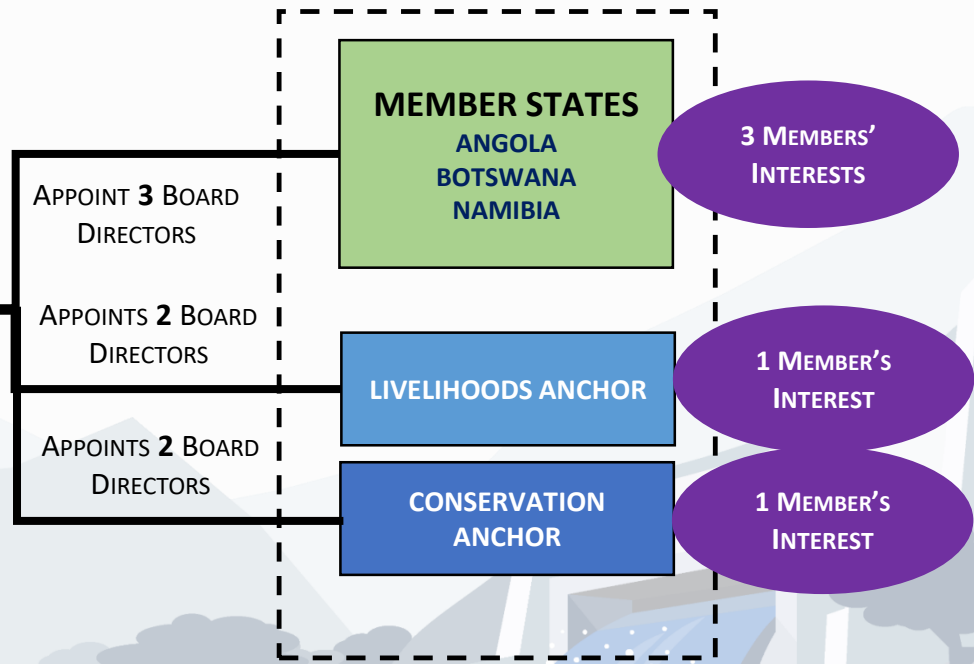
### Initial State

ACTIVE MEMBERS



### Post "Trigger"

ACTIVE MEMBERS



## FINANCIAL POLICY

### SALIENT FEATURES

1. Limits **operational spend** as a % of total spend (at a Fund level):
  - **40%** during the **demonstration** and **fundraising phases**.
  - **25%** thereafter (i.e. **investment phase**).
2. Sets **annual disbursement limits**, to protect endowment capital and ensure sinking vehicle covers first two phases.
3. Set requirements where and how the **Fund's assets** can be custodied and invested.
4. **Executive Officer** to report to Board of Directors on **Spend**.
5. **SAFEGUARD**: Any **changes to Financial Policy** require a Members' Special Resolution.
6. Two **independent members** will need to support Members' Special Resolution for it to pass

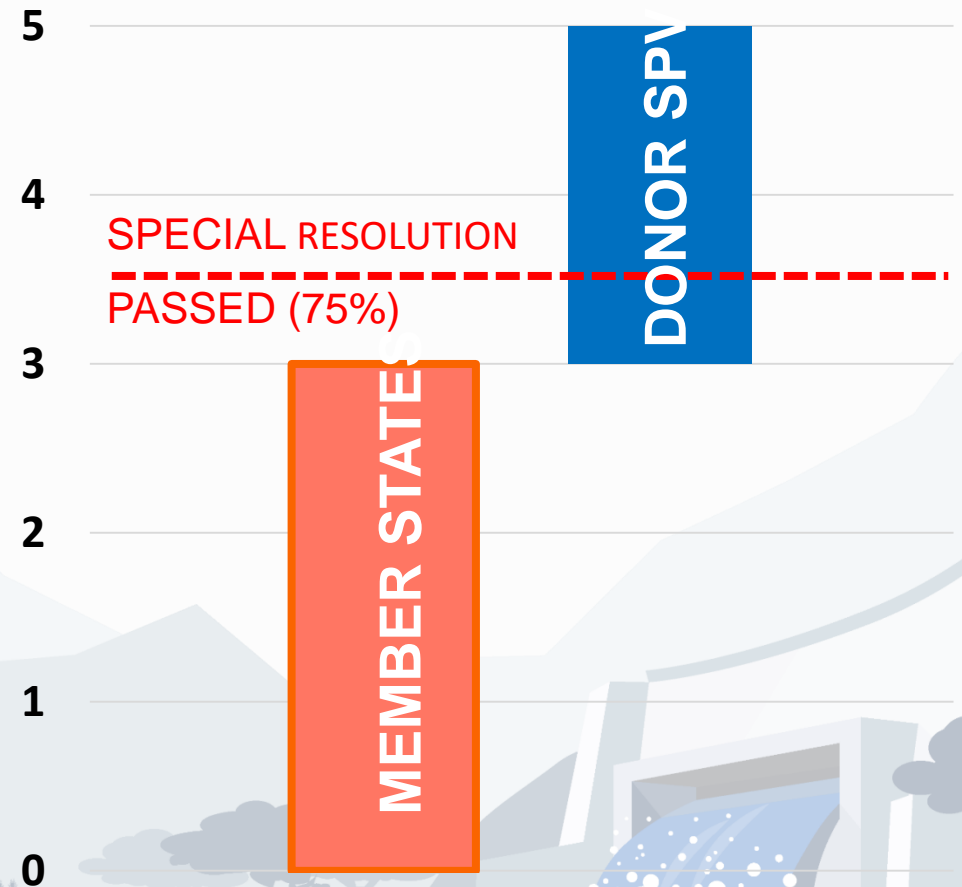




## GOVERNANCE STRUCTURE MEMBERS: SPECIAL RESOLUTIONS

### 'Member Reserved Matters' include:

- Amendments to Fund's **Constitution**;
- Amendments to Fund's **Financial Policy**;
- Appointment of **additional Members**;
- **Incurring large debt** or long-term debt;
- **Issue usual guarantees**, sureties or indemnities;
- Appointment or dismissal of **external auditors**.





### SCENARIOS MODELLED

US\$000	Base Case	Ongoing Fundraising
Seed funding raised	16,500	16,500
Endowment funds raised	100,000	200,000
Operational costs (25yrs)	(24,503)	(24,503)
Project funding (25yrs)	(95,734)	(139,199)
Returns - sinking account (25yrs)	1,127	1,127
Returns - endowment account (25yrs)	166,507	239,602
Fund value at end of 25 years	163,897	293,526
Operating costs as % total costs	20.4%	15.0%
Avg. real opex per annum	(750)	(750)
Avg. real project funding per annum	(2,911)	(4,093)