

## **MEDIA RELEASE: A DEDICATED TAX INCENTIVE FOR THREATENED SPECIES AND OECMS IN SOUTH AFRICA**

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South Africa has done it again! We have activated another tax incentive dedicated to the environment. The Department of Forestry, Fisheries and the Environment (DFFE), together with the Sustainable Finance Coalition (the Coalition) and through implementation by Wilderness Foundation Africa (WFA), has executed the country's first tax incentive for threatened species, such as Rhino and Lion.

This unique tax incentive, section 37C(1) of South Africa's Income Tax Act, is enabled by the signing of the country's first ever Biodiversity Management Agreements (BMAs) between the Minister of the Environment, Barbara Creecy, and South African taxpayers. The tax incentive allows ordinary South Africans who qualify in terms of the requirements of section 37C(1) and who are safeguarding threatened species – such as rhino and lion – and ecosystems, to deduct all expenses related to their conservation efforts for these species from taxable income. These initial BMAs, also known as Candidate Other Effective Area-Based Conservation Measures (OECM), are being implemented for the first time by landowners in the Limpopo Province who are now able to access this pioneering deduction.

Underpinning this is the historic Kunming–Montreal Global Biodiversity Framework (GBF), signed in December 2022, which sets global targets to stem the tide of biodiversity loss and protect our planet. South Africa has signalled its commitment to these targets and government and civil society are working side by side to achieve these. Target 3, the 30x30 area-based conservation target, and Target 18, the scaling up of positive incentives for conservation, are of particular importance. They speak to the critical nexus of conservation and finance.

The Sustainable Finance Coalition CEO and Chairperson, Candice Stevens, notes the dual impact of this innovation: “Not only does this tax incentive provide a finance solution for conservation in South Africa, but it simultaneously creates a Candidate OECM, contributing to our national 30x30 goals.”

Critically important to achieving our goals for nature is the need to increase finance available for conservation efforts. The tax incentive is expected to unlock finance for conservation and maintenance of threatened species and ecosystems at approximately ZAR 1.5 million (USD 80 000) per annum. The incentive is niche, but it does provide a dedicated financial benefit for qualifying citizens seeking to do their part in protecting our country's incredible natural heritage. Stevens notes that “Our ability as South Africans to

innovate around finance for nature, particularly with tax incentives is already world-renowned, and this novel incentive gives us one more finance tool for our biodiversity rich country. It is a testament to our pioneering spirit to find solutions no matter the challenge and to effectively collaborate across public, private and civic sectors.”

Mobilising this new finance solution was achieved by the Coalition’s 3-Stage Finance Solution Approach®, which strategically develops new finance solutions whilst fostering the incubation of innovation. The Coalition’s finance model is applicable to any individual finance mechanism and is currently being applied to 14 finance solutions in 12 African countries, supporting countless stakeholders to unlock finance for nature and people. It was also used to unlock South Africa’s [Protected Area Tax Incentive, section 37D](#), garnering global recognition. Section 37D allows taxpayers to deduct the value<sup>1</sup> of their land where that land is declared as a nature reserve or national park.

The OECM and Threatened Species tax incentive was incubated by the Coalition in 2020, and piloted by implementing partner, WFA, through funding from the Rhino Recovery Fund in 2021 and 2022. The tax incentive’s requirements are directly linked to the BMAs enacted by the National Environmental Management: Biodiversity Act No. 10 of 2004 (NEMBA) and conservation actions are guided by gazetted Biodiversity Management Plans (BMPs). WFA CEO Andrew Muir emphasises “after the High-Level Panel Report in 2020 there was a strong sentiment that South Africa needed to do more to assist private citizens and communities owning and conserving rhino for future generations, this tax incentive does exactly that. WFA is delighted to have played a pivotal role in the activation of the tax incentive which will help to enable our vision of keeping wild animals in their natural habitat, securing wilderness areas and promoting benefits to local communities”.

“If you are involved in the conservation and maintenance of threatened species and ecosystems (for example rhino, lion, cycads, vultures, and others) for which a BMP has been published, you may be eligible to access the tax deduction. You will need to sign a BMA with DFFE for a period of at least five years and meet all the requirements of section 37C(1). Expenditure incurred in the conservation and maintenance of threatened species and ecosystems may then be deducted, examples of which may include, but are not limited to, alien-clearing, ranger salaries, security, veterinary expenses, or member levies contributing to the conservation and maintenance activities of management associations of areas”, notes Ellané van Wyk, Lead for Finance Solution Incubation and Implementation for the Coalition. She also shares that “this has been an interesting and most exciting journey. Landowners are always pleased to receive assistance and benefits for them to conserve

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<sup>1</sup> ‘Value’ to be determined on a case-by-case basis as required by section 37D.

and manage species and ecosystems effectively. This tax incentive will assist in closing the conservation finance gap and will benefit both people and places.”

The Coalition looks forward to scaling and amplifying the OECM Tax incentive together with DFFE, partners and landowners to achieve real impact, in real places, with real people.

### **GET IN TOUCH**

Please contact Ellane van Wyk at [ellane@wfa.africa](mailto:ellane@wfa.africa) should you require additional information or assistance in accessing the OECM and Threatened Species tax incentive.

Please visit:

[www.sustainablefinancecoalition.org](http://www.sustainablefinancecoalition.org)

[www.wildernessfoundation.co.za](http://www.wildernessfoundation.co.za)

[www.linkedin.com/sustainablefinancecoalition](https://www.linkedin.com/sustainablefinancecoalition)

### **MORE ABOUT THE SUSTAINABLE FINANCE COALITION**

The Coalition finds, designs and mobilises finance solutions for enduring naturescapes across Africa.

Founded in 2019 by co-founding organisations WFA and WWF-SA, the Sustainable Finance Coalition is a driving force for the development of finance solutions for nature in real places with real people. The Coalition’s model focuses on unique and innovative finance solutions that are targeted at the point of conservation and social impact to allow for new flows of finance to drive lasting change.

### **CONFIDENTIALITY**

It should be noted that all tax and personal information of taxpayers is treated as strictly confidential.