



The World Bank

South Africa: Catalyzing Financing and Capacity for the Biodiversity Economy around Protected Areas (P170213)

Project Information Document (PID)

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**BASIC INFORMATION****A. Basic Project Data**

Country South Africa	Project ID P170213	Project Name South Africa: Catalyzing Financing and Capacity for the Biodiversity Economy around Protected Areas	Parent Project ID (if any)
Region AFRICA	Estimated Appraisal Date 08-Jul-2020	Estimated Board Date 31-Jul-2020	Practice Area (Lead) Environment, Natural Resources & the Blue Economy
Financing Instrument Investment Project Financing	Borrower(s) National Treasury	Implementing Agency South Africa National Parks (SANParks), iSimangaliso Authority, Department of Environment, Forestry and Fisheries (DEFF), South African National Biodiversity Institute (SANBI)	GEF Focal Area Biodiversity

Proposed Development Objective(s)

To increase investment in three target protected areas (PAs) to grow the biodiversity economy and benefits to local communities.

Components

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	8.99
Total Financing	8.99
of which IBRD/IDA	0.00
Financing Gap	0.00

**DETAILS****Non-World Bank Group Financing**

Trust Funds	8.99
Global Environment Facility (GEF)	8.99

Environmental and Social Risk Classification

Substantial

Decision

The review did authorize the team to appraise and negotiate

B. Introduction and Context

Country Context

1. South Africa is one of the most biodiverse countries in the world, and its biodiversity contributes significantly to the national economy, local livelihoods, and climate change resilience. With a varied geography ranging from plains and savannas to deserts and high mountains, South Africa's ecosystems support over 95,000 species, and its rich biodiversity contributes to an estimated 418,000 jobs directly using or protecting biodiversity.¹ The total contribution of travel and tourism to South Africa's gross domestic product (GDP) in 2018 was about 9 percent,¹ a significant portion of which is directly linked to natural assets, particularly protected areas (PAs),² and abundant wildlife. Biodiversity also contributes to the livelihoods of the poorest, by providing a range of goods – such as food, biomass fuel, and medicine – and services, such as water. South Africa's ecological infrastructure³ also increases resilience to climate shocks, by reducing the impact of extreme weather events, such as drought and floods.

2. South Africa's political transition into a democracy in the mid-1990s is known as one of the most remarkable in the past century, but the country's economic transformation remains incomplete and hinges on the ability to facilitate inclusive job creation. With a Gini coefficient of 0.63, South Africa has one of the highest inequality levels in the world. Globally it has one of the worst unemployment rates⁴ at 29 percent. Only 42 percent of adult South Africans are working, compared to the 61 percent average for middle-income countries. Youth unemployment exceeds 50 percent. Poverty fell from 33.8 percent in 1996 to 16.9 percent by 2008, but further progress has slowed in recent years due to domestic structural challenges and weak global growth since the 2008 global financial crisis. In 2019, the country's poverty rate stood at 19.4 percent. The economy grew on average 2.79 percent from 1994 to 2018.⁵ However, overall growth has slowed and is declining: 1.3 percent in 2017, 0.8 percent in 2018, and 0.7 percent in 2019.⁶ GDP per capita growth has been stagnant or low since 2014. Government of South Africa (GoSA) is aware of the challenges that need to be overcome to accelerate progress and build a more inclusive society. It developed a 2030 National Development Plan (NDP), outlining a vision and priorities, and the strategic goals of eliminating poverty and reducing inequality by 2030.

3. The NDP 2030 demonstrates strong commitment to environmental and biodiversity protection as a vehicle to address South Africa's most crucial development challenge—accelerating growth while reducing inequality. In support of the NDP, the National Biodiversity Strategy and Action Plan (NBSAP) 2015-2025 promotes the development of a



biodiversity economy, defined as “the businesses and economic activities that either directly depend on biodiversity for their core business or that contribute to conservation of biodiversity through their activities” including the bioprospecting and wildlife sub-sectors.^{7F} The biodiversity economy is recognized as a crucial engine for inclusive rural economic development that supports the three goals of the NDP: increase employment, decrease inequality, and reduce poverty.

4. The biodiversity economy is central to South Africa’s tourism industry; but more could be done to make it sustainable and inclusive. Within the NDP, tourism is identified as a highly labor-intensive industry that stimulates the development of small businesses and generates foreign direct investment and significant export earnings. Still, the rate of transformation in the tourism industry is slow, with few black entrants in the market.^{8F} The National Tourism Sector Strategy 2017 includes a strategy for People Development, with programs to attract and support more black entrepreneurs. The president also announced a new Tourism Equity Fund in February 2020 to boost transformation of the sector, including participation by rural communities, who are historically underserved and among the country’s most vulnerable, and opportunities for new entrants to enter the industry and own and operate small-, micro- and medium-sized enterprises (SMMEs).

5. Land reform is an important part of boosting black ownership and leadership of the sustainable tourism industry. In South Africa the process of land reform has made some progress toward restitution of land back into the hands of local communities,^{9F} but land is not being utilized optimally for conservation and many other communities living in the integrated land-use zone adjacent to parks remain unable to access economic opportunities. In rural areas, some communities have successfully claimed back nature reserves, or portions of national parks, often in prime tourism destination areas. The challenge is that communities are frequently not equipped with the expertise and investment capital to participate, take over, and maintain these areas as functional economic units. Access to markets, incentives for putting land under conservation, and insufficient resources for expansion remain a challenge. A lack of systematic financial, technical support, and capacity^{10F} means that game farms and nature reserves may experience economic stagnation and ecological degradation and, ultimately, a decline or halting of benefits accruing to community owners. The Department of Environment, Forestry and Fisheries (DEFF) implements a National Biodiversity Strategy and Action Plan (NBSAP) to address these challenges, establishing ‘biodiversity economy nodes’ in high potential areas. A node is defined as a geospatial platform that establishes networks that enable market access, skills transfer, investment attraction, and supply chain linkages through incorporating underdeveloped but biodiversity-rich communal lands, private lands, and existing PAs. Potential benefits in these rural nodes of high biodiversity economy potential may accrue from bioprospecting and biotrade, the wildlife sector, ecotourism/nature-based tourism, or value addition to cleared alien biomass, economies of scale as well as sustainable use of biodiversity through community-based natural resource management (CBNRM). Nodes also contribute towards achieving the country’s target of PA Expansion Strategy.

Sectoral and Institutional Context

6. South Africa’s PAs are important catalysts for socio-economic^{11F} transformation and poverty alleviation. The vast system of PAs^{12F} is managed by national conservation agencies (such as South African National Parks (SANParks) and the iSimangaliso Wetland Park Authority), provincial conservation agencies (such as the Eastern Cape Parks and Tourism Agency (ECPTA), Limpopo Economic Development, Environment, and Tourism (LEDET) department, and Ezemvelo KwaZulu-Natal Wildlife (EKZNW)), and private and communal structures. South Africa’s NBSAP highlights access to and sharing of benefits with communities adjacent to national parks and provincial nature reserves as vital to the sustainability of the PA system. SANParks and the provincial conservation authorities have developed mechanisms for targeted support to small- and medium-sized enterprises, and for creation of employment opportunities for people around PAs. SANParks facilitates schemes for communal landholders and land claimant communities, and meaningful participation of communities in the business of SANParks, including through preferential procurement.^{13F} Strengthening partnerships with government agencies and other strategic partners, and regular liaison with neighboring communities, are seen by all PA authorities as critical to achieving responsible socio-economic transformation alongside biodiversity conservation, with a key focus on integrated land-use scenarios.



7. Expansion of South Africa's PAs through biodiversity stewardship is critical to overall biodiversity protection. Given the ecological and socio-economic relevance of the PA system, and the fact that the existing system does not yet include a representative sample of all ecosystems as well as key ecological processes,^{14F} the GoSA established a 20-year National Protected Area Expansion Strategy (NPAES) in 2008. In addition to expanding land under protection and declaration of state land, the strategy places strong emphasis on contract agreements with private and communal landowners/users, developed through 'biodiversity stewardship programs', as the most cost-effective mechanism^{15F} for government to adequately conserve land identified as having high value biodiversity and to achieve targets associated with expanding PAs. Between 2008 and 2016 the Stewardship Program added 560,000 ha to the country's PA estate, equivalent in size to one-third of Kruger National Park.^{16F} Initially, stewardship efforts were focused on commercial farmers but in recent years 20 stewardship agreements (covering more than 100,000 ha of land) have been signed between land reform beneficiaries and conservation authorities or NGOs, with co-management arrangements in place in certain areas to help manage the land.^{17F}

8. Biodiversity stewardship with land reform beneficiaries^{18F} can stimulate rural development. However, facilitating conservation-compatible businesses and livelihoods is challenging, given the extensive barriers to rural business development. Communities with settled claims may access post-settlement financial support from the Department of Agriculture, Land Reform, and Rural Development (DARRD), but there is a lack of clear and viable financing models, poor alignment of multiple government developmental programs, and insufficient access to technical assistance including extension support, business development support and market linkages. The Land Reform and Biodiversity Stewardship Initiative (LRBSI), established in 2009, is a conservation and development initiative between the South African National Biodiversity Institute (SANBI), DEFF, and the DARRD. It recognizes community landowners^{19F} as the custodians of biodiversity on their land and supports conservation and rural development benefits for land reform beneficiaries in areas of critical biodiversity importance. The initiative has been successful in supporting communities to secure agreements and is now seeking to intensify efforts to support livelihoods in stewardship sites through capacity for ecotourism, game farming, sustainable natural resource harvesting, and related entrepreneurial opportunities.

9. Poverty in PA landscapes contributes to overexploitation of natural resources, including wildlife crime through poaching. An estimated 9-12 million people live around PAs, mostly in rural settings, and face high levels of poverty, and high rates of unemployment. A significant proportion of this population also depends on natural resources for part of its livelihoods. With weak access to credit, markets, training, and few formal employment opportunities, some resort to poaching for household consumption, as well as encroachment on PAs for harvesting fuelwood or cultivating crops. In other cases, community members are employed by illegal wildlife trafficking syndicates. The growth of transnational organized criminal networks in South Africa since the 1990s has led to a significant escalation in the poaching and trafficking of the country's wildlife resources. Despite concerted efforts to strengthen enforcement, poaching of high-value species such as cycad, abalone, rhino, elephant, pangolin, and lion remains a scourge in South Africa.^{20F} In the 2018/19 financial year, SANParks reported a 27.1 percent reduction in recorded rhino poached in the Kruger National Park, but a 37.5 percent increase in elephant poaching, albeit off of a low base. Wildlife crime has broader implications on national security leading to social disruption and weakened governance and institutional systems.

10. There is strong and unprecedented momentum in South Africa to promote biodiversity conservation-compatible inclusive rural economic development. In September 2018 President Ramaphosa launched 'Operation Phakisa: Biodiversity Economy,'^{21F} which seeks to balance biodiversity and natural resources protection with sustainable use for economic development and equitable distribution of benefits. The National Biodiversity Economy Strategy (NBE Strategy) sets out measures to develop the wildlife, biotrade^{22F} and ecotourism sectors, aiming to create 162,000 jobs and generate USD3.19 billion^{23F} in revenue by 2030. The wildlife sector, already employing about 100,000 people across the value chain, is seen as key to this – increasing business and land ownership by previously disadvantaged individuals and boosting participation by communities. A new coordinating mechanism for the multi-stakeholder Biodiversity Economy Lab initiative^{24F} is being established to keep track of implementation. DEFF, SANParks, iSimangaliso Wetland Park Authority and other PA authorities prioritize the promotion of socio-economic development of communities around PAs,



with coordination through the national DEFF-led People and Parks program,^{25F} and other community forums, which aim to address issues at the interface between conservation and communities—in particular the realization of tangible benefits by communities who were previously displaced for the establishment of PAs or who live adjacent to PAs.

11. Growth within the wildlife sector is particularly promising and a key objective to fulfil the potential of the biodiversity economy. This sector includes game and wildlife farming and ranching activities related to the stocking, trading, breeding, and sustainable safari hunting^{26F} of game, and all the services and goods required to support this value chain. The wildlife sector is regulated by government and operationalized by the private sector with support from academic and research organizations. The wildlife sector has been growing consistently faster than the general economy, contributing USD203 million to GDP in 2014,^{27F} with stable growth of 6 percent per annum in jobs from 2008 to 2013.^{28F} The NBE Strategy^{29F} targets for 2030 are to: (i) create 100,000 additional jobs, (ii) improve and develop 2 million hectares of privately-owned land, communal and restituted land for conservation and commercial game ranching, and (iii) enable USD475 million in new equity in the sector – USD272 million in game, and USD203 million in fixed assets and infrastructure. A targeted 300,000 head of wildlife would be owned by black-empowered or black-owned ranches, promoting inclusive nature-based tourism development around PAs. Equity in the sector by communal landholders, land reform beneficiaries and other entrepreneurs from previously disadvantaged backgrounds is seen as enabling improved income, skills development, institutional capacity building, entrepreneurship, and food and environmental security.

12. Barriers to the transformation of the wildlife sector are significant and complex. There is currently insufficient intergovernmental coordination, institutional capacity and understanding of the full potential of the biodiversity economy.^{30F} The wildlife economy and ecotourism sectors reflect the historically skewed ownership patterns of the whole South African economy under colonialism and apartheid. Black entrepreneurs in the rural areas, especially women and youth, still lack technical support, infrastructure support, and access to finance and markets. Land reform beneficiaries lack access to technical training, infrastructure, skills development and business support, and exposure to effective business and partnership models. Financial institutions are often hesitant to provide loans to communities, who often cannot afford the initial step of creating a business plan. Although SANParks and provincial conservation agencies are making game animals available to community reserves through game donation or custodianship programs, there is a lack of technical capacity to manage new game ranches, translocation restrictions due to foot and mouth disease (FMD), and lack of veterinary technicians, as well as inadequate fence infrastructure. In the absence of a formalized game meat industry, there are gaps in industry standards and challenges around compliance, especially for producers who lack access to veterinary care, infrastructure, and legal markets.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

18. To leverage financial resources and improve capacity to implement the Biodiversity Economy and increase benefits from selected PA landscapes to local communities.

Key Results

19. South Africa has been granted USD13.4 million by the Global Environment Facility's 7th replenishment (GEF7) to support the growth and development of its Biodiversity Economy. USD9 million of this grant will be used to implement this project the “Catalyzing Financing and Capacity for the Biodiversity Economy around Protected Areas Project.” The project will target activities in three Biodiversity Economy nodes: (i) the Greater Addo to Amathole Node in the Eastern Cape Province, (ii) the Greater Kruger-Limpopo Node in Limpopo Province, and (iii) the Greater-iSimangaliso Node in KwaZulu-Natal Province.



PDO Level Indicators

20. The project performance toward the PDO will be measured by three outcome indicators:
- Area of community land^{33F} brought under biodiversity stewardship in PA landscapes;
 - Volume of public and private sector resources leveraged^{34F} for Biodiversity Economy; and
 - Number of SMME businesses in Biodiversity Economy nodes supported to start or expand operations.

The Results Framework in Section VII of this document presents the project outcome and intermediate indicators.

D. Project Description

21. Based on the priorities of Government, the project design will address the following development constraints and issues: (a) high unemployment and limited livelihoods options in and around PAs; (b) inequality in rural economies; (c) unrealized potential of the country's biodiversity economy, including untapped opportunities for expansion of conservation areas; and (d) threats to the country's PAs and conservation objectives.

22. The project has the following three components:

- Component 1. Build biodiversity economy nodes for community stewardship and livelihoods;
- Component 2. Grow the biodiversity economy nationally to enhance communities' stake in wildlife conservation; and
- Component 3. Project management and monitoring.

23. The project design builds on South Africa's NBE Strategy, which seeks to balance biodiversity and natural resource protection with sustainable use for economic development and equitable distribution of benefits. The strategy sets out measures to develop the wildlife, biotrade,^{35F} bioprospecting, and ecotourism sectors, aiming to create 162,000 jobs and generate USD3.19 billion^{36F} in revenue by 2030. DEFF, SANParks, iSimangaliso Wetland Park Authority and other PA authorities prioritize the promotion of socio-economic development of communities around PAs, with coordination through the People and Parks Program and other community forums, which aim to address issues at the interface between conservation and communities – in particular the realization of tangible benefits by communities living around PAs.

24. Component 1 activities will be carried out at the level of the three project sites, which correspond to biodiversity economy nodes identified under the Biodiversity Economy Phakisa. These include the Greater Addo-Amathole Node in the Eastern Cape Province, the Greater Kruger-Limpopo Node in Limpopo Province, and the Greater iSimangaliso Node in KwaZulu-Natal Province. Component 2 activities will be carried out at the national level and will focus on sharing lessons learned from Component 1 with other biodiversity economy nodes across South Africa for replication and scale-up, with additional knowledge exchange through the regional and global forums of the GWP. Component 3 relates to project management activities.

Component 1 (USD7,480,339). Build biodiversity economy nodes for community stewardship and livelihoods

25. This component is designed to demonstrate DEFF's biodiversity economy nodes concept in the three project sites through (i) improving stakeholder coordination, more efficient use of existing resources, and alignment of investment; (ii) channeling funding and technical assistance to SMME development to improve economic activity and create jobs; (iii) improving benefit sharing by local communities through strengthened governance models; and (iv) expanding the PA estate through South Africa's stewardship program.

Subcomponent 1.1 (USD2,697,781) Support multi-stakeholder coordination platforms to develop and/or strengthen a shared vision for biodiversity economy nodes on land use and economic development

26. Activities under this subcomponent aim to bring together stakeholders around a shared vision for the biodiversity economy in each of the three project nodes. Stakeholders will come together to:



- (i) Strengthen and/or coordinate actions around a shared vision of the biodiversity economy for the node through multi-stakeholder arrangements: Each project nodes will establish a coordination structure, following or adapting the model of the Umfolozi Biodiversity Economy Node (UBEN) in KwaZulu-Natal. The project node coordinators will be responsible for holding capacity development workshops in the first year of operation, facilitating regular meetings, and reporting on the structure's progress on planning and investments. The objective is to create a shared vision that can then be translated into identifying investment opportunities specific to each node.
- (ii) Produce a Biodiversity Economy Node Master Plan that ensures biodiversity economy goals and actions are integrated into existing municipal planning processes and the Government's new Coordinated District Service Delivery Model:37F: Currently no planning exercise exists at the nodal level, though several pieces of legislation govern development and spatial planning at national, provincial and local levels. The project node coordinator will facilitate the Master Plan process, guided by the coordination structure, and with support from a project spatial planning advisor (see Subcomponent 2). The content of the Master Plan will also be shared with municipalities in the node – aiming to integrate relevant goals and actions into processes for updating municipal Integrated Development Plans (IDP), Spatial Development Frameworks (SDF) and Local Economic Development (LED) plans and Conservation Development Frameworks (CDF). The project will also ensure that goals and actions of the Master Pan are integrated into the new Coordinated District Service Delivery Model, launched in October 2019. Support will also be provided to site-specific CDFs for community-owned land – to inform conservation and development land-use options on the piece of the land, after which more detailed feasibility studies can be conducted. A short list of potential "anchor" investments for each node is available in Annex 2. Funds will be made available for five detailed feasibility studies in each node. The process will involve: (i) completing a pre-feasibility study to determine whether a proposed venture is appropriate and viable, and if so, what business model should be followed; and (ii) undertaking a more detailed feasibility study and providing transaction advice – to access private and/or public finance (e.g. EPIP Program). The detailed studies will include appropriate siting, design, costing, environmental permitting, as well as business viability, analysis of supply pipeline, and market analysis for value-added products
- (iii) Facilitate and align public and private investments to fulfil the Master Plans. Project node coordinators will be responsible to adapt the Biodiversity Economy Node Master Plans into investment frameworks, including identifying potential anchor investments suitable to each node. Particular focus will be on identifying and aligning public and provide investment sources. A short list of potential "anchor" investments for each node is available in Annex 2. Funds will be made available for five detailed feasibility studies in each node. The process will involve: (i) completing a pre-feasibility study to determine whether a proposed venture is appropriate and viable, and if so, what business model should be followed; and (ii) undertaking a more detailed feasibility study and providing transaction advice – to access private and/or public finance (e.g. EPIP Program).

Subcomponent 1.2 (USD1,871,220) Provide SMME support across each node

27. This subcomponent focuses on support to SMMEs in the project nodes. Financial and technical support will be provided to selected SMMEs. All three nodes have high unemployment and include communities that have historically been excluded from access to training, finance, and markets. Project funding will support the development of a comprehensive package of SMME support services, which will build on the efforts of the Department of Small Business Development, Department of Trade and Industry, and Small Enterprise Development Agency, and best practice models developed through two recent GEF investments in South Africa. , The support will be divided as follows: approximately



70 percent will go to strengthen existing, viable businesses to help them grow through facilitating increased market linkages, training and mentorship; and 30 percent will be invested in the identification and incubation of new start-ups. Special focus will be placed on supporting women-led SMMEs and expanding job opportunities to woman and youth. Wherever possible project funding will be used to crowd-in public and private financing sources to maximize finance available for development. Specific activities to be financed include the following:

- (i) Training on business planning / expansion: A training course will be delivered to 150 existing and would-be entrepreneurs in each project node. Trainings will develop participants' understanding of social, economic and environmental sustainability, and will provide hands-on support to develop a business development or improvement plan to take advantage of opportunities in Biodiversity Economy value chains. Emphasis will be placed on practical skills such as market research, business planning, marketing and advertising, cash flow management, stock control and security, supply chain agreements, access to finance, and employee management. Participants may be individuals running small or micro businesses, or cooperatives whose ambitions include going into business, e.g., youth organizations, women's groups, farmer cooperatives, or "stokvel" savings associations. Trainings will leverage existing knowledge hubs in each of the project nodes to build on existing capacity and to help ensure long-term sustainability.
- (ii) Mentorship and grants: Targeted support in the form of mentoring and grant funding will be provided to selected businesses in each node. Focus will be on assisting new businesses to integrate into existing value chains. Specialized technical advice (i.e., transaction, investment, legal) will be provided. Grants will be provided with project funding for both equipment and small-scale infrastructure, and for working capital up to the anticipated break-even point of the business.

28. To support the development of the biodiversity economy, DEFF is developing a platform designed to "match make" between investment opportunities within the sector and potential investors. Development of this platform is happening outside the confines of this project but is meant to support it. The platform will be a place where promising SMMEs can more easily seek out and leverage national development support, such as those offered by the Department for Small Business Development. The ultimate goal is to identify viable business concepts that fit directly into growing biodiversity economy value chains within South Africa's biodiversity economy nodes and that promise multiplier effects in the local economy and invite them to "pitch" to potential investors identified by the platform.

Subcomponent 1.3 (USD1,302,090) Strengthen governance capacity and ownership for equitable benefit sharing

29. This subcomponent aims to improve the benefit sharing of the Biodiversity Economy within each of the project nodes, in particular with the communities that live in and around the PAs, by (i) supporting equity ownership by communities in biodiversity economy investments; (ii) improving the governance capacity of communities; (iii) providing capacity building to strengthen leadership capacity of communities; and (iv) including a targeted effort to build women's leadership roles.

Subcomponent 1.4 (USD1,106,248) Facilitate community stewardship to expand wildlife habitat

30. This subcomponent aims to support communities to participate in biodiversity stewardship agreements and expand land under conservation in the nodes. Specifically, activities under this component will:

- i) Support landowners in the project nodes to secure land with valuable biodiversity and wildlife habitat for conservation. This support will include, but is not limited to, seven target land-owning communities across the three nodes, who were identified during project preparation as being ready or interested in entering into a biodiversity stewardship agreement with a national or provincial conservation agency. A stewardship agreement involves a commitment to conserving and maintaining valuable biodiversity on the owners' land, allowing only biodiversity-compatible land uses, such as game-ranching, nature-based tourism, or sustainable offtake of wildlife and harvesting of medicinal plants. The



project aims to secure either CAs, or more formal Biodiversity Agreements or Protected Environments over at least 15,000 hectares of community land within the three biodiversity economy nodes. To achieve this, the subcomponent will support project stewardship and livelihoods facilitators hosted by the conservation agencies and/or NGO partnerships in each node, to explore options with landowners and communities for optimal, responsible utilization of their land. The agencies will also facilitate the necessary legal and technical support for the signing of conservation agreements and/or the declaration of new PAs.

ii) Provide technical assistance for management and monitoring of community conservation land to achieve the following: (i) design, implement, and monitor land-use management plans; (ii) restore and/or maintain the veld for grazing productivity and ecosystem functioning; (iii) undertake infrastructure planning and development (e.g., in the form of a CDF); (iv) implement a system for sustainable off-take and harvesting rates and procedures, e.g. for timber, medicinal plants, game; (v) equip youth as community monitors of ecosystem condition and functioning; and (vi) manage potential human-wildlife interaction. This ecological planning and monitoring will be linked with business planning so that all income and expenditure streams can be considered together in the community's financial planning. The community will also be assisted to negotiate a long-term arrangement involving NGO or conservation authority support post-project, and to access government stewardship incentives such as tax deductions and help with clearing of alien invasive vegetation. In addition to this work on landscape management and ecological monitoring, the stewardship communities will receive business development support through investment unlocked in Subcomponent 1.1, through SMME support in Subcomponent 1.2, and through leadership governance training in Subcomponent 1.3, all brought together with the support of the project node coordinator and stewardship and livelihoods facilitators.

iii) Develop capacity for community stewardship, in the nodes and nationally. This work will be overseen by SANBI and include three objectives: (i) advise the stewardship facilitators in the project nodes based on SANBI's best practice experience, (ii) pilot a national training course on stewardship in biodiversity nodes, and (iii) develop tools that showcase best practices in community stewardship emerging from the nodes. This will help ensure that equitable and sustainable models are developed and showcased – including innovative co-management and stewardship agreements. New tools will be disseminated through SANBI's networks and internationally through South Africa's participation in the GWP.

Component 2 (USD1,366,107) Grow the biodiversity economy nationally to enhance communities' stake in wildlife conservation

31. This component is designed to share lessons learned from the three project nodes – between the nodes, at national level, and internationally through the Global Wildlife Program – for replication and scale-up.

Subcomponent 2.1 (USD1,366,107) Knowledge exchange across nodes and capturing learning on community stewardship and biodiversity economy

32. This knowledge and learning sub-component aims to develop capacity for undertaking community stewardship, and capture and disseminate learning and best practice emerging from the three project nodes. The activities to be financed include learning exchange visits between nodes; production and dissemination of knowledge products, and institutional capacity building.

Component 3 (USD427,971) Project management and monitoring

34. This component will support project management activities to ensure cost-efficient, timely, and quality delivery of project activities and results, including coordination between the nodes, monitoring and evaluation (M&E) and project



reporting. This will include workshops, and operational costs to support the project's day-to-day implementation and management, including procurement, financial management (FM), environmental and social safeguards, and preparation of annual work plans and organization of audit reports.

Legal Operational Policies

Triggered?

Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Assessment of Environmental and Social Risks and Impacts

35. The proposed project is expected to generate significant environmental and social benefits resulting from a major focus on restoration and conservation of terrestrial and aquatic ecological process and management of both the Greater St Lucia Wetlands Park and the Kruger National Park as well as support for a number of local development initiatives, including employment and livelihood generating activities. Therefore, the project is not expected to generate significant and irreversible environmental and social risks and impacts. The projects' risks and impacts can be easily mitigated in a predictable manner, such measures will be included in the Environmental and Social Management Framework (ESMF) and its subsequent Environmental and Social Management Plans (ESMPs).

36. The Project will not finance civil works or other activities within the parks and therefore the potential impact on critical and natural habitats is expected to be limited. Anticipated environmental risks and impacts are expected to be associated with fugitive dust, exhaust emissions from heavy machinery, soil erosion and runoff, pollution of surface water, debris and other construction-related solid waste, and occupational health and safety. These potential adverse impacts can be managed through appropriate mitigation measures as defined in the ESMF. These biodiversity economy nodes bring together a range of stakeholders in the landscapes where opportunities exist to grow the biodiversity economy. The establishment of nodes allows for the development of a shared vision for the biodiversity economy, providing a framework for forging new public-private-community partnerships and unlocking new resources. A node is defined as a geospatial platform that establishes networks that enable market access, skills transfer, investment attraction, and supply chain linkages through incorporating underdeveloped but biodiversity-rich communal lands, private lands, and existing PAs. The Department of Environment, Forestry and Fisheries (DEFF) implements a National Biodiversity Strategy and Action Plan (NBSAP) to address these challenges, establishing ?biodiversity economy nodes? in high potential areas. The Project investments are strategically designed to unlock additional public and private investments, wherever possible in co-ownership with land-owning communities. Socio-economic context: Due to the existence of the SA?'s biodiversity stewardship programs there is no involuntary resettlement. The program is an approach to securing land in biodiversity priority areas through entering into agreements with private and communal landowners to protect and manage the land for conservation purposes. This may involve formal protection, management and restoration of terrestrial and aquatic ecosystems. Importantly, communities that participate in biodiversity stewardship arrangements retain ownership over their land through what is called a ?Conversation agreement.?

37. The Addo to Amathole Node in the Eastern Cape Province is the general area of Addo Elephant National Park and the Great Fish Nature Reserve. Eastern Cape is the poorest province in South Africa with 67% of the population living below the poverty line. It is considered a biodiversity hot spot and contains strategic water resources for the general area. In the Great Fish landscape the unemployment rate is 36% (2016). Closer to the Addo Elephant National Park, the



Enon & Bersheba community has 48% unemployment and 55% of the population has no more than grade two education.

38. The Shangoni-Letaba Node in Limpopo Province is located adjacent to Kruger National Park which is a world-renowned tourism destination with approximately 1.8 million visitors annually (SANParks, 2016). The Park is the largest protected area in South Africa and comprises almost 20,000 km² in the provinces of Limpopo and Mpumalanga in northeastern South Africa. The Park Despite the conservation successes, the early establishment of the Park involved forced removals of people, supported by policies practically denied black South Africans entry to the Park. The South African Apartheid government also restricted Black South African residency into ??Bantustan? homeland areas, some of which bordered the Park. Currently, approximately two million people reside in the seven South African municipalities bordering KNP, many of whom rely on subsistence agriculture and social grants due to high regional unemployment rates (municipal level unemployment rates range from 28.1% to 52.1%) (Stats SA, 2015). The area is typified by low agricultural potential (Lahiff and Cousins, 2009) and employment within KNP is very sought after. The 1073 km of KNP periphery abuts private and government conservation land, rural and urban towns and villages, agriculture and industry ? the diversity of which would be hard to meet anywhere else in the world. The iSimangaliso Wetland Park is located in KwaZulu-Natal, one of the three poorest provinces in South Africa. It falls within the uMkhanyakude District Municipality, ranked as one of the poorest and most deprived municipality in the country. According to the 2011 national census, the surrounding districts have a population of 676,810. Over 80% of households live below the poverty line and an estimated 13% of the economically active population is formally employed. Of the population?s citizens who are 20 years and older, 25.4% have grade 12 and 4.9% have higher education. The unemployment rate is 42.8% and HIV prevalence is between 13 and 15%. Gender-based violence (GBV) is equally widespread. High dependency ratios, HIV/AIDS prevalence , numbers of orphaned children, unemployment and social grant dependency make for highly vulnerable communities. The social impacts of migration remain strong ? many households are female-headed or headed by orphaned children. In this context, many households rely extensively on natural resources from iSimangaliso for survival, for example, harvesting of reeds and fruit, agriculture and fishing. The depletion and degradation of natural resources in communal areas has meant that there is increasing pressure on the resources inside the Park. This trade-off between short and long-term livelihood strategies stems from the conditions of poverty that characterize the lives of 80% of the people living in the area. The need to deliver tangible benefits to local communities is, thus, not only an economic imperative but also conservation imperative.

39. Benefit sharing and livelihoods: South Africa?s PAs are important catalysts for socio-economic transformation and poverty alleviation. South Africa?s National Biodiversity Strategy and Action Plan (NBSAP) highlights access to and sharing of benefits with communities adjacent to national parks and provincial nature reserves as vital to the sustainability of the PA system. SANParks and the provincial conservation authorities have developed mechanisms for targeted support to small and medium enterprises, and for creation of employment opportunities for people around PAs. Sub-component 1.3 will strengthen governance capacity and ownership for equitable benefit sharing This sub-component aims to improve the benefit sharing of the Biodiversity Economy within each of the project nodes, While the this sub-component will support activities to address concerns of equitable benefit sharing, the modality on how benefits will be realized and distributed among beneficiaries in the three targeted nodes is yet to be define and agreed upon by participants.

40. Legacy of exclusion: The wildlife economy and ecotourism sectors reflect the historically skewed ownership patterns of the whole South African economy under colonialism and apartheid. Black entrepreneurs in the rural areas, especially women and youth, still lack technical support, infrastructure support, and access to finance and markets. Land reform beneficiaries lack access to technical training, infrastructure, skills development and business support, and exposure to effective business and partnership models.



E. Implementation

Institutional and Implementation Arrangements

41. Implementation of the project activities will be led by the Department of Environment, Forestry and Fisheries (DEFF) as the project Executing Agency for the Government of South Africa. DEFF is mandated to provide leadership in environmental management, conservation and protection. The project will be managed through a Project Management Unit (PMU) housed in DEFF. Implementation of the activities in the three biodiversity economy nodes will be through three Sub-Executing Agencies – South African National Parks (SANParks), South African National Biodiversity Institute (SANBI) and iSimangaliso Wetland Park Authority. All three are responsible for delivering on the desired intermediate results.

42. A project steering committee (PSC) will be chaired by and under the directorship of DEFF and will include representation from other government departments and key stakeholders, including co-financing agencies, and representatives of the private sector and civil society, UNEP and the World Bank. The PSC will provide high-level guidance to the project and maintain political responsibility for its progress, impact and alignment with South African Government policy and legislation. The PSC will meet at least twice a year.

43. The project institutional arrangement aims to (a) streamline the decision-making process, while also ensuring strong coordination at the national level, and (b) engender a sense of ownership of and commitment to the objectives in the target node areas. DEFF will play a coordination role between the three sub-executing agencies. DEFF has prepared a project implementation manual (PIM) with detailed account of the implementation arrangements at both national and sub-national levels, addressing issues related to procurement, FM, M&E. For further detail see Annex 1: Implementation Arrangements and Support Plan.

CONTACT POINT

World Bank

Iretomiwa Olatunji
Senior Environmental Specialist

Nathalie Weier Johnson
Senior Environmental Specialist

Borrower/Client/Recipient

National Treasury

Implementing Agencies



South Africa National Parks (SANParks)

Fundisile Mketeni

CEO

fundisile.mketeni@sanparks.org

iSimangaliso Authority

Sibusiso Bukhosini

CEO

Bukhosini@isimangaliso.com

Department of Environment, Forestry and Fisheries (DEFF)

Wadzi Mandivenyi

Chief Director

wmandivenyi@environment.gov.za

South African National Biodiversity Institute (SANBI)

Deshni Pillay

Chief Director: Policy Advice and Information Management

D.Pillay@sanbi.org.za

FOR MORE INFORMATION CONTACT

The World Bank

1818 H Street, NW

Washington, D.C. 20433

Telephone: (202) 473-1000

Web: <http://www.worldbank.org/projects>

APPROVAL

Task Team Leader(s):	Iretomiwa Olatunji Nathalie Weier Johnson
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Approved By

Environmental and Social Standards Advisor:		
Practice Manager/Manager:		
Country Director:	Asmeen M. Khan	22-Jun-2020



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