

Project Brief

1. IDENTIFIERS:

PROJECT NUMBER: P071407

COUNTRY: Zambia

PROJECT NAME: Securing the Environment for Economic Development (SEED)

DURATION: 5 years

IMPLEMENTING AGENCY: World Bank

EXECUTING AGENCY: Ministry of Tourism, Environment and Natural Resources

REQUESTING COUNTRY OR COUNTRIES: Republic of Zambia

ELIGIBILITY:

CONVENTION ON BIODIVERSITY: Ratified May 28, 1993.

GEF FOCAL AREA: Biodiversity

GEF PROGRAMMING FRAMEWORK: OPs# 1 & 3

2. SUMMARY:

Overall, the SEED initiative will support the Government of the Republic of Zambia's (GRZ) efforts to stimulate diversified economic growth and private sector investment in the country, with an initial focus on the sectors with the highest potential for growth -- Tourism, Agribusiness, and Gemstones.

The Biodiversity subcomponent of the SEED project will contribute to and catalyze Tourism initiatives to secure the management and conservation of Critical Species and Habitats (IUCN, 1990) that are of key significance to global biodiversity and to Zambia's economic development. Specifically, the global objective of the biodiversity component would contribute to the expansion and improved sustainability of Zambia's protected area system, catalyzing the linkages between local community use practices, developing capacity for long-term sustainability of the PA system, and policy and legal reform necessary to improve management.

3. COSTS AND FINANCING (MILLION \$US):

GEF FINANCING:	PDF:	US\$ 0.24 million
	Project GEF	US\$ 4.0 million
CO-FINANCING:	GRZ	US\$ 1.0 million
	World Bank	US\$ 5.0 million
	EU	US\$ 2.0 million
	NORAD	US\$ 3.0 million
GEF TOTAL SUPPORT:		US\$ 4.24 million
TOTAL PROJECT COST:		US\$ 15.24 million
ASSOCIATED FINANCING:		
	IDA	US\$ 25.0 million
	Government	US\$ 5.00 million
TOTAL ASSOCIATED FINANCING:		US\$ 30.00 million

4. IA CONTACT

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A. Program Purpose and Project Development Objective

1. Project Development Objective (See Annex 1)

The SEED project's development objective is to support the Government of the Republic of Zambia's (GRZ) efforts to stimulate diversified economic growth and private sector investment in the country, with an initial focus on the sectors with the highest potential for growth -- Tourism, Agribusiness, and Gemstones. The objectives are to be achieved through public/private partnership for building an enabling environment conducive to private sector growth and community-based development, and by preserving Zambia's extensive cultural, natural and wildlife assets, through several components including:

- 1A. Comprehensive development of Livingstone as Zambia's Flagship tourism destination.
- 1B. Biodiversity Conservation and Protected Area Management.

- 1C. Regulatory reform and institutional strengthening for efficient management of the sector and improved service delivery.
 2. Strengthen linkage between agriculture and food processing companies (buyers) and small shareholder farmers (suppliers).
 3. Market research and supply side studies to formulate a comprehensive Gemstone Sector strategy.
 4. Strengthen and Stimulate creation of small enterprises and community based initiatives in tourism and wildlife sectors through the creation of a revolving fund.

Within the Tourism sector, the Biodiversity component (GEF support) seeks to support the Zambia Wildlife Authority's (ZAWA) efforts to secure the national protected area system by ensuring the management and conservation of Critical Species and Habitats of Core Protected Areas and Buffer Zones that are of key significance to global biodiversity.

2. Global objective: (see Annex 1)

The proposed global environment objective of the SEED Project is to secure the conservation and management of Zambia's selected natural ecosystems, freshwater sources, watersheds and carbon sinks which are globally significant and vital to the sustained livelihoods of local communities. The global objective would contribute to the expansion and improved sustainability of Zambia's protected area system, catalyzing the linkages between local community use practices, developing capacity for long-term sustainability of the PA system, and policy and legal reform necessary to improve management.

Zambia's transitional zoogeographic position makes the country both regionally and globally significant in its biological diversity. An estimated 3,774 and 3,637 species of flora and fauna respectively (excluding micro-organisms) have been noted within the broad ecotones in Zambia. Of these species, 316 are endemic, 174 are rare, and 31 are endangered or vulnerable (BSAP, in prep.).

The Government ranks Zambia's tourist industry and the wildlife components of its biodiversity as mutually inter-dependent development priorities, and has identified the Mosi-oa-Tunya and Kafue NPs and surrounding communal areas as priorities for development intervention. Both the Mosi oa Tunya and Kafue NPs contain biodiversity of global significance and are listed as Critical Sites (including Critical Habitats) by IUCN (1990), which also lists most of the wildlife of both areas as Critical Species. Base-line information relating to the project's target areas is contained in their General Management Plans and in the series of reviews and updates carried out as part of the project's preparatory activities. The combination of the wildlife and cultural resources of the Mosi-oa-Tunya NP and environs with its spectacular landscape has justified the area's designation as a World Heritage Site. It is thus appropriate that the wildlife and tourism sectors of these target areas provide the entry points for the implementation

of biodiversity conservation activities and economic development in Zambia. Although other wildlife areas are also important to biodiversity conservation and tourism development in Zambia, the chosen target areas have a significant marketing and geographical advantage over other areas, and are well positioned to allow replication and scaling up to merge with existing development initiatives elsewhere in the country.

In the context of the GEF system boundary for the biodiversity component, in line with the Government priorities, the Mosi-oa-Tunya and Kafue NPs and surrounding communal areas have been designated as the project target areas, where the co-financing agencies (EU and NORAD) are also lending support. The development of the overall Tourism sector will be focused on Livingstone and the surrounding area (including Victoria Falls, Mosi-oa-Tunya National Park, Kafue National Park and the game parks to capitalize on the country's main tourism. The Agribusiness component of the SEED project will be first piloted in the Lusaka area and then rolled out nationally. And the Gemstone sector strategy will also be developed with a country-wide perspective, as gemstone reserves can be found nationwide.

Whilst there is undoubtedly an array of economic activities and natural resource management sectors that would qualify for support, the World Bank also considers that the wildlife sector and its associated economic activities, such as tourism, offer the highest probability of expedient economic benefit arising from biodiversity conservation at the local, national and global levels.

In spite of its difficulties, it is the wildlife sector that is the most advanced of all the natural resource management sectors in Zambia in terms of its institutional development, active policies & legislation, and coverage of important ecosystems and their fauna and flora. Its development thus far in Zambia has paved the way for the development of community-based management systems for all major natural resource sectors (particularly wildlife, forestry and fisheries) and sites of biodiversity importance currently excluded from the Protected Areas network.

4. Key performance indicators: (see Annex 1)

- Livingstone developed into an international competitive tourism destination, with wildlife and cultural assets in the area enhanced and the efficiency of public and private institutions improved.
- Status and trend of Critical Sites, Habitats and Species determined for project areas and corresponding threats to biodiversity conservation and management identified, with mitigating actions incorporated into project implementation.
- Enabling environment conducive for private sector growth and community-based development based on the sound management and sustainable utilisation of Zambia's extensive cultural and natural resources created.
- Private sector investment in wildlife-based enterprises, agribusiness and gemstones increased.
- Linkages between agriculture and food processing companies (buyers) and out-grower farmers (suppliers) strengthened by stimulating the growth of efficient export driven supply chain structure to the market.
- Improvement of the range of market niches in the Gemstone Sector which Zambia could supply with its precious and semi-precious gemstones and enhancement of the existing legal and regulatory framework governing the sector.
- Provision of business assistance to 35-40 small and medium enterprises.

B. Strategic Context

1. Sector-related Country Assistance Strategy (CAS) goal supported by the project: (see Annex 1)
Document number: Date of latest CAS discussion:

The short-term objective of Zambia's Country Assistance Strategy (CAS) is to sustain positive growth rates, promote private investment, and support the economic reforms which are beginning to bring tangible, measurable benefits to the Zambian people, especially the poor. New lending during the CAS period would be concentrated on removing constraints to diversified growth. The first priority will focus on macro-economic management, private sector competitiveness and growth, infrastructure activities including reducing transport costs, environmental management, and human capital investments.

The CAS' strategic priorities have been formulated to directly link to the basic elements in the Government's program and the Comprehensive Development Framework (CDF). Ongoing IDA-supported projects and non-lending cover all three strategic priorities in the CDF, namely, (1) removing constraints to sustainable, diversified growth; (2) improving governance; and (3) increasing access to basic services and direct poverty interventions.

The natural resources upon which Zambia's non-mining economy is dependent are fragile, inadequately managed, and in some cases, depleted. Accordingly, a vital development requirement is to secure the management and conservation of such natural resources, since they are key to the country's overall economic development.

The project is consistent with the Bank's Country Assistance Strategy (CAS) of 17th November, 1999 (Report No. 19889-ZA) which, in its strategic priority, seeks to remove constraints to sustainable, diversified economic growth led by the private sector. The strategic priority identifies tourism, along with agriculture, as a potential growth sector in view of Zambia's abundant wildlife, extensive National Parks, the Victoria Falls, and the sector's ability to generate employment. Furthermore, the strategy encourages private sector development of limited eco-tourism, capable of creating well-paying jobs while conserving the environment and reducing the pressure on public services and infrastructure. The overall project will therefore seek to stimulate economic growth and diversification by encouraging private sector investment in the tourism sector, by enhancing local communities' involvement in wildlife-related economic activity and management of wildlife resources, and through exploitation of the gemstone market.

1a. Global Operational strategy/program objective addressed by the project:

The Biodiversity and Protected Area Management sub-component has been developed to compliment the economic development components of the SEED Project, and is expected to facilitate sustainable exploitation of natural resources through tourism and related business activities, whilst in turn contributing to conservation of the biodiversity on which global communities depend. The overall project design is consistent with the guidance from the Conference of Parties to the Convention of Biodiversity to address *in situ* conservation activities as it includes: (i) capacity building; (ii) strengthening the conservation, management, and sustainable use of ecosystems and habitats; (iii) strengthening the involvement of local and indigenous people; and (iv) integrating social dimensions including those related to poverty.

A strategic link between economic development and biodiversity conservation is recognised and strongly supported by the GRZ. The SEED project focuses on both biodiversity conservation and economic development and the appropriate interaction between biodiversity conservation planning and tourism planning and development. It is thus expected that the overall Project will develop mutual catalytic effects on the economic and natural asset conservation and management objectives of the respective project components. This approach is designed to mitigate the effects of a multitude of factors threatening biodiversity conservation and management in Zambia (see Annex 5).

The baseline scenario in Zambia's wildlife sector economy is that although tourism development is occurring through private sector investment, its economic effectiveness and impact are constrained by lack of sound commercial policies, inadequate development of tourism infrastructures, and poor wildlife

resources management performance, particularly in the core Protected Areas. Early economic returns from tourism development are unlikely to be sufficient to support initiatives to secure the biodiversity of target areas, as initial private sector re-investment is most likely to be targeted at essential business development needs. Having said this, there is a tradition of the private sector providing consistent baseline support for wildlife management activities in the field, and in some areas major wildlife resources would have been wiped out without this support.

Sustainable tourism has the capability of being a feasible tool for biodiversity conservation by providing economic alternatives for communities to engage in other than destructive livelihood activities, creating new revenue to support conservation through user fee systems and other mechanisms, and building constituencies that support conservation priorities by exposing tourists, communities and governments to the value of protecting unique natural ecosystems.

Livingstone, the Victoria Falls, Mosi-oa-Tunya National Park, Kafue National Park and associated GMAs and communal areas have been identified as the focus of tourism development by the SEED Project. Significantly, the Victoria Falls and its associated riverine areas and the Victoria Falls World Heritage Site are important areas for biodiversity conservation in their own right. This focus is in line with development priorities set by the Government of the Republic of Zambia. By linking these areas with the nearby Kafue National Park and associated GMAs, which are also important for their biodiversity of global significance, the economic and biodiversity development objectives of the SEED Project assume a holistic landscape approach and contribute towards mainstreaming biodiversity into the tourism sector. The GEF alternative under the Biodiversity sub-component, which specifically focuses upon the Mosi-oa-Tunya and Kafue NPs and surrounding communal areas, would provide incremental project benefits at three levels (detailed description in Annex 4 and Annex A to the Executive Summary):

- The baseline is that GRZ and ZAWA's resources are sufficient only to maintain basic Protected Area Management Systems in the Mosi-oa-Tunya and Kafue National Parks, but insufficient to prevent observed encroachment, illegal exploitation, pollution and mismanagement of natural resources, resulting in the continuing decline of biodiversity.
- IDA's and co-operating partners' financing will enable ZAWA to improve natural resources management infrastructures and operations, attract investment and private sector participation, and increase revenues from wildlife-based enterprises, resulting in stabilisation of gross ecosystem status and functioning.
- GEF financing will enable ZAWA to focus its interventions on biodiversity conservation and management issues resulting in enhancements to the status of specific, prioritised biodiversity, expansion of the Protected Area system, promotion of alternative livelihoods and sustainable use of natural resources and integration of better environmental and conservation practices into the national legal and policy frameworks.

2. Main Sector issues and Government strategy:

Diversification away from copper which constituted about 90% of merchandise exports, has always been a key objective of the government since Independence. Although some progress has been made, mining products still dominate Zambia's exports, accounting for 65% of export earnings in 2000. The high dependence on the copper mining industry monopolized public and private sector attention for decades. Although the country has long recognized the importance of a diversified economy, the recent crisis in the Copperbelt as a result of Anglo-American's decision to withdraw from its investments, has galvanized the government and the private sector to find a practical and sustainable solution for future economic growth.

The National Economic Diversification Workshop was held in the Copperbelt in June 2002 as a response to Anglo-American's decision and the imminent copper sector crisis. The workshop was coordinated by the World Bank and jointly sponsored by the Government, the Economics Association of Zambia and the donor community. Six working groups defined diversification objectives, identified opportunities, and constraints that would need to be addressed as pre-requisites for economic diversification.

Zambia has undertaken many macro-economic reforms, which has produced the stability conducive to private investment; and its citizens live in peace under the rule of law. The basic economic framework is conducive to private investment, including tourism. To encourage investment, however, the Government recognises that : (a) it must be a catalyst for growth by ensuring that public institutions dealing with tourism on both the supply and demand sides (for example, investors obtaining licenses on the supply side, and customs and immigration officials interacting with tourists) are transparent and effective; and, (b) build confidence in the private sector to make the investments which will lead to enriching the range of tourism products and services the country has to offer. To this end, recent budgets have included tourism along with high value added agribusiness and gemstones mining and processing as priorities of the new Zambian economy.

The Government's PRSP initiative aims to promote growth and diversification in production and exports, and to improve delivery of social services. Program targets include reducing inflation from present levels of nearly 19% to 5%, fiscal deficit from 8% to just over 6% of GDP, and current account deficit from 20% to 14%, by 2005. A growth rate of just over 4% is projected over this period, and this seems realistic provided that current macro-economic policies are maintained. The PRSP indicates that growth should be broad-based, facilitated by increased private investment, both domestic and foreign.

Expectations of economic growth through development of the tourism sector in Zambia are high, based largely on the sustainable utilisation of the country's wildlife resources. In the context of biodiversity within the tourism sector, the value of Zambia's National Parks is immense, and their status as National assets that are protected by both national and international policy and legislation means that they can attract investments and management partnerships without the State ever losing its regulatory control or sovereignty over the land. In the past, the over-centralisation of control of wildlife in government agencies in the 1970s resulted in non-performance of the sector and reduction of wildlife. A recent analysis of the wildlife sector (Development Proposals for SLAMU Phase V – ZAWA/NORAD) shows clearly that under-performance of photographic tourism and safari hunting in Zambia has been a result of over-centralisation and lack of empowerment of the private sector, especially local communities living on communal lands.

This project will aim to support the Government's objective in three of its priority sectors:

Tourism: As traditional industries have come under pressure (mining and tobacco), the Government has started to focus upon tourism as a source of growth and diversification of the economy. It further aims to avoid the negative impacts tourism might have if unfettered growth of tourism were allowed to proceed. Moreover, it recognises that the sector must address environmental, social and cultural heritage issues if tourism is to be vibrant and sustainable.

The PRSP strongly endorses tourism as a source of growth and poverty alleviation through employment creation and foreign exchange generation. The PRSP also identifies tourism as a sector that can create wealth and generate employment in the poorest parts of the country and thus contribute to better distribution of the benefits of growth to poorer communities, provided that efforts are made to include communities in the earliest stages of planning. The Government is committed to the growth of tourism and is now ready to make the resources necessary for that to happen *i.e.* funding to underpin a strong approach to tourism including biodiversity conservation, would confirm the Government's credibility.

Agriculture: Under the PRSP, the Zambian government plans to shift emphasis towards producing goods for export because the limited domestic market is a barrier to growth. The list of known agriculture products where Zambia has both comparative and competitive advantage includes coffee, cotton, groundnuts, flowers, paprika and many others. These products are grown in the various ecological zones of the country. The government aims to promote growth in both large-scale and small-scale producers (under outgrower schemes). In this way, it is hoped that rural areas can attract investment employment and business opportunities.

Gemstones: In some gemstones, Zambia has the largest reserves in Africa. The emerald reserves are the second largest in the world with the quality almost equal to that of Colombia; amethyst reserves are the largest in Africa and of finest quality in the world; aquamarines reserves are the largest in Africa and are of good quality; tourmaline are of modest size and well-accepted quality.

However, the means by which the sector has developed in the past decade has led some operators in the industry to lack confidence in the upgrading and professionalising of the sector, while the government had not addressed the issues of the sector with sufficient urgency or commitment.

The report, “Review of Zambia Gemstone Sector and Development Strategy,” was contracted by the World Bank as part of preparation for the National Economic Diversification Workshop in June 2002. The report demonstrated that Zambia’s gemstones sector had the potential to generate USD 830 million of revenue for perhaps 25 years - up from recorded revenue of USD 20 million in 2001. Following the June 2002 workshop, the National Economic Diversification Taskforce was established, with a working group (comprised of government and private sector) specifically tackling the issues on gemstones. The government is committed to exploring the potential of this sector further. Since the sector is shrouded in much conflicting information and misinformation, an informed debate is critical.

3. Sector issues to be addressed by the project and Strategic choices:

The project seeks to support the GRZ's efforts to stimulate diversified economic growth and private sector investment in the country through a focus on three growth-oriented sectors: tourism, agribusiness, and gemstones.

Tourism - It is widely believed that tourism will remain one of the largest growth industries world-wide for many years to come, and Zambia is well placed to exploit a far greater share of the world tourism market than it does at present. In the past, tourism has been handled in a relatively hands of way. Recent statistics show that Zambia currently lies 6th in eastern and southern Africa in terms of international tourist arrivals (see Table1 below).

Table 1. International Tourist Arrivals by Country of Destination (World Tourism Organization)

	International Tourist Arrivals (1000)					Market share in the Region (%)		Growth rate %		Average annual growth
	1990	1995	1998	1999	2000	1995	1999	99/98	00/99	99/95
Botswana	543	521	750	843		2.6	3.2	12.4		12.8
Kenya	814	896	857	943		4.5	3.6	10.0		1.3
Malawi	130	192	220	254	228	1.0	1.0	15.5	-10.2	7.2
RSA	1,029	4,684	5,898	6,026	6,001	23.4	22.8	2.2	-0.4	6.5

Tanzania	153	285	450	564	459	1.4	2.1	25.3	-18.6	18.6
Uganda	69	160	100	142	151	0.8	0.5	42.0	6.3	-2.9
Zambia	141	163	362	456	574	0.8	1.7	26.0	25.9	29.3
Zimbabwe	605	1,363	1,986	2,103	1,868	6.8	7.9	5.9	-11.2	11.5

Zambia has shown positive growth in the tourism sector in the last decade, although this has been curtailed somewhat since 2001 by regional instability in Zimbabwe, Angola and DRC, and the events of September 11th, 2001 (See Table 2.below)

**Table 2. Growth of Zambia's Tourist Sector
1995 – 2001 (MTENR)**

Year	Arrivals	Revenue US\$ Million	Beds	Jobs
1995	163,000	46.7	-	5,909
1996	263,986	59.8	-	6,792
1997	340,896	75.5	7,348	7,902
1998	362,025	74.4	7,423	8,991
1999	404,503	85.2	7,892	10,340
2000	457,419	91.2	8,027	11,890
2001	489,095	117.1	-	-
Growth Rate	9.52%	8.59%	2.11%	5.59%

Based on the sustainable utilisation of the country's wildlife resources the expectations of economic growth through development of the tourism sector in Zambia are high. For conserving biodiversity through sustainable tourism there is a need for a strong scientific base, an integrated management approach that covers all socio economic aspects of the region, strong participatory decision making process at the local level and effective coordination of tourism and biodiversity conservation planning initiatives at both the national and local levels. The Government's vision for the tourism sector is "to ensure that Zambia becomes a major tourist destination endowed with unique attractions which would then contribute to sustainable economic growth and poverty reduction". For tourism to contribute significantly to GDP there is a need for an environment conducive to private sector participation, environmentally sustainable growth, and good governance. This will require improvements in policy, institutional and legal frameworks, to address associated cross-cutting socio-economic issues.

For tourism to be sustainable and in order for it to contribute to poverty reduction in Zambia the Government will have to address certain priority issues, which include: (i) inadequate infrastructure; (ii) protection of assets such as wildlife, environment and cultural heritage sites; (iii) limited social inclusion and community participation in the sector's economic activity; and (iv) limited institutional capacity and weak coordination among various agencies and stakeholders:

(i) Inadequate Infrastructure:

Tourism areas require well developed infrastructure. Unfortunately infrastructure is a critical constraint in Zambia, in particular roads (including those in national parks), water supply and sanitation, drainage and solid waste disposal. Zambia has already started privatizing some infrastructure services such as delivery of water services. Plans are underway to introduce private sector participation in provision of electricity and other urban services such as solid waste management. A major deficiency is the roads network

connecting major cities to the key national parks - many roads are un-passable in the rainy season making some lodges inaccessible, whilst others simply close down as their guests cannot circulate in the parks. All-weather roads would have a high pay-off as they would lengthen the season considerably and enhance the opportunity for greater wealth creation. While the road sector rehabilitation is supported through major donor funding (ROADSIP), routine and periodic maintenance of already rehabilitated roads is still a problem as it does not receive adequate support from the Government.

(ii) Protection of assets such as Wildlife, Environment and Cultural Heritage Sites

The strategic link between economic development, tourism, and biodiversity conservation is recognized and strongly supported by the Government. Government ranks Zambia's tourist industry and the wildlife components of its biodiversity as mutually inter-dependent development priorities, and has identified the Mosi-oa-Tunya and Kafue NPs and surrounding communal areas as priorities for development intervention.

The majority of Zambia's biodiversity is contained within Zambia's extensive wildlife estate (National Parks and Game Management Areas) and forest estate, although there are gaps in Protected Area coverage that exclude important areas of high biodiversity and local centres of endemism. Zambia has 19 National Parks (NPs) and 36 Game Management Areas (GMAs) that jointly cover some 23 million hectares or about 30% of the country (8% and 22% respectively). Protected Forest Areas (PFAs) cover another 9-10% of the country. The National Heritage Conservation Commission (NHCC) has listed over 1,700 potential sites for tourism development that remain un-developed.

Zambia's Critical Habitats and Species and associated biodiversity are threatened by encroachment, unsustainable utilisation, pollution and mismanagement, largely as a result of exponential human population growth, poverty, advancing technology and development, growth of markets for wildlife products, corruption, changes in philosophy towards the value of human relationships with the environment, and the shortage of economic opportunities and livelihood options (Annex 5).

The National Parks (IUCN Protected Area Category II), vested in the President for the State on behalf of the public, have been designated to protect a full range of the country's wildlife and natural resources (although there is in fact a shortfall in coverage at present), and provide for maintenance of vital ecological systems, recreational enjoyment, research, and sustainable *non-consumptive* use of these resources for economic purposes (tourism and related activities). Whilst there are a number of donors supporting community-based natural resources management initiatives in the communal areas and GMAs surrounding the Mosi oa Tunya and Kafue NPs, there is currently only minor donor support for the management and conservation of the Parks themselves (the core Protected Areas). A project financed by UNDP-GEF currently in the preparatory phase is under the MTENR to assist in the reclassification of Zambia's Protected Area system. Linkages can be drawn to the project upon completion or at the project appraisal stage, where coordinating mechanisms can be put in place for ensuring efficient management of PA systems in the context of rezoning and redesignation of the project target areas. In that context the adaptive management approach taken for the project will allow flexibility, so that as information becomes available, management decisions can be revisited, reevaluated and shifted.

GMAs (IUCN Protected Area Category VI) generally lie in tribal or traditional (communal) lands that are contiguous with the National Parks. They are designed as buffer areas of ecosystem maintenance, but unlike the National Parks, GMAs provide for the sustainable *consumptive* use of wildlife, mainly through resident and commercial safari hunting. The network of National Parks and GMAs includes a variety of habitats and most "big game" species. However, hunting is normally prohibited in the National Parks, except for management purposes, and the Parks function as resource reservoirs for surrounding areas through the natural movement of game from areas of high density into areas of lower density. Hunting of

elephant is prohibited in Zambia (except cases of problem animal control). Hunting of rhinoceroses is also prohibited, although the black rhinoceros is now effectively extinct.

The former Ministry of Tourism, now the MTENR, assisted by local and international consultants, and working in close collaboration with other Government agencies, the private sector and a range of stakeholders, developed the new structure of ZAWA, thoroughly revised the agency's financial and administrative systems, and appointed a Board and new staff (some of whom have been drawn selectively from the old agency where appropriately experienced and qualified). The restructuring process was completed in 2000 and a Director-General and the majority of senior management staff were appointed between 2001-2002. It is anticipated that the new agency will effect a significant improvement in wildlife management performance once it becomes fully operational over the next 5 years

(iii) Limited Social Inclusion and Community Participation

Along with the creation of national parks and GMAs, and reduction of communities' revenues from direct wildlife consumption, it is becoming extremely urgent for the Government to identify environmentally sustainable sources of revenue for the communities living in and around the GMAs.

There have been limited but interesting experiments in communal areas around the national parks. As a result of the implementation of community-based wildlife management programs (such as have been provided for by the ADMADE policy), residents in GMAs, where recreational and commercial (tourism) hunting is permitted under *theoretically* well-regulated conditions, are now realizing that they have a stake in their wildlife resources. Similarly, while the implementation of the USAID funded CONASA Project is based upon principles of sustainable natural resources utilisation as ZAWA's CBNRM Program, its primary focuses on broader issues of food security and enterprise development.

Under the most recent and progressive wildlife policy and legislation now in place in Zambia, local communities are responsible for the management of the GMAs under the regulation and supervision of ZAWA. As such, the policy and legislation provides for the accrual of the economic benefits (and in fact costs) of managing the GMAs to the resident communities under the oversight of Community Resource Boards and, in turn, ZAWA. The principle financial benefit arising from wildlife management in the GMAs is from the fees paid for commercial safari hunting, although communities also derive economic benefits from employment (particularly by ZAWA and tourism and hunting enterprises), and subsistence economies such as agriculture and resident hunting.

(iv) Weak institutional capacity and limited coordination among various agencies and stakeholders

Besides the Ministry of Tourism, Environment and Natural resources (MTENR), a number of other ministries and agencies concerned with tourism, include Finance and Economic Development, Local Government and Housing, Agriculture, Food & Fisheries, the Environmental Council of Zambia, Works and Supply, Commerce, Trade and Industry, Home Affairs, Foreign Affairs, etc. In the past the sector's development has suffered greatly from lack of coordination and shared vision among these various government organs.

The private sector, represented by the Tourism Council of Zambia (TCZ) and its various tourism-based associations are also considered as critical players in the sector. The private sector often complains about what they see as inertia on the part of Government to promote tourism and provide development incentives. Both parties admit to the necessity for a closer public/private partnership in tourism and a number of meetings and workshops have been held but most parties still hold their own views dear and there is not yet synergy between them.

The MTENR (responsible for tourism, environmental affairs, wildlife management, and the National Heritage Conservation Commission) is small and understaffed, and the Zambian Wildlife Authority

(ZAWA) has only recently been created (successor to the National Parks & Wildlife Service) and has faced cuts in staff, management changes and reductions in its revenue base following the Presidential ban on Safari hunting. This has led to alarming increases in poaching. The Zambian National Tourism Board (ZNTB) has had resources enough only to fund its staffing and little has been available for marketing Zambia. These agencies have all shared the limited public resources available and some rationalization of agencies (and funding) may be necessary. The MTENR recently took over responsibility for licensing from the ZNTB formerly, the latter's main source of funding.

Local government institutions, such as the City Councils have licensing, implementation, supervision and monitoring oversight over infrastructure developments in cities such as Livingstone. These councils are paralyzed by lack of central government funding, their own limited revenue base and little access to other direct sources of funding, such as those available through donor agencies. In Livingstone the employees had to go on a strike in December 2000 to demand 18 months of overdue salaries. The same city council has been given the responsibility of managing Government's contractual obligations (in infrastructure development) with Sun International for a \$65 million resort that has been built on the Victoria Falls. The Zambia Investment Center (ZIC) under the supervision of the Ministry of Commerce, Trade & Industry, has responsibility for investment promotion but sends potential investors in tourism to the MTENR where there is no capacity for such an activity. At the other extreme, the ZIC makes pledges to investors that are contrary to the policies and legislation of the authorities responsible for regulating specific sectors such as tourism.

Acknowledging some of these shortcomings the Government recognizes the necessity of developing a rational approach to investment promotion if Zambia is to capitalize on its tourism potential. While a certain framework for tourism development exists in Zambia, implementation is yet to be handled in a comprehensive and disciplined way. As there are multiple agencies involved in tourism and since it is cross-sectoral in nature, the sector requires closer collaboration between investors and government if it is to be successful. Biodiversity is an important component of the tourism sector and thus requires to be mainstreamed into the framework for tourism development. Given the high biodiversity and local centres of endemism within the protected area coverage in Zambia, interventions for conservation activities gain significant relevance.

ZAWA, which is responsible for the management and conservation of Zambia's wildlife resources expects to be a financially viable entity within the next 5 – 10 years, although it is reasonable to assume that Government should continue to invest in the Authority as an interested party to sustainable natural resources management on behalf of the public and the nation. The expectation of long-term sustainability is however also quite reasonable given the large potential of the sector. The following comparisons of the returns to the wildlife agencies in South Africa, Zambia and Zimbabwe (calculated by SADC) indicate the profitability of wildlife management and the current gap between potential and actual revenues to ZAWA.

Country	Protected Area Coverage (ha x 1,000,000)	Revenues/Acre US\$
Republic of South Africa	11.5	17.5
Zimbabwe	10	11.5
Zambia	16	0.75

ZAWA's vision is to "achieve excellence in wildlife estate management by developing innovative approaches and partnerships based on best practice with complete transparency and integrity." In order to contribute towards the vision, ZAWA's key corporate objectives to achieve financial self-reliance during the plan period and diminish shortfall between revenues and expenditure, through growing its own sources of revenue and cost recovery. It aims to increase its own mainly tourism-based income in the

National Parks from 2002 levels of about US\$ 1.2 m to about US\$ 6 m by 2008, to enable the institution to cover its own recurrent costs (about US\$ 5.5 m).

The EU, Norway, and DANIDA, have financed much of the restructuring of ZAWA to date and are expected to continue their assistance once satisfied with the performance of this new institution and its Board. However, ZAWA is experiencing major working capital shortfalls in the short term, and it is clear that until such time that its management and operations are settled, ZAWA will require substantial Government and donor support.

Most recently, ZAWA has successfully implemented an “Emergency Performance Based Resource Protection Strategy” with the support of NORAD, and has developed a “5-Year Strategic Plan” that will help to guide the development of ZAWA in the short and medium terms, and co-ordinate the absorption of development support of the major co-operating partners. In order to achieve its goals, it is essential that tourism and wildlife related enterprises develop as anticipated in both the National Parks and GMAs (mainly hunting in the GMAs), agreed levels of core funding from GRZ are forthcoming, and ZAWA continues to receive a portion of income from GMA (CBNRM) revenues pro-rated as a minimum against its management inputs to the GMAs for the CBNRM Program.

Strategic Choices

TOURISM

For tourism development in Zambia to succeed, it is important to have a strategic approach which is effectively planned and coordinated and the Government will have to choose between competing options and focus its limited resources on critical bottlenecks and policy areas.

Of the options available, the Bank has accepted the Government's suggestion to focus on the Livingstone/Victoria Falls area for tourism development. It is the nation's top priority because of its unparalleled natural resources, its history and culture and already has infrastructure in place to accommodate tourists. Moreover, Livingstone has high unemployment following the decline in its industrial base (including the closing of textile factories, an auto plant and the collapse of traditional agriculture, such as tobacco), and therefore it's economic revival has become the Government's priority for income generation and poverty alleviation.

To ensure that Livingstone succeeds as a tourism node, (i) Livingstone and the Victoria Falls in Livingstone would be managed and protected under a master development plan with special attention to their sites of natural and cultural importance; (ii) its municipal administration would be selectively strengthened; (iii) following the strategic priorities identified in the master development plan critical infrastructure (roads and solid waste; health and security and fire services) will be rehabilitated; some infrastructure rehabilitation in the Mosi-O-Tunya and the Kafue National Parks - as the area's nearest wildlife asset - will also be considered in parallel with the wildlife conservation efforts to be undertaken under the biodiversity component. The project will also address private sector and communities' concerns and focus on SME development by removing barriers to entry and encouraging community participation in local activities. A facility to encourage SME growth will also be considered.

As part of the tourism sector development activity within the SEED project, the biodiversity conservation sub-component will seek to catalyze the following activities for effective integration within the overall tourism objectives (i) a landscape approach that would foster biodiversity conservation and management, both in the National Parks and the surrounding communal lands (including GMA's) triggering community based natural resource management and economic development activities; (ii) the development and implementation of a strong monitoring and evaluation system, both for the long term management of the

concerned ecosystems, and for the impact of the program with respect to biodiversity conservation and management; (iii) support to individual, community and institutional capacity building to improve conservation and management, sharing of benefits with increased share at the local level, long term sustainability and partnerships among stakeholders (NGOs, ZAWA, Governmental Institutions, the private sector and communities); (iv) the facilitation of committed and new investments and capture of sustainable revenue potential from tourism and associated wildlife-based enterprises; (v) the establishment of synergies with Environment Support Program (ESP) and Zambia Social Investment Fund (ZAMSIF) at the local level to offer a broad range of support to the communities.

Finally, the project would provide resources for institutional strengthening at a broad level and would use performance based contracts to ensure accountability for results. Institutions involved in the development of tourism and wildlife sectors including the MTENR, ZAWA, Zambia National Tourist Board, Tourism Council of Zambia and Ministry of National Heritage Conservation Commission, in Zambia will be strengthened with special emphasis on development of active public/private partnerships.

AGRIBUSINESS

Zambia is endowed with over 42 million hectares of arable land, of which slightly less than 6 million (14 percent) are used for agricultural production. Agriculture provides livelihood to about 70 percent of the population and constitutes approximately 40 percent of Zambia's economic activities. The agriculture sector has four main categories of farmers, which accounts for between 600,000 and 1.05 million farmers. Despite efforts by the Government to stimulate growth in medium and large scale farmers, post harvest data from the Central Statistics Office suggest that the number of medium and large scale farmers have remained constant, while the number of small scale farmers is rising at a pace of 12% per annum. Despite the growth in the number of small scale farmers, these farmers often perform subsistence farming and are often isolated from the higher value added processing.

A number of critical constraints prevent the value-added agricultural sector and the food processing industry from developing fully. These constraints can be categorized into four broad areas: (i) policy based market distortions; (ii) industry constraints; (iii) human resources and management constraints; and (iv) the absence of supporting industries. An important and critical element contributing to the inability of Zambian enterprises to become more competitive is the fact that access to capital is difficult for both small shareholder farmers (SSFs) as well as for commercial operations. The impact that poor access to capital has had on the agricultural sector is the evolution of a market system which relies on cash payments as a principal form of commercial transaction. In this context, both SSFs as well as medium and large Zambian enterprises internally finance most of their commercial activities, relying solely on their own cash flow.

This component of the project aims to strengthen the linkages between agriculture and food processing companies (buyers) and out-grower farmers (suppliers) by introducing an efficient supply chain structure to the market. In addition it is likely to generate employment opportunities and thus add value in terms of further enabling economic development in the communities of the target areas of the tourism component, where possible and feasible.

GEMSTONES

Zambia's gemstone sector is rich in natural endowment - amongst the world's largest emerald and amethyst deposits; the largest African deposits of aquamarine; and good tourmaline deposits. These are located by stone type in four regions (Copperbelt, Central, East and South). Production, mainly by "pick and shovel" miners with perhaps ten mechanised mines, is on licensed plots of perhaps 1.5 ha. to 45 sq.km. There is a continuing interest in the sector from foreign investors.

To capitalize on this large potential this component of the project will include a market research and supply side studies to develop a comprehensive strategy for the sector. The market research studies will include a review of traditional and new markets, channels of distribution, buyers' behaviour, existing and potential competitors, market entry barriers, and market development strategies. The supply side surveys will include information on investors; government and donor plans; gemstone reserves; mining, processing, trading activities; legislation and regulations; ministries and institutions; and infrastructure.

SME FINANCING

In Zambia, as in most developing countries elsewhere, over-reliance on revenues from the exploitation of natural resources has maintained the general conditions of economic instability, excessive dependence upon importation of consumer goods, and a lack of diversification in both the manufacturing and service sectors. At the same time, the lack of expansion and diversification of entrepreneurial activity at the formal business level has maintained a socio-economic architecture in which a small population of economic and political elites control wealth while the vast majority of populations, politically and economically disenfranchised, live marginally or worse.

While commercial banks tend to invest in large enterprises, African venture capital and private equity vehicles focused on SMEs have had a dismal track record. Such funds have generally been predicated upon an ability to exit equity positions at high multiples of purchase price. However, the small size of SMEs, the inactivity and illiquidity of local stock exchanges, and the rarity of opportunities for sales of shares through mergers and acquisitions on favorable terms, have generally resulted in one of the three following outcomes, each of which constitutes a significant departure from the original intent of such SME funds:

- (1) the fund is severely under-invested due to a perceived lack of “bankable” or “exitable” investments;
- (2) given the perceived lack of appropriate investments at the SME level, the fund manager opts to invest or co-invest in much larger firms than those fitting the original mandate of the fund; or
- (3) the fund invests in a significant number of SMEs but is unable to exit the bulk of such investments and is therefore unable to either re-invest inflows into additional SMEs or repay the fund’s investors.

The proposed SEED component is a public-private partnership to engage private and institutional investors in the provision of risk capital investment (mix of debt and equity), complemented by business assistance, to small and medium-scale enterprises. Although this fund will not be tied to pre-determined sectors, the fund manager will surely recognize the high growth potential of firms especially in the tourism and agribusiness sectors.

C. Program and Project Description Summary

1. Project components (see Annex 2 for a detailed project description). Estimated project costs, including associated financing for the four components (Tourism, Agribusiness, Gemstones and, SME) of the overall SEED project showing the percentage contribution of IDA and GEF grants are tabulated in Table 3 below. The breakdown for project costs of the GEF funded- Biodiversity sub-component may be seen in Annex 4-A of the Incremental costs analysis.

Component 1 – TOURISM

(1-A) Subcomponent 1: Comprehensive development of Livingstone as Zambia’s flagship tourism destination. The activities under this component include updation and preparation of an integrated

development master plan for Livingstone, which will be coordinated with the project activities in the Mosi-oa-Tunya and Kafue NPs, since both the NPs attract the most intensive economic activity of any protected area in the country. This Plan will include:

- a) A prioritized and costed action plan for development of Livingstone as a tourism center
- b) Development of a national tourism product to provide a road map on the ways of promoting Zambian Tourism and strengthening the tourism sector linkages with the rich biodiversity of the nearby protected areas including National parks and GMAs; and
- c) Capacity building for the Livingstone City Council. As part of a workshop the Livingstone City Authorities requested that implementation of the Council's capacity building and employee rationalization program, prepared under a previous World Bank Operation (URWSP) and endorsed under the newly approved Decentralization Policy, be considered for financing under SEED. A report has been prepared and submitted for Bank consideration detailing the cost of retrenchment and training of the remaining staff.

(1-A) Subcomponent 2: Development and rehabilitation of priority infrastructure in and around Livingstone (including roads, drainage, solid waste/landfill management, water supply, sewerage/sanitation, fire, health and social services.

- a) Emergency Infrastructure Improvements in Livingstone. During a three day consultative workshop in Livingston last February it was suggested that and agreed that a series of priority urban improvements be made to the city of Livingstone to improve its looks. These improvements were those priority activities listed in the previous development master plan that were never implemented. These priority activities have been costed by an independent consultant and are recommended by the Government for financing under SEED;
- b) Preparation of concession contract for solid waste management in Livingstone. Some investments by the Government, such as opening of an access road to the dump site, may be required to prepare the site. Government is considering using the SEED to fund these investments.
- c) Rehabilitation of main tourism roads in Livingstone;

(1-B) Biodiversity Conservation and Protected Area Management:

This component is designed to address the issue of biodiversity conservation as an integral part of the tourism component, financing activities that have clear global conservation benefits, focusing on Critical Sites, Habitats and Species requiring urgent attention. This component will thus cater for biodiversity conservation in the project's core Protected Areas at the site, national and regional levels and will promote sustainable economic use of natural resources throughout the project's target areas. In particular, the subcomponent will implement the following:

- Installation of a Project Implementation and Monitoring Unit (PIMU) – This subcomponent will work to build urgently-needed capacity within ZAWA for effective and efficient oversight of the subcomponent activities. The PIMU will (i) manage aid from donors and co-operating partners; (ii) ensure efficient flow of project funds and procurement activities; (iii) provide support for limited infrastructure and equipment for management purposes; and (iv) oversee performance monitoring and evaluation of the project.
- Development of the Mosi-oa-Tunya National Park as a model of sustainable economic use and biodiversity conservation - This subcomponent will enable Park Development activities, representing a demonstration / pilot which could be effectively replicated in other national parks. The activities implemented will be in line with an updated National Park General Management Plan and will enable assessment and restocking of fenced areas of the NPs, rehabilitation and

construction of tourism and park management infrastructures, upgrading of law enforcement operations for resource protection and capacity building activities for promoting environmental awareness including training.

- Development of the Kafue National Park as a model of sustainable economic use and biodiversity conservation - Similar to the activities to be implemented in Mosi-oa-Tunya, this sub-component will support implementation of management planning recommendations for the rehabilitation of aquatic and terrestrial habitats, assessment of water release programs and prevention of illegal hunting and natural resource exploitation in the Kafue NP and capacity building activities for promoting environmental awareness including training.
- Facilitation of Community Based Natural Resource Management (CBNRM) in communal areas surrounding the Mosi-oa-Tunya and Kafue National Parks - The proposed component will facilitate the implementation of CBNRM in the communal areas surrounding the two National Parks. Activities implemented will provide ZAWA with the capacity to ensure that resource protection encompasses the protection and management of Species and Habitats of biodiversity significance and the capacity to facilitate local communities to develop economic opportunities through partnerships with donors, NGOs and the private sector. In addition, the project would support implementation of the existing policy and legal framework and procedural guidelines for CBNRM in the GMAs, with added emphasis on land-use planning, wildlife-quota setting & monitoring and enterprise development. Shortcomings of the program in the context of the existing policy and legislation will be identified and improved.
- Implementation of ZAWA's Research, Planning and Information Directorate's functions in the Mosi oa Tunya and Kafue National Parks and surrounding communal areas - This sub-component will enable monitoring, evaluation, feedback, and information dissemination activities. Activities will ensure that ZAWA has the capacity to monitor the status and trend of species and habitats of biodiversity significance and feed this information back into both ZAWA's baseline planning, conservation and management and information activities, as well as into the SEED project cycle. This sub-component will make a significant difference in removing the barrier against establishment of sustainable use in the tourism sector.

Implementation of this component will be integrated with ZAWA's Emergency Performance Based Resource Protection Strategy (financed by NORAD) and its 5-Year Strategic Plan 2002 to 2007 (financed by the EU) as described under Section C4 (Institutional and Implementation Arrangements). IDA will finance capital based investments required for the sustainable development of Kafue and Mose-O Tunya National Parks.

(1-C) Regulatory reform and institutional strengthening for efficient management of the sector and improved service delivery - The Tourism Product Development and the Tourism Sector linkages Capacity study will identify areas where SEED financing will be needed to enhance capacity of agencies and institutions in the sector to develop and promote Zambian Tourism including the aspect of biodiversity. So far the following institutions have been identified as requiring assistance under the Project:

- a. Ministry of Tourism, Environment and Natural Resources
- b. Zambia National Tourism Board (ZNTB)
- c. Tourism Council of Zambia (TCZ)
- d. Livingstone City Council
- e. National Heritage Conservation Council (NHCC)
- f. Zambia Wildlife Association (ZAWA)
- g. Export Board of Zambia

h. Zambia Investment Center

Component 2 - AGRIBUSINESS LINKAGES

This component of the project aims to strengthen linkages between agriculture and food processing companies (buyers) and outgrower farmers (suppliers) by introducing an efficient supply chain structure to the market. The first phase would focus on developing four or five demonstration pilot programs.

These demonstration pilots would be followed by a national rollout. The objectives of this component include:

- Develop a business model that helps to 'realign' the supply chain between corporate and small shareholder farmers. Provide matching grants for financial and technical assistance (i.e., investment in a partnership) to re-align the supply chain. Matching grants could be used for technical assistance such as on-farm technical support, restructuring relationships between out growers and Zambian processors, and matching grant for production inputs and equipment.
- Invest in the integration of small shareholder farmers into the supply chain for regional and international exports.
- Develop a business model that can be “sold” to large international buyers like Tesco and Bodyshop who are interested in “fair trade” initiatives, and whose funds could replace WB funds in Phase II of the project.

A project management team will ensure overall coordination and proper delivery of technical and administrative support to both corporate sponsors and farmers/suppliers.

Component 3 - GEMSTONE SECTOR STRATEGY

This component will formulate a comprehensive sector strategy from the results of the market research and supply side studies. Under this component the existing legal and regulatory framework governing the gemstones mining sector will be reviewed with a view to foster increased investments, improve access of small miners to markets and increase the fiscal gains from the sector.

Any strategy must recognize three issues: (a) the sector must become more formal; (b) there has to be a balance between “carrot and stick, ” i.e., incentives and control; and (c) foreign investment and know-how is essential.

Component 4 - SME RISK CAPITAL FUND

This component comprises an innovative public-private partnership model to address the financing gap currently facing SMEs and ultimately aims to engage private and institutional investors in the provision of risk capital investment (mix of debt and equity), complemented by business assistance, to small and medium-scale Zambian enterprises (SMEs), in all the three sectors of the project.. The objective of the component will be to finance and provide business assistance to 35-40 small and medium enterprises.

Table 3: SEED- Zambia - Estimated Total Project costs showing IDA (World Bank) and GEF contributions

Component	Total Indicative Costs (US\$M)	% of Total	Bank financing (US\$M)	% of Bank Financing	GEF Financing (US\$M)	% of GEF Financing
Component 1 - Tourism						
<u>Tourism Component (1-A)</u> – Comprehensive development of Livingstone as Zambia's flagship tourism destination -	10.00	22.2	9.00	30.0	0.00	0.0
<u>Tourism Component (1-B)</u> – Biodiversity Conservation and Protected Area Management	15.00	33.3	5.00	16.6	4.00	100.0
<u>Tourism Component (1-C)</u> -- Regulatory reform and institutional strengthening for efficient management of the sector and improved service delivery	5.00	11.1	4.50	15.0	0.00	0.0
Component 2 - Agribusiness Linkage	5.00	11.1	4.00	13.4	0.00	0.0
Component 3 - Gemstone Sector Strategy	2.00	4.5	1.50	5.0	0.00	0.0
Component 4 - SME Risk Capital Fund	8.00	17.8	6.00	20.0	0.00	0.0
Total Project Costs	45.00	100.0	30.00	100.0	4.00	100.0
Total Financing Required	45.00	100.0	30.00	100.0	4.00	100.0

2. Key policy and institutional reforms supported by the project:

Upon implementation, the Project will emphasize a responsive institutional framework and develop a comprehensive long term tourism development policy at the national level. The project will establish new implementation and coordination mechanisms at the national level, such as an Inter-ministerial Committee to ensure cohesion between the MTENR the ZNTB, ZAWA and the TCZ. The objective is to create the institutional conditions under which a more coordinated approach to tourism, with public and private participation, is put in place.

The project will support selected organizations and initiatives at the local level, where it will be important to balance the sometimes conflicting objectives of tourism and conservation with other goals. Also, at the local level, a committee will have to be set up in Livingstone, with representation from principal agencies (municipality, National Heritage Conservation Commission (NHCC), investors and operators) to coordinate implementation of the development master plans (Victoria Falls, Livingstone and the surrounding areas). As tourism becomes a more important industry in Zambia, support for SMEs will

become critical – the policy framework and institutional support to deliver such support is central to the project. The project also aims to address local issues through design of community participation schemes in GMAs, focused on hunting, handicrafts and local agriculture (vegetables, honey, fisheries, etc.).

In the context of community based natural resource management activities, ZAWA's CBNRM Program and on Policy, Planning and Regulatory Frameworks for Biodiversity Conservation is intended to assist ZAWA with facilitating improved biodiversity conservation, management and investment in the GMAs and surrounding communal lands of the NPs. The ZAWA Board, which is responsible for the activities to be carried out under the project, comprises private sector and local community membership, associations of National Park stakeholders (mainly tourism operators), and the CRB's, all of which form an inherent part of the Park management plans.

The following national policies and reform programs will have a bearing on the project's implementation:

- National Conservation Strategy (NCS) - GRZ. Ratified 1985.
- National Environmental Action Plan (NEAP) - MTENR. Ratified December 1994.
- National Biodiversity Strategy and Action Plan - MTENR. Pending ratification.
- The Lusaka Agreement - a regional agreement for co-operative law enforcement directed at illegal exploitation of wild fauna and flora.
- Policy for National Parks & Wildlife in Zambia - NPWS/Ministry of Tourism. 1998.
- National Environmental Policy - MTENR. In preparation.
- National Policy on Wetlands Conservation - MTENR. In preparation.
- Public Sector Reform Program (PSRP) - GRZ.
- From the NPWS to ZAWA : Management Restructuring Consultancy. ARCA Consulting & Carl Bro International – GRZ EDF-NPWS Project. 1998.
- ZAWA's Emergency Performance Based Resource Protection Strategy.
- ZAWA's 5 Year Strategic Plan 2002 – 2007.
- GRZ policy on good governance and accountability.
- Zambia's Constitution.
- MMD Party Manifesto.
- Poverty Reduction Strategy Paper (PRSP) – GRZ strategy/program in preparation.

3. Benefits and target population:

Through the stimulation of enterprise development, the creation of employment opportunities, and increases in associated Government revenues, poverty alleviation will be served at the (a) National level through development of the Parks, and (b) communal level through development of CBNRM in the GMAs and communal areas.

This project will contribute significantly to developing the productive and sustainable management of the Mosi-oa-Tunya and Kafue NPs and surrounding communal areas (including GMAs), secure the ecological functioning and biodiversity conservation of the project areas, enable sustainable economic use of the project areas, create financial opportunities for stakeholders, and contribute to the alleviation of poverty amongst target populations. Additionally, it will facilitate the participation of all major communities that have interests vested in the conservation and management of biodiversity, including Government, Government authorities, the private sector, local communities and residents, the general public, local and international entrepreneurs and investors, public servants and staff of the MTENR and ZAWA, living in and around the Mosi-oa-Tunya and Kafue NPs (including communal areas and GMAs). Stakeholder participation in the formulation, implementation, and monitoring of this component is considered essential and cardinal to its success. Throughout project development and implementation, stakeholder and beneficiary workshops and consultations will be undertaken, thus ensuring that the project will constantly benefit from such participation.

The following groups are expected to derive direct and/or indirect benefits from the proposed project as follows:

- (a) About 100,000 people live in the Project focus area of Livingstone. The unemployment rate in the area is over 90%. The municipality of Livingstone and its residents will be main the beneficiaries as infrastructure is improved and the tax base is increased.
- (b) Rural Poor will participate in out-growers schemes and benefit improved household incomes.
- (c) Small and Medium Scale Gemstone miners by a better Gemstone business environment include formal market channels. Local citizens will benefit through the creation of jobs.
- (d) The Government may see an improvement in its fiscal position as tax revenues from a growing private sector are increased.
- (e) The project will ensure conservation of biodiversity of global interest while contributing to poverty reduction at the community level and as the project develops it is expected that poaching will decline.
- (f) Support for SMEs and improved conditions for private sector led investments will create wealth that would increase the tax base and the Government's fiscal revenues. At the community level, populations will benefit through creation of enterprises in which they participate through employment.

4. Institutional and implementation arrangements:

The project would have an implementation period of five years: from September 2003 to August 2008. The Ministry of Finance and Economic Development will have overall responsibility for monitoring project progress. Since the project addresses specific sub-sectoral and multi-sectoral issues, the technical management of each sub-component will be decentralized in order to provide accountability as follows:

- *Gemstone, SME Fund and Agribusiness Components* – Activities under these project components will be implemented and overseen by Project Units at the Ministry of Commerce Trade and Industry.
- *Tourism Component* - will be implemented through a Project Implementation Unit of the MTENR, with coordination provided by an Inter-Sectoral Steering Committee proposed to be formed as part of the project initiative.
- *Biodiversity & PA Management sub-Component* - This component will be implemented directly by ZAWA through a Project Implementation and Monitoring Unit (PIMU). The Unit will be established under the Office of the Director-General, but functionally integrated with ZAWA's Directorate structure and coordinated by its Project Co-ordination Committee. It will be linked to the MTENR's Project Implementation Unit. Implementation will be integrated with ZAWA's Emergency Performance Based Resource Protection Strategy and its 5-Year Strategic Plan (2002 - 2007).

The PIMU will comprise a Project Manager, a combined Financial Controller/Procurement Officer, and supporting secretarial staff, and shall work under the supervision of the Director-General. The Unit shall function with the technical collaboration of ZAWA's Directorates, and additional Technical Assistance will be out-sourced as required. The PIMU will ensure efficient implementation of the project component by minimizing the administrative burdens of project management on an already over-stretched MTENR, integrating its support functions within ZAWA and will be responsible for the overall monitoring and evaluation of the project impacts and results.

Project Coordination

The project's success is linked closely to the effective coordination among the various private and public institutions involved with delivery of tourism related services. Capacity building requirements and institutional arrangements to enhance public private partnerships in the sector will be assessed during final project preparation. Efficient coordination mechanisms among various bodies and consultation processes will be set-up.

An Inter-ministerial Tourism Committee is under consideration by the Cabinet and can become a critical institutional mechanism for assuring coordination amongst the various players. It is envisaged to have private sector participation to ensure liaison with operators and investors in tourism. It will focus both on strategic and policy orientation. It will be supported by a Technical Committee whose members will be drawn from interested ministries, agencies and the private sector – this unit will be the real engine for execution of the project. Each agency under the project will be linked to the Technical Committee and appropriate departments in these agencies will be strengthened to carry out their functions. In specific cases, appropriate technical agencies will be responsible for execution of related components (e.g. ZAWA for the biodiversity sub-component).

Until such time that the Cabinet approves creation of this Committee, the MTENR has agreed to oversee the project coordination activities and has formed a project preparation team comprising of representatives of the various ministries involved in the preparation and implementation of the Project. A project preparation team has been set-up comprising representatives of the MTENR (overseeing the institutional and policy development aspects of the project and representing the GEF focal point), Ministry of Commerce, Trade and Industry (overseeing the SME development aspects of the Project), ZAWA (responsible for the Wildlife management and implementation of the GEF component), the Ministry of Local Government and Housing (overseeing the Livingstone Development Master Plan preparation) and the Livingstone City Council (overseeing the implementation of infrastructure developments in Livingstone).

For the Agribusiness Component, the Natural Resource Development College (NRDC) and the Zambia Export Growers Association will be engaged to form a “Program Committee” that will oversee the implementation of the Agribusiness pilots under the MCTI PIU.

Monitoring and Evaluation Arrangements

The main purpose of the project is learning and future replication. Therefore, development of an outcome oriented approach which adequately tests and captures lessons is important. Such an outcome focused M&E system will allow correction during implementation to achieve the pilot objectives and enable lessons learned to be scaled up.

Overall, the Government will establish an inter-ministerial committee as oversight for the pilot program. The role of the committee will be to review the annual progress on achieving sector specific outcomes and objectives and to provide the PIU or project units or ministries and implementing agencies with suggestions for improvements. In addition, the committee may request interim evaluation for any component of the project which may provide recommendations on redirection, etc.

Towards the end of the project, this committee will prepare a report synthesizing lessons learned and how these might be scaled up in sector wide approaches. Such a review will include discussions of what did and did not work, and recommendations for the next phase.

Each technical ministry will be responsible for testing the outcomes expected against the achievements of the intermediate component objectives (output). The Technical ministries will report to the oversight committee on the relationship and achievement of objectives using the Key Performance Indicators

(KPIs) in Annex 1, as well as additional monitoring that may be needed from time to time. Within each ministry, the PIU will be responsible for tracking implementation progress and project milestones. This is part of the project management role and is clearly spelled out in the Project Implementation Plan (PIP). Each technical ministry will prepare Quarterly Progress Reports (QPRs) on the basis of project implementation. An overall progress report will be prepared under the guidance of the Ministry of Finance every year, and an additional report prepared three months prior to the mid-term review. During negotiations, the Government assurance that it will prepare and send to IDA, an Implementation Report (ICR) within six months of the Credit closing date.

Private Sector entities will participate in the monitoring and evaluation. Key performance indicators for each activity were finalized during negotiations and included in the Development Credit Agreement (DCA). These will be reviewed annually by stakeholders representatives through project implementation workshops. The output of these workshops will serve as a basis for monitoring and evaluating project impact. During negotiations, the Government agreed that a mid-term review will be carried out no later than March 2006. The review will also assess overall progress in project implementation and make recommendations for adaptive management.

D. Project Rationale

1. Project alternatives considered and reasons for rejection:

Several approaches were analyzed with a view to maximizing impact on the Zambian economy. The tourism industry is fragmented: each private operator tends to work on his own and, in the public sector, the focus has been on survival in a severely resource-constrained environment. Donor assistance to the wildlife and tourism sectors over the past several years has been mainly focused on the creation of an independent wildlife authority (the EU, Denmark and Norway), support to some community based resource management schemes (USAID) and rehabilitation of the Livingstone airport (EU). There does not seem to be a single vision or overall strategy for tourism in Zambia; creation of such a vision will be important if the synergies needed to develop tourism are to occur.

Thus in reviewing options, each required balancing the various aspects of tourism: economic and financial considerations (gaps in the supply chain for vital services) and the potential markets for tourism in Zambia; the importance of environmental, community, social and historical/cultural impacts; significance of the biodiversity in the region, and emerging deficiencies in the sector (weak institutional framework; poor infrastructure and lack of support for SMEs). In this context, the project team sought: a limited number of components, pilot activities as demonstrations for the rest of the country; underpinning policies with effective institutional arrangements; an emphasis on high quality product and services; and synergy amongst the components to demonstrate tourism's contribution to growth and improved welfare, including in disadvantaged parts of the country. The options reviewed included:

§ A policy oriented project focused on the MTENR with outreach to the ZNTB, the TCZ and related agencies such as ZAWA and the NHCC. A critical element in such an approach (indeed any project) would be a component to protect the World Heritage Site at Victoria Falls. At this stage, it is probably more important to have demonstration projects on the ground to consolidate the recent improvements in tourism. However, a number of policy issues are clearly needed in areas such as regulation and licensing where there are many evident abuses.

§ A project focused on conservation of wildlife. Wildlife will be a critical element in any tourism program in Zambia. The EU, Norway and Denmark have supported creation of ZAWA for a number of years and the mission felt that the partnership was effective, in particular in strengthening its institutional framework. However, support for community participation is somewhat fragmented in the GMAs and national parks, with limited support from a number of donors (Norway, USAID). Biodiversity

conservation and management support restricted to core protected areas alone would be unlikely to engage support of local communities, and unlikely to be sufficient to prevent continued decline of biodiversity due to unsustainable exploitation of natural resources and assets, so there is a need for a more focused approach to community development as it relates to tourism.

§ *An infrastructure project.* There are considerable infrastructure deficiencies in Zambia but the road network to principle tourism destinations are serviceable. Water and sanitation, and to a lesser degree storm drainage, are critical requirements throughout the country. While infrastructure is a real constraint, on-going and future projects planned by the Bank and other donors are addressing major deficiencies. The Project will adopt an approach of filling infrastructure gaps at the local level in the interests of creating a more complete tourism product (e.g. roads leading to or within tourist destinations).

§ *Capacity building.* Capacity building is required at all levels: national and local organizations - public and Private; the public institutions involved in tourism need to become more efficient. Private sector enterprises lack access to modern techniques; and, in particular, there is no culture of mutual support and teamwork. For example, most lodges seem to have web-sites and do business through the internet – most have a link in South Africa and interact with those offices off-line – but they operate on their own and do not seem to cooperate on critical services such as marketing. Within tourism, there are a number of critical training areas for hotel staff, travel industry staff and guides and scouts. Well-targeted programs would considerably enhance Zambians’ natural sunny disposition and create a truly professional tourism industry.

§ *Private Sector and Community Development Focus.* Economic growth must translate into poverty reduction. This can be facilitated by developing an enabling area for development of community initiatives that expand the population's access to the business opportunities created in the sector. In summary, in agreement with the Government, the mission opted for a blend of the above ideas formulated in a program of limited, concentrated development in the Livingstone area, which would build on the above considerations and provide model or pilot projects to be replicated in other regions in a timely way. It would be complemented by a GEF component that focuses on Mose-O-Tunya and Kafue National Parks, which present the most logical entry points and models for future scaling-up and replication.

2. Major related projects financed by the Bank and/or other development agencies (completed, ongoing and planned)..

Sector Issue	Project	Latest Supervision (PSR) Ratings (Bank-financed projects only)	
The Enterprise Development Project aims to complete and support the ongoing economic reform program in Zambia. Specifically, the project will support firm-level efforts at restructuring by: a) enhancing Zambian firms' technical know-how; b) enhancing Zambian firm's access to finance; and c) strengthening the financial system and availability of information resources.	Enterprise Development Project Credit # 29550	S	S
The objective of the Economic	ERIPTA Credit # 29750	S	S

FMO	FMO- Cavmont Venture Capital Fund		
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3. Lessons learned and reflected in the project design:

There are no recent Bank financed tourism development projects. International experience suggests that for tourism to be successful a comprehensive and geographically focused approach is needed. The general lessons from the Bank's private sector development initiatives are:

Government ownership and support, Government commitment to and leadership for private sector development, in particular, the tourism sector, are essential to success. It is evident from the work done in related sectors that the Government supports tourism development with skilled staff and empowered with appropriate authority an essential for the success of any project.

Leadership and strong implementation agency, with skilled staff and empowered with appropriate authority an essential for the success of any project.

Keep stakeholders informed and to engage them from early on in the project design.

Preliminary meetings were held with local government officials, councilors and chiefs from Mukuni.. The local communities through their chiefs have been consulted and have assured the project team their communities maximum cooperation. As a result, a series of public hearings have been scheduled and will be conducted as soon as funds are available. These hearings and workshops will move beyond a simple consultative process to engage the stakeholders into full partnership in decision making and active participation in implementation of the project in such a way that it would bring true community support for the program.

Although Government's overall commitment to economic expansion and diversification through the sustainable use of natural resources is well catered for by an array of enabling policy and legislation, their application has been lagging conspicuously behind their intents. Support for reform and development of the wildlife sector has long been hindered by political interference driven by both misunderstanding of the sector and protection of vested interests. This has in particular affected the process of institutional development, including the recruitment of experienced professionals into ZAWA, and consequently limited not only its absorption capacity for support and assistance from a wide range of potential co-operating partners but also the fulfillment of its mandate.

In spite of laudable progress in attracting Zambian professionals to the industry, the Zambian business community itself has failed to invest significantly in the sector, and considers the tourism industry to be risky. As a consequence, the industry lacks the political support and commercial vigour needed to overcome barriers to development. There are two reasons for this low investment interest by the Zambian community in relation to other commercial sectors. Firstly, it perceives tourism as an industry offering marginal financial returns and economic benefits, and secondly, it perceives the financing opportunities and institutional, administrative, policy and legal environments as being unattractive and obstructive.

Overall some important lessons learnt and incorporated in the design of the project include:

- Cognizance of the significance of wildlife to economic development through tourism and other wildlife-based enterprises by the government is crucial for success.
- Streamlined disbursement procedures within the administrative structure of the project is critical at the outset and needs to be maintained during the course of implementation.

- Sound and adaptive project management is crucial. Accordingly the SEED Biodiversity sub-component demonstrates that an extensive Monitoring & Evaluation Unit will be set up as part of the project.

4. Indications of borrower and recipient commitment and ownership:

Zambia has a very good track record in implementing its macro-economic reform program (to be monitored), which has to be matched by similar performance in private sector, in particular the tourism sector. Despite the ongoing difficulties, commitment at the highest level has been expressed in favor of other ambitious structural reforms including the privatization program and private sector development. This level and type of GRZ commitment has been reconfirmed through the project design and will incorporate feed-back mechanisms to ensure that it continues.

The private sector and local communities have endorsed the Project's thrust in particular its economic diversification approach and will be constantly consulted to maintain the consensus and ownership of the project.

GRZ has requested for a PPF advance and efforts are being made to obtain as much grant funding as possible for preparation of the project. As part of a commitment to the conservation and management of her natural resources, Zambia has acceded to a number of International Conventions, including the Convention on International Trade in Endangered Species of Fauna and Flora (CITES), the Convention on Wetlands of International Importance (Ramsar Convention), United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, particularly in Africa (CCD), the United Nations Framework Convention on Climate Change (UNFCCC), and the Lusaka Agreement. Most importantly perhaps, Zambia ratified the Convention on Biological Diversity (CBD) on 28th May, 1993.

Zambia has prepared a National Biodiversity Strategy and Action Plan (BSAP - 2000), designed to guide the development and implementation of environmental policy, legislation, and investment in the country. The BSAP is pending ratification by the Government.

This project biodiversity sub-component is being implemented by the Government of the Republic of Zambia with the support of the World Bank as part of the overall SEED Project, and in conjunction with the principle Zambian beneficiaries and partners, including the MTENR, ZAWA, Livingstone City Council, NHCC, local communities, the private sector, donors, and the GEF Focal Point at the MTENR. The sequencing of the completion of the BSAP and the development of the project "Reclassification and Sustainable Management of Zambia's Protected Area System" provides a framework for this project within a development economy driven by the SEED Project.

The project is entirely consistent with the priorities outlined in Zambia's National Conservation Strategy (1985), National Environmental Action Plan (1994), and Policy for National Parks & Wildlife in Zambia (1998), as well as the draft National Biodiversity Strategy and Action Plan, the draft National Environmental Policy, and the draft National Policy on Wetlands Conservation. The component is also consistent with the implementation of the restructuring of the wildlife and tourism sectors focused on ZAWA and the MTENR, and has been endorsed by the GEF Focal Point at the MTENR.

5. Value added of Bank and Global support in this project:

The Bank Group's comparative advantage is in policy, management of public goods and intervening where markets do not appear to work. Due to its capacity to respond to multisectoral needs of the sector in the form of assistance in infrastructure, policy and capacity development all at once, the Bank is also uniquely positioned to provide the much needed coordination of the Tourism/Wildlife sectors in Zambia.

The proposed project covers all these aspects. There are major policy choices to be made, notably to encourage private sector development in tourism, underpin public policy with performing institutions and balancing trade-offs in wildlife, environmental and community needs. Management of public goods in the national park and wildlife system are central to the project's sustainability and support for SMEs to “kickstart” tourism is crucial as a new source of growth and diversification. The Africa Region recently completed a study on "Tourism in Africa" and many of the lessons of that report are incorporated in the project design. The synergies within bank funded operations (i.e. ROADSIP, EDP, ESP, ERIPTA, URWSP) and between the Bank, IFC (SME Group), FIAS and MIGA would be utilized.

A number of proposals for private sector development have already been communicated to IFC and MIGA to explore the role these institutions can play in supporting tourism investment promotion and guarantee operations. Discussions are ongoing with the Business Partners for Development (BPD) group to develop partnerships with active private sector operators in the sector (SUN international). The project will also seek support from the new SME department and focus the policy skills of the Bank and the transactions skills of IFC to encourage greater participation of the private sector in tourism.

The Project provides catalytic, additional support for biodiversity conservation, while addressing poverty alleviation as a major contributing factor to biodiversity loss. The impact of factors other than poverty on biodiversity are also recognised, including human population growth, technological advancement, development, growth of markets for wildlife products, and changes in philosophy towards the value of human relationships with the environment. Scope within the project for addressing these factors is provided.

The SEED Biodiversity and Protected Area Management sub-component has been designed to fit within the GEF Operational Program 1 (Arid and Semi-Arid Zone Ecosystems) and 3 (Forest Ecosystems) of the biodiversity focal area, which are important areas for the Conference of the Parties to the Convention of Biological Diversity. Significantly, this would include securing the management and conservation of Critical Species and Habitats in globally significant areas of biodiversity and increasing the capacity for sustaining this protection over time.

The project's objectives are consistent with the GEF Operational Strategy by aiming to consolidate and improve conservation efforts in priority Protected Areas. In line with the emerging strategic priorities of the GEF, the alternative proposed is well aligned with both Pillars I and II. Within the goals of Pillar II, the project will allow the GEF to play a catalytic role in mainstreaming biodiversity into the policy and legal frameworks for protected area management and production systems of Zambia, assisting Zambia to maintain and enhance its ability to manage its rich biological diversity in a cohesive fashion by integrating resource management into the national planning processes, working to protect and sustain key areas that contain the majority of the country's wildlife resources and to preserve unique ecosystems of high endemism. In the process, the project also supports the GEF priority of Pillar I, catalysing sustainability for protected areas. The project will augment the existing protected area system and bolster the capacity of the government to further establish and maintain an operational framework to provide ongoing support over the long-term. The proposed project has selected target sites for initial focus of activities, the Mosi-oa-Tunya and Kafue National Parks. These protected areas and surrounding communal lands provide the best starting point for intervention within Zambia, as they are the most advanced in their current operations and management. Increasing the support to these areas will provide an opportunity to develop real long-term capacity to ensure sustainability. Additionally, these parks provide the best model for future replication within the country.

The biodiversity and protected area management component will complement regional and national GEF-supported activities, but will focus on key sites requiring urgent attention. The Bank is well placed to support on-going Zambian efforts in the wildlife sector, which is by far the most comprehensive and well-

developed of the natural resource management sectors in Zambia, and thus offers the greatest potential for economic and biodiversity conservation success. This is mainly due to the Bank's increasing experience in, and ability to facilitate long-term, programmatic approaches to biodiversity management, poverty alleviation and sustainable resource use. However, little has been implemented in the field to practically bring about the expected improvements in natural resource management and associated economic benefits, or to support the systematic inventory of Zambia's biodiversity, thus providing an outstanding opportunity for both the Bank and GEF to provide a significant and influential input to the sector.

In supporting this project, both the Bank and GEF are playing important catalytic roles by developing and guiding approaches that will stimulate economic growth and diversification. It would also build upon and enhance the already significant progress Zambia has made in the areas of policy, legislative and structural reform in the environmental sector as a whole. The incremental activities will promote alternative livelihoods, working to support both economic development and sustained protection of natural resources.

The project involves multiple stakeholders and is multi donor-financed. The value added of the Bank's support in mobilising additional finance from bilateral donors is based on its previous experiences where it has developed strong and positive relationships with international and local NGOs and the donor communities involved in natural resource management. Therefore, through this experience generation in the preparation and implementation of the project, the Bank and GEF will bring added value to the efforts of other donors. Selected ongoing GEF initiatives in the project target areas that would provide essential linkages to the project include the Lukanga Wetlands Project (AfDB/World Bank/GEF), the National Biodiversity Strategy & Action Plan (MTENR/UNDP/GEF), Okavango River Basin Project and the reclassification and Sustainable Management of Zambia's Protected Areas System (MTENR/UNDP/GEF).

E. Summary Project Analysis (Detailed assessments are in the project file, see Annex 8)

1. Economic (see Annex 4):

- x Cost benefit NPV=US\$ million; ERR = % (see Annex 4)
Cost effectiveness
- x Incremental Cost
Other (specify)

Methodology. The economic analysis will examine (i) the infrastructure rehabilitation including roads, water supply and wastewater management and the solid waste management; and (ii) capacity building and strengthening of public and private sector's institutions in tourism related activities. It will employ a cost benefit analysis for each, using a 15 year analysis period and a 10 percent discount rate. The analyses, using both with-project and without-project methodology, will estimate financial and economic net present values, as well as financial and economic internal rates of return for each component.

Sensitivity and Switching Values. Each analysis will model the principal risks identified in Section F of the PCD. There will also be a sensitivity analysis of the effect of cost overruns and project delays (where applicable), as well as for items considered by the Task Team to have a large effect on the Base Case ERR. Each analysis will also calculate switching values for selected items.

Taxes. Contractors working on IDA contracts in Zambia are normally exempt from income taxes. Local taxes and duties are included in the price of inputs purchased locally (e.g., cement, plastic or fiberglass pipes, etc.). However, given that most of these items are not available locally in the quantities required, contractors will likely import most materials. Imported items would normally be duty free. Taxes on items procured locally for the project will be small amounts and, therefore, are not likely to be separately estimated.

Benefit Streams. For the infrastructure rehabilitation component for Livingstone, benefit streams are likely to accrue from cost reductions brought about through more efficient operation of the utilities sector services. Benefits will come from easy road access to the town of Livingstone, a cleaner environment and reduced maintenance costs for the city council. Concerning the solid waste component, it is expected that benefits will result from a more competitive award of the private sector service contract and a more efficient delivery of services. Additional benefits will accrue to the communities, the private sector in the Project focus areas, the Livingstone City Councils and residents of Livingstone from linkages from tourism development and revenues derived from improved business environment and service delivery.

Assumptions. These will be developed during pre-appraisal assessments. Issues to be covered in the economic analysis will include: (i) international and domestic fiscal impact of the project; (ii) affordability; (iii) how to best model project risks; and (iv) sensitivity of the internal economic rate of return to key project parameters

2. Financial (see Annex 4 and Annex 5):

NPV=US\$ million; FRR = % (see Annex 4)

At least three feasibility studies will be carried out during project preparation:

- (i) development of a solid waste management (including a landfill) structure with private sector participation
- (ii) the creation of a tourism SME fund
- (iii) creation of a tourism training school

Financial viability of these proposals will have to be determined during project preparation. The budgetary impact of Government investments in the sector and the expansion of revenues from increase in tourist arrivals as well as increased tax base following creation of new jobs and businesses will have to be assessed.

3. Technical:

During project preparation, status of the existing infrastructure of Livingstone including urban roads, solid waste disposal and water and sewerage systems will be assessed and strategic Development Master Plan produced. The assessment will take into account the programmed rehabilitation projects for Livingstone and the national parks. These include, the tourist roads rehabilitation program under ROADSIP II, the KFW funded water and sewerage rehabilitation project and the EU funded Livingstone airport rehabilitation. Since some of these works were designed before the recent tourism developments, the assessment would establish the adequacy of the rehabilitation work to address the growing needs of tourists and local communities, specially those who do not have access to proper sanitation and clean water at this stage.

A PHRD Grant (under consideration) for Technical Assistance to Zambia National Tourist Board (ZNTB) and the MTENR, with particular emphasis on Livingstone, is under consideration to assist in the development of a long term tourism marketing strategy.

Under the proposed biodiversity component comprehensive updated Management Plans will be developed for the Mosi-oa-Tunya and the Kafue national parks with recommendations on priority biodiversity conservation actions to be undertaken during implementation. All components are expected to be implemented simultaneously.

4. Institutional:

The project's success is linked closely to the effective coordination among the various private and public institutions involved with delivery of tourism related services. Capacity building requirements and institutional arrangements to enhance public private partnerships in the sector will be assessed during project preparation. Efficient coordination mechanisms among various bodies will have to be set-up and consultation processes set-up.

4.1 Executing agencies:

Project Units at the MTENR, ZAWA, and Livingstone City Council

4.2 Project management:

The project is expected to be overseen by a committee representing the MTENR (including the GEF Focal Point Coordinator), the Ministry of Local Government and Housing, , the Ministry of Commerce, Trade and Industry and the Zambia Wildlife Authority. A cabinet memorandum recommending the creation of an Inter-Ministerial Coordinating Committee is under consideration. It is envisaged that the Project's overall management can be passed on to this Committee if and when it becomes operational. Presently a project preparation team has been set-up in Lusaka under the overall coordination of the MTENR and another satellite office has been set up in the Livingstone City Council. During project preparation the arrangement for creation of project implementing units) has to be finalized

4.3 Procurement issues:

During project preparation, a review of current procurement practices of the various project related institutions and a procurement capacity assessment of the implementing agencies will be carried out. The implementation units that will be assessed are the MTENR, ZAWA and the Livingstone City Council. As the project description is developed the types of procurement likely to be undertaken will be defined in more detail. At this stage, the main types of procurement expected under this Project are: (i) civil works and equipment in the Livingstone urban area under the Livingstone Development Master Plan and civil works for rehabilitation of priority roads networks in and feeding the Kafue National Park; (ii) consultancy for studies, workshop facilitation, technical assistance and capacity building; and (iii) goods for institutional development purposes.

The procurement capacity assessment will be undertaken by a procurement accredited staff or field based staff and cleared by a Procurement Specialist. The capacity assessment is done to collect information on procurement for input to Annex 5 of the PAD document. Annex 6 of the PAD document will be prepared during pre-appraisal and it will incorporate the project's procurement risk and the frequency of procurement supervision which will be required during project implementation.

A Procurement Plan will be prepared as soon as detailed activities under each project component are agreed upon. The plan will be completed during appraisal for final discussion at negotiation and regular updating of plan during project implementation.

4.4 Financial management issues:

The FMI/LACI process will apply to this project and to facilitate preparation of its application the Financial Management Specialist at the Zambia Country Office will work with the Project Implementation Units to address the following issues during project Preparation:

- *institutional arrangements* - amplification of working/reporting relationships and financial flows among the various stakeholders including responsibility for project monitoring/supervision; determination of capacity requirements for implementation including accounting, procurement, administrative and support staff;

- *budgetary and accounting systems* - clarification of the overall budget process; consideration of flow of funds/bank accounts/cash flow management at all levels of the accountability process; variance analysis; chart of accounts; financial procedures manual including internal controls and procurement; if appropriate, internal audit considerations; manual versus computerized accounting systems etc.
- *financial reporting* - interim and final financial statements; format, content and frequency of reporting;
- *external audit arrangements* - including terms of reference/management letter;
- *financial performance indicators/output monitoring.* - including responsible agencies and reporting arrangements.

Special Attention will have to be paid to designing the most appropriate channels for disbursement of funds under each component as several Ministries and implementation agencies will be involved in the project.

5. Environmental: Environmental Category: B (Partial Assessment)

5.1 Summarize the steps undertaken for environmental assessment and EMP preparation (including consultation and disclosure) and the significant issues and their treatment emerging from this analysis.

Zambia already requires that EAs be undertaken for tourism projects. The objective of the Project is to help the tourism sector, which is largely based on natural assets, to become more sustainable. The project will be designed to mitigate existing negative impacts on the Victoria Falls, nearby Livingstone and on wildlife stocks:

- i) update the IUCN 1996 study "Strategic Environmental Assessment of Developments around Victoria Falls" on the Zambian side and facilitate coordination with representatives on the Zimbabwean side of the Falls;
- ii) reduce pollution in Livingstone through improved solid waste and sewage management, improved roads and drainage systems; this will benefit the entire township not just the tourism sector;
- iii) introduce land-use and zoning systems at the Falls, in Livingstone and in the Mosi Oa Tunya National Park, as well as architectural guidelines and building codes in Livingstone to improve the visual environment and protect cultural heritage;
- iv) assist rural communities to better manage their wildlife and land resources, through land-use planning; and
- v) strengthen the capacity of national and local institutions to undertake EIAs for tourism-related constructions, particularly in GMAs, National Parks and on rivers.

5.2 What are the main features of the EMP and are they adequate?

An EMP will be designed as part of the Comprehensive Tourism Development Plan for Livingstone and the Falls area. Separate EMP's will be developed for the Mosi-oa-Tunya National Park and the Kafue National Park in the Livingstone area. Prototype EMPs for local communities in GMAs to assist them in managing their land and wildlife resources will also be developed. These can be adapted through ground-truthing in specific areas. The responsibility for implementation of the EMPs will rest with existing

national and local authorities, including the MTENR and ZAWA, for the GEF component implementation in the National parks and GMA's.

5.3 For Category A and B projects, timeline and status of EA:

Date of receipt of final draft: 3 months later

5.4 How have stakeholders been consulted at the stage of (a) environmental screening and (b) draft EA report on the environmental impacts and proposed environment management plan? Describe mechanisms of consultation that were used and which groups were consulted?

Public hearings will be conducted with the Livingstone City Council and separately with each of the three major Chiefdoms in the Livingstone area impacted by tourism prior to project preparation and a similar consultation process will be used at each stage of the EA process. Frequent meetings with private sector groups will also be held during project preparation. Similar meetings have already taken place at the project identification and concept development stages. Stakeholders in and around the Kafue national park have also been consulted during a public awareness campaign conducted during project preparation stage.

5.5 What mechanisms have been established to monitor and evaluate the impact of the project on the environment? Do the indicators reflect the objectives and results of the EMP?

Project preparation will include the establishment of baseline data for the Falls, Livingstone city area and the Kafue and Mosi-oa-Tunya Parks, as well as for communities in which assistance will be provided for improved resource management. The EMPs will be designed to monitor project implementation against project objectives and the baseline data.

6. Social:

6.1 Summarize key social issues relevant to the project objectives, and specify the project's social development outcomes.

The Project's main objective is to stimulate growth and reduce poverty through private sector investment and community based development using tourism as an entry point. The effective participation of the communities surrounding the project's focal areas in the development and implementation of the project is crucial to achieving this objective. Unemployment in Livingstone is alarmingly high (over 90%) and except for tourism, there is no other major economic activity in the area that could provide gainful employment for the population. The project aims at improving the capacity of the communities living in the areas in and around Livingstone and the two National Parks for tourism purposes. Through training in tourism related activities (catering, hotel services, tour operation, wildlife management, production of handicrafts), the communities will be able to respond to the increasing demand for tourism related goods and services. Presently, these needs are being met mainly through importation of goods and services from the sub-region with very little benefit passed on to the community whose land and natural resources provide the main source of tourism attraction. Attention will be given to building upon and preserving cultural heritage of the region. As new hotels and lodges are established and tourist arrivals grow so would the demand for goods and services. The project's objective is to enable the communities to become partners in this development, secure the jobs, supply the fruits and vegetables, sell the handicraft and tourism nick nacs and thus capture the benefits of tourism development.

At the moment, participation by women in tourism related activities is negligible. The Project will seek ways of increasing women participation in the resultant economic activity thus attempting to create a gender balance. The project will have a positive impact on communities' living conditions through improved infrastructure and the new amenities will allow more time for women to participate in income generating activities.

The Project will also identify and support successful community based tourism and wildlife conservation initiatives in Zambia and encourage their replication in the project's focus area.

6.2 Participatory Approach: How are key stakeholders participating in the project?

During project identification the team held several open meetings where it met with a wide spectrum of stakeholders. These included members of the business community in Livingstone, Lusaka and Mfue, the city council members in Livingstone, community representatives in Mfuwe and Livingstone and various government agencies. The team received invaluable suggestions on mechanisms that would ensure meaningful stakeholder participation in various stages of project design and implementation. Several stakeholder workshops were carried out during project preparation in both the Livingstone and Kafue National park areas (the latter through ZAWA’s public awareness campaign activity). These workshops will be instrumental in capturing stakeholder concerns and expectations. The project's final design will be based on the outcome of these workshops, including prioritization of physical infrastructure developments and the conservation interventions and priorities within the program. The workshops will help in building ownership and partnerships in the development process. These partnerships will be crucial in the successful implementation of the project. During project preparation and as soon as the requested trust funds are in place, four workshops, in the form of open hall meetings, in local language and with local NGO facilitation will be organized in the Livingstone area. Three of the workshops will be held in each of the Chiefdoms in the area and the fourth one is planned for Livingstone itself where the city council is expected to facilitate the process. To build consensus among Central Government, major private sector operators and the donors active in the sector, a targeted stakeholders workshop is proposed to take place in Lusaka to be followed by an EU funded workshop which is scheduled to address issues of tourism marketing and product development. The Bank and EU are coordinating their efforts to ensure that the two workshops are complementary to each other.

6.3 How does the project involve consultations or collaboration with NGOs or other civil society organizations?

Regular briefing sessions and open discussions are to be conducted through out project implementation. The frequency, venue and form of these consultations will be agreed with the various stakeholders during the first round of workshops at project preparation stage. These could take the form of round tables with donors, workshops during supervision missions for the private and public sector operators and open discussions/consultations with the communities, NGOs and the civil society organizations.

6.4 What institutional arrangements have been provided to ensure the project achieves its social development outcomes?

Regular supervision of the project area and beneficiary assessments will be carried out to determine the social development outcomes. Details of the institutional arrangements and responsibilities of monitoring social development impact will be determined during project preparation.

6.5 How will the project monitor performance in terms of social development outcomes?

Mechanisms for monitoring and measuring project performance are yet to be determined. However, the project will endeavor to include an NGO in monitoring social development outcomes. The indicators for success should be agreed with the communities and other stakeholders during the preparation workshops. The stakeholders will have to decide how they will judge the project's success in achieving the results they had expected at each interval.

7. Safeguard Policies:

7.1 Are any of the following safeguard policies triggered by the project?

Policy	Triggered			
	X	Yes		No
Environmental Assessment (OP 4.01, BP 4.01, GP 4.01)	X			

Natural Habitats (OP 4.04, BP 4.04, GP 4.04)	X	Yes		No
Forestry (OP4.36, GP 4.36)		Yes	X	No
Pest Management (OP 4.09)	X	Yes		No
Cultural Property (OPN 11.03)	X	Yes		No
Indigenous Peoples (OD 4.20)		Yes	X	No
Involuntary Resettlement (OP/BP 4.12)	X	Yes		No
Safety of Dams (OP 4.37, BP 4.37)		Yes	X	No
Projects in International Waters (OP 7.50, BP 7.50, GP 7.50)		Yes	X	No
Projects in disputed Areas (OP 7.60, BP 7.60, GP 7.60)*		Yes	X	No

7.2 Describe provisions made by the project to ensure compliance with applicable safeguard policies.

Environmental Assessment: Environmental assessments (EA) are to be carried out during project preparation on the infrastructure rehabilitation works in Livingstone during project preparation. The Eas will evaluate the project's potential environmental risks and impacts in its area of influence, i.e. Livingstone.

Natural Habitat: One of the main objectives of the project is to conserve and protect natural habitats in two main areas. The GEF component is designed specifically to address conservation of natural habitats and the maintenance of ecological functions in the Kafue and Mosi-oa-Tunya National parks, through specific activities that would secure management and conservation of critical Species and Habitats that are of key significance to global biodiversity and to Zambia's economic development. In support of the GEF component and in line with GEF operational programs under the biodiversity focal area (OPs 1 & 3) the project will finance rehabilitation of degraded natural habitats in these two parks. This project does not involve the significant conversion or degradation of critical natural habitats.

Cultural Property The Project will involve conservation and protection of cultural property, and in that respect it will be in compliance with Bank guidelines.

F. Sustainability and Risks

1. Sustainability:

The project's objective is to support the Government of the Republic of Zambia's (GRZ) efforts to stimulate diversified economic growth and private sector investment in the country, using tourism and other sectors as entry points. The project seeks sustainability over the long-term by taking a three-pronged approach in the design of the project.

Institutional Sustainability:

The project supports the GRZ's current initiative and commitment to improve the management of its wildlife resources and cultural assets and, to improve the financial returns from tourism through increased numbers of tourists, an increase in their length of stay and greater expenditures on goods and services, including handicrafts.

Financial Sustainability:

Unemployment in Livingstone has hovered around 90% recently. The proposed improvements should generate increased private investment, which will create income and employment directly and stimulate linkages to production and service sectors, including in local communities.

Under the biodiversity component, the project will support the recurrent costs of ZAWA (principally staff emoluments) in the early stages of its development (at least over the next 5 years). As the managing authority of Zambia's extensive wildlife estate, ZAWA will develop its economic potential towards becoming a self-financing institution. A sustainable financing strategy has been established where future financing of ZAWA will be derived principally from innovative and sustainable commercial use of resources and by increasing volumes of investment in the National Parks which will contribute to greater revenues to ZAWA, MTENR/ZNTB, GRZ, and the local communities. The principle sources of ZAWA's revenue will include visitors' National Park entry fees, National Park tourism concession fees, and other user fees (license fees) for activities within and outside the National Parks. ZAWA will also retain an agreed proportion of revenues accrued by Community Resource Boards from fees charged for commercial activities in the GMA's (such as safari hunting and tourism) in order to cover its GMA management costs. The revenue generated through the tourism activities inside and outside the Parks targeted by the project contribute towards ZAWA's management budget and community development income.

Additionally, since a major thrust of the overall project is to attract the investment of long term partners (which could be Trusts, NGOs, as well as traditional donors), the private sector, the local communities, in both the NP and GMA estates, it is expected that ZAWA will create a stable and productive environment for enterprise development, seek greater private sector support, raise funds and use its commercial potential to help finance and sustain Park development. Where possible and feasible, activities carried out under the agribusiness and SME components will further enable economic development in the communities of the target areas of the overall tourism component.

Financing and support from IDA, cooperating partners and the GRZ will enable ZAWA to improve natural resources management, reverse the trend of resource depletion, establish a baseline of management to secure the current levels of wildlife, natural and cultural resources and increase revenues from wildlife-based enterprises, resulting in stabilization of gross ecosystem status and functioning.

The sustainability of economic activity generated by the SEED Project and environmental sustainability, including the security of Zambia's Critical Sites, Species and Habitats of biodiversity conservation concern as addressed by the Biodiversity & Protected Area Management Component, are mutually dependent. The anticipated strong linkages among the project components are designed socio-economic stability hence, sustainability.

Environmental Sustainability:

Long-term environmental sustainability will be underwritten by sustainable economic development in the project component's target areas. Without the project, the natural, architectural and cultural integrity of the flagship Livingstone area, which attracts 76% of tourists visiting Zambia, will deteriorate even beyond present levels and tourism will decline.

In order to ensure environmental sustainability and that the tourism sector is developed in a manner consistent with concerns for maintaining globally significant biodiversity, the biodiversity component, includes GEF-funded activities to focus on developing natural resource management capacities (including sustainable natural resource utilization) of the local communities and the CRB's through ZAWA. The component will provide support for ZAWA to monitor the status and trend of all natural resources that are of key significance to biodiversity, and to monitor human impacts on biodiversity conservation, and to relate these to performance of the project hence management in the field. These initiatives will provide feed-back to provide early warnings of acute threats to biodiversity thus enabling adjustments to be made to biodiversity conservation management systems and activities. Information from these initiatives will facilitate the process of component monitoring and evaluation that in turn will

feed-back into project design, implementation, adaptive management, hence sustainability. Capacity building measures during the project would be extended to other areas of the wildlife estate.

1a. Replicability:

Valuable lessons are expected to emerge from the projects activities for biodiversity conservation and management of Critical Species and Habitats of the Mosi-oa-Tunya and Kafue National Parks. The institutional development of ZAWA, through the project, offers wide opportunities for replicating activities in other areas. Although, the chosen target areas have a significant marketing and geographical advantage over other areas, they are well positioned to allow replication and scaling up to merge with existing development initiatives in the country. The lessons learnt would form the basis for developing approaches for expanding into associated GMAs and communal areas. These could include the protected waters of Lake Tanganyika within Sumbu National Park, Afromontane habitats within Nyika National Park, the wetlands of the Kafue Flats and Bangweulu Swamps, and the source of the Zambezi. A replication strategy will be fully designed by the time of mid term review of the SEED project, as part of ZAWA business planning.

2. Critical Risks (reflecting the failure of critical assumptions found in the fourth column of Annex 1):

Risk	Risk Rating	Risk Mitigation Measure
From Outputs to Objective		
Weak private sector response to business opportunities in particular tourism sector	M	Improvement in business environment would greatly enhance the private sector's response to development in tourism. GRZ will hold intensive consultations with private sector and the public to promote economic diversification measures including tourism.
Increased exploitation of the wildlife sector	M	During Project preparation and implementation special attention will be paid to regular consultation with the communities impacted by the Project to increase awareness about the importance of wildlife resources in the development of the same communities. By building ownership of the project and community management of wildlife resources the Project seeks to control potential manipulation and misuse of the sector's resources.
Insufficient political commitment to wildlife sector. Political interference with the development of ZAWA and the discharge of its technical mandate, and insufficient Government investment in ZAWA will	M	Reduction in political interference and increased Government investment in the wildlife sector are conditions for World Bank and wider donor support for Government.

<p>undermine development of the wildlife sector.</p> <p>Poor governance of the wildlife sector. Inadequacy of checks and balances on the performance of ZAWA and accountability of its financial, material and commercial resources will undermine its credibility hence support of the public, investors and donors.</p>	<p>M</p>	<p>Good governance of the wildlife sector is a condition of World Bank and wider donor support, and is an issue addressed by the restructuring program for ZAWA, and implementation of its 5-year Strategic Plan 2002 to 2007.</p>
<p>From Components to Outputs</p> <p>Limited project management and implementation capacities of the MTENR and ZAWA, in terms of both numbers of staff and level of expertise already over-stretched by commitments to statutory functions and day-to-day responsibilities, will constrain the implementation of development inputs.</p> <p>Restrictive administrative, policy, legal and economic environments for investment. Private sector investment in wildlife-based activities (including “investment” by local communities) and accessibility of finance will be disabled by restrictive administrative, policy, legal and economic environments.</p> <p>Lack of support of local communities. Failure by ZAWA to return agreed proportions of CBNRM revenues to local communities will undermine their support for the wildlife sector.</p>	<p>M</p> <p>M</p> <p>M</p>	<p>The SEED Project’s Implementation Unit is designed to provide the capacity for project implementation, at the same time assisting with capacity building in the MTENR and ZAWA.</p> <p>Improvements in the enabling environment for private sector investment in wildlife-based activities are expected to be implemented through the SEED Project following the recommendations of project preparatory studies.</p> <p>Application of wildlife policy and legislation relating to the empowerment of local communities and payment of agreed proportions of CBNRM revenues to local communities will be enabled by project support for Parks’ development and institutional development of ZAWA, including support for management of ZAWA’s CBNRM Program in the GMAs.</p>
<p>Overall Risk Rating</p>	<p>M</p>	

Risk Rating - H (High Risk), S (Substantial Risk), M (Modest Risk), N(Negligible or Low Risk)

ANNEX 1: DETAILED PROJECT SUMMARY*

* The biodiversity component is the sole portion of the SEED project seeking GEF funding. Accordingly, the Logframe attached below represents the objectives and outputs for this component only.

Project Structure / Summary	Indicators of Achievement (Objectively verifiable indicators)	Means of Verification (Monitoring Focus)	Critical Assumptions and Risks
<p>Goal and Objectives Goal : Secure the Environment for Economic Development</p>	<p>Increased investment in sustainable biodiversity use</p> <p>Increased income from sustainable biodiversity use received by low-income stakeholders</p>	<p>Annual reports and project reports</p> <p>Long term funding strategy approved by the steering committee and regional authorities</p>	<p>It is assumed that selection of future priority areas for interventions in Biodiversity will be based on rational decision-making.</p> <p>An associated risk is that the decision making is distorted by other sectoral interests or external influences</p>
<p>Global Environment Objective Secure the conservation and management of Zambia's selected natural ecosystems, freshwater sources, watersheds and carbon sinks which are globally significant and vital to the sustained livelihoods of local communities.</p>	<p>Restoration of the natural and cultural assets in the Mosi-oa-Tunya and Kafue National Parks and surrounding municipal and communal lands and Game Management Areas to economically viable levels.</p> <p>Increased productivity of natural and cultural assets and associated tourism and wildlife-based enterprises</p>	<p>Application of wildlife policy and legislation relating to the empowerment of local communities and payment of agreed proportions of CBNRM revenues to local communities enabled by project support for Parks' development</p> <p>Institutional development of ZAWA, including support for management of ZAWA's CBNRM Program in the GMAs.</p>	<p>An associated risk could be the political interference with the development of ZAWA</p>
<p>Results / Project outputs Management and conservation of Critical Species and Habitats of</p>	<p>Improved status and trend of Critical Species and</p>	<p>- Policy statements related to project area</p>	

<p>Project's Core Protected Areas and Buffer Zones that are of key significance to global biodiversity secured at ecologically viable levels</p>	<p>Habitats</p> <p>Improved law-enforcement indicated by increased arrests, prosecutions and convictions of poachers of Critical Species in core Protected Areas.</p> <p>Improved law-enforcement indicated by reduction in poaching of Critical Species and encroachment of Critical Habitats in core Protected Areas.</p>	<ul style="list-style-type: none"> - Periodic reviews by Steering Group and Task teams - Peer review etc 	<p>It is assumed that socio-economic data are available and suitable.</p> <p>An associated risk is a failure to release data by the data holders/owners</p>
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Project Components/Activities			
1. Installation of a Project Implementation and Monitoring Unit	Project Implementation and Monitoring Unit installed and functioning	<ul style="list-style-type: none"> - Annual reports - Project reports - Official publications 	It is assumed that the local stakeholders will support the goal and biodiversity objectives of the project
2. Development of the Mosi-oa-Tunya National Park as a model of sustainable economic use and biodiversity conservation in a management-intensive environment	Wildlife, natural and cultural resources monitoring program implemented.	<ul style="list-style-type: none"> - Databases of baseline information 	An associated risk is the political interference with the development of ZAWA and the discharge of its technical mandate, and insufficient Government investment in ZAWA could undermine development of the wildlife sector.
3. Development of the Kafue National Park as a model of sustainable economic use and biodiversity conservation in a management-extensive environment	Implementation of the updated Mosi-oa-Tunya General Management Plan Work Plans and Budgets for biodiversity conservation and management of the Mosi oa Tunya NP implemented within the framework of updated General Management Plans.	Implementation of the updated Kafue NP General Management Plan Work Plans and Budgets for biodiversity conservation and management of the Kafue NP implemented within the framework of updated General Management Plans.	An associated risk could be the restrictive administrative policy and economic environment for private sector based investment in wildlife based activities
4. Support for ZAWA's Community Based Natural Resource Management (CBNRM) Program in communal areas	Participation of Community Resource Boards and associated NGOs and CBOs in natural resource s		

<p>surrounding the Mosi oa Tunya and Kafue National Parks</p> <p>5. Support for ZAWA's Research, Planning and Information Directorate's Program in the Mosi oa Tunya and Kafue National Parks</p>	<p>management of communal areas surrounding the NPs</p> <p>Increased partnerships established between local communities and ZAWA for management functions and responsibilities in GMAs and communal lands surrounding core Protected Areas.</p> <p>Feedback from Research, Planning and Information activities implemented in the management of the NPs and surrounding communal areas and incorporated into Project design, monitoring and evaluation</p>		
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Annex 2: Detailed Project Description

ZAMBIA: Securing the Environment for Economic Development (SEED)

By Component:

Project Component 1 – TOURISM: US\$ 30.00 million

Project Component 1-A: Comprehensive Development of Livingstone as Zambia's Flagship Tourism Destination (US\$ 10.0 million) - (IDA -US\$ 9.0 million; Govt -US\$ 1.0 million)

Sub- Component 1: Updating of the 1995 Livingstone Strategic Development Master Plan. The activities under this component include updating and preparation of an integrated development master plan for Livingstone, which will be coordinated with the project activities in the Mosi-oa-Tunya and Kafue NPs, since both the NPs attract the most intensive economic activity of any protected area in the country. This Plan will include:

- a) A prioritized and costed action plan for development of Livingstone as a tourism center
- b) Development of a national tourism product to provide a road map on the ways of promoting Zambian Tourism and strengthening the tourism sector linkages with the rich biodiversity of the nearby protected areas including National parks and GMAs;
- c) Capacity building for the Livingstone City Council. As part of a workshop the Livingstone City Authorities requested that implementation of the Council's capacity building and employee rationalization program, prepared under a previous World Bank Operation (URWSP) and endorsed under the newly approved Decentralization Policy, be considered for financing under SEED. A report has been prepared and submitted for Bank consideration detailing the cost of retrenchment and training of the remaining staff.

Sub- Component 2: Development and rehabilitation of priority infrastructure in and around Livingstone (including roads, drainage, solid waste/landfill management, water supply, sewerage/sanitation, fire, health and social services.

- a) Emergency Infrastructure Improvements in Livingstone. During a three day consultative workshop in Livingston last February it was suggested that and agreed that a series of priority urban improvements be made to the city of Livingstone to improve its looks. These improvements were those priority activities listed in the previous development master plan that were never implemented. These priority activities have been costed by an independent consultant and are recommended by the Government for financing under SEED;
- b) Preparation of concession contract for solid waste management in Livingstone. Some investments by the Government, such as opening of an access road to the dump site, may be required to prepare the site. Government is considering using the SEED to fund these investments.
- c) Rehabilitation of main tourism roads in Livingstone;

Project Component 1-B: Biodiversity Conservation and Protected Area Management (US\$ 15.0 million) (IDA-US\$ 5.0 million; GEF-US\$ 4.0 million; Govt-US\$ 1.0 million; Other donors US\$ 5.0 million)

**Sub-Component 1 : Installation of a Project Implementation and Monitoring Unit
US\$1.2 million (GEF : US\$ 500,000)**

Agency : Zambia Wildlife Authority (Office of the Director-General)

The focus of this Sub-Component is institutional strengthening designed to ensure effective implementation and co-ordination of the Biodiversity & PA Management Component directly by ZAWA through a Project Implementation and Monitoring Unit (the PIMU).

The PIMU will be established under the Office of the Director-General, but functionally integrated with ZAWA's Directorate structure and co-ordinated by its Project Co-ordination Committee. Implementation will be integrated with ZAWA's Emergency Performance Based Resource Protection Strategy and its 5-Year Strategic Plan 2002 to 2007.

The PIMU shall comprise a Project Manager, a combined Financial Controller/Procurement Officer and supporting secretarial staff, and shall work under the supervision of ZAWA's Director-General or an Officer so designated for this purpose. The PIMU shall function primarily by using the existing technical capacity of ZAWA's Directorates, but additional Technical Assistance may be contracted by ZAWA as required.

The PIMU will be responsible for efficient implementation of the Project Component by minimising the administrative burdens of Project Management on an already over-stretched ZAWA, while ensuring its support functions are integrated with ZAWA. The PIMU will: (i) manage aid from donors and co-operating partners; (ii) ensure efficient flow of project funds and procurement activities; and (iii) provide support for limited infrastructure and equipment for management purposes. It shall also be responsible for monitoring activities, including: (i) collation and assessment of a range of wildlife, natural, and cultural resources monitoring information, including monitoring of natural and human-induced environmental impacts in the project areas that are likely to impinge upon the management and conservation of biodiversity in the project areas; and (ii) monitoring and evaluation of the project's performance.

The Biodiversity Enhancement Objectives of this Sub-Component are to :

1. Assess information on the status and trend of biodiversity in the project areas;
2. Assess information on threats to biodiversity and mitigating actions;
3. Integrate information on the status and trend of and threats to biodiversity in the project areas, and recommended mitigating actions with the Project Cycle and adaptive biodiversity conservation and management interventions by ZAWA.

The Outputs of this Sub-Component will include :

- PIMU established for overall Project Component Management, Accounting, Co-ordination, and Reporting;
- Procurement of materials and equipment and efficient flow of project funds;
- Management of financial disbursements against performance-based resource management criteria for the project's implementing Directorates and field units;
- Technical support and liaison between co-operating partners;
- Monitoring and Evaluation system (M & E) in place for monitoring project performance; and
- Monitoring of natural and cultural resources .

This Sub-Component's activities will be essential for the development of an effective biodiversity conservation program that can adapt to changing circumstances over time, particularly in relation to population movements and the envisaged expansion of wildlife-based tourism in Zambia. Thus, both the resources monitoring and Project Component performance monitoring and evaluation will be used to feedback into SEED Project implementation and ZAWA's overall adaptive management processes, and will be key to the project's sustainability.

The PIMU will be an integral structure within ZAWA and will fulfill a permanent role of managing the implementation of donor/investor support for ZAWA, thus contributing towards the financial sustainability of the project. Thus, while the core costs of the Unit will initially be covered by the SEED-Biodiversity Project Component, they are expected to be financed in future by other co-operating partners and by ZAWA itself.

Sub-Component 2 : Development of the Mosi-oa-Tunya National Park as a Model of Sustainable Economic Use and Biodiversity Conservation

US\$ 3.2 million (GEF : US\$ 1.0 million)

Agency : Zambia Wildlife Authority (Conservation and Management Directorate)

The Mosi-oa-Tunya National Park attracts the most intensive economic activity of any Protected Area in the country due to its location in the City of Livingstone, Provincial Capital of the Southern Province and nominal “Tourist Capital” of Zambia.

The General Management Plan for the Mosi-oa-Tunya NP is being reviewed and updated to cater for the Park’s rehabilitation and development to internationally acceptable standards, and its implementation and investment in the Park’s development will be guided by a 5-year Work Plan and Budget.

The Biodiversity Enhancement Objectives of this Sub-Component are to :

1. Stop illegal hunting and natural resource exploitation in the National Park, particularly of Critical Species such as elephants, wild dog, lion, leopard, aardwolf, springhare, sable antelope, taita, falcon, black eagle, corncrake, lesser kestrel, and black-cheeked lovebird, and other species of endangered, threatened, vulnerable or rare fauna and flora;
2. Stop destruction of Critical Habitats in prescribed areas and zones of the National Park (such as the Victoria Falls World Heritage Site), particularly from factors such as encroachment and unauthorized settlement, livestock farming and agriculture, fires, pollution, and tourism pressure;
3. Support activities to identify and monitor Critical Species and Habitats in and around the National Park, and monitor threats to biodiversity;
4. Implement management planning recommendations for the rehabilitation of aquatic and terrestrial Critical Habitats and recovery of aquatic and terrestrial Critical Species, including improved law enforcement, fencing (to provide mutual protection between conflicting land-uses), fire-breaks, water management or similar interventions as necessary;
5. Assess effects of water diversion for the Victoria Falls HEP station on Critical Species and Habitats above and below the Falls
6. Assess the effects of water flow and pollution on Critical Species and Habitats above and below the Victoria Falls
7. Assess the limits of sustainable use of natural resources in and around the National Park.

Implementation of this Sub-Component will be coordinated with a Strategic Development Master Plan being developed for the entire Livingstone Area (including municipal components) within the overall tourism components of the SEED Project. Over the 5-year project period, the Mosi-oa-Tunya NP, including the Victoria Falls World Heritage Site, will be developed as a model of Protected Area management and multi-purpose use in a management-intensive environment. It is expected that the Park should be able to finance its core operational costs from its own revenues by the end of the project.

The Park will provide an attractive destination for local tourists as well as international tourists coming into the country through Livingstone. The Park will provide opportunities for the demonstration of and training in specialized wildlife management techniques, including game capture and veterinary care, game

ranching, and management of Endangered, Vulnerable, Rare or Endemic species of wildlife, and Critical Habitats, etc.

The Park is unusual in Zambia in that it is closely integrated geographically and socio-economically with its adjacent communities and must therefore demonstrate effective management of its multi-purpose roles, including an array of joint-management activities with other institutions (e.g., NHCC and Livingstone City Council), the private sector (e.g., Sun International) and local communities (e.g., Chief Mukuni and his subjects).

Existing game-fencing of the National Park will be rehabilitated to provide for expansion of the game-stocks currently restricted to the Zoological Park and incorporation of a NHCC Management Plan for the Victoria Falls World Heritage Site. Appropriate game-fencing is an essential management tool because of the management-intensive environment of the Mosi oa Tunya NP and due to the proximity of the Park's wildlife areas to the City of Livingstone, one of Zambia's major urban settlements. Fenced areas in this NP targeted by the project have been predominantly in areas where overgrazing by livestock is degrading habitats and limiting potential production. The M&E system will be used to track the impacts and will provide information to feed back into the management plan, which will be confirmed through the EIA process.

Because Zambia is also required to prepare Management Plans for its World Heritage Sites, it is essential that the Mosi-oa-Tunya NP General Management Plan incorporates provision for the development of a Victoria Falls World Heritage Site Management Plan. Because its "National Park" status affords the Victoria Falls World Heritage Site the most locally effective and internationally recognised protection, this status should be retained.

Apart from ensuring that the ecologically and culturally sensitive areas around the Victoria Falls and the National Park are protected from public pressure (particularly the rain forest and heritage sites), this sub-component will enhance visitors' understanding and appreciation of the entire National Park and its environs, provide the much-needed wildlife experience for tourists visiting Livingstone and the Victoria Falls, and will encourage participation of the private sector (including local communities) in its management and sustainable utilisation.

The wide-ranging and intensive interests offered by the Park will provide an incentive for tourists to extend their stay in Livingstone, offering visitors a preview of Zambia's more extensive wildlife resources found in the larger National Parks and other Protected Areas throughout the country, whilst also offering a range of services to encourage sustainable resource utilisation amongst the various communities engaged in wildlife-based enterprises. ZAWA will collaborate with other stakeholders (including relevant institutions, the private sector, and local communities) in the implementation of this Sub-Component to develop the National Park.

The Outputs of this Sub-Component will include :

- Installation of a Park Management Unit with management, budget and expenditure controls decentralised to the Park level to maximise the effectiveness of operations in the field
- Implementation of an updated Mosi-oa-Tunya National Park General Management Plan, in particular to highlight the economic and biodiversity conservation roles of the Park, within the framework of the Strategic Development Master Plan being developed for Livingstone area within the Tourism sector
- Provision of transport, communications and equipment required for specialized wildlife management activities (access routes) and Park management

- Upgrading of law enforcement operations for Resource Protection and restraining illegal activities, including increased use of investigations in law enforcement, appointing Village Scouts and wildlife police officers and collaboration with CBNRM activities
- Collaboration with the ZAWA Research, Planning and Information Directorate on aspects of Resource Monitoring for feedback into Resource Planning and Management (especially Protection) activities
- Expansion and game-fencing (excluding river-frontage) of appropriate areas of the National Park to include the maximum suitable area for the stocking of Critical Species of wildlife and conservation of Critical Habitats;
- Assessment and restocking of the fenced areas of the National Park with an appropriate combination of game animals representative of Zambia's wildlife estate, including Endangered, Threatened, Vulnerable, Rare, and Endemic species (note that this could include a reduction in the numbers of some species found to be causing habitat degeneration through over-stocking and intra- and inter-specific competition)
- Public Awareness Campaigns and production of interpretive materials to highlight the importance of the area for biodiversity conservation and economic development in Zambia through the ZAWA Research, Planning and Information Directorate
- Training and Capacity Building in biodiversity management including development of networks of both in-house and out-sourced expertise in specialised wildlife management techniques, and support for addressing gender imbalance in the workforce
- Attraction and facilitation of committed and new investments and capture of sustainable revenue potential from tourism and associated wildlife-based enterprises

Sub-Component 3 : Development of the Kafue National Park as a model of sustainable economic use and biodiversity conservation

US\$ 6.2 million (GEF: US\$ 1,000,000)

Agency : Zambia Wildlife Authority (Conservation and Management Directorate)

The Kafue National Park is one of the largest National Parks in the world (about 2,240,000 ha), with a high diversity of fauna and flora. The Park is the closest and most accessible extensive National Park in Zambia for visitors to Livingstone and represents an outstanding opportunity for the development of a tourism circuit between Livingstone and other destinations in the country.

Due to the inevitable interruptions accompanying the establishment of a new authority responsible for wildlife management in Zambia (the ZAWA), urgent support is required to re-instate effective measures for the management and conservation of the wildlife estate as a whole, but particularly the constituent species that are endangered, threatened, vulnerable, rare or endemic in the Kafue National Park.

The General Management Plan for the Kafue National Park is being reviewed and updated, and its implementation and investment in the Park's development will be guided by a 5-year Work Plan and Budget.

The Biodiversity Enhancement Objectives of this Sub-Component are to :

1. Stop illegal hunting and natural resource exploitation in the National Park, particularly of Critical Species such as elephants, wild dog, lion, leopard, cheetah, springhare, Pitman's shrew, Anchieta's pipistrelle, roan and sable antelope, black-cheeked lovebird, slaty egret, lesser kestrel, wattled crane, corncrake, Cape vulture, and other species of endangered, threatened, vulnerable, endemic or rare fauna and flora;

2. Stop destruction of Critical Habitats in prescribed areas and zones of the National Park (such as the Busanga Swamps and Plains), particularly from factors such as encroachment and unauthorised settlement, incursions of domestic livestock and agriculture, fires, pollution, and tourism pressure;
3. Support activities to identify and monitor Critical Species and Habitats in and around the National Park, and identify and monitor threats to biodiversity;
4. Implement management planning recommendations for the rehabilitation of aquatic and terrestrial Critical Habitats and recovery of aquatic and terrestrial Critical Species, including improved law enforcement, fire-breaks, water management, species' removals and re-introductions, or similar interventions as necessary;
5. Assess effects of water release programs and pollution from the Itezhi-Tezhi dam on Critical Species and Habitats above and below the dam, and upstream of Lake Itezhi-Tezhi; and
6. Assess the limits of sustainable use of natural resources in and around the National Park .

Over the 5-year project period, the Kafue NP will be developed as a model of Protected Area management and sustainable use in a management-extensive environment. It is expected that the Park should be able to finance its core operational costs from its own revenues by the end of the project, ensuring project sustainability.

This project component holds significant relevance in the context of mainstreaming biodiversity within the tourist sector since the Kafue NP will provide a premier wilderness destination for local tourists as well as international tourists coming into the country through Livingstone or Lusaka. Significant tourism re-investment by the private sector has already begun in the Park, particularly the northern sector. This now requires expanding throughout the park, and linking with related initiatives including the development of Livingstone as Zambia's tourist hub under the SEED Project, and the promotion of community-based natural resource management systems (CBNRM) in the GMAs surrounding the Park.

The implementation of the General Management Plan will be linked to investment initiatives that will facilitate the development of economic activity in the Park and its surrounding GMAs, and contribute to the conservation of biodiversity. Such initiatives will include the rehabilitation and development of access roads, game-viewing routes, airstrips, and Park management infrastructures in general and improved law enforcement and protection of Critical Species and Habitats.

The Outputs of this Sub-Component will include :

- Installation of a Park Management Unit with management, budget and expenditure controls decentralised to the Park level to maximise the effectiveness of operations in the field
- Implementation of an updated Kafue National Park General Management Plan, in particular to highlight the economic and biodiversity conservation roles of the Park, within the framework of the Strategic Development Master Plan;
- Provision of transport, communications and equipment required for specialized wildlife management activities (access routes, game viewing routes) and Park management;
- Upgrading of law enforcement operations for Resource Protection and restraining illegal activities, including increased use of investigations in law enforcement, appointing Village Scouts and wildlife police officers and collaboration with CBNRM activities;
- Collaboration with the ZAWA Research, Planning and Information Directorate on aspects of Resource Monitoring for feedback into Resource Planning and Management (especially Protection) activities;
- Public Awareness Campaigns and production of interpretive materials to highlight the importance of the area for biodiversity conservation and economic development in Zambia through the ZAWA Research, Planning and Information Directorate;

- Training and Capacity Building in biodiversity management including development of networks of both in-house and out-sourced expertise in specialised wildlife management techniques, and support for addressing gender imbalance in the workforce; and
- Attraction and facilitation of approved investments and capture of *sustainable* revenue potential from tourism and associated wildlife-based enterprises.

Sub-Component 4 : Facilitation of Community Based Natural Resource Management (CBNRM) in communal areas surrounding the Mosi-oa-Tunya and Kafue National Parks
US\$ 2.2 million (GEF : US\$ 500,000)

Agency : Zambia Wildlife Authority (GMA Directorate)

The ADMADE Program of the former National Parks & Wildlife Service and related projects such as the former Luangwa Integrated Resource Development Project, now incorporated into a community-based natural resource management (CBNRM) program called ZAWA CBNRM program under the GMA Directorate of ZAWA, and other donor funded projects lending support for CBNRM (USAID and DANIDA), represent some of the most progressive developments towards the participation of communities in natural resources management.

A crucial lesson from the past 20 years of CBNRM in Zambia and elsewhere is that lack of support of local communities in Buffer Zones for conservation and management of the National Parks and wildlife estate will undermine the functions of the institutions responsible for this mandate. Accordingly, ZAWA has created a GMA Directorate responsible for facilitating CBNRM in the GMAs. However, the continuity and application of these initiatives have been erratic and in some cases have ceased to function, reflecting technical weaknesses, inadequate commitment to CBNRM within ZAWA, weak capacities of local communities to assume management of their GMAs and, shortage of finance as key issues which need to be addressed.

The Biodiversity Enhancement Objectives of this Sub-Component are to :

1. Generate community support for biodiversity conservation and management both in the National Parks and GMAs
2. Generate community appreciation of the ecological functions and roles of the National Parks, particularly as reservoirs of important biodiversity
3. Attract the participation and investment of communities in biodiversity conservation and management activities

This Sub-Component will mainly focus on developing ZAWA's capacity to implement and supervise the CBNRM programs and specifically provide support for organising the GMA Directorate into a small but highly professional unit whose role is to facilitate CBNRM in the GMAs, while ensuring that the financing and implementation of the Program in the project's target areas are devolved to GMA communities represented by their respective Community Resource Boards. The ZAWA's GMA Directorate is responsible for National coordination of all CBNRM activities in the GMA's around Zambia, the recommendations from the project would therefore provide opportunities for extending ZAWA's implementation of CBNRM at the national level. The subcomponent would direct attention on identifying weaknesses in the existing policy and legislations for CBNRM in GMAS with an aim to revise and improve the CBNRM program.

The project activity intends to complement ZAWA's implementation of CBNRM through (i) supporting ZAWA's capacity to coordinate the CBNRM program (ii) building capacities of the local communities to

assume the management of their GMAs, and (iii) ensuring that ZAWA devolves management responsibility to the communities. Given that the ZAWA's GMA Directorate is responsible for National coordination of all CBNRM activities, the recommendations from the project would later be extended to ZAWA's implementation of CBNRM at the national level

The Sub-Component will also provide institutional support through the GMA Directorate for establishing Community Resource Boards (CRBs) in the GMAs incorporating CBNRM activities around the Kafue National Park where this has not yet been done and appropriate Community-Based Organisations (CBOs) in communal areas around the Mosi-oa-Tunya National Park, and for directing potential investors, NGOs and donors to areas where there is inadequate investment.

In order to achieve this, ZAWA will need to apply its policy and legal provisions for devolving wildlife management responsibilities and functions to local communities in communal areas (including GMAs) in a variety of working partnerships, including collaboration with ZAWA's Directorates and other stakeholders. This will require Capacity Building among both ZAWA and CBNRM stakeholders. For ZAWA, Capacity Building would focus on developing a small, cost-efficient team of professional CBNRM practitioners that can be sustained by forecast revenues. The GMA Directorate would avoid over-extending its activities into areas beyond its sustainable capacity and CBNRM mandate.

While the Goal, Vision, Role and Responsibilities (mandate) and associated functional analysis of the GMA Directorate have yet to be clearly defined, a preparatory review of ZAWA's CBNRM Program indicates the following :

GOAL : Facilitate village-based wildlife management in GMAs to reduce poverty at household level, to create economic growth, and to conserve wildlife

VISION : ZAWA and Community Resource Boards will work in partnerships with the support of NGOs and donors/investors to create an enabling environment for local communities at the village level to :

- Manage, protect and monitor wildlife resources in GMAs
- Initiate and implement land-use plans and development
- Administer the costs and benefits of CBNRM activities in the GMAs and to share these equitably among participating communities

The Outputs of this Sub-Component will include :

1. Implementation of the policy, legal framework and procedural guidelines for CBNRM in GMAs in relation to :
 - Establishment and Registration of CRBs that are accountable and democratic, and representative of their constituents
 - Wildlife quota-setting and monitoring
 - Resource protection
 - Land-use planning
 - Enterprise development
 - Revenue distribution, management, accounting, and accountability
 - Public awareness
2. Monitoring and evaluation in the context of :
 - Wildlife numbers, quotas and off-takes
 - Procedural conformity
 - Financial and performance accountability
 - Enterprise development

- Poverty alleviation
3. Identification of potential donors/investors, NGOs and other co-operating partners in relation to
 - Financing (revenue generation, donations and investments)
 - Capacity Building (needs assessments and training)
 - Joint ventures (including joint management activities)
 - Addressing cross-cutting social issues

Costs incurred by ZAWA for administration and management of the GMAs (the CBNRM Program) should be recovered from GMA revenues, in a proportion yet to be agreed between ZAWA and the GMA stakeholders. The costs of implementing the CBNRM Program in GMAs, including the accrual of benefits for local communities at the household level, are supposed to be covered by the balance of GMA revenues. In the meantime, supporting finance for ZAWA's GMA administration and management costs will be applied directly to the GMA Directorate, whilst finance for CBNRM implementation will be applied directly to the CRBs.

Financing support for the GMA Directorate will be limited to establishing sustainable, core functions. These should avoid delivery of support services to CRBs (because such functions are usually not sustainable) the provision of which should be solicited from co-operating partners.

In order to ensure effective synergy between an array of related initiatives aimed at facilitating the participation of local communities in natural resource management and accessing finance, this activity will collaborate with other components of the SEED Project (including its SME fund), the Environmental Support Program (including its Pilot Environmental Fund - ESP/PEF) and Zambia Social Investment Fund (ZAMSIF) initiatives supported by the World Bank, as well as other donor-assisted programs, offering a broad range of support to communities in the selected GMAs and communal areas.

Sub-Component 5 : Implementation of ZAWA's Research, Planning and Information functions in the Mosi-oa-Tunya and Kafue National Parks and surrounding communal areas

US\$ 2.2 million (GEF : US\$ 1.0 million)

Agency : Zambia Wildlife Authority (Research, Planning and Information Directorate)

The Research, Planning and Information Directorate shall ensure that the SEED-Biodiversity Project Component's preparatory activities are completed, and associated reports and recommendations written up for incorporation into the Project Component's implementation phase and routine management functions of ZAWA. Key among these are the reviews and updates of the Mosi-oa-Tunya and Kafue NP's General Management Plans, including biodiversity enhancement objectives, and associated Work Plans and Budgets.

Effective conservation and management of biodiversity, including sustainable use, can only be achieved if the status and trend of Critical Species and Habitats are adequately known and understood.

The Directorate will thus be responsible for establishing a Research Program that will provide information on the status and trend of Critical Species and Habitats primarily in the Mosi oa Tunya and Kafue NPs, but also in the surrounding GMAs and communal areas (in collaboration with ZAWA's Conservation & Management and GMA Directorates). In this activity, the Directorate will need to work with stakeholders to broaden its information catchment, minimise costs, and establish the sustainability of its functions.

The Directorate shall incorporate its research outputs, particularly those related to aspects of biodiversity monitoring, into its Planning and Information activities in the project areas, and provide technical inputs to ZAWA's other Directorates and the Project Implementation and Monitoring Unit for the continuous planning and implementation of biodiversity conservation and management in the project areas.

The Biodiversity Enhancement Objectives of this Sub-Component are to :

1. Quantify the territorial integrity of Critical Sites (core Protected Areas) in the project areas
2. Quantify the status and trend of Critical Species and Habitats in the project areas
3. Quantify and map Critical Habitats in and around the project areas' National Parks using basic GIS and remote sensing technology
4. Identify Critical Sites, Habitats and Species under threat in the project areas
5. Measure the success of interventions for maintaining the territorial integrity of Critical Sites, rehabilitation of Critical Habitats, and recovery of Critical Species
6. Facilitate management planning in order that interventions (particularly infrastructural developments) can be implemented with minimal negative impacts on the environment, and maximum positive impacts on Critical Sites, Habitats and Species
7. Facilitate public awareness of the importance of biodiversity through the dissemination of information on the status, trend and value of natural and cultural resources

Support will entail providing financial and technical assistance (including training) to build capacity for carrying out a combination of aerial and ground surveys, analysis of GIS and remotely sensed data, interpretation of data, presentation of results (including the impacts of human population growth and settlement on biodiversity, and the efficacy of respective natural resource management systems), and their application to Planning and Information activities.

Feedback from this Sub-Component to the Project Implementation and Monitoring Unit will provide an essential contribution to the Project Monitoring and Evaluation Cycle, as well as provide the basis for ZAWA's day-to-day biodiversity conservation and management activities.

The Outputs of this Sub-Component will include :

- Preparatory studies' reports and recommendations
- Reports on the territorial integrity of Critical Sites
- Reports on the status and trend of Critical Species and Habitats
- Management Plans, reviews, updates, impact assessments, and associated reports
- Information dissemination and public awareness

Project Component 1-C: Regulatory Reform and Institutional Strengthening for Efficient Management of the Sector and Improved Service Delivery (US\$ 5.00 million)

A Tourism Product Development and the Tourism Sector linkages Capacity study will identify areas where SEED financing will be needed to enhance capacity of agencies and institutions in the sector to develop and promote Zambian Tourism including the aspect of biodiversity. The agencies/entities Identified for assistance under the project for institutional development and rationalization of mandates and capacity building, include :

- (i) Ministry of Tourism, Environment and Natural Resources
- (ii) Zambia Wildlife Association (ZAWA)
- (iii) Livingstone City Council
- (iv) Zambia National Tourism Board (ZNTB)

- (v) National Heritage Conservation Commission (NHCC)
- (vi) Tourism Council of Zambia (TCZ)
- (vii) Export Board of Zambia
- (vii) Zambia Investment Center

Project Component 2 - AGRIBUSINESS LINKAGES: IDA - US\$ 4.00 million

This component of the SEED project independently funded by WB (IDA) aims to strengthen linkages between agriculture and food processing companies (buyers) and outgrower farmers (suppliers) by introducing an efficient supply chain structure to the market. The first phase would focus on developing four or five demonstration pilot programs in the Lusaka area. These demonstration pilots would be followed by a national rollout which will include market areas relevant to the National parks in Zambia.

The objectives of this component include:

1. Develop a business model that helps to 'realign' the supply chain between corporate and small shareholder farmers. Provide matching grants for financial and technical assistance (i.e., investment in a partnership) to re-align the supply chain. Matching grants could be used for technical assistance such as on-farm
2. Technical support, restructuring relationships between out growers and Zambian processors, and matching grant for production inputs and equipment.
3. Invest in the integration of small shareholder farmers into the supply chain for regional and international exports.
4. Develop a business model that can be “sold” to large international buyers like Tesco and Bodyshop who are interested in “fair trade” initiatives, and whose funds could replace WB funds in Phase II of the project.

Project Component 3 - GEMSTONE SECTOR STRATEGY: IDA - US\$ 1.50 million

This component of the SEED project independently funded by WB (IDA) will formulate a comprehensive sector strategy from the results of the market research and supply side studies. Under this component the existing legal and regulatory framework governing the gemstones mining sector will be reviewed with a view to foster increased investments, improve access of small miners to markets and increase the fiscal gains from the sector. This strategy will be developed with a country-wide perspective, as gemstone reserves can be found nationwide.

Project Component 4 - SME RISK CAPITAL FUND: IDA-US\$ 6.00 million

This component of the SEED project independently funded by WB (IDA), comprises an innovative pilot public-private partnership model to address the financing gap currently facing small and medium-scale enterprises (SMEs) in Zambia and ultimately aims to engage private and institutional investors in the provision of risk capital investment (mix of debt and equity) in the form of a SME Risk capital Fund, complemented by business assistance, to the SMEs.

The objective of the component will be to finance and provide business assistance to 35-40 small and medium enterprises. Although this fund will not be tied to pre-determined sectors, the fund manager will surely recognize the high growth potential of firms especially in the tourism and agribusiness sectors.

Annex 3: Summary of Biodiversity Statistics

A. ZAMBIA

Zambia is a large country (750,000 km²) with a diversity of ecosystems represented amongst its forest, woodland, grassland, aquatic and anthropogenic biomes. These include afro-montane ecosystems in the Nyika Plateau to the east, tropical rainforest around the source of the Zambezi to the north-west, extensive wetlands, lacustrine and riverine systems, and miombo woodlands covering some two thirds of the country, jointly comprising some of the world's most important and largely undisturbed ecosystems, freshwater sources and carbon sinks, with their accompanying biological diversity, thus making Zambia's transitional zoogeographical position both regionally and globally significant. Inter-regional transitions form broad ecotones in Zambia that consist of a mix of flora and fauna from neighbouring centres of endemism.

The importance of Zambia to regional and global perspectives of floristic biodiversity is captured by the following extract from Zambia's National Biodiversity Strategy and Action Plan (BSAP, in prep.) :
Floristically, Zambia lies within the Zambezan regional centre of endemism which borders the Guineo-Congolian region to the north and the Karoo-Namib region to the south and southwest (White, 1983). Inter-regional transitions form broad ecotones that consist of a mix of flora from neighbouring centres of endemism.

Whilst the endemicity of Zambia's flora is not particularly exceptional (although undoubtedly much higher than currently known), it is estimated that 54% of the species in the regional Zambezan Phytochorion are endemics (White, 1983).

Miombo woodland, which dominates Zambia's landscape, is perhaps Zambia's most important ecosystem for many reasons. Firstly, the sheer scale and size of the woodland biome has significant implications in terms of its ecological functions – Zambia contains some of the region's largest carbon stocks (second only to Angola) predominantly within the miombo ecosystem. Zambia is the centre of diversity of the Genera *Brachystegia* and *Monotes* that are the dominant trees of miombo woodland, and represented by 18 and 11 species respectively (in fact, localized hybridisation is so extensive that it is often impossible to definitively allocate a sample to one species or another). Exceptional diversity of herbaceous species is associated with miombo woodland, particularly the orchids (*Orchidaceae*) and the milkweeds (*Asclepiadaceae*).

A similar picture is apparent regarding Zambia's importance to regional and global faunal diversity as indicated by the following extract from WWF's profile of Zambia's natural resources (1996): *Zambia ranks third with Malawi only to the Republic of South Africa and Angola in the sub-region in terms of its vertebrate diversity, if marine fish are excluded from the ranking. The exceptional faunal diversity of Zambia is illustrated by the presence of mammals normally restricted to neighbouring countries.*

The Genus *Kobus* is an Indicator of the faunal diversity of Zambia. This Genus includes 2 endemic subspecies (*Kobus leche kafuensis* and *Kobus leche smithemani*), 1 near-endemic but extinct subspecies (*Kobus leche robertsi*), as well as other *Kobus* species including *leche leche*, *ellipsiprymnus*, *ellipsiprymnus crawshayi*, and *vardonii*. Such a concentration of closely related mammalian species and sub-species within a relatively small geographic area is exceptional.

Flora	Species
Algae	147
Mosses	129
Ferns	142

Grasses	530
Other herbs	1130
Woody plants	1610
Crops/vegetables	86
Total	3774

Fauna	Species
Invertebrates	2032
Fish	409
Amphibians	74 (Simbotwe, 1993)
Reptiles	141 (Simbotwe, 1993)
Birds	741 (ZOS, 2000)
Mammals	224
Domesticated animals	16
Total	3637

B. MOSI OA TUNYA NP

The Mosi-oa-Tunya National Park (6,600 ha) around the Victoria Falls *includes* a mosaic of riparian (dominated by *Diospyros mespiliformis* and *Syzigium* spp.), mopane (dominated by *Colophospermum mopane*), miombo (dominated by *Brachystegia* and *Julbernardia* spp.), teak (dominated by *Baikiaea plurijuga*) and Kalahari woodlands, *Combretum-Terminalia* thickets, rain forest in the gorges that are kept permanently moist by spray from the falls, and grasslands.

The rain forest is not true rain-forest, but rather riparian woodland (dominated by *Diospyros* and *Syzigium* spp.) which has adapted to the higher “rainfall” conditions of the falls. It does however include at least 9 rare plant species that are dependent on its high moisture levels. In spite of its small size, the Mosi oa Tunya NP has a diverse fauna, including the following Critical Species of special concern :

Species	Status
Mammals:	
White rhinoceros	Endangered (introduced)
African elephant	Endangered
Wild dog	Endangered
Lion	Vulnerable
Leopard	Vulnerable
Aardwolf	Vulnerable
Springhare	Vulnerable
Sable antelope	possibly Vulnerable
Birds:	
Taita falcon	Vulnerable
Black eagle	Vulnerable
Corncrake	Vulnerable
Lesser kestrel	Vulnerable
Black-cheeked lovebird	Endangered (near-endemic)

Two Threatened species of fish, the ocellated spiny eel and broad-headed catfish, occur just upstream from the Victoria Falls in the Katima Mulilo locality, but it is uncertain whether or not they have been recorded in the waters of the Mosi-oa-Tunya National Park. Many of the fish that are found in the upper Zambezi River (that is, above the falls) also occur in the Kafue River system, such as the African pike.

C. KAFUE NP

The Kafue National Park (2,240,000 ha) comprises a rich variety of Critical Habitats including riverine, mopane, miombo (the dominant habitat), and termitaria woodlands, teak woodlands/forests, dambos (headwater valley grasslands), wetlands such as the Busanga Swamps, and aquatic habitats in the Kafue River and its tributaries and Lake Itezhi-tezhi (a man-made hydro-electric storage dam), with an equally diverse fauna including the following Critical Species of special concern :

Species	Status
Mammals:	
Black rhinoceros	Critically endangered (probably extinct)
African elephant	Endangered
Wild dog	Endangered
Cheetah	Vulnerable
Lion	Vulnerable
Leopard	Vulnerable
Springhare	Vulnerable
Pitman's shrew	Vulnerable
Anchieta's pipistrelle	Vulnerable
Roan antelope	possibly Vulnerable
Sable antelope	possibly Vulnerable
Birds:	
Black-cheeked lovebird	Endangered (near-endemic)
Slaty egret	Vulnerable
Lesser kestrel	Vulnerable
Wattled crane	Vulnerable
Corncrake	Vulnerable
Cape vulture	Vulnerable
Fish:	
African (Kafue) pike	possibly Vulnerable
Melland's spiny eel	possibly Vulnerable
Blotched barbel	possibly Vulnerable
Bottlenose	possibly Vulnerable
Red-breasted bream	possibly Vulnerable
Silver barbel	possibly Vulnerable

ANNEX 4: Incremental Costs Analysis

ZAMBIA SEED – BIODIVERSITY Sub-COMPONENT*¹

Overview

The Principle objective of the GEF alternative is to help Zambia conserve critical species, habitats and its ecosystem, which are both globally significant and vital to the sustained livelihoods of people living in the surrounding areas. This objective will be achieved through a combination of conservation activities, strengthened protection, enhancing tourism through increased private sector investment and capacity building. The GEF alternative intends to achieve these outputs at a total incremental project cost of US\$ 15 million (US\$ 4 million from GEF).

Context and Broad Development Goals

Zambia's transitional zoogeographical position is of enormous significance to regional and global biodiversity. The majority of Zambia's biodiversity is contained within Zambia's extensive wildlife estates (National Parks and Game Management Areas) and forest estates, although there are gaps in Protected Area coverage that exclude important areas of high biodiversity and local centers of endemism.

Within the Tourism sector, the GEF Alternative seeks to support the Zambia Wildlife Authority's (ZAWA) efforts to secure the national protected area system by ensuring the management and conservation of Critical Species and Habitats of Core Protected Areas and Buffer Zones that are of key significance to global biodiversity. The objectives are to be achieved through public/private partnership for building an enabling environment conducive to private sector growth and community-based development, and by preserving Zambia's extensive cultural, natural and wildlife assets.

Significantly, the main biodiversity enhancement objectives aim to: a) establish and monitor the status and trend of biodiversity in the project's target areas; b) identify and monitor threats to biodiversity conservation and management and incorporate mitigating actions into project implementation; c) sustain the integrity of Critical Sites (the core Protected Areas) of the project areas; and d) rehabilitate selected, prioritized Critical Habitats and Species that have been degraded.

GEF System Boundary

In geographical terms, the systems boundary for the project includes the Mosi-oa-Tunya and Kafue NPs and surrounding communal areas for development intervention, including effective management and conservation activities. Although the project outputs would directly benefit the target areas, lessons learned would be critical for future replication in adjacent areas. The time boundary for the cost assessment would be the lifetime of the GEF intervention in this project.

Baseline

Under the baseline scenario, grant agreements between the Government and international cooperation agencies and NGOs will continue to be the main source for funding the protected areas during the duration of the project. With the current sources, the government will cover basic operational costs and limited investment costs during project implementation, but will not be able to make additional

¹ *The Biodiversity sub-component is the only portion of the SEED project seeking GEF funding. Accordingly, the following Incremental Cost Analysis examines only the objectives and activities pertaining to the biodiversity sub-component.

investments to improve management within the system. The GRZ and ZAWA's resources are sufficient only to maintain basic Protected Area Management Systems in the Mosi-oa-Tunya and Kafue National Parks. Notably, the baseline initiatives that would be complementary to the project include ZAWA's Emergency Performance Based Resource Protection Strategy (financed by NORAD) and the 5-Year Strategic Plan (financed by the EU), both of which are lending support to the project as co-funding agencies.

Besides, initiatives such as the Environmental Support Program (ESP), its associated Pilot Environmental Fund (PEF), the Zambia Social Investment Fund (ZAMSIF) supported by the Bank and, those financed by other international developing agencies including NEAP formulation (supported financially by UNDP, the World Bank and NORAD) and the Zambia Forestry Action Plan (ZFAP) formulation process (supported by UNDP, the Royal Netherlands Government and FAO) would provide a crucial link to developing and guiding approaches that will encourage natural resource management and biodiversity conservation and, stimulate economic growth and diversification. Whilst, there are a limited number of donors supporting community-based natural resources management initiatives in the communal areas and GMAs, there is only minor donor support for management and conservation of the NPs themselves. In the baseline alternative some NGO-implemented conservation activities, such as the Community Based Natural Resource Management and Sustainable Agriculture (CONASA) project supported by USAID in the Kafue National Park though based on the principle of sustainable natural resources utilization, has targeted activities mainly on managerial and business skill development, micro-grants, and marketing support in the context of food security, rather than biodiversity conservation in the Parks. A similar CBNRM program supported by DANIDA is also being implemented in the region, but in GMAs other than those targeted by this project. In view of the ongoing activities in the target region, the SEED project has been carefully designed to avoid any overlap and to promote complementary inter-linkages with the baseline activities. For example, the implementation of the SEED Biodiversity's CBNRM support activities will thus be channeled naturally through ZAWA's GMA Directorate as part of its statutory functions, and in this way will automatically interact with the CONASA project.

In a realistic scenario, the global benefits derived from baseline alternative would include costs of some natural resource management conservation activities, environmental education and support to CRBs but would not match the need for conservation activities such as containing illegal hunting and natural resource exploitation and assessment of information on the status and trend of biodiversity in the project areas, on threats to biodiversity and mitigating actions to protect and manage the Critical Species and Habitats of Core Protected Areas and Buffer Zones that are of key significance to global biodiversity. Also, there would be no resources at all in the baseline alternative to extend the strategic biodiversity conservation planning within the tourism sector to other significant Park and associated GMAs and communal areas. Therefore, while the estimated resources for baseline activities (US\$ 11 million) are substantial, and represent a strong national commitment in the face of other pressing needs, they would be insufficient to prevent observed encroachment, illegal exploitation, pollution and mismanagement of natural resources, resulting in the continuing decline of biodiversity. In such a scenario Zambia would be able to only provide basic recurrent costs, which would be insufficient to ensure an operational and financial sustainability. Therefore at the end of the project period, overexploitation of most of the National Park and GMA areas would continue.

In Zambia's wildlife sector economy, the baseline scenario is that although tourism development is occurring through private sector investment, its economic effectiveness and impact are constrained by lack of sound commercial policies, inadequate development of tourism infrastructures, and poor wildlife resources management performance, particularly in the core Protected Areas. Early economic returns from tourism development are unlikely to be sufficient to support initiatives to secure the biodiversity of the target areas (Mosi-oa-Tunya and Kafue National Parks and surrounding municipal and communal

lands and Game Management Areas), as initial private sector re-investment is most likely to be targeted at essential business development needs. Having said this, there is a tradition of the private sector providing consistent baseline support for wildlife management activities in the field, and in some areas major wildlife resources would have been wiped out without this support.

While it is expected that ZAWA will attempt to seek greater private sector support, raise funds and use its commercial potential to help finance Park development, the pace at which this is occurring is too slow to prevent the alarming loss of biodiversity and cater for the demands of the private sector investment in tourism activities. Meanwhile, the shortage of finance in ZAWA needed to manage the National Parks has resulted in all GMA revenues (mainly from hunting) being retained by ZAWA instead of being remitted as required to the community resource boards on behalf of their local communities participating in ZAWA's CBNRM Program. This in turn is undermining initiatives designed to encourage local communities to conserve biodiversity and manage its sustainable use. Therefore it is unlikely that in the baseline situation, the decline of biodiversity could be reversed and economic expansion through improved tourism improved. In order to enable communities to make the shift from the normal, highly damaging practices to sustainable management, intensive, participatory training beyond the general programs is required.

Global Environmental Objectives

The Global Biodiversity Enhancement Objective of the Biodiversity Sub-component is to secure the conservation and management of Zambia's selected natural ecosystems, freshwater sources, watersheds and carbon sinks which are globally significant and vital to the sustained livelihoods of people living in the surrounding areas. The global objective would contribute to the expansion and improved sustainability of Zambia's protected area system, catalyzing the linkages between local community use practices, developing capacity for long-term sustainability of the PA system and policy and legal reform necessary to improve management.

The Government ranks Zambia's tourist industry and the wildlife components of its biodiversity as mutually inter-dependent development priorities, and has identified the Mosi-oa-Tunya and Kafue NPs and surrounding communal areas as priorities for development intervention. Both the Mosi-oa-Tunya and Kafue NPs contain biodiversity of global significance and are listed as Critical Sites (including Critical Habitats) by IUCN (1990), which also lists most of the wildlife of both areas as Critical Species. The ZAWA has responsibility for oversight of the entire PA system within Zambia. As such, it has identified these two areas, due to their combination of wildlife and cultural resources of importance to the wildlife and tourism sector, as the most appropriate entry points for the implementation of biodiversity conservation activities and economic development in Zambia.

GEF Alternative

Under the GEF alternative scenario, the incremental cost implications of GEF support are three-fold in terms of benefits: improved management of the protected area and wildlife estate, leading to greater security of biodiversity, feeding back into improved capacity and long-term sustainability of natural resources through economic development secured through alternative livelihoods and tourism. Sustainability of conservation management and biodiversity protection would be accomplished by ensuring that the local people directly and indirectly benefit from economic development activities centered round the conservation of biodiversity, thereby moving away from direct and unsustainable utilization of sensitive natural resources.

Financing from the IDA and co-operating partners will enable ZAWA to improve natural resources management infrastructures and operations, attract investment and private sector participation, and

increase revenues from wildlife-based enterprises, resulting in stabilization of gross ecosystem status and functioning. GEF financing will enable ZAWA to focus its interventions on biodiversity conservation and management issues resulting in enhancements to the status of specific, prioritized biodiversity. In the alternative scenario, the Biodiversity component will be implemented within the frameworks of and support from ZAWA's Emergency Performance Based Resource Protection Strategy and its 5-Year Strategic Plan.

It is envisaged that tourism and biodiversity related activities of this project will work in tandem. The proposed project will work to mainstream biodiversity concerns into the tourism sector in several ways. First, within the overall framework of the Master Development Plan for the tourism sector, the project will establish mechanisms, such as the proposed Intersectoral Committee, that will provide viable options for biodiversity conservation and sustainable development both at local and national levels and facilitate the active involvement of the stakeholders concerned with ecotourism.

Second, the project will build institutional capacity of the environmental authorities concerned with tourism and biodiversity such as the Ministry of Tourism, Environment and Natural Resources, Zambia National Tourism Board (ZNTB), Zambia Wildlife Association (ZAWA), Zambia Investment Center, and others. The project will establish specific training programmes and awareness campaigns for tourism enterprises and protected areas staff to promote exchange of information and interest the mass tourism market in nature oriented tourism activities

Third, the project will facilitate new as well as already committed investments to support the development of wildlife-based tourism enterprises. The project will establish mechanisms to capture the revenue potential from this sustainable tourism development in order to contribute to greater revenues to ZAWA, MTENR/ZNTB and the local communities and thereby generate economic support for conservation of natural areas.

And fourth, the project will support land-use planning at the local level in coherence with the procedural guidelines for CBNRM in the GMAs under the broader existing policy and legal framework, thereby ensuring sustainability (and environmental compatibility) of tourism development. Further, the project will lead to the adoption of updated general management plans for the targeted National Parks, which would build a key element for development of sustainable biodiversity-based tourism in line with the strategic Development Master Plan being developed for the Livingstone area under the tourism sector.

In order to introduce functioning biodiversity conservation management, collation and assessment of a range of Natural Resources Monitoring information would be done, including monitoring of natural and anthropogenic environmental impacts on the proposed protected areas and their buffer zones, as would the necessary institutional and financial mechanisms for effective implementation. The Project Implementation and Monitoring Unit will be put in place. Capacity building on the local level would seek to build a basis for active involvement of the local communities. Resources would also be made available to ensure continued monitoring of the ecological status of identified critical habitats and species allowing early warning in case of imminent threats and enabling remedial action. The development process would be based on the Strategic Development Master Plan being developed for the entire Livingstone Area (including municipal components) by the SEED Project. The development of the Parks as more popular tourist attractions will also encourage participation of the private sector (including local communities) in their management and sustainable utilization. The project will thus, produce institutional and financial conditions that will enable the two important national parks to be well functioning.

The alternative will undertake actions principally at three levels – site, national and regional. More specifically the proposed GEF alternative will expand the baseline of the 5 sub-components in the following ways:

Sub-Component 1 - Installation of a Project Implementation and Monitoring Unit (PIMU): (US\$1.2m. – GEF\$0.5m.)

Effective coordination of the involved activities is a precondition for project success. For the incremental activities under the GEF alternative, this component would ensure a more effective project component implementation through ZAWA. There is an urgent need to build capacity in the target areas to manage aid from donors and co-operating partners. The PIMU will (i) manage aid from donors and co-operating partners; (ii) ensure efficient flow of project funds and procurement activities; (iii) provide support for limited infrastructure and equipment for management purposes; and (iv) oversee performance monitoring and evaluation of the project.

Sub-Component 2 - Development of the Mosi-oa-Tunya National Park as a model of sustainable economic use and biodiversity conservation: (US\$3.2m. – GEF\$1.0m.)

Under the GEF alternative, the proposed component would enable Park Development activities, which include themes of biodiversity conservation and economic development driven by sustainable utilization and private sector participation. Since the capacity to manage sustainable private sector involvement is not effective in Zambia and the development of ecologically enlightened tourism is a national priority, this component would be justified as a demonstration pilot activity, which could be effectively replicated in other national parks. The incremental costs of this component would address the additional requirements for specialized biodiversity (species and habitats of global concern) conservation and creation of economic development/poverty reduction opportunities through sustainable utilization of natural resources. The activities would enable assessment and restocking of fenced areas of the NPs, rehabilitation and construction of tourism and park management infrastructures, upgrading of law enforcement operations for resource protection, and the implementation of an updated Mosi-oa-Tunya National Park General Management Plan.

Sub-Component 3 - Development of the Kafue National Park as a model of sustainable economic use and biodiversity conservation: (US\$6.2m. – GEF\$1.05m.) Under the GEF alternative this would also be a Park Development activity, as described above for subcomponent 2. Specifically the incremental activities would support implementation of management planning recommendations for the rehabilitation of aquatic and terrestrial habitats, assessment of water release programs and prevention of illegal hunting and natural resource exploitation in the Kafue NP.

Sub-Component 4 - Facilitation of Community Based Natural Resource Management (CBNRM) in communal areas surrounding the Mosi-oa-Tunya and Kafue National Parks: (US\$2.2m. – GEF\$0.5m.)

Under the GEF alternative, the proposed sub-component will facilitate the implementation of CBNRM in the communal areas surrounding the two National Parks where there is still a considerable wealth of natural resources, including biodiversity of global significance. These local communities also pose the largest potential threat to the integrity of the National Parks, if they continue to be faced with poverty and few alternative options for sustaining their livelihoods other than poaching resources from within the protected areas. The baseline requirement under ZAWA's GMA Directorate responsible for overseeing CBNRM in communal areas surrounding the Parks is to facilitate the formation of Community Resource Boards which are responsible for community-based resource protection and community development based on land-use planning and the sustainable utilization of natural resources. The incremental costs associated with this component would be to provide ZAWA with the capacity to ensure that resource protection encompasses the protection and management of Species and Habitats of biodiversity significance, and the capacity to facilitate local communities to develop economic opportunities through partnerships with donors, NGOs and the private sector. In addition the project would also support setting up the policy and legal framework and procedural guidelines for CBNRM with particular emphasis on land-use planning, wildlife-quota setting & monitoring and enterprise development.

In order to ensure effective synergy between an array of related initiatives aimed at facilitating the participation of local communities in natural resource management and accessing finance, this activity will collaborate with other components of the SEED Project (including its SME fund), the Environmental Support Program (including its Pilot Environmental Fund - ESP/PEF) and Zambia Social Investment Fund (ZAMSIF) initiatives supported by the World Bank, as well as other donor-assisted programs, offering a broad range of support to communities in the selected GMAs and communal areas.

Sub-Component 5 - Implementation of ZAWA’s Research, Planning and Information Directorate’s functions in the Mosi oa Tunya and Kafue National Parks and surrounding communal areas: (US\$2.2m. – GEF\$1.0m.)

Under the GEF alternative this component would enable monitoring, evaluation, feedback, and information dissemination activities. The baseline requirement of ZAWA's Directorate is to carry out research, planning and information activities that support the management and conservation of the National Parks and to some extent the surrounding Game Management Areas, which are communal areas. The incremental costs associated with the sub-component would be to ensure that ZAWA has the capacity to monitor the status and trend of species and habitats of biodiversity significance, and feed this information back both into ZAWA's baseline planning, conservation and management and information activities, as well as into the SEED project cycle. This component would make a significant difference in removing the barrier against establishment of sustainable use in the tourism sector.

In sum, building upon the experiences with participatory extension developed under the baseline activities and the experiences with various local initiatives, the GEF alternative would be an important step towards the long-term achievement of biodiversity conservation. Without the conservation activities which will be achieved through the proposed project, biodiversity protection of these parks will be limited and not secured in the long-run. *Total expenditures under the GEF alternative are estimated at US\$ 15 million.* The estimated sub-components costs from the various sources of finance are shown in Annex 4-A.

Incremental Costs

The total costs of the baseline scenario are estimated at US\$ 11 million (IDA \$5.0M, NORAD \$ 3.0M, EU \$2.0M, GRZ \$1.0M). The difference between the cost of the baseline scenario and the cost of the GEF alternative (US\$ 15 million) is estimated at US\$ 4 million. This represents the Incremental cost for achieving global environmental benefits and is the amount requested from the GEF (see incremental cost matrix for details).

Incremental Cost Matrix

Component sector	Cost Category	Cost (million)	Domestic Benefit	Global Benefit
Installation of Project Implementation and Monitoring Unit	Baseline	US\$ 0.70	Basic project management capacity integrated with ZAWA.	
	GEF Alternative	US\$ 1.2	Enhanced implementation of the project through effective, adaptive management and minimized	Improved capacity for management of biologically diverse protected areas both locally and nationally.

			administrative burdens. Efficient coordination with other GEF projects and associated biodiversity initiatives. Efficient coordination of ZAWA's projects, cooperating partners, and sources of finance.	
	Incremental	US\$ 0.50		
Development of the Mosi-oa-Tunya National Park as a model	Baseline	US\$ 2.2 million	Park management supported with moderate expenditures to safeguard baseline conservation and management of the Mosi-oa-Tunya National Park.	
	GEF Alternative	US\$ 3.2	Biodiversity conservation enhanced through effective management planning & implementation, training, capacity building, and awareness generation among local and tourist populations. Improved wildlife management, and increased tourism and participation of the private sector (including local communities) in park management and development.	Sustainable management and protection of globally important biodiversity. Replicable experience from pilot activities in attracting private investors for ecologically sound tourism.
	Incremental	US\$ 1.0		
Development of the Kafue	Baseline	US\$ 5.2	Park management and development	

National Park as a model			supported to safeguard baseline conservation and management of the Kafue National Park.	
	GEF Alternative	US\$ 6.2	Conservation of important biodiversity hotspots, enhanced through effective management planning & implementation, training, capacity building, and awareness generation among local and tourist populations. Increased tourism and participation of the private sector (including local communities) in Park management and development.	Sustainable management and protection of globally important biodiversity. Replicable experience from pilot activities in attracting private investors for ecologically sound tourism.
	Incremental (GEF)	US\$ 1.0		
Facilitation of Community Based Natural Resource Management (CBNRM) Program	Baseline	US\$ 1.7	Creation, activation and regulation of community resource boards. Equitable sharing of costs and benefits established. Protection and monitoring of wildlife resources. Formulation and implementation of land-use plans and zones in the GMAs.	
	GEF Alternative	US\$ 2.2	Capacity building and enhanced participation of local communities in CBNRM, Enhanced access to finance and investment in	Conservation and management of biodiversity of global importance supported by local communities.

			CBNRM activities.	
	Incremental (GEF)	US\$ 0.50		
Implementation of ZAWA's Research, Planning and Information Directorate's Program	Baseline	US\$ 1.2	Baseline status and trend of wildlife resources will be known and understood.	
	GEF Alternative	US\$ 2.2	Status and trend of critical species and habitats monitored. Information feedback provided to project management and ZAWA's management, research, planning and information activities.	Effective conservation and management of global biodiversity, including sustainable use, achieved through linkages between research, management, planning and information activities at the local, national and international levels.
	Incremental (GEF)	US\$ 1.0		
Totals	Baseline	US\$ 11.0		
	GEF Alternative	US\$ 15.0		
	Incremental	US\$ 4.0		

**ANNEX 4-A – Estimated Project Sub-Component Costs
and Proposed Sources of Finance**

ZAMBIA SEED -BIODIVERSITY Sub- COMPONENT

SUB-COMPONENTS	GEF	World Bank IDA	Co-Finance (EU, NORAD)	GRZ	TOTAL
	US\$	US\$	US\$	US\$	US\$
Installation of GEF Project Implementation & Monitoring Unit	500,000	500,000	0	200,000	1,200,000
Development of Mosi oa Tunya NP	1,000,000	2,000,000	0	200,000	3,200,000
Development of Kafue NP	1,000,000	1,000,000	4,000,000	200,000	6,200,000
ZAWA's CBNRM Program	500,000	500,000	1,000,000	200,000	2,200,000
ZAWA's Research, Planning and Information Program	1,000,000	1,000,000	0	200,000	2,200,000
TOTALS US\$	4,000,000	5,000,000	5,000,000	1,000,000	15,000,000

**ANNEX 5: “Threats and Root Causes of Biodiversity Loss
ZAMBIA SEED -BIODIVERSITY Sub- COMPONENT**

Major Threats	Root Causes	Proposed Actions/ Mitigation Measures
<p>Unsustainable subsistence hunting and harvesting of wildlife products, agriculture and settlement-practices, poaching and habitat degradation</p>	<p>Inadequate policies and laws or applications thereof to promote community (and individual) rights, responsibilities, and accountability for uses of wild resources and natural habitats</p> <p>Weak monitoring and evaluation of wildlife and natural habitat</p> <p>Growth of markets for wildlife products</p> <p>Insufficient technical knowledge within communities regarding ways and means of managing wild resources to achieve higher sustainable yields</p> <p>Insufficient capacity in government and local communities to design and implement sustainable use activities in agriculture and biodiversity conservation</p>	<p>Coordinate and streamline policies, planning and regulatory frameworks and development programs affecting NRM, biodiversity across all relevant sectors</p> <p>Carrying out Environmental Impact Assessments and publishing Impact Statements relevant to biodiversity conservation</p> <p>Developing a strong biodiversity Monitoring and Evaluation system for monitoring the status and trend of critical species and habitats</p> <p>Assessment and restocking of the NPs, including the fenced areas of the Mosi-oa-Tunya NP</p> <p>Upgrading law enforcement operations for resource protection</p> <p>Development of environmentally sustainable economic opportunities and market research for sustainable use of wildlife, natural and cultural resources</p> <p>Promote effective wildlife management practices in the NPs and GMAs</p> <p>Formation and development of Community Resource Boards (CRB’s) responsible for community-based resource protection and community development based on land use planning, zoning and sustainable utilisation practices</p>

<p>Weak infrastructure in NPs and GMAs</p>	<p>Inadequate management infrastructure in the NPs and GMAs</p> <p>Limited support from Government for road sector rehabilitation in the NP areas</p>	<p>Installation of a Park Management Unit with management, budget and expenditure controls decentralised to the Park level to maximise the effectiveness of operations in the field</p> <p>Promoting and developing environmentally sustainable economic opportunities and private sector development</p> <p>Provision of transport, communications and equipment required for Park management</p> <p>Rehabilitation and construction of tourism and park management infrastructures</p>
<p>Encroachment and Disturbance in Ecosystems</p>	<p>Population growth and settlement leading to human encroachment and unsustainable use of Protected Areas</p> <p>Unrestricted grazing</p> <p>Elimination of Critical Habitats and refuges for Critical Species of flora and fauna</p> <p>High rate of unemployment following the decline in the industrial base (mining, tobacco) leading to use of traditional livelihood options in protected areas</p>	<p>Strengthening policy, regulation and law enforcement in the areas to contain encroachment</p> <p>Promoting Family Planning</p> <p>Develop interventions necessary for species' removals and re-introductions</p>
<p>Pollution</p>	<p>Limited support from government for water supply, drainage and solid waste disposal</p> <p>Unregulated water consumption by certain sectors (tourism, hydro-power, and agriculture)</p> <p>Low local understanding of the human impact on natural resources (aquatic habitats)</p> <p>Advancing technology and development</p>	<p>Rehabilitation and construction of tourism and park management infrastructures including for water supply</p> <p>Assess effects of water release programs and pollution and promote water management</p> <p>Promote awareness on impacts of tourism and other human activities</p> <p>Support implementation of management planning recommendations for rehabilitation of aquatic and terrestrial habitats</p>
<p>Weak management</p>	<p>Insufficient technical capacity of</p>	<p>Support training and capacity Building</p>

<p>practices and lack of coordination among various agencies and stakeholders</p>	<p>Ministries and Agencies concerned with development of biodiversity related tourism</p> <p>Lack of knowledge and institutional capacity and of appropriate natural resource management systems</p> <p>Indifferent attitudes of stakeholders and communities residing in the project areas towards environmental sustainability and lack of environmental awareness</p> <p>Inadequate public and political awareness of the economic opportunities and safeguards of sustainable private-sector led Protected Area management concessions</p> <p>Little access to other direct sources of funding and inadequate central government funding</p>	<p>activities in the NPs</p> <p>Implementation of updated National Parks' General Management Plans</p> <p>Involving traditional leaders and local community members in integrated management practices in the NPs and GMAs</p> <p>Environmental Education and Awareness building at political, governmental, public, and community levels through media outreach and technical training</p> <p>Develop marketing and management skills to promote opportunities for sustainable use</p> <p>Encouraging private sector participation in the biodiversity and tourism related activities of the NPs and GMAs</p> <p>Facilitation of approved investments and capture of sustainable revenue potential from tourism and associated wildlife-based enterprises</p>
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ANNEX 6 – STAP REVIEW

Response to STAP Review

Provided by: Dr. John H. Rappole
29 January 2003

SCIENTIFIC AND TECHNICAL SOUNDNESS OF THE PROJECT

Points raised under Key Issues

Little in the way of ecological and technical information is provided concerning the specific biodiversity resources in each park.

Ecological and technical information, including new information from draft reports of the preparatory studies, has been introduced to the Project Brief in summary form. The information provided, including references cited, has been collated from recognized scientific sources. As the reviewer points out, there is no doubt that Zambia's biodiversity is of national, regional and global significance. Nevertheless, there is a paucity of reliable, up-to-date information on the status and extent of Zambia's biodiversity, and it is this fact that the data collection and biodiversity monitoring aspects of the Biodiversity Component intend to address. See Annexes 2 and 3 of the Project Brief for further information.

The only specific threat identified is the poverty of the communities neighboring the parks.

Specific threats to the target ecosystem(s) and their biodiversity have been summarised and presented in appropriate sections of the Project Brief. See pages 11-12 .

It is not clear from the PA whether the type of ecosystem management proposed requires further research. There may be sufficient information available on the problems confronting these parks in other literature. For instance the IUCN 1990, National Biodiversity Strategy and Action Plan, or WWF 1996 reports that are mentioned.

Fundamental management approaches for the target ecosystems are already in place. These include implementation of ZAWA's Emergency Performance Based Resource Protection Strategy in the Kafue National Park (funded by NORAD – see p. 2 of the ICA for more information), an approach likely to be replicated throughout ZAWA's Protected Areas system. What is lacking however is up-to-date information on the status of the target ecosystems and prioritisation of specific management interventions. This information is currently being generated by the SEED-Biodiversity Component's Main Preparatory Study "Review and Update of the Mosi-oa-Tunya and Kafue National Parks' General Management Plans". Even so, the project considers ecosystem management to be a process not a recipe. As such, the Biodiversity Component's activities include much emphasis on monitoring and feedback into the project's implementation and management as an ongoing process.

The "outputs", as they stand are not focused on specific biodiversity factors. Most are activities undertaken to achieve the central goals rather than indicators. "Indicators" 4, 5, and 7, involving baseline data on biodiversity, are those that are central to the proposal. Presumably, most of these data should be available from the IUCN 1990 report, National Biodiversity Strategy and Action Plan, or other existing reports, e.g., the WWF 1996 report that is mentioned. In any event, measures of success in protection, stabilization, or increase in critical species and sites should be given highest priority as indicators. SEED-Biodiversity Project Components should relate directly to critical species and sites,

and assessment of factors causing biodiversity decline. Identification of factors causing decline should be a central focus. Declines may be caused by poaching in some instances - for economically valuable species like rhinoceros and elephant, but not for most species. Subsistence hunting is probably also a factor for some species, depending on local customs. Loss of habitat to subsistence agriculture could also be a major factor. In any event, the factors causing decrease in biodiversity should be identified and prioritized, strategies to address these factors devised, and appropriate measures provided as indicators.

More clarity on the relationship between the Project Component's Outputs, specific biodiversity factors, and specific indicators of effective biodiversity management have been introduced. Of particular note, the biodiversity component has now been fully integrated into the description of the overall SEED project, with clear indications of the intended activities and outputs of each component. See Annexes 1 and 2 of the Project Brief, and Annex B of the Executive Summary.

Monitoring responsibilities for Project Implementation and Monitoring Unit should list specific objectives, not generalities..“Monitoring” in the sense that it is used in GEF documents, refers to assessing the progress made on a project (GEF 1999). In other words, some specific measures of effects on biodiversity need to be presented.

The term “monitoring” has been qualified in the text distinguishing project monitoring from biodiversity monitoring as appropriate to the context. Specific measures of the project's impact on biodiversity have been included in the Performance Indicators. These may be further improved by recommendations expected from the outputs of the Biodiversity Component's preparatory studies.

It is not obvious how the specific objectives (“outputs” or “sub-components” in the Brief, pp. 3-4) relate to the goals of achieving biodiversity conservation. At present, the “outputs” cover a range of organizational and operational plans.. These “outputs” need to be replaced by specific, measurable biodiversity enhancement objectives. The current list of “outputs” may serve as procedural steps, but only to the degree that they can be demonstrated to relate directly to the biodiversity enhancement objectives.

The view and comments of the reviewer are appreciated, however he was not able to look at the description of the biodiversity component in the context of the overall SEED project. Nevertheless, the suggestion that measureable (and indeed achievable), biodiversity enhancement objectives should be specified as outputs of the Project's Sub-Components in relation to the goals of the Project Component is helpful, and has been incorporated in appropriate sections of the document. See Annexes 1 and 2 of the Project Brief and Annex B of the Executive Summary.

A risk inherent in the project approach is that the economic objectives of the project could be achieved, and yet fail to improve, or even further damage, biodiversity in Zambia.

The comment is recognized, which is why the economic objectives and biodiversity objectives of the overall SEED Project and the Biodiversity Component respectively have been articulated separately. See Annexes 1 and 2 of the Brief and Annex B of the Executive Summary.

The project's objectives should derive from the known problems threatening biodiversity in the parks, buffer zones, and game management areas covered by the proposal. The Project Brief refers to these problems in general terms...but there should be information on their specific nature. Also, the Brief mentions other existing plans that could serve as valuable sources for specific biodiversity enhancement objectives. The reports from these projects should provide information on the critical biodiversity needs of Zambia in general as well as on issues that relate to the two parks that form the focus of this proposal.

In order to address the identified, specific threats to biodiversity, the proposed project interventions, the design of the overall SEED project, and particularly the biodiversity component have drawn directly upon the information compiled in national reports and action plans, such as the National Environmental Action Plan, Policy for National Parks & Wildlife in Zambia, ZAWA's Emergency Performance Based Resource Protection Strategy, and ZAWA's 5-year Strategic Plan.

GEF funds that should be directed toward biodiversity preservation appear to be directed toward economic development factors.

All GEF funds will support the incremental cost of biodiversity conservation activities. As part of the initiatives to be implemented which serve to conserve biodiversity of global significance, the project will promote alternative livelihoods and sustainable use activities which promote economic development. However, this type of economic development is intended to provide an adequate incentive to local communities to conserve natural resources in the NPs, GMAs and surrounding areas rather than continuing the unsustainable and destructive use of natural assets. These incentives and project activities are in line with GEF eligibility criteria.

It is not possible to assess the likelihood of this incentives leading to overharvesting occurring because the specifics of the programs considered for the communities neighboring the parks are not presented.

This specific issue is important, and the problem has arisen in previous sustainable use projects, particularly in relation to the setting of and compliance with hunting quotas in the GMA's surrounding the National Parks, whether they are for subsistence, recreational, or sports (safari) hunting. Controls designed to prevent such occurrences are built into ZAWA's existing wildlife management systems, but the Biodiversity Component's provisions for biodiversity monitoring and CBNRM activities are intended to add further controls. See Annex 2 for further details on the project components.

The implication for developing a model of sustainable use is that neighboring communities will be involved in tourism activities that will provide long-term economic benefits.

It should be noted that neighboring communities in terms of "local communities" are settled outside the National Parks in Game Management Areas where "tourism activities" are likely to include hunting. However, due to historical precedents, some members of local communities do benefit from sustainable use activities within the National Parks, for example by exercising their traditional fishing rights.

The proposed model (economic improvement = biodiversity improvement) seems unlikely to succeed. The central thesis of this project is that poverty is, "the root cause of biodiversity loss" (PAD, pp. 2, 5, 9, 23, 30: Annex 4, p.2...This logic has been shown to be incorrect in repeated projects by development agencies throughout the world (Wells and Brandon 1992), as well as by the example of numerous biodiversity problems in the world's wealthiest countries (Noss et al. 1997). Indeed, the Project Brief itself notes the potential lack of connection between poverty alleviation and biodiversity enhancement (p. 20).

The assumption "economic improvement = biodiversity improvement" is recognized as being flawed, and any apparent reliance on this assumption in the project's documentation has been revised. The impact of factors other than poverty on biodiversity are recognized, including human population growth, technological advancement, development, pollution, growth of markets for wildlife products, and changes in philosophy towards the value of human relationships with the environment. Scope within the project for addressing these factors is provided. The project will support several types of cross-cutting mitigation activities, designed to directly address the multitude of root causes of biodiversity loss. In particular, the

project will conduct in depth environmental statements and impact assessments; it will include work at the policy, regulation and legal levels to fully integrate biodiversity protection into the mainstream of Zambia; it will engage communities in CBNRM activities to raise awareness and promote sustainable use of natural resources; and the project will develop environmentally sustainable economic opportunities for local communities in and around the NPs and GMAs. See Annex 2.

Success over the long-term requires designation of specific biodiversity objectives. Some examples of the kinds of biodiversity enhancement objectives that might be included in the SEED-Biodiversity Component are as follows:

- 1) Stop poaching of critically endangered species, e.g., rhinoceros, elephants, and parrots on park lands.
- 2) Stop destruction of critical park habitats by encroaching subsistence farmers, livestock, human-caused fire, or other factors.
- 3) Continue efforts to identify critical species and habitats in and around the parks.
- 4) Use information on critical species and habitats to devise rehabilitation plans for park aquatic and terrestrial habitats and critical fish and wildlife populations through enforcement patrols, fencing (to exclude livestock), fire-breaks, or similar actions as necessary.
- 5) Assess effects of water release programs from the Itezhi-Tezhi dam on fish and wildlife resources above and below the dam.
- 6) Develop sustainable harvest rates for fish and wildlife species hunted for food or recreational use, and develop knowledge-based enforcement.
- 7) Assess effects of water flow and pollution on fish and wildlife in and around the Zambezi at Victoria Falls and other park wetlands.
- 8) Use basic GIS and remote sensing technology to map and quantify critical habitats and surrounding areas. This procedure will enable accurate measure of success of efforts to rehabilitate habitats. It will also greatly facilitate planning, so that infrastructure changes (e.g., roads, buildings, power lines, etc.) can be placed with minimal effect on fish and wildlife resources.

Some of the foregoing suggestions are implicit in the Project Brief, but more specific biodiversity enhancement objectives along the lines suggested have been incorporated into the text where appropriate, and more detail added from the preliminary reports of the Biodiversity Component's preparatory studies. Since the foregoing suggestions emphasise the regulatory, research, monitoring and planning aspects of the project in relation to biodiversity enhancement, it may be noted that such biodiversity objectives are unlikely to succeed in isolation, hence the incorporation in the documentation of a variety of objectives intended to address some of the broader factors indicated in the comments of the preceding Key Issue. Annex 2 provides further detail.

Identification of global environmental benefits

Zambia has biodiversity concerns that are of global importance as stated correctly by the Project Brief (p.2). Thus, a GEF program focused on alleviating a portion of the country's biodiversity problems is well-justified. In addition, it makes sense for a GEF biodiversity grant to be a component of the bank's tourism project. Efforts to enhance tourism will certainly affect biodiversity. As noted in the Brief (p. 25), biodiversity is the resource upon which a significant portion of tourism is based. Also, as noted in World Bank and GEF studies of parks and people, the best way to ensure conservation of biological diversity is to reconcile management of protected areas with the social and economic needs of local people (Wells and Brandon 1992, Smith and Martin 2000), a fact that is recognized in the Brief (p. 19). However, for the biodiversity component of the project, biodiversity should be central, as is made clear by the GEF mandate. The problems affecting Zambian biodiversity are well known (IMERCSA 2003). If

specific biodiversity objectives, such as those listed above, are not given the highest priority in a project of this kind, then a positive effect on biodiversity is unlikely.

Within the context of the Biodiversity Component, biodiversity objectives have been afforded highest priority, but this is not necessarily the case in the context of the overall SEED Project.

Effects on regional biodiversity (outside Zambia) are not considered in the Brief, but are of potential importance, especially for the huge Kafue National Park, which houses an important watershed.

Both the global and regional contexts of the target areas' biodiversity have been mentioned in the document. See pps. 54-55.

As mentioned above, the project is based on the questionable premise that economic development = biodiversity enhancement. This approach has been tried elsewhere, generally without appreciable success. Success requires identification of specific biodiversity objectives with reasonable procedures proposed to achieve those objectives.

The revised Brief appropriately addresses the rationale and justification for the proposed approach, and provides corresponding activities to achieve the intended outputs and objectives.

SECONDARY ISSUES

The idea is that economic development of these parks will serve as examples for other parks. However, this goal could be achieved without positive effect on biodiversity, either in the original sites, or those modeled on them.

It is accepted that economic development of the National Parks may or may not be accompanied by successful biodiversity conservation. However, the Biodiversity Component has been designed with a focus on activities which will achieve the intended objectives of biodiversity conservation and which will enable the project to serve as an example for biodiversity conservation in other National Parks and Protected Areas.

Several other plans, documents, and regional biodiversity assessments are mentioned, including at least one previous GEF (the National Biodiversity Action Plan for Zambia). However, none of these is used to link with the program described in the Project Brief.

Most of the justification and background material for the preparation of the Biodiversity Component for the SEED project has been drawn from previous projects, reports, plans, documents and assessments, such as the National Environmental Action Plan, the Policy for National Parks & Wildlife in Zambia, and particularly the GEF sponsored National Biodiversity Action Plan for Zambia. Additional material will be drawn from ongoing studies as the information becomes available, for incorporation into the Project Brief, Project Implementation Plans, and Revisions, as appropriate.

There are potentially negative effects for biodiversity that could arise from promotion of tourism not addressed in the PAD.

The potential negative effects for biodiversity that could arise from a variety of project- and non project-related activities, including tourism, have been recognised, and it is the purpose of the Biodiversity Component's monitoring and feedback activities to address these and adapt project implementation accordingly as an ongoing process. Additionally, the project will implement an Environmental Assessment which will help finalize the project design to ensure mitigation of existing negative impacts

on the natural resources in the project areas. The project will also develop Environmental Management Plans for the project intervention sites to enable sound management of land and wildlife resources. More specific detail of these activities has been introduced to the document. See pp. 38-39.

Innovativeness of the project

Although the STAP review did not provide a comment on project innovativeness, it may be noted that the Biodiversity Component is a blend of existing natural resource management activities with innovative mechanisms introduced for encouraging biodiversity conservation initiatives in partnerships between the Government, ZAWA, and the Private Sector (including local communities).

GENERAL RESPONSE TO REVIEWER'S COMMENTS

Much of the reviewer's feedback stems from solely reviewing the description of the biodiversity component rather than as part of an integrated economic development project. The Biodiversity component of the SEED project has subsequently been blended with the overall SEED Project Brief, providing a better overview of the objectives and linkages among the project components. Accordingly, early sections of the document under review have been placed in logical context within the SEED Project, and reflect therefore the overall structure, including Development Objective, Immediate Objectives and Outputs of the SEED Project in the first instance, *not* the Biodiversity Component *per se*. Nevertheless, more specific information on the Outputs of the Biodiversity Component has been introduced into the main body of the document and appropriate Annexes.

It should be noted that the GEF contribution to just the Biodiversity Component is only about 25% of the proposed financing, the balance being contributions from IDA, other donors, and Government of the Republic of Zambia/Zambia Wildlife Authority. As such, the Project Brief must reflect the overall priorities of the Implementing Agencies and their co-operating partners, not just those of significance to biodiversity issues. The development approach of the Biodiversity Component of the SEED project may thus be summarised in three levels as follows:

- The baseline is that GRZ and ZAWA's resources are sufficient only to maintain basic Protected Area Management Systems in the Mosi-oa-Tunya and Kafue National Parks, but insufficient to prevent observed encroachment and illegal exploitation of natural resources resulting in the continuing decline of biodiversity.
- IDA's and co-operating partners' financing will enable ZAWA to improve natural resources management infrastructures and operations, attract investment and private sector participation, and increase revenues from wildlife-based enterprises, resulting in stabilisation of gross ecosystem functioning.
- GEF financing will enable ZAWA to focus its interventions on biodiversity conservation and management issues resulting in enhancements to the status of specific, prioritised biodiversity.

The reviewer's appeal for more specific information relating to biodiversity issues is recognised by the Bank and its partners, but much of the final information called for remains to be generated by a suite of preparatory studies that are as yet incomplete. The Project Brief has thus been prepared with as much emphasis on biodiversity issues as possible, without pre-empting the final findings of the preparatory studies.

Therefore, the reviewer's comments have been applied, where appropriate, to (i) those specific sections of the Brief that are relevant to biodiversity-specific issues as opposed to the overall SEED Project, and (ii) those specific sections where additional information on biodiversity has

become available from the draft reports of some of the preparatory studies. The full text of the STAP review has been attached at Annex 7. It may be clarified that the attached annex is the original text that was sent by the reviewer, following which more detailed comments were received as discussed in this annex.

ANNEX 7: A Review of the Draft Project Appraisal Document for “ZAMBIA

Securing the Environment for Economic Development SEED-Biodiversity Component”

16 January 2003

by
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General Comments:

Zambia has biodiversity concerns that are of global importance as stated correctly by the PAD (p.2). Thus, a GEF program focused on alleviating a portion of the country’s biodiversity problems is well-justified. The PAD (p. 3) states that the main objective or purpose of the project is, “*To reverse the decline of wildlife and degradation of natural and cultural assets in the Mosi-oa-Tunya and Kafue National Parks, surrounding municipal and communal lands, and game management areas.*” A similar goal is presented in Annex 4 (Incremental Cost Analysis) as well, “*The Principle [sic] objective of the GEF alternative is to help Zambia conserve critical species, habitats and its ecosystem, which are both globally significant and vital to the sustained livelihoods of people living in the surrounding areas.*” These goals, along with the remainder of the introductory section of Annex 4, are entirely appropriate, accurately reflecting the purposes of the GEF program. However, it is not obvious how the specific objectives (“*outputs*” or “*sub-components*” in the PAD, pp. 3-4) relate to these goals. At present, the “*outputs*” cover a range of organizational and operational plans. These include: 1) installation of a project implementation and monitoring unit, 2) development of Mosi-oa-Tunya National Park, 3) development of Kafue National Park, 4) community involvement in park buffer zones, and 5) implementation of research, planning, and information actions at the parks by the Zambia Wildlife Authority. These “*outputs*” need to be replaced by specific, measurable biodiversity enhancement objectives. The current list of “*outputs*” may serve as procedural steps, but only to the degree that they can be demonstrated to relate directly to the biodiversity enhancement objectives.

The project’s objectives should derive from the known problems threatening biodiversity in the parks, buffer zones, and game management areas covered by the proposal. The PAD refers to these problems in general terms (e.g., “*...these natural assets are being depleted due to unsustainable practices...*”) (PAD, p. 2), but there should be information on their specific nature. For instance, the “*National Biodiversity Strategy and Action Plan,*” funded by GEF, must have presented specific recommendations. Also, the PAD (pp. 20-21) mentions other existing plans that could serve as valuable sources for specific biodiversity enhancement objectives including: 1) Integrated conservation of dry land biodiversity (UNEP/UNDP/GEF regional project with Mozambique, Zambia, and Zimbabwe), 2) WWF Zambian wetlands program, 3) Kafue National Park management plan supported by the Japanese International Cooperation Agency, 4) multiple programs supporting community-based natural resource management in buffer zones and game management areas around Zambia, and specifically for Kafue National Park supported by the Danish Agency for Development Assistance, U.S. AID, the Norwegian Agency for

Development Cooperation, the European Union, and the Wildlife Conservation Society, 5) rhino management plan supported by the U.S. Fish & Wildlife Service. The reports from these projects should provide information on the critical biodiversity needs of Zambia in general as well as on issues that relate to the two parks that form the focus of this proposal.

Some examples of the kinds of biodiversity enhancement objectives that might be included in the SEED-Biodiversity Component are as follows:

1) Stop poaching of critically endangered species, e.g., rhinoceros, elephants, and parrots on park lands.

2) Stop destruction of critical park habitats by encroaching subsistence farmers, livestock, human-caused fire, or other factors.

3) Continue efforts to identify critical species and habitats in and around the parks.

4) Use information on critical species and habitats to devise rehabilitation plans for park aquatic and terrestrial habitats and critical fish and wildlife populations through enforcement patrols, fencing (to exclude livestock), fire-breaks, or similar actions as necessary.

5) Assess effects of water release programs from the Itzhi-Tezhi dam on fish and wildlife resources above and below the dam.

6) Develop sustainable harvest rates for fish and wildlife species hunted for food or recreational use, and develop knowledge-based enforcement.

7) Assess effects of water flow and pollution on fish and wildlife in and around the Zambezi at Victoria Falls and other park wetlands.

8) Use basic GIS and remote sensing technology to map and quantify critical habitats and surrounding areas. This procedure will enable accurate measure of success of efforts to rehabilitate habitats. It will also greatly facilitate planning, so that infrastructure changes (e.g., roads, buildings, power lines, etc.) can be placed with minimal effect on fish and wildlife resources.

The central thesis of this project is that poverty is, “*the root cause of biodiversity loss*” (PAD, pp. 2, 5, 9, 23, 30: Annex 4, p.2). Poverty may be a cause of biodiversity loss, but it is not the cause, a fact well-documented by a number of studies by the World Bank and other institutions (Heywood 1995, McNeely et al. 1995). People have been poor in Zambia for millennia, but biodiversity loss has occurred principally within the last half century - associated with human population growth, technological advancement, development, pollution, growth of markets for wildlife products, and changes in philosophy towards the value of human relationships with the environment (McNeely et al. 1995, Freese 1997). To suggest that poverty is the cause, is to suggest that the solution is to alleviate poverty, and that any project that will alleviate poverty will help biodiversity. This logic has been shown to be incorrect in repeated projects by development agencies throughout the world (Wells and Brandon 1992), as well as by the example of numerous biodiversity problems in the world’s wealthiest countries (Noss et al. 1997). Indeed, the PAD itself notes the potential lack of connection between poverty alleviation and biodiversity enhancement (p. 20).

Nevertheless, it makes sense for a GEF biodiversity grant to be a component of the bank’s tourism project. Efforts to enhance tourism will certainly affect biodiversity. As noted in the PAD (p. 25), biodiversity is the resource upon which a significant portion of tourism is based. Also, as noted in World Bank and GEF studies of parks and people, the best way to ensure conservation of biological diversity is to reconcile management of protected areas with the social and economic needs of local people (Wells and Brandon 1992, Smith and Martin

2000), a fact that is recognized in the PAD (p. 19). However, for the biodiversity component of the project, biodiversity must be central, as is made clear by the GEF mandate. The problems affecting Zambian biodiversity are well known (IMERCSA 2003). If specific biodiversity objectives, such as those listed above, are not given the highest priority in a project of this kind, then a positive effect on biodiversity is unlikely.

Specific Comments: (Please note that these comments are indexed according to the draft document sent to me as an edited version of “SEEDTOURISM-GEFPAD-modgk.doc” in MS WORD.)

A complete list of meanings for all acronyms used should be provided.

p. 2, line 13 - No new line after “making.”

p. 2, line 19 - Insert “The” before “majority.”
poverty root cause

p. 2, lines 52-54 - Sentence is unclear. What’s the subject for the verb “spirals”?

p. 2, line 59 - No new line after “The.”

p. 3, lines 9-12 - The economic importance of these parks has relevance in the context of the Tourism project, so it seems appropriate to mention this aspect. However, from a GEF perspective, it is the importance of these parks to global biodiversity that is critical. This sentence should be modified to reflect the GEF focus on biodiversity as the highest priority.

p. 3, lines 24-26 - If biodiversity enhancement is a significant component of the project, then it should be a part of the overall goal.

p. 3, line 35 - Omit “Securing the Environment for Economic Development”

p. 3, lines 35-36 This component should state the main objective of the SEED-Biodiversity Component, which is “To reverse the decline of wildlife and degradation of natural and cultural assets in the Mosi-oa-Tunya and Kafue National Parks, surrounding municipal and communal lands, and the neighboring Game Management Areas.”

p.3, lines 45-46 - Not clear.

p. 3, line 51 - “Economic development” should not be a factor determining whether, or which, critical species are managed or conserved under the biodiversity component.

p. 4, lines 4-16 - It is not clear how these sub-components will address the main objective of reversing decline of wildlife. The sub-components should address specific biodiversity problems.

p. 4, line 36 - What about component “F”?

p. 4, line 53 - Specific “outputs” for the Biodiversity Component could be derived from this information.

p. 5, lines 3-7 - See General Comments, para. 4.

p. 5, line 13 - Did this document (i.e., the *National Biodiversity Strategy and Action Plan*) provide specific suggestions for enhancement of biodiversity relevant to this project?

p. 5, line 34 - Presumably, this IUCN document could serve as an additional important source for development of specific biodiversity objectives, which the PAD currently lacks. The Musokotwane Environment Resource Centre for Southern Africa also has information on critical biodiversity problems of Zambia in general, and resources within the target parks as well (IMERCSA 2003).

p. 5, line 40 - Replace “tentative” with “preliminary.”

p. 6, line 22 - From a GEF/biodiversity perspective, Zambia’s wildlife assets have their own value, irrespective of economic development.

p. 6, line 51 - Replace “*Reduced*” by “*Reverse*.”

p. 6, line 55 - p. 7, line 11 - Indicators 1-4 are not appropriate for a project whose main objective is to “reverse decline of wildlife.” They could show positive results with no positive effects on wildlife. In fact, these indicators could have negative effects on wildlife.

p. 7, lines 19-52 - Biodiversity project component output indicators - The “outputs”, as they stand are not focused on specific biodiversity factors. Most are activities undertaken to achieve the central goals rather than indicators. “Indicators” 4, 5, and 7, involving baseline data on biodiversity, are those that are central to the proposal. Presumably, most of these data should be available from the IUCN 1990 report, *National Biodiversity Strategy and Action Plan*, or other existing reports, e.g., the WWF 1996 report that is mentioned. In any event, measures of success in protection, stabilization, or increase in critical species and sites should be given highest priority as indicators. SEED-Biodiversity Project Components should relate directly to critical species and sites, and assessment of factors causing biodiversity decline. Identification of factors causing decline should be a central focus. Declines may be caused by poaching in some instances - for economically valuable species like rhinoceros and elephant, but not for most species. Subsistence hunting is probably also a factor for some species, depending on local customs. Loss of habitat to subsistence agriculture could also be a major factor. In any event, the factors causing decrease in biodiversity should be identified and prioritized, strategies to address these factors devised, and appropriate measures provided as indicators.

p. 8, lines 12-14 - These are examples of appropriate biodiversity indicators. Measures of change in similar factors could be used as “Biodiversity Project Component Output Indicators”.

p. 9, lines 7-10 - See comment for p. 3, lines 9-12. The main goal of the project is presented as economic development, but the focus of GEF is biodiversity, or specifically, as stated on p. 2 of the PAD as the “*Immediate Objective*”, “*To reverse the decline of wildlife...*”

p. 9, lines 12-15 There is never enough money to achieve all biodiversity goals. Therefore, an assessment should be done (probably already has been done by IUCN or other agency) to determine what biodiversity factors are most critical, and what are the most feasible means to achieve them. These factors should form the basis for the proposal.

p. 9, lines 55-58 See comment for p. 3, lines 9-12.

p. 9, lines 57-58- See comment on p. 5, lines 3-7.

p. 10, lines 1-2 - See comment for p. 3, lines 9-12.

p. 10, line 5 - p. 12, line 41 - Tourism Section - It is difficult to understand how this long section on tourism relates to the SEED-Biodiversity Component. If the information could be placed in the context of how specific tourism enhancement programs could achieve specific biodiversity goals, then it would be more relevant.

p. 12, line 50 - If the GEF is already paying for analysis of the Zambian protected area system under another grant, the information generated from that study should be used to devise appropriate biodiversity goals and indicators for this SEED - Biodiversity Component project.

p. 13, line 12 - “Nevertheless” - spelling

p. 13, line 23 - “principal” - spelling

p. 13, line 55 - p. 14, line 9 - In order to achieve its mandate, the Zambian Wildlife Authority will have to understand the biodiversity resources that it is trying to manage, and the threats to those resources. If this information is not already available from previous reports or programs (e.g., those listed on pp. 20-21), then a major objective of this GEF project should be to identify them.

p. 15, lines 12-14 - See comment for p. 3, lines 9-12.

p. 15, line 31- Project Sub Components - Sub-Component 1 - hiring a project implementation and management team - What specifically will these personnel do to enhance biodiversity within the parameters of this project? This “sub-component” should be an implementation factor rather than an objective. Similar problems apply to sub-components 2-5. Each has value, but how they relate specifically to addressing critical biodiversity concerns is not obvious.

p. 16, lines 14-48 - Evidently a park management plan already exists that identifies activities that need to be undertaken. However, it is not clear from what is discussed in this section whether or not the key elements of biodiversity have been identified, classified, and prioritized, or whether threats to biodiversity have been identified and prioritized, and actions identified and prioritized.

p. 16, lines 33- 34 - What do “game capture”, “veterinary care”, and “game ranching” have to do with biodiversity?

p. 16, lines 37-42 - This section sounds like a description of a specific project, e.g., creation of a zoo or game park within the larger park area. If so, it constitutes a questionable use of GEF funds that are supposed to be focused on biodiversity enhancement. The relationship between zoos and biodiversity enhancement is tangential at best, and a subject of intense controversy and debate (Wemmer 1995).

p. 17, lines 50-53 - The status of critical species and habitats should be the highest priority of the program.

p. 18, line 54-p.19, line 22 - Highest priority for benefits should be biodiversity-related.

p. 20, lines 19-22 - Support of local communities is important - but should be based on specific biodiversity goals.

p. 20, lines 42-54 - As alluded to in the PAD, p. 22, lines 53-56, the findings of the National Biodiversity Strategy and Action Plan and protected area plan should be used to provide basic information for this project. The information in those plans should be mentioned in the context of providing guidance in identification of specific biodiversity goals as well as biodiversity findings and recommendations from protected area plans. Specifics of these plans should be incorporated into project as appropriate.

p. 22, line 51 - “principal” - spelling

p. 23, line 25 - See General Comments, para 4.

p. 23, lines 27-28 - This claim is the basis for a GEF grant. Specifics need to be provided both on what the problems are and what the solutions will be, including key indicators or measures to assess whether or not the solutions put in place are working.

p. 25, line 17 - “principal” - spelling

p. 26, lines 5-13 - These are the kinds of specific biodiversity problems that could serve as specific “outputs” or objectives for the SEED-Biodiversity Component.

p. 26, lines 41-51 - What sorts of sustainable use of biodiversity are planned, and what specific, positive effects will they have on key biodiversity problems?

p. 26, line 49 - Replace “diverse” with “diversify.”

p. 30, line 15 - See General Comments, para 4.

p. 30, line 48 - Does this mean that critical species and habitats of global concern that are not of “key significance to economic development” are to be ignored?

p. 30, line 60 - p. 31, line 14 - These sound like outputs for the SEED-Tourism Component. How these outputs will affect biodiversity is questionable.

p. 32, Annex 2, Sub-Component 1 - Project management and implementation team should have specific biodiversity assessment factors as a major responsibility.

p. 32, lines 39-45 - Monitoring responsibilities for Project Implementation and Monitoring Unit should list specific objectives, not generalities. For instance, the PAD (p. 30) currently states,

“Monitoring will include several aspects key to successful Project Component implementation and sustainability:

- Collation and assessment of a range of Natural Resources Monitoring information, including monitoring of natural and human-induced (anthropogenic) environmental impacts in the project area, that are likely to impinge upon the management and conservation of the natural resources and biodiversity of the project areas.”

This statement is far too vague. “Monitoring” in the sense that it is used in GEF documents, refers to assessing the progress made on a project (GEF 1999). In other words, some specific measures of effects on biodiversity need to be presented.

p. 32, lines 52-54 The PAD states that, *“This sub-component’s activities will be essential for the development of an effective biodiversity conservation plan”* etc. However, it is this proposal (SEED-Biodiversity Component) that should present the plan, namely the specific activities that should be pursued to address biodiversity problems.

p. 33, Annex 2, Sub-Component 2 - The way that the land and activities for Mosi-oa-Tunya National Park are described make the park sound more like a zoo or game park than a significant natural area for protection of critical biodiversity. Greater detail of the park structure and activities, along with a description of specific actions that will serve to enhance Zambian biodiversity are needed.

p. 34 - The activities described for upgrading the staff and facilities of Mosi-oa-Tunya National Park do not relate clearly to accomplishment of specific biodiversity objectives. Making a nice park for visitors is a laudable exercise, but its relationship to biodiversity enhancement within the context of this GEF proposal should be established. “Stocking” of Critical Species, as mentioned under this sub-component, raises questions of just how “zoo-like” this site is.

p. 37, lines 53-54 - Exactly right. These data should form the basis for the SEED-Biodiversity Component.

Specific Comments - Annex 4 : Incremental Cost analysis - Securing the Environment for Economic Development: SEED-Biodiversity Component - The comments are keyed to page and line numbers in the file *Seed ICinputGK-1-12*

p. 1, lines 8-12 - This section is a good description of the GEF strategy as it could be applied to this project. The problem is that the project currently lacks the specific “conservation activities” that are mentioned.

p. 1, line 8 - “principal” - spelling

p. 2, line 7 - See General Comments, para 4.

p. 2, line 46 - Should read “resources”

p. 3, lines 3-5 - Specific biodiversity-related actions having measurable outcomes would fit here.

p. 3, line 9 - The biodiversity crisis confronting Zambia has been clearly stated in both the PAD and Annex 4. Monitoring will not address this crisis.

Specific Comments - Annex : Logframe Analysis Securing the Environment for Economic Development: SEED-Biodiversity Component - The comments are keyed to page and line numbers in the file *Seed-LFA-5-12*

p. 1, line 18 - See General Comments, para 4.

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ANNEX 8 - Acronyms and Abbreviations Zambia SEED

AWF	African Wildlife Foundation
BSAP	National Biodiversity Strategy and Action Plan
CAS	Country Assistance Strategy
CBNRM	Community Based Natural Resource Management
CBD	Convention on Biological Diversity
CBO	Community Based Organisation
CCD	United Nations Convention to Combat Desertification
CDF	Comprehensive Development Framework
CITES	Convention on International Trade in Endangered Species
CONASA	Community Based Natural Resource Management and Sustainable Agriculture
CRB	Community Resource Board
DANIDA	Danish Development Aid Agency
EDF	European Development Fund
ERP	Economic Recovery Program
ESP	Environmental Support Program
EU	European Union
GDP	Gross Domestic Product
GEF	Global Environment Facility
GMA	Game Management Area
GRZ	Government of the Republic of Zambia
IDA	International Development Association
IUCN	World Conservation Union
JICA	Japanese Development Aid Agency
KNP	Kafue National Park
LIRD	Luangwa Integrated Resource Development Program
MMD	Movement for Multi-Party Democracy
MTENR	Ministry of Tourism, Environment & Natural Resources
NLCP	North Luangwa National Park
NCS	National Conservation Strategy
NEAP	National Environmental Action Plan
NGO	Non Government Organisation
NHCC	National Heritage and Conservation Commission
NORAD	Norwegian Development Aid Agency
NP	National Park
NPWS	National Parks & Wildlife Service
PDF	Project Development Fund
PEF	Pilot Environment Fund
PFA	Protected Forest Areas
PIMU	Project Implementation and Monitoring Unit
PRSP	Poverty Reduction Strategy Program
PSRP	Public Sector Reform Program
PPF	Project Preparation Facility
RSA	Republic of South Africa
SEED (Project)	– Support for Economic Expansion and Diversification
SEED (Biodiversity Component)	– Securing the Environment for Economic Development

SLAMU	South Luangwa Area Management Unit
SLNP	South Luangwa National Park
SME	Small and Medium Enterprises
SRP	Social Recovery Program
TCZ	Tourism Council of Zambia
UNDP	United Nations Development Program
UNFCCC	United Nations Framework Convention on Climate Change
USAID	United States Agency for International Development
WCS	Wildlife Conservation Society of New York
WWF	World Wide Fund for Nature
ZAMSIF	Zambia Social Investment Fund
ZAWA	Zambia Wildlife Authority
ZNTB	Zambia National Tourist Board