



Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 23-Oct-2019 | Report No: PIDC26393

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

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| Country South Africa | Project ID P170213 | Parent Project ID (if any) | Project Name South Africa: Catalyzing Financing and Capacity for the Biodiversity Economy around Protected Areas (P170213) |
| Region AFRICA | Estimated Appraisal Date May 04, 2020 | Estimated Board Date Jul 31, 2020 | Practice Area (Lead) Environment, Natural Resources & the Blue Economy |
| Financing Instrument Investment Project Financing | Borrower(s) National Treasury | Implementing Agency South Africa National Parks (SANParks), iSimangaliso Authority | GEF Focal Area Biodiversity |

Proposed Development Objective(s)

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

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

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

DETAILS**Non-World Bank Group Financing**

| | |
|-----------------------------------|------|
| Trust Funds | 8.99 |
| Global Environment Facility (GEF) | 8.99 |



Environmental and Social Risk Classification

Moderate

Concept Review Decision

Track II-The review did authorize the preparation to continue

Other Decision (as needed)

B. Introduction and Context

Country Context

- 1. South Africa's is one of most biodiverse countries in the world, and its biodiversity contributes significantly to the national economy, and to local livelihoods.** With a varied geography ranging from plains and savannas to deserts and high mountains, South Africa's ecosystems support over 95,000 species, and its rich biodiversity contributes significantly to the national economy, particularly through nature-based tourism (NBT). The total contribution of Travel and Tourism to South Africa's gross domestic product (GDP) in 2016 is estimated at 9.3 percent (WTTC), a significant portion of which is directly linked to natural assets, particularly protected areas (PAs).¹ Biodiversity and its habitats also contribute to the livelihood of the poorest segments of the population, by providing a range of goods, such as food, biomass fuel, and medicine; and services such as water. South Africa's ecological infrastructure² also increases resilience to climate shocks, by reducing the impact of extreme weather events such as drought and floods.
- 2. South Africa has come a long way since 1994 in addressing the historical legacy of exclusion, but its transition remains incomplete.** The country's peaceful political transition into democracy is known as one of the most remarkable in the past century. The economy grew on average 2.79 percent from 1994 to 2018. However, given population growth, GDP per capita growth is stagnant or low since 2014. Poverty fell from 33.8 percent in 1996 to 16.9 percent by 2008, but progress slowed in recent years due to structural challenges and weak global growth since the 2008 global financial crisis. High unemployment remains a key challenge for the country, standing at 26.7 percent in the last quarter of 2017. The unemployment rate is even higher among youth, close to 50 percent. One of South Africa's biggest challenge is its high inequality rate, the highest in the world. The current government is acutely aware of the challenges that need to be overcome for accelerating progress and building a more inclusive society. It developed a 2030 National Development Plan (NDP), outlining vision and priorities, and the strategic goals of eliminating poverty and reducing inequality by 2030.
- 3. South Africa's National Development Plan (NDP) 2030 demonstrates strong commitment to environmental and biodiversity protection as a vehicle to address its most crucial development challenge** - accelerating growth while reducing inequality. In support of the NDP, the National Biodiversity Strategy and Action Plan (NBSAP) 2015-2025 promotes the development of a Biodiversity Economy, to encompass businesses and economic activities that either directly depend on biodiversity for their core business or that contribute to conservation of biodiversity through their

¹ The Kruger National Park, for instance, is also a global tourist destination currently receiving almost 1,9 million visitors per year, making it a major economic driver in the Mpumalanga and Limpopo provinces, providing for a wide range of value chain development opportunities in support of rural development.

² Ecological infrastructure refers to naturally functioning ecosystems that deliver valuable services to people, such as water and climate regulation, soil formation and disaster risk reduction. It is the nature-based equivalent of built or hard infrastructure and can be just as important for providing services and underpinning socio-economic development. Ecological infrastructure includes healthy mountain catchments, rivers, wetlands, coastal dunes, and nodes and corridors of natural habitat, which together form a network of interconnected structural elements in the landscape.



activities. The Biodiversity Economy was identified as a crucial engine for socio-environmentally sustainable growth and poverty reduction, especially in rural areas.

Sectoral and Institutional Context

4. **South Africa's system of Protected Areas (PAs) covers an area of about almost 100,000 km² of land area and over 185,000 km² of marine area** (20 percent of the national terrestrial territory, and 12 percent of the marine territory), and includes both formal PAs and informal Conservation Areas (CAs). This vast system of PAs is managed by a range of national conservation agencies such as South African National Parks (SANParks) and the iSimangaliso Wetland Authority, provincial government, and private and communal structures. South Africa harbors world-renown protected areas, such as the Kruger National Park and the iSimangaliso Wetland Park.

5. **South Africa system of PA continues expanding.** Given the ecological and socio-economic relevance of the PA system, and the fact that the current setup does not allow to sustainably manage biodiversity and ecological processes at scale, the Government established a National Protected Area Expansion Strategy (NPAES) in 2008 that presents a 20-year strategy for the expansion of protected areas in South Africa. NPAES sets PA targets, provides maps of key areas for PA expansion, and makes recommendations on mechanisms for PA expansion. The three main identified expansion mechanisms are: i) acquisition of land, ii) contract agreements with private and communal landowners/users, developed through 'biodiversity stewardship programmes', and iii) declaration of public or state land, which involves the reassignment of land to protected area status from another organ of state. Contract agreements are viewed as a cost-effective mechanism for government to adequately conserve land identified as threatened ecosystem or high priority for the achievement of PA targets. Biodiversity stewardship programmes can also contribute to land reform and stimulate rural development.

6. **Protected Areas (PAs) have significant potential to contribute to the Biodiversity Economy and serve as local 'development hubs' by promoting economic activities in the landscape³ they are embedded in.** This is specifically true when considering the tourism sector: in 2016, South Africa received record 10 million tourists – a 12.8 percent increase from 2015 (South African Tourism, 2017), and is expected to be among the world's top 20 destinations by 2020. Most of this tourism is based on nature, particularly PAs. South Africa system of PA combined host over 7 million visitors annually, 75 percent of which are domestic, with a tendency to increase. The Greater Kruger Area alone contributes approximately USD641m to the national economy through tourism (56.2% of this contribution from the private nature reserves), which includes over 21,000 jobs. The contribution of the Greater Kruger Area to provincial-level GRP is USD335m of which 63% is derived from private nature reserves. Through nature-based tourism, PAs have the potential of contributing to the economy, and a multiplier impact on the well-being of people, especially rural communities living around PAs, through the creation of jobs, alternative opportunities for local economic development, education and activism for the protection of the valuable biodiversity of the PA system.

7. **However, South Africa PAs are increasingly under threat,** resulting in adverse impacts on biodiversity and ecosystems they harbor, on the rural population dependent on them, and on the broader regional and national economies. Unsustainable and illegal practices on biodiversity, which are among the main causes of loss and degradation of wildlife, are largely induced by: i) insufficient financing for effective PAs management and to support sustainable rural development; ii) rural poverty, a lack of access to effective and sustainable livelihoods support (such as jobs, business

³ With the term 'PAs landscapes', the project refers to various types of landscapes that lie within and around PAs, encompassing different land uses, from PAs to bordering productive agriculture and forestry areas, to urban settlements. This approach is highly relevant to PAs, as most threats, including population pressure, come from outside their boundaries. This approach also calls for a stronger management present through multi-stakeholder coordination platforms that the project will promote.



support, direct payments from conservation), and the absence of meaningful livelihood alternatives; and iii) fragmented, non-coordinated, and incompatible land use planning and management, leading to suboptimal land use management decisions, such as conversions in favor of non-conservation friendly activities, such as mining, agriculture, and livestock, among others.

8. **A key threat to the integrity of PAs is poverty, leading to overexploitation of natural resources, including wildlife crime through poaching and overfishing.** An estimated 9-12 million people live around PAs, mostly in rural settings, and face high levels of poverty, and high unemployment rates⁴. A significant proportion of this population also depends on natural resources for part of their livelihoods. With lack of access to public goods, social services, credit, markets, and few employment opportunities, these rural communities tend to pose threats to PAs, by being involved in poaching, conversion and degradation of natural habitats, and overexploitation of natural resources. Wildlife crime specifically has broader implications on national security, social disruption, weakening of governance and institutional systems and is a major threat to those PAs who are affected.

9. **The gender gaps in rural communities around PAs represent an additional challenge.** According to Statistics South Africa (StatsSA), 57.2 percent of women were poor in 2015, somewhat more than men (53.7 percent). Women headed households are particularly affected by poverty. Women seem to be particularly disadvantaged in relation to land ownership; between 2005 and 2010, only 36 percent of the beneficiaries of the land redistribution and tenure program were women. The country has relative gender parity in access to primary and tertiary schooling. In fact, a recent study⁵ notes that more girls finish school and enter institutions of higher learning. However, when examining employment statistics, more men are in wage paying jobs, in high paying jobs and in managerial or decision-making positions more so than women. The study also notes that being pregnant or having a baby is one of the main reasons for being out of school among girls aged 15–19. In rural areas, women are more likely than men to be engaged only in non-market activities (subsistence agriculture). Women are thus more likely than men to be doing unpaid economic work. The rate of gender-based violence is high. Addressing the gender gap in rural communities around PAs hold the potential of ensuring greater sustainability of natural resources and granting significant improvements in communities' livelihoods.

10. **Local communities are mostly negatively impacted and realize limited value from living in the periphery of PAs.** Negative impacts include, but are not limited to, loss of land and competition for land (land rights and tenure issues), economic impacts associated with constraints on non-conservation related activities, health impacts associated with the prevalence of diseases, including higher risk of transmission between livestock (including small ruminants) and wildlife, as well as zoonotic diseases transmissible to humans, food security and physical security impacts associated human / wildlife conflict including predation and crop raiding as well as cross-border theft (including stock theft), safety and security, economic and social impacts associated with wildlife crime (and associated crime in villages), and service delivery impacts, in particular in cases where local governments shift resources away from the area due to expectations that PAs can provide services. Many of the communities living around PAs struggle to diversify their existing livelihoods options and find very limited opportunities.

11. **There is strong and unprecedented momentum in South Africa to promote biodiversity conservation-compatible rural development.** President Ramaphosa launched in September 2018 the “Biodiversity Economy Programme”, which seeks to balance biodiversity and natural resources protection with sustainable use for economic development and equitable distribution of benefits. The Department of Environmental Affairs (DEA), SANParks,

⁴ As examples, unemployment exceeds ninety percent in some districts around KNP, and more than 50 percent of 3 million local people have no formal education. Eighty percent of the people living around iSimangaliso Wetland Park and over 50 percent of the people living along the Garden Route National Park live below the poverty line.

⁵ African Gender Development Index (AGDI) study



iSimangaliso Wetland Authority and other PAs authorities have taken strategic decisions to prioritize the promotion of socio-economic development of communities around PAs.

12. **A key pillar of the Biodiversity Economy Programme is focused on the development of nature-based tourism, a key contributor to the country's economy and jobs.** Due to the unique and globally recognized value of biodiversity, nature-tourism is one of the most robust sectors in South Africa, making the country a global player in the highly competitive tourism market. Recognizing this, the Biodiversity Economy Programme also acknowledges the potential role that the sector could play in protecting and enhancing the country's rich biodiversity, while also significantly contributing to the socio-economic development of rural communities through increased participation and awareness. As such, there is a current push for the promotion of more inclusive nature-based tourism development around the PA system so that rural communities historically excluded from commercial opportunities linked to PAs may instead share the benefits of living round these biodiversity hotspots, may be included in the local socio-economic development process deriving from the sector, and become aware and active stewards of biodiversity conservation. As it will be explained in the next sections, the proposed project intends to support South Africa Government's current objectives and efforts, by addressing a specific set of constraints with the potential of enabling aimed-at and tangible results.

Relationship to CPF

13. **The proposed project is strategically aligned with South Africa's Strategic Country Diagnostic (SCD) prepared by the World Bank in consultation with the Government of South Africa.** The SCD explores key development challenges and opportunities for the country and identifies five binding constraints to tackling poverty and inequality: (i) insufficient skills; (ii) low competition and low integration in global and regional value chains; (iii) limited or expensive spatial connectivity and under-serviced historically disadvantaged settlements; and (iv) climate shocks: the transition to a low-carbon economy and water insecurity. The proposed project fits squarely within this framework, by creating the strategic enabling environment for the following: (i) skills enhancement for business development; (ii) increased integration into value chains with potential positive spillovers for local communities; (iii) increased and more affordable services for historically disadvantaged settlements; and finally (iv) by increasing resilience and adaptation to climate shocks through climate-smart business practices and enhanced, less vulnerable rural livelihoods.

14. **The proposed project contributes to World Bank's corporate goals and initiatives.** Specifically, the project aligns with the following: i) the Global Wildlife Program, a US\$131 million global platform led by the World Bank and financed by the GEF to support wildlife conservation; ii) Climate Change Action Plan 2016-2020 ii) and the Africa Climate Business Plan (ACBP), which aims to raise awareness and accelerate resource mobilization for climate-resilient and low-carbon initiatives in Africa, by highlighting on annual basis the initiatives promoted in selected priority areas of intervention; iii) the Integrated Landscape Management (ILM) approach, which recognizes the value of connected natural resource management across different land uses at the landscape level as a basis for enhancing people's livelihoods, security and resilience to climate variability and change; and (iv) WBG Gender Strategy (FY16-23) which seeks to empower women through four objectives: improving human endowments, removing constraints for more and better jobs, removing barriers to women's ownership and control of assets, and enhancing women's voice and agency and engaging men and boys.

15. **The project contributes to the World Bank's Maximizing Finance for Development (MFD) approach.** The approach intends to guide World Bank's efforts to leverage the private sector for growth and sustainable development, by helping countries reserve scarce public financing for those areas where private sector engagement is not optimal or available and maximize development resources by drawing on private financing and sustainable private sector solutions to provide value for money and boost development prospects while meeting the highest environmental, social, and fiscal responsibility standards. The core structure of the proposed project revolves around the ability of being a catalyst for additional finances and capacities for biodiversity conservation and local economic development around PAs. A key



element of this approach is about leveraging sustainable private sector's resources and comparative advantage to support the biodiversity economy, more specifically by increasing the benefits for local communities by making nature-based tourism more inclusive.

16. **The project responds to the objective of GEF Biodiversity Focal Area.** GEF's biodiversity strategy to maintain globally-significant biodiversity in landscapes is supported through inclusive conservation and addressing direct drivers of habitats loss, through improved financial sustainability, effective management, and ecosystem coverage of the protected area estate. The project responds to the Biodiversity Focal Area by meeting two objectives, Objective 1- Mainstream biodiversity across sectors as well as landscapes and Objective 2 - Address direct drivers to protect habitats and species. It also contributes to the Aichi 2020 Targets, specifically, Target 1 and 2 under Strategic Goal A, Address the underlying causes of biodiversity loss by mainstreaming biodiversity across government and society as the project will raise awareness within local communities and governments on the value of wildlife by implementing sharing benefits of a biodiversity-based value chain (Component 2) as well as through the establishment of multi-stakeholder landscape platforms that will promote integration of biodiversity values into national and local development and poverty reduction strategies and processes (Component 1). It will also contribute to Targets 5 and 7 under Strategic Goal B: Reduce the direct pressures on biodiversity and promote sustainable use. Through Component 1, the project will support mainstreaming the shared vision for targeted landscapes which will be based on municipal integrated development plans, local economic development (LED) plans and PA management plans to ensure that biodiversity conservation activities are undertaken. The project will also support mechanisms for PA expansion through the 'biodiversity stewardship programme'. Finally, the project will contribute to Target 11 and 12 under Strategic Goal C To improve the status of biodiversity by safeguarding ecosystems, species and genetic diversity and Target 14 of Strategic Goal D: Enhance the benefits to all from biodiversity and ecosystem services. Component 2 of the project will strengthen local communities' capacity and improve community governance to promote rural development for biodiversity conservation.

17. **The project is expected to be part of the Global Wildlife Program (GWP) Phase II.** Launched during the GEF 6 replenishment cycle and expected to be expanded in a second phase with GEF 7 financing, the Global Wildlife Program serves as umbrella to coordinate and share lessons across projects aiming to reduce illegal wildlife trade (IWT). According to the Program's theory of change, IWT will be reduced if, among other things, efforts are placed into empowering communities in and around PAs to be stewards and beneficiaries of wildlife in its source countries. As such, the GWP promotes the participation and engagement of local communities by increasing the benefits deriving from wildlife conservation and management, as well as from local economic development through activities such as nature-based tourism. Such a mechanism is intended to lower the cost of living near wildlife, while improving livelihoods. In full alignment with the GWP theory of change this proposed project will focus on increasing the benefits that local communities derive from PAs through a series of activities, including: i) conservation-compatible value chains promotion such as sustainable wildlife tourism, ii) the piloting of a Payment for Ecosystem Services (PES) rewarding resource holders for adopting sustainable land uses through 'conservation agreements', iii) financing 'biodiversity stewardship arrangements' for PAs expansion, and iv) improving PA management, ensuring its socio-environmental sustainability and inclusiveness. Increased benefits from PAs will promote improved perceptions about the PAs, and consequently improved behaviors towards its valuable biodiversity.

18. **Contribution to global benefits.** As previously detailed, the current baseline scenario in project areas presents seriously threatened natural habitats and wildlife. Such situation is mainly due to unsustainable and illegal practices – all of which is largely driven by widespread rural poverty, lack of alternatives, and negative perceptions about PAs by local stakeholders. By strengthening management of PAs and promoting opportunities for PA expansion (Component 1), providing new livelihood opportunities through business development (Component 2), and contributing to a change in perceptions (Component 1 and 2), the project will help conserve natural habitats and wildlife of global value, while allowing at the same time these natural assets to realize their economic potential for social development. As such, the



project will deliver a set of globally relevant outcomes, in alignment with the GEF Biodiversity Focal Area (FA). In addition, the significant amount of co-financing that the project is going to crowd-in will ensure coordination of efforts and leveraged developmental outcomes (kindly see Section H. Project Finance for more details).

19. **The project contributes to regional integration by strengthening the management of selected Transfrontier Conservation Areas (TFCAs).** TFCAs are areas that cross international borders, managed separately by national authorities but under a commonly agreed streamlined management plan, with a focus on wildlife conservation. The project will support the Great Limpopo TFCA (Mozambique, South Africa, and Zimbabwe) and the Lubombo TFCA (eSwatini, Mozambique and South Africa), through support to TFCA governance bodies, joint research and law enforcement, and broader local economy development (Component 1).

20. **Contribution to climate change mitigation and adaptation.** South Africa's carbon dioxide emissions of 510 MtCO₂ (1.17 percent of global GHG emissions) contributes significantly to the country's ranking as the 14th largest global emitter and the largest in Africa. Climate change is already having an impact on South Africa, and the negative effects on food and water security, health and livelihoods are disproportionately experienced by the poor, especially women and youth. Climate shocks such as marked increase in temperature, changes in precipitation and drought are expected to become more frequent and extreme. This project will strengthen the adaptive capacity and climate change adaptation and resilience in communities living around selected PA landscapes, primarily through entrepreneurial and business training in conservation-compatible business development. Climate-smart practices, business development, and value chains inclusion will contribute to reduce vulnerability to climate change and improve local communities' adaptive capacity.

21. **The project will contribute to South Africa's NDP objectives:** i) Environmental Sustainability and Resilience through increased landscapes under protection for biodiversity conservation and investment in rural livelihoods; ii) Economy and Employment through reduced unemployment, broadened ownership of assets and increased GDP; iii) Social Protection through training and skills development for income support and improved participatory governance and co-management for more transparent benefit-sharing with marginal communities; and iv) Inclusive Rural Economy through sustainable rural economic development; promotion of inclusive businesses and value chains; and multi-stakeholder engagement among strategic partners (Government of South Africa, NGOs, and private sector), beneficiaries and PAs authorities.

C. Proposed Development Objective(s)

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

Key Results (From PCN)

The project performance toward the PDO will be measured through key outcome indicators detailed below:

- i. Leveraged volume of resources for co-financing amount for implementation the Biodiversity Economy around targeted Protected Area landscapes (US\$);
- ii. Increased number of households in selected PA landscapes with increased monetary and non-monetary benefits from the biodiversity economy (number);
- iii. Communities' perception of Protected Areas living in a PA Landscape, index (Social Assessment for Protected and Conserved Areas methodology);
- iv. Reduced number of poaching incidents of key species (to be defined) (number).



D. Concept Description

22. The project will put forth a new PA management model, comprising of the following key characteristics:
- *Mobilize new sources of finance.* The project will leverage new sources of finance to support viable biodiversity economy businesses to emerge among local communities in PA landscapes, also increasing the benefits deriving from PAs. It will achieve such goal by establishing and capitalizing a Biodiversity Economy Fund (BEF) dedicated to the above-mentioned purposes. The project will also consider leveraging existing initiatives created with compatible objectives, such as the Green Outcome Fund⁶ and the Tourism Conservation Fund⁷. The project will also seek potential sources of financing domestically, including from Treasury, national, provincial and local government departments and agencies, and targeted PAs agencies' budget, consequently contributing to redirect domestic resources towards socio-economic development outcomes.
 - *Catalyze public and private sector resources.* The project will forge strategic partnerships with key stakeholders from governmental departments, to NGOs and the private sector, helping build the bridge between currently unrealized but potentially viable business opportunities at the community/household level and the private sector, while also fostering the development of market-driven, inclusive value chains around PAs landscapes. The project will set up a mechanism to unlock access to finance and markets for businesses in rural landscapes around PAs, by establishing a Launchpad tool which will map private sector operators active in targeted PA landscapes, their interest in making their value chain more sustainable by partnering with local communities, and their jobs and services' needs (more details about the Launchpad will be found in Component 2). Actors which the project will link up to include: Tourism Conservation Fund, Airbnb⁸, concessions holders in and around PAs, philanthropy, actors within the game and fisheries industry, and impact investors.
 - *Increase benefits from PAs to local communities.* The project will put forth a mechanism to significantly increase benefits to local communities, and consequently contribute to change their attitudes towards PAs and its valuable biodiversity. This mechanism will include:
 - i) Support to biodiversity economy businesses: The project will increase benefits from PAs to communities by setting up a system to help them develop business capacities, linkages with finance and markets, while also ensuring these businesses are compatible with biodiversity conservation. The types of businesses that the project will promote are mainly the following: i) tourism: hospitality, marketing, tourism activities, services to the tourism industry (chefs, electricity technicians, etc.); ii) game ranching: animal husbandry, veterinary services, game processing, etc.; iii) forest products: commercial forestry, veld and non-timber forest products; iv) agriculture: agronomy, post-harvest management, processing and commercialization; v) business services: IT (consulting, services, software development and

⁶ The World Bank's Climate Technology Programme has partnered with GreenCape, the Bertha Centre for Social Innovation and Entrepreneurship and WWF South Africa to test an innovative, outcome-based funding mechanism to catalyse investments into small green businesses that contribute to social and environmental outcomes. More info on the Fund here: <https://www.infodev.org/infodev-files/climate-technology-program-in-brief-8-can-outcome-based-financing-catalyze-early-stage-investments-in-green-small-and-growing-businesses-lessons-from-south-africa.pdf>

⁷ The Tourism Conservation Fund is a non-profit company established by Peace Parks Foundation and the Southern Africa Tourism Services Association, established in 2018. More info on the Fund here: <https://tourismconservationfund.org/>

⁸ Airbnb launched in 2018 its Airbnb Africa Academy, a pilot Program focused on connecting emerging entrepreneurs in under-resourced communities with tourism potential in Africa to the tools and skills to succeed on the Airbnb platform. More info here: <https://www.airbnbcitizen.com/south-africa/airbnb-africa-academy/>



programming); (vi) financial services (including insurance brokers, accounting and tax consultant firms); and advertising, communications and marketing; (vii) economic activities mostly relevant for women;

- ii) Establishment and delivery of PES to reward positive behaviors towards the environment: PES aim to stimulate behavior compatible with conservation goals, such as sustainable land management practices and reduced poaching through cash payments normally at the household level (but sometimes also at community level) against measured performance. The project will pilot such a mechanism to reward the adoption of sustainable land and wildlife uses.
- iii) More inclusive PA management. By supporting multi-stakeholders, multisectoral forums and governance mechanisms for enhanced coordination and efficiency in achieving sustainability outcomes, the project will also ensure that management of PAs, including land use planning decisions, will include a more active participation of local communities living in the targeted PA landscapes.

23. Project Components

24. **Component 1. Strengthen multi-stakeholder cross-sectoral collaboration and management in targeted PA landscapes [US\$ 3.3M from GEF]**

1.1 *Strengthen capacity of targeted PA agencies (SANParks, iSimangaliso Wetland Authority) to promote socio-economic development.* This sub-component will enable targeted PA agencies to effectively support business development for local communities and promote PES in targeted landscapes, with a focus on economic opportunities for women and youth. This will include updating the organizational strategy in what refers to socio-economic development, training, coaching, mentoring and South-South exchanges targeted at the agencies' staff. It will also provide trainings to enhance the capacity of identifying viable business opportunities, which is instrumental to promote MSMEs. Trainings will encompass how to prepare analytical studies to identify value chains and business opportunities, opportunity studies for the identified value chains and business opportunities, available and potential markets, needs and gaps assessments. Trainings will build on existing information and sensitize on the need for gender studies identifying economic opportunities for women, and the technical skills required to conciliate domestic labor with economic activities without adding extra time burden. Activities under this subcomponent will include familiarization with a Launchpad tool (more details in Component 2.1), developed through the project to facilitate conservation-compatible rural development and intended to be managed by targeted PA agencies. The sub-component will also build the capacity to undertake focused and effective private sector investments' outreach programs.

1.2 *Promote multi-stakeholder cross-sectoral platforms for collaboration in PA landscapes.* The subcomponent will support the preparation of a shared "landscape vision" based on existing planning instruments (such as municipal Integrated Development Plans, and PA Management Plans), and on discussions with local stakeholders, including provincial and local government, private sector, local communities, civil society organizations.⁹ The subcomponent will build capacity in local community planning processes. The sub-component will support the development of spatial plans to influence land use decisions, coupling optimal land-use planning and design with social evaluation of environmental outcomes, and supporting the integration of PA Management Plans into local, bioregional and

⁹ Including across departments such as the DEA, Department of Rural Development and Land Reform (DRDLR), Department of Cooperative Governance, Human Settlements and Traditional Affairs (COGHTA), Department of Water and Sanitation (DWS), CMAs, Department of Mineral Resources, Department of Agriculture Forestry and Fisheries (DAFF) and others.



regional planning instruments. The sub-component will also promote multi-stakeholder and cross-sectoral platforms to foster collaboration across actors in landscapes, including stakeholder mapping, holding of meetings (including the secretariat of the platform), knowledge exchange visits, and communication; and foster linkages to successful platforms in South Africa (such as that in the Greater Kruger National Park) and in other countries. A coordinated approach towards sustainable and inclusive tourism promotion will be promoted through these multi-stakeholder forums. Finally, the subcomponent will mainstream the use of a Launchpad (Component 2.1) developed through the project to facilitate conservation-compatible rural development in PAs landscapes.

1.3 Implement biodiversity stewardship programmes in targeted biodiversity economy nodes. The subcomponent will be implemented by the South African National Biodiversity Institute (SANBI) and will support the expansion of the conservation landscape by helping secure about 20,000ha of land through the biodiversity stewardship approach, whereby private landowners, including community property associations, voluntarily set aside land for conservation purposes. The subcomponent will also provide technical assistance and extension support to targeted communities and emerging wildlife ranchers on the design of biodiversity-related business opportunities, in the aim of strengthening land management practices, and raise awareness on inclusiveness opportunities in landscape management decision making, while also helping identify business opportunities that are compatible with protected areas. The subcomponent will facilitate knowledge exchanges and sharing of lessons learned among targeted communities and conservation agencies. It will also undertake policy integration of IUCN's Other Effective Area-Based Conservation Measures (OECM) into the existing South African PA policy framework.

25. Component 2. Increase benefits from Protected Areas to local communities [US\$ 5M from GEF]

2.1 Promote Biodiversity Economy business through a Launchpad tool to catalyze resources, identify markets, and link supply with demand for jobs in PAs landscapes. The subcomponent will finance the development of a Launchpad, an online platform managed by targeted institutions (SANParks and iSimangaliso Wetland Authority) and dedicated to the following tasks:

- Facilitate knowledge of available public, private, donor and philanthropic co-financing resources, as well as suitable financing instruments¹⁰ for business development initiatives to emerge among selected local communities and individuals, also beneficiaries of the trainings promoted by this component. This will include a Biodiversity Economy Fund (BEF) established through Component 2.3.
- Business and vocational training to identify, develop and implement business plans. The Launchpad tool will help identify a pool of business plans with concrete potential for development, and business and vocational training needs to meet the demand for jobs posted by private sector partners joining the Launchpad. The subcomponent will facilitate trainings in selected business areas¹¹ and will ensure gender balance. These trainings will generate a conducive environment for local communities and individuals to effectively engage in business development opportunities and benefit from support activities made available by PAs agencies. Trainings will help participants build awareness on the potential of value chains and improve their business literacy through accounting, financial

¹⁰ This will include but will not be limited to: the Department of Agriculture, Forestry and Fisheries LandCare program, the National Empowerment Fund, the Citizen Entrepreneurial Development Agency (CEDA) and local banks and other funding mechanisms (such as investment funds, etc.)

¹¹ As mentioned above, business areas that will be supported through the project include: i) tourism: hospitality, marketing, tourism activities, services to the tourism industry (chefs, electricity technicians, etc.); ii) game ranching: animal husbandry, veterinary services, game processing, etc.; iii) forest products: commercial forestry, veld and non-timber forest products; iv) agriculture: agronomy, post-harvest management, processing and commercialization; v) business services: IT (consulting, services, software development and programming); (vi) financial services (including insurance brokers, accounting and tax consultant firms); and advertising, communications and marketing; vii) economic activities relevant for women.



management (i.e. how to establish local credit and savings groups, which are particularly relevant for women), business development support instruments (i.e. matching grants), entrepreneurship, governance, business plan preparation classes, and environmental management and conservation in relation to PAs. These trainings will stimulate entrepreneurial mindsets among communities, while building awareness on the value of biodiversity conservation and productive landscapes. The trainings will also target established businesses, such as private game farms or lodges among others, on the economic and socio-environmental benefits of increased inclusiveness. Emphasis throughout the subcomponent will be given to women and youth.

- Provide a roster of 'business development services providers'¹² available to provide technical assistance through the various phases of business development, including on choice of technology, market access facilitation, and other domains that will help implementation and link with private sector entities. Among the 'business development service providers', there will be dedicated legal support available to ensure the establishment of fair agreements with other private sector operators.
- Generate a portfolio of private sector, conservation agencies, and other government entities operating in PAs landscapes, interested in establishing partnerships with local entrepreneurs (i.e. through joint ventures in tourism, or local procurement schemes). Clear criteria will be developed for the selection of partners, to ensure conservation-compatibility and social welfare. The Launchpad will include a list of job profiles in demand, and consequently assisting employment seekers and MSMEs to focus their vocational trainings and capacity building to meet such demand and establish a linkage. This will also ensure strengthened demand for local producers and reliability in supply to demanding partners (such as local lodges, supermarkets and public services, such as schools and hospitals), testing preferential procurement of local produce by local municipalities (such as procuring food for municipal schools from local producers), market information sharing, and promotion of certain services in support of value chains, such as marketing, coaching for business development.

2.2. *Pilot a PES scheme.* The project will support the design and piloting of a PES scheme to be implemented in targeted landscapes to reward resource holders for adopting land uses that lead to biodiversity and ecosystem conservation and restoration, including the expansion of PAs through the biodiversity stewardship programme. Examples of such land and natural resources use are rangeland restoration, water supply, wildlife production, sustainable crop production, etc. PES could also finance 'conservation agreements' whereby beneficiaries commit to certain conservation outcomes (in terms of biodiversity conservation and sustainable land management) against monetary incentives, supporting a change in perceptions of PA management by local communities. The details of the PES scheme will be worked out during project preparation and could be part of the design of the Biodiversity Economy Fund (reference to Component 2.3).

2.3. *Establish and capitalize a Biodiversity Economy Fund.* The Fund will provide financing through two windows: i) Window 1 will finance matching grants for viable Biodiversity Economy business opportunities in targeted landscapes; ii) Window 2 will test Payments for Ecosystem Services in targeted PA landscapes. The subcomponent will leverage domestic and international public and private funding (i.e. Green Outcome Fund and the Tourism Conservation Fund).

26. **Component 3. Project Management [US\$ 0.70M from GEF].** This includes funding for the PIUs at SANParks and iSimangaliso Authority, the project steering committee, M&E, social and environmental safeguards application and communications.

¹² The term refers to independent individuals or entities available for provision of dedicated technical assistance to project beneficiaries for the effective development of their business ideas.



| Legal Operational Policies | Triggered? |
|---|------------|
| Projects on International Waterways OP 7.50 | No |
| Projects in Disputed Areas OP 7.60 | No |

Summary of Screening of Environmental and Social Risks and Impacts

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

The Project does not involve activities with a potential to harm the population. The potential adverse impacts on local communities will be minor, site-specific and few and can be managed with the application of appropriate mitigation measures. Key social concerns are related to (1) labor and working conditions of those engaged in the sub-project minor construction works and those directly engaged by the project to provide technical services; and (2) community health and safety related to the minor construction works; and (3) the need to consider the potential escalation of conflicts among stakeholders due to the participatory planning activities.

Note To view the Environmental and Social Risks and Impacts, please refer to the Concept Stage ESRS Document.

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