



PROJECT IDENTIFICATION FORM (PIF)
PROJECT TYPE: FULL SIZED PROJECT
TYPE OF TRUST FUND: THE GEF TRUST FUND

PART I: PROJECT IDENTIFICATION

Project Title:	Strengthening the Capacity of the Protected Area System to Address New Management Challenges.		
Country (ies):	Namibia	GEF Project ID:¹	TBD
GEF Agency (ies):	UNDP	GEF Agency Project ID:	4623
Other Executing Partner(s):	Ministry of Environment and Tourism	Submission Date:	December 20, 2011
GEF Focal Area (s):	Biodiversity	Project Duration:	48 months
Name of parent program (if applicable): For SFM/REDD+ <input type="checkbox"/>	N/A	Agency Fee:	400,000

A. FOCAL AREA STRATEGY FRAMEWORK²:

Focal Area Objectives	Expected FA Outcomes	Expected FA Outputs	Indicative Financing from relevant TF (GEF)	Indicative Co Financing (\$)
BD-1: Improve Sustainability of Protected Area Systems	1.1: Improved Management Effectiveness of Existing and New Protected areas	Increased coverage of threatened ecosystems and threatened species	2,460,000	14,848,724
	1.2: Increased revenue for protected area systems to meet total expenditures required for management.	New protected areas (number) and coverage (hectares) of unprotected ecosystems	1,340,000	
	Indicator 1.2: Funding gap for management of protected area systems as recorded by protected area financing scorecards	PAs meet or exceed their target for reducing the protected area management funding gap and implement sustainable financing plans.		
Project management cost			200,000	1,291,190
Total project costs			4,000,000	16,139,914

B. PROJECT FRAMEWORK

Project Objective: The Protected Area system of Namibia is strengthened and sustainably financed through improving current systems for revenue generation, introduction of innovative revenue generation mechanisms; and cost effective enforcement through application of the Enforcement Economics Model					
Project Component	Grant type	Expected Outcomes	Expected Outputs	Indicative Financing from GEF	Indicative Co Financing (\$)
1. Improving Current Systems for Revenue Generation and Developing New and Innovative Mechanisms	TA	Increased PA financing opportunities for new PAs covering 33,530 sq km and new Communal conservancies covering an area of 30,837 km ² , by developing and implementing new and innovative revenue generation mechanisms Protected Area funding gap (currently at US\$ 14 million) reduced by 50 percent due to	1.1 Automated revenue collection system introduced across the entire PA system to track, monitor, and reconcile PA fees and PA entrances and exits. 1.2 Fee and licensing structure revised and diversified (game products and game fishing), and licensing fee collection system strengthened. 1.3 Other opportunities explored including <i>bioprospecting, user fees, ear marked taxes,</i>	1,340,000	4,501,085

		systemwide automation and reconciliation of revenue collection, implementation of revised fee and licensing structure and exploring unexploited revenue opportunities (Increase in revenue measured by the Protected Area financing score card)	corporate donations, voluntary contributions, cause related marketing. ³		
2. Cost Effective enforcement through application of sound Enforcement Economics principles	TA	<p>Effective enforcement in PAs and deterrence of biodiversity-related crimes over a PA estate area of 136,796 km² and an area of 123,347 km² comprising Communal Conservancies.</p> <p>Measured by</p> <ul style="list-style-type: none"> - a maintenance throughout the project period of <u>no net increase</u> in poaching over ten year historical average; - the rate of success of enforcement (detection, arrest, prosecution, conviction) of wildlife crimes <p>Output indicators that measure the effectiveness of each step of the enforcement chain to be developed during the PPG phase.</p>	<p>2.1 A state of the art detection and enforcement system in place with a harmonized enforcement chain and a platform for information sharing and intelligence gathering among customs, policy, army, parks, communities and wildlife authorities</p> <p>2.2 Registration system in place that is in line with CITES for wildlife owned by private persons and in PA system.</p> <p>2.3 Game patrols, rangers, community members and other relevant staff trained on sophisticated enforcement schemes; multifaceted arrangements with Interpol, NAMPOL and CITES Permitting and Enforcement institutions, etc.</p> <p>2.4 Appropriate mechanisms and incentives in place to report wildlife crimes, (e.g shorter lag time between detection and prosecution) and disincentives for wildlife poaching – penalties and mechanisms for prosecuting wildlife crimes including those committed by nationals of other countries in place</p>	1,510,000	6,638,229
3. Integrated Fire Management		<p>Effective Fire Management leading to reduced degradation of wildlife habitats</p> <p>Indicator:</p> <ul style="list-style-type: none"> o 50% decrease in severe fire incidence over an area of 30 874 km² (Etosha National Park, Mamilli, Mudumu and Bwabwata NPs and neighbouring conservancies) <p>(Baseline to be determined during PPG stage)</p>	<p>A landscape approach to fire management in place including</p> <ul style="list-style-type: none"> • An early warning system successfully detecting fire incidence and severity in protected areas • Fire prevention activities such as prescribed burning, fire suppression and rehabilitation of damaged areas. • Neighbouring landholdings sharing the cost of managing fire such as information sharing, monitoring of fire occurrence and severity, prescribed burning and maintaining fire breaks. • Capacity emplaced in local communities for integrated fire management: adapted land use reduces fire risk during late dry season 	950,000	3,709,410
Project management cost				200,000	1,291,190
Total project costs				4,000,000	16,139,914

C. INDICATIVE CO-FINANCING FOR THE PROJECT BY SOURCE AND BY NAME IF AVAILABLE, (\$)

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Amount (\$)
Government	Ministry of Environment and Tourism	Cash	15,008,000
Implementing Agency	UNDP	Cash	500,000
Non-Governmental Organizations	Game Product Trust Fund	Cash	301,785
Non-Governmental Organizations	WWF-US, USFWS RT	Cash	330,129

³ These are some of the options that were identified in the sustainable financing plan for Namibia's Protected Area system; February 2010

Total Co-financing			16,139,914
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D. GEF RESOURCES REQUESTED BY AGENCY (IES), FOCAL AREA (S) AND COUNTRY (IES)

GEF AGENCY	TYPE OF TRUST FUND	FOCAL AREA	Country	Project amount (a)	Agency Fee (b)²	Total c=a+b
UNDP	GEF	Biodiversity	Namibia	4,000,000	400,000	4,400,000
Total GEF Resources				4,000,000	400,000	4,400,000

PART II: PROJECT JUSTIFICATION

A. DESCRIPTION OF THE CONSISTENCY OF THE PROJECT WITH:

A.1.1. THE GEF FOCAL AREA STRATEGIES:

Namibia has made impressive strides to enhance the management effectiveness of the PA estate with substantial investments from Government, the GEF and other development partners. Financing for PAs has also significantly increased. However, the PA estate faces new challenges. The estate is now larger due to new proclamations—increasing the financing needs. Poaching in neighbouring countries, particularly South Africa; poses a serious threat to Namibia. Recent fire outbreaks have devastated parts of Etosha National Park, Namib Naukluft National Park and some private and communal conservancy areas. Important fauna and flora were lost including rhinos and elephants. The enforcement system, though dedicated, is not operating at a cost effective level. There is, therefore, need to further cement PA finance to meet total expenditures required to address these new demands, and to improve the efficiency of enforcement. Improved enforcement and fire management is in line with the BD Focal Area Objective 1, *Outcome 1.1: Improved Management Effectiveness of Existing and New Protected areas*. By focussing on increasing revenue for the protected area system to address new challenges, and addressing the cost side of the PA finance equation, this project also specifically addresses *BD Focal Area Objective 1, Outcome 1.2: Increased revenue for protected area systems to meet total expenditures required for management*.

A.2. NATIONAL STRATEGIES AND PLANS OR REPORTS AND ASSESSMENTS UNDER RELEVANT CONVENTIONS, IF APPLICABLE, I.E. NAPAS, NAPS, NBSAPS, NATIONAL COMMUNICATIONS, TNAS, NIPs, PRSPs, NPFE, ETC.:

The project was selected after comprehensive GEF 5 Prioritization consultations. The initial consultation that took place on 20 May 2010 identified a need for strengthening enforcement and improved collaboration with law enforcement agencies in the country and sub-region to more effectively address poaching. At the 2nd consultative meeting that took place on 18-24 August 2010, participants stressed the need to address the gaps identified in the sustainable financing plan for Namibia's Protected Area system. Recent fires in protected that destroyed wildlife and vegetation prompted Government to allocate some of the GEF funds to strengthening fire detection and management in PAs.

The role of PAs in biodiversity and ecosystem conservation is recognised in the *Strategic Plan for 2007–2008 and 2011–2012 of the Ministry of Environment and Tourism (MET)*. In Strategic Plan Theme 3 it is stated that the MET will: Manage and develop protected areas, critical habitats and animal species to preserve biological diversity and ecosystems for use by present and future generations of Namibians and to generate global benefits. Furthermore, the *National Development Plan III* recognises the role of PAs in biodiversity conservation and sets targets for PA management. These include an increased number of management plans approved and implemented, an increased number of parks being managed well, an increased number of parks with improved infrastructure and an increased number of wetland and/or marine parks.

The project is also in line with *Vision 2030* that aims to advance sustainable management of wildlife and tourism for the social and economic well being of the people of Namibia. Specific strategies related to the project include: (a) Improving and accelerating income-generation on conservancies to lessen dependency on Government and other providers of support (b) Facilitating opportunities for people to derive economic value from wildlife species that impact on farming and livelihoods and updating State-owned park management and tourism development, while placing strong emphasis on high-value, low-impact tourism.

B. PROJECT OVERVIEW:

B.1. DESCRIBE THE BASELINE PROJECT AND THE PROBLEM THAT IT SEEKS TO ADDRESS:

1. Namibia is well known for its species richness, habitat diversity, biological distinctiveness, and as an endemism hotspot for many species, especially mammals, birds, and amphibians. Over twelve globally recognized eco-regions are found in the country - including *Angolan Mopane woodlands; Zambebian flooded grasslands, Succulent Karoo, Nama Karoo, Desert and Tree and Shrub Savannah* to mention a few. Namibia also occupies a strategic location in terms of transboundary conservation, bordering biodiversity rich areas of countries such as Botswana, Zimbabwe, Zambia and Angola, and offering a refuge for endangered species such as black rhino and cheetah. Approximately 75 percent of the mammal species richness of Southern Africa exists in Namibia, with 14 endemic species. Twenty-eight different vegetation types are currently recognised, many of which are wholly unique to Namibia or to the southern African sub-continent. These biomes are storehouses of over 4,000 species and subspecies of higher plants and 658 species of birds, of which approximately 30% is migrant. 217 species of mammals are found including unique arid adapted varieties of desert-dwelling rhino and elephant.

2. Over the last ten years the Government of Namibia has established an impressive system of state-managed Protected Areas, comprising 20 game parks and nature reserve sites. (*See detailed map in Annex 2*). A strong community-based conservancy programme⁴ has also been

⁴ A Communal Conservancy is a management unit with legal rights granted by Government to designated local communities to utilise and manage wildlife and other natural resources⁴. Communal Conservancies acquire group accountability for stewardship of these resources, as well as exclusive rights and responsibilities with regard to consumptive and non-consumptive use management, with permissible activities including tourism, trophy hunting and game sales.

established. Wildlife conservancies, which particularly benefit the rural, generally unemployed, population, have become one of the fastest growing areas of economic development in Namibia. Most conservancies and private reserves cater simultaneously to conservation and productive uses of land, such as livestock husbandry and farming. They act as buffers to the State PA system, providing a transition zone from more intensive to less intensive land uses.

In addition, an estimated 10-20 percent of Namibia's private land (freehold land) is dedicated to wildlife management. Land use in these areas is propelled by the demand for wildlife tourism and trophy hunting, and local demand for venison. There are 400 registered commercial hunting farms, ranging in size from 30-100 km². National legislation does not currently provide for the creation of private reserves. Nevertheless, private landholders have established 140 'private reserves' covering an area of 7,600 km².

Type of PA	Protected Areas	Communal Conservancies	Concession areas	Free hold wildlife units	Community forests
% coverage of total area	16.7%	17.4%	0.8%	6.2%	0.3%
Management Arrangement	Managed and controlled by the State to provide refuge for important wildlife	Legal rights granted by Government to designated local communities to utilise and manage wildlife and other natural resources	State	Privately managed to cater to conservation and production uses of land	Community managed

3. In February 2010, the Government developed a sustainable financing plan for the protected area system. Total annual income from Protected Areas is US\$ 11 million. Government's budget allocation to the MET is the main source of funding for protected areas. Over the last six years, the Government has invested over US\$ 96 million. From 2004 to 2010, the annual budget for park management and development increased by an impressive 300 percent. The Ministry of Finance has also ear-marked 25 percent of the park entrance revenue to be reinvested in park and wildlife management through a trust fund, providing up to \$2 million in additional sustainable financing per year. Other sources of funding include another US\$2 million per annum from hunting concession fees generated by the parks through the Game Products Trust Fund (GPTF) and a US\$ 66.96 Millennium Challenge Account with US\$ 40.51 million as direct investment in Etosha National Park infrastructure. Since the National Policy on Tourism and Wildlife Concessions on State Land was passed, more than 20 new tourism and hunting concessions were approved, generating over \$1 million per year as fees payable to the Government. A majority of these concession rights in protected area granted to communities neighboring these areas, thus directly benefiting local people from revenue and jobs created from the concessions. Park business plans have been developed for six national parks, enabling the park managers to define costs and identify and execute ways to meet those costs.

4. Namibia has also been a beneficiary of substantial catalytic investments from the GEF, and other development partners. One of the most notable achievements of the UNDP-GEF supported SPAN project⁵ is the expansion of the protected area estate. The proclamation of Sperrgebiet, Babwata and Mangetti National parks has led to increased representation of the *Succulent Karoo* and *Broad leaved Tree and Shrub savannah*. The project also supported Government to (i) improve the policy and legal framework for PAs; for example to finalize the *Parks Wildlife Management Bill*, the *Human Wildlife Conflict Management (HWCM) policy*; the policy on *National Policy on Protected Areas, Neighbours and Resident People* (ii) improve institutional capacity and mechanisms concerning PA management for example, supporting specialized training and capacity building courses to enhance PA management including collaborative PA management, law enforcement, first aid rescue course, and development of strategic and park management plans; and (iii) put in place management and tourism development at four major parks. The NACOMA⁶ project supported development of coastal environmental profiles to guide municipalities and town council on development; development of regulations for Dorob National Park and tourism development plans in coastal parks. Last but not least, the ICEMA⁷ project enabled reintroduction of game to some communal conservancies to boost tourism opportunities, development of management and tourism plans, capacity building in governance and financial management in targeted conservancies; and infrastructure development in selected conservancies such as offices and cold rooms for meat harvesting.

5. Despite the above impressive achievements, a number of **new** management challenges remain: -

- **Poaching.** Since the establishment of conservancies, poaching in Namibia decreased substantially. The Namibian white rhino (*Ceratotherium simum simum*) and black rhino (*Diceros bicornis bicornis*) populations had recovered⁸. However cases of elephant poaching and trade in elephant products have been recently been recorded in the northeast. In November 2011, the first black rhino poaching case in 17 years was reported in the Kunene Region. This, according to rhino watchers, was inevitable given the surging rhino poaching in neighbouring South Africa, with close to 400 reported cases this year alone; including a recent confiscation of 33 rhino horns, 758 ivory chopsticks and 127 ivory bracelets hidden in Hong Kong in a container shipped from South Africa.⁹ As South Africa tightens up its security, there is a growing concern that the rhino poaching will now spill over across the border to Namibia (and other neighbouring countries) to feed the growing demand for rhino horns. In June 2011 Swaziland lost its first rhino to poachers in 20 years. Namibia is particularly vulnerable to this threat and there is need for an ex ante and proactive response as it would be more cost effective to install systems ex ante than react on the back foot later.
- **Fire Outbreaks in Protected Areas:** In September and October 2011, fire outbreaks in Etosha National Park, Namib Naukluft National Park and on private and communal land destroyed close to 370,000 hectares of vegetation and killed 25 black rhinos, 5 white rhinos, 11

⁵ Strengthening the Protected Area Network project

⁶ Namibia Coastal Conservation Management project funded by GEF, World Bank and others

⁷ Namibia Integrated Community-Based Ecosystem Management project funded by GEF, World Bank and others

⁸ Brodie, J. F., Muntifering, J., Hearn, M., Loutit, B., Loutit, R., Brell, B., Uri-Khob, S., Leader-Williams, N. and du Preez, P. (2011), Population recovery of black rhinoceros in northwest Namibia following poaching. *Animal Conservation*, 14: 354–362.

⁹ <http://www.voanews.com/english/news/africa/southern-Hong-Kong-Customs-Snares-Record-Cache-of-Rhino-Horns-Ivory-133886863.html>

elephants, 60 giraffes, 30 kudu and 3 lions. (Estimated to be worth US\$2.3 million)¹⁰ The fire management infrastructure in the affected PAs was inadequate to stop the fires, therefore, the *Namibian Defence Force* had to be brought in to stop the fire. While the MET recognizes the important role of fire in the ecosystem, most of the fires are as a result of uncontrolled fire burning practices. It is, therefore, important that an integrated fire management strategy is put in place and fire frequency and intensity as well as fire burning practices by communities near PAs is managed.

6. The current financing plan for the PA system, though impressive, is not adequate to address the aforementioned new management challenges. One of the main reasons for this is that the protected area estate has recently expanded by an additional 33,530 sq km with the gazettement of the *Sperrgebiet*, *Mangetti* and *Dorob* National Parks covering 22,000 km², 420 km² and 8 118km² respectively. There has not been, however, a corresponding increase in PA financing to manage these new *areas*. The network of *Communal Conservancies* on communal lands has also expanded by an additional 30,837 sq km with more than 66 new conservancies registered to date. However, the conservancies are not realising their full financial potential. Most conservancies are generating income from extractive consumption such as trophy hunting and game meat, but they have not been able to access other available revenue opportunities. It is important to support them to diversify the revenue generating mechanisms by raising awareness of other revenue generating options and assisting them to access them. Further investment in the protected area system is therefore, critical to address these new challenges and ensure sustainability of the entire PA estate and conservation of the globally significant biodiversity within them.

7. There are however, some existing barriers that would need to be overcome: -.

Barrier	Analysis/Elaboration
Inadequate Revenue Generation mechanisms and Unexploited Revenue Opportunities	<p>An in depth analysis of PA financing identified the estimated financing gap for the protected area system under two expenditure scenarios. (See table 2) Results show the protected area-financing gap is in the order of US\$1.1 million per annum for the <u>minimum expenditure scenario</u> to maintain the status quo. The status quo implies that the current protected area system under a minimum-financing scenario could be self-financing through access to a greater proportion of the revenues from entrance fees. However, revenue invested into the GPTF is not exclusively accessed by the MET but rather all initiatives for conservation of biodiversity. The financing gap under the <u>optimal expenditure scenario</u> is in the order of US\$ 14 million per annum. The optimum expenditure scenario is the desired scenario to achieve sustainability of Namibia's protected area system. The vision for this scenario includes, among other things the development of revenue-generating tourism concessions in many of the parks, automated revenue collection systems, a restructuring of the licensing system to capture hitherto unexploited sources. It is anticipated that a total of 77 new concessions will need to be developed in the parks over the next 20 years. The benefits associated with these include employment, direct and indirect contribution to Gross National Income, rentals and park fee incomes and taxes</p> <p>Secondly, current systems for revenue generation and collection are inadequate. There is no automated system for revenue collection at the park gates, which allows for human error. Better cash reconciliation process and guest tracking systems are needed Opportunities for maximizing revenue from the PAs – particularly gate fees are currently not being exploited. Collection is manual, and often, in the case of large tour groups, nationalities are not checked, enabling significant numbers of people to enter the park at a lower visitor fee than they should pay. Secondly, park fees are too low – not commensurate with market value. The differentiated price system for foreign vs. domestic tourists and frequently vs. infrequently visited parks is not monitored. Thirdly, concession fees are not market-based. This is particularly true for Namibia Wildlife Resorts, which operates accommodation facilities in prime concessions in protected areas but does not pay fees to the state or re-invest in park management. A study conducted in 2009 showed significant un-captured willingness to pay by visitors to Etosha. There is also room to adjust fees in the areas of fishing and other recreational activities. Finally, conservancies have the potential to bring in a great deal of financing for biodiversity, but their potential has so far not been fully exploited. Furthermore, conservancies have very limited access to financial resources required to set-up or put-up investments; and they have limited capacity to operate/initiate joint ventures. There is therefore a strong need to support conservancies to become the businesses they can be – through deal flow identification and facilitation, connecting financing opportunities and financier (investment flow).</p>
Inefficient Enforcement	<p>The PA threats profile has been stretched by sophisticated new players as well as advanced techniques being utilised in both wildlife trade and poaching. Current capacity for enforcement, though reasonable, has not yet caught up with the current technology. There is very limited communication with other law enforcement agencies in the country such as the police, customs, border posts, parks and wildlife and the army. This means that while some parts of the enforcement chain might be strengthened, the others remain weak links and therefore weaken enforcement overall.</p> <p>Penalties for biodiversity-related crimes are still very low and thus do not offer a disincentive for repeat crimes. There is no registry of wildlife owned by private persons, therefore there is a possibility that selling of endangered species could be happening and CITES rules are being broken. There is a need therefore, to strengthen the entire chain of enforcement. This is particularly true for white rhinos that are privately owned. There is a need to take stock of animals and rhino horn stockpiles in private hands to keep track of their numbers to avoid these legal horns from entering the illegal market</p>

¹⁰ <http://allafrica.com/stories/201110141054.html>

Inefficient fire management	Protected areas in Namibia expect an increase in fire occurrence as a result of climate change. However, most protected areas do not have a fire management strategy in place. Although fire outbreaks are regarded as a natural phenomenon in the ecosystem, fires are being allowed to burn too frequently during the very hot season, and as a result they have become destructive to the ecosystem. Equally challenging is the fact that most protected areas are too small or fenced off and thus unable to allow wildlife movement during and after the fires. Due to the mosaic vegetation in the country, each protected area requires a fire management plan.
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B. 2. INCREMENTAL /ADDITIONAL COST REASONING: DESCRIBE THE INCREMENTAL GEF TRUST FUNDS AND THE ASSOCIATED GLOBAL ENVIRONMENTAL BENEFITS TO BE DELIVERED BY THE PROJECT:

The global environmental benefits to be delivered by the proposed project relate to the global importance of Namibia's biodiversity. Namibia lies at the heart of the species-rich Namib-Karoo-Kaokoveld Deserts Ecoregion (WWF Global 200 Ecoregions). The Namibian part of this Ecoregion includes the Sperrgebiet and Namib Escarpment, which are both considered globally significant "biodiversity hotspots." The Sperrgebiet is part of the Succulent Karoo biome, the world's only arid hotspot. The Sperrgebiet holds an extraordinary level of succulent plant diversity, sustained by the winter rainfall patterns and the sea fog characteristic of the southern Namib Desert. The Namib Escarpment runs up the spine of Namibia from south to north and is part of Africa's "great western escarpment." Its northern Kaoko section, in particular, is home to a vast array of endemic plants and animals. The northeastern part of Namibia falls within the Zambezian Flooded Savannas Ecoregion. This ecoregion also enjoys a high concentration of large vertebrates. Furthermore, remarkable species diversity and a high level of endemism exists in Namibia due to its central position in Africa's arid southwest and its history as an evolutionary hub for certain groups of organisms like melons, succulent plants, solifuges, geckos and tortoises. There are 275 species or more Namib Desert endemics shared between northern Namibia and southern Angola and between southern Namibia and northwestern South Africa. 13 endemic avian species have been recorded, and 6 endemic mammal species. They include the Mountain Zebra, rodents and small carnivores, as well as unique desert-dwelling rhino and elephants. Namibia also hosts the world's largest population of cheetah (with a healthy gene pool). About 35% of the roughly 100,000 known southern African insect species occur in Namibia. Twenty-four percent of the insect species are endemic. Among the arachnids, 11% of spiders, 47% of scorpions and 5 % of solifuge species are endemic. Birdlife International has identified 19 Important Bird Areas (IBAs) and four Endemic Bird Areas. Last but not least, five Ramsar sites have been designated in Namibia: Orange River Mouth, Sandwich Harbour, Etosha Pan, Lake Oponono & Cuvelai Drainage, and Walvis Bay.

The GEF funding will provide greater conservation security by addressing new management challenges such as fire and poaching that, if left unchecked, will erase recent conservation gains and result into loss of the aforementioned global environmental benefits. This will be achieved through three complementary components: -

- Improving Current Systems for Revenue Generation and Developing New mechanisms for revenue generation
- Cost-effective law enforcement through applying sound principles of the Enforcement Economic Model
- Integrated Fire Management

Component 1: Improving Systems for Revenue Generation and Implementing New and Innovative Revenue Generation Mechanisms

This component will improve current systems of revenue generation and support the development and implementation of new and innovative revenue generation mechanisms and hitherto unexploited PA finance opportunities for state-managed PAs covering 33,530 sq km and new communal conservancies covering an area of 30,837 km². (See table below).

Table 1: ESTIMATED INCREMENTAL PA FINANCE WITH GEF FUNDING (in US\$ millions)

<i>Current PA Finance Structure</i>	<i>Annual Income</i>	<i>New PA Finance Opportunities</i>	<i>Projected Income over 5 years</i>
Government Budget	25.5	Voluntary Payments/Corporate Contributions	10.0
Park Entrance Fees	2.0	Automated revenue collection systems	20.0
Game Products Trust Fund	2.0	Restructuring the licensing system to capture hitherto unexploited sources,	21.0
Enforcement costs	24.0	Cost Effective Enforcement Savings	12.0
20 Tourism Hunting Concessions	7.6	New concessions/Royalties	55.0
Revenue from Conservancies	5.0	Opportunities for New Conservancies	8.0
Millennium Challenge Corporation	11.5		

Source: Adopted from the Sustainable Financing Plan for Namibia's PA system - Protected Area Financing Gap (February 2010)

Support will be given to the MET to set up a Protected Areas Finance planning unit. The Unit will among other things be charged with introduction and implementation of an automated revenue collection system across the entire PA system to track, monitor, and reconcile PA fees and PA entrances and exits; revision and diversification of the fee and licensing structure for recreational activities including game products fishing, hunting, including strengthening the licensing fee collection system; exploring other opportunities including *bioprospecting*, *user fees*, *ear marked taxes*, *corporate donations*, cause related marketing; using existing economic evidence to motivate for continued and new funding for parks; reviewing and updating park fees based on proper analysis of demand and re-evaluation of needs and objectives; establishing a secure and non-intrusive system for eliciting voluntary payments in which voluntary payments are explicitly made into a trust fund or chosen project fund, (See table 3 for more details on the action plan)

Last but not least, this component will support new communal conservancies to develop and implement business plans based on tested business models. Specifically conservancies will be supported to identify and facilitate deals that connect them with financing opportunities and financiers. One possible solution that will be explored is to cluster a group /number of conservancies together to make marketing of a total

package easy so as to provide a better and more attractive package. The main outcome of this component will be a reduction of the protected Area funding gap (*currently at US\$ 14 million*) by 50 percent. The reduction in funding gap will be measured and monitored by protected area financing scorecards (*Indicator 1.2 of the BD Focal Area Strategy*).

Component 2: Cost Effective Enforcement through Application of Sound Principles of Enforcement Economics

The *Enforcement Economics Model* shows enforcement as a holistic system whose overall effectiveness is dependent on the effectiveness of each of its component parts. The model also reflects the fact a simple increase in enforcement/compliance actions is not an appropriate indicator of improved performance. Rather, it is the *success rate* of each of the discrete actions comprising the enforcement “chain” that is the true indicator of improved effectiveness of each step of the system, and therefore of the system overall. Therefore, enforcement systems are only as strong as their weakest link. Furthermore, for the system to be considered efficient and cost effective, there is need to determine the minimum amount of enforcement needed to maximize deterrence. Finally, the longer the time between detection and imposition of a fine, the lower the value of the fine – If it takes two or more years to prosecute a poacher, this will effectively diminish the value of a fine as a deterrent to insignificant levels. To the extent that an enforcement process is time-consuming, the system is less effective in deterring illegal acts.

The components parts of Namibia’s enforcement system include among others, Park ranger/Guards, Police, Customs, Border posts, local communities, parks and the National Armed Forces. If, for example, the Parks have strong enforcement systems, but the customs and border posts are not made aware of the wildlife crimes, it is likely that illegal wildlife trading will continue. When any element of the enforcement chain is weak, it weakens the entire system. Focusing investment on increasing enforcement agents and vehicles, alone will be very costly and it will not strengthen the enforcement system. While investing millions in agents and equipment may raise the probability of *detection* substantially, the impact of this improvement on the overall enforcement will be negligible if, for instance, prosecution rates continue to be very low. Therefore it is important to invest resources so that the success rates of the weakest links in the enforcement system are improved. These weak links need to be identified and monitored frequently.

This component will support application of the sound principles of enforcement economics in PAs and deterrence of biodiversity-related crimes over a PA estate area of 136,796 km² and an area of 123,347 km² comprising Communal Conservancies. A new and improved state of the art detection and enforcement system that comprises intelligence, interception and prosecution will be put in place with a harmonized enforcement chain and a platform for information sharing and intelligence gathering among customs, policy, army, parks, communities and wildlife authorities (including Interpol, NAMPOL and CITES Permitting and Enforcement institutions through multifaceted arrangements). This national intelligence gathering platform will include a database will connect information from the police, Protected Resource Unit, local communities, wildlife, and customs officials to ensure that offender and wildlife crimes do not slip through the cracks. Also to be put in place is a registration system for wildlife owned by private persons that is in line with CITES. Enforcement economics will be employed to determine the optimum level of deterrence and prosecution that would ensure that wildlife crimes do not occur again. Output indicators that measure the effectiveness of each step of the enforcement will be developed and monitored. The indicators will focus on the activities that an enforcement regime engages in, rather than on the resources that enter the system. The component will also support training of all enforcement departments (including Game patrols, rangers, and community members) on sophisticated enforcement schemes; Last but not least, the component will support implementation of appropriate incentives for reporting wildlife crimes (*e.g. shorter lag time between detection and prosecution*), and disincentives such as high penalties for wildlife crimes including those committed by nationals of other countries. The success of this component will be measured by a maintenance throughout the project period of no net increase in poaching over ten year historical average and the rate of success of enforcement (detection, arrest, prosecution, conviction) of wildlife crimes

Component 3: Integrated Fire Management

This component will support a paradigm shift from reactive fire fighting to an integrated fire management system. Integrated fire management comprises of fire prevention activities, prescribed burning, fire detection, fire suppression and rehabilitation of fire damaged areas. There is a likelihood that fire outbreaks within PAs will increase in intensity and frequency as a result of climate change (more hot days, less humidity). This component will therefore provide support for practical adaptation approaches to manage the likelihood of fire outbreaks. Communities will be supported to adapt prescribed burning taking into consideration risks in frequency and timing, fuel loads, changing wind patterns and other climate induced variables. Early burning, for example, could reduce fuel load to prevent hot fires late in the year. Fire suppression and rehabilitation of damaged areas will also be supported

Each PA will be supported to develop a fire management plan to be incorporated in their overall PA management plans. Furthermore, an early warning system successfully detecting fire incidence and severity in protected areas will be put in place. Capacity will be emplaced in PA staff and local communities for integrated fire management (including training manuals). Since some of the protected areas are small in size, unilateral fire management will be more costly. Therefore, a landscape approach to fire management will be implemented including neighbouring landholdings sharing the cost of managing fire such as information sharing, monitoring of fire occurrence and severity

The success of this component will be measured by a *50% decrease in severe fire incidence over an area of 30 874 km² (Etosha National Park, Mamilli, Mudumu and Bwabwata NPs and neighbouring conservancies* through effective fire management, leading to reduced degradation of wildlife habitats

Choice of Project Approach: This approach was chosen because it enables Government to fully address the PA financing gap under the optimum expenditure scenario (See Table 2 below) This vision includes, among other things, the development of revenue-generating tourism concessions in all the parks, putting in place system wide automated revenue collection systems, a restructuring of the licensing system to capture hitherto unexploited sources of PA revenue. Incremental benefits would include income from new concessions, increased consumptive value of wildlife stocks, and increased income that arises due to the additional capital and operating costs incurred over the next twenty years.

Table 2: ESTIMATION OF THE FINANCING GAP FOR THE PROTECTED AREA SYSTEM UNDER TWO EXPENDITURE SCENARIOS (IN US\$ MILLIONS)

(Constant 2008 prices, US\$ millions)	Minimum expenditure scenario to maintain the status quo			Optimal expenditure scenario to achieve the Vision		
	2008-2012	2013-2017	2017-2022	2008-2012	2013-2017	2017-2022
(i) Estimated financing needs for management costs and investments to be covered	91.2	91.2	91.2	158	110	110
(ii) Projected revenues (over 5 year period)						
Entrance fees (current estimate + 5% growth rate)	34	44	56	34	44	56
Concessions	1.2	1.2	1.2	11.8	25.4	35
Live sales & other	1.4	1.4	1.4	1.4	1.4	1.4
Total projected revenues	36.7	46.1	58.3	47.3	70.4	92.3
(iii) Amount of PA generated revenues retained in the PA system for re-investment	9.6	12.3	15.3	9.6	12.3	15.3
(iv) Total government budget (incl donor funds)	76	76	76	81.3	81.3	81.3
(v) Financing gap for 5-year period	5.2	2.9	-0.1	67	17	14
(vi) Estimated average annual financing gap (financial needs – available finances)	1.1	0.6	-0.02	14.4	3.4	2.7

Source: Sustainable Financing Plan for Namibia's Protected Area System (February 2010)

An alternative approach would have been settling for the minimum expenditure scenario to maintain the status quo. The Government would continue to manage the PA system in a manner that does not address new threats. The additional area of PA estate totaling 30,538 km² would remain under inadequate management. Risks of fire outbreaks will remain and so will the danger of more wildlife being killed. The protected area-financing gap of US\$ 14 million per annum will remain and revenue opportunities for both the PA and conservancies will continue to remain unexploited. Enforcement agencies will continue operating without talking to each other and weak links will remain.

B.3. DESCRIBE THE SOCIOECONOMIC BENEFITS TO BE DELIVERED BY THE PROJECT AT THE NATIONAL AND LOCAL LEVELS, INCLUDING CONSIDERATION OF GENDER DIMENSIONS, AND HOW THESE WILL SUPPORT THE ACHIEVEMENT OF GLOBAL ENVIRONMENT BENEFITS (GEF TRUST FUND)

The main direct use values associated with the protected area system are derived from tourism activities. Tourists visiting protected areas spend money both within and outside them. This generates value added in the tourism industry, and further value added for the Namibian economy as a whole through linkage and multiplier effects. Some 20% of this income accrues to low-income segments of the population through wages, through returns to enterprises, and through rentals and royalties. With further investment in the PA system, the benefits to communities will increase. Important infrastructure developments benefiting locals and visitors alike will be developed. For instance, through backward linkages, wholesale and retail businesses will be established near protected areas to offer various goods to the tourist industry. Tarred roads and other communication facilities will be developed in partly to facilitate tourism development. Last but not least, communities/conservancies will be further rewarded for stewardship of wildlife resources.

Institutional and Financial sustainability: This project is building on a strong baseline. There have already been substantial policy and institutional reforms supported by previous projects. Second, there is a commitment by government to the on-going investment in the PA system and conservancies. The Government has recently approved a new structure that provides for decentralisation by creating senior positions in the regions to improve on decision-making and management effectiveness. Third, the project has financial sustainability written into it—addressing finance and new management challenges simultaneously. The project is also ensuring cost effectiveness by building response capacity ex ante, rather than being reactive, and also addressing the weakest links in the enforcement system. Last but not least, this project is part of a package of PA investments in Southern Africa supported by UNDP GEF; UNDP will ensure linkages and knowledge transfer between projects

B.4. INDICATE RISKS, THAT MIGHT PREVENT THE PROJECT OBJECTIVES FROM BEING ACHIEVED, AND IF POSSIBLE, PROPOSE MEASURES THAT ADDRESS THESE RISKS TO BE FURTHER DEVELOPED DURING THE PROJECT DESIGN:

RISK	RATING	RISK MITIGATION MEASURE
Rhino poaching may spiral out of control spilling over faster than anticipated, resulting in a reduction of budget allocations to PA management and a refocus of all resources to anti-poaching activities	Medium	The project will prevent this by allocating resources specifically to improving the capacity of law enforcement agencies in dealing with wildlife crime. Furthermore, the relationship between law enforcement agencies will be enhanced. Other sustainable financing mechanisms for PA and conservancies will be identified and strengthened.
Enforcement continues to be ineffective	Medium	Criminals involved in wildlife crime are constantly changes methods to outwit the law enforcement agents. There, the more effective the law enforcement becomes effective the more sophisticated criminals are likely to become.

The Parks and Wildlife Management Bill not being enacted.	Low	MET Senior Management has endorsed the Bill and it is currently with the State Attorneys for review and comments. Regulations for the bill are under development
Down turn in tourism	Low	Namibia is seeking to increase regional and national tourism and diversifying the market by focusing on new opportunities in East Asia and Latin America The country is preparing a bid to host the 2013 Adventure World Travel Summit, which could bring in as much as US\$18.3 million for the hosts and ensure positive impacts on tourism in the long run. ¹¹

B.5. IDENTIFY KEY STAKEHOLDERS INVOLVED IN THE PROJECT

Key stakeholders	Role in the project
Ministry of Environment and Tourism	<ul style="list-style-type: none"> ✓ Optimizing biodiversity conservation in protected areas and conservancies ✓ Improved park management effectiveness ✓ Improved financial sustainability of PAs and better marketing of tourism
Ministry of Trade/Customs Department/Border Control	<ul style="list-style-type: none"> ✓ Monitoring and reporting illegal trade in wildlife
Ministry of Safety and Security	<ul style="list-style-type: none"> ✓ Improved coordination with other law enforcement agencies on biodiversity-related crime
The Police	<ul style="list-style-type: none"> ✓ Prosecution of wildlife crime
Namibia Tourism Board	<ul style="list-style-type: none"> ✓ Using PAs as draw cards for tourism in the country
Traditional Authorities	<ul style="list-style-type: none"> ✓ Better standard of living for communities living on conservancies
Local Communities	<ul style="list-style-type: none"> ✓ Improved law enforcement through community game guard and community policing initiatives ✓ Potential supplier of products for tourism establishment ✓ Cultural tourism ✓ Community fire management initiatives
Conservancies	<ul style="list-style-type: none"> ✓ Financial sustainability ✓ Improved security on wildlife ✓ Better coordination with other law enforcement agencies
NACSO	<ul style="list-style-type: none"> ✓ Incentive creation for conservancies by Parks ✓ Conservancies playing an important role in the protected areas network ✓ Improved working relationship between parks and conservancies
Tertiary institutions and learners	<ul style="list-style-type: none"> ✓ Improved access to PAs and conservancies for research ✓ Partnership in PA and marine and coastal management-oriented research
Private sector investors in private nature reserves and tourism	<ul style="list-style-type: none"> ✓ PA financing opportunities

B.6. OUTLINE THE COORDINATION WITH OTHER RELATED INITIATIVES:

This project is strategic, building programmatically on other GEF investments in PAs and consolidating achievements. It is specifically designed to address gaps in the investments thus far, which if left unattended could result in a loss of the gains rendered.

The UNDP-GEF supported SPAN *Project* supported the development of an action plan for financing protected areas. The action plan is currently under implementation and has led to a significant increase in PA financing for the country, including an increase in government budget appropriations and the institution of earmarked funds. Due to the aforementioned new management challenges and the need for further increase in PA finance there is an unmet need to implement the full scope of interventions under the Finance strategy. (*See details in table 3*). This project is designed in part to address this need.

Table 3: ELEMENTS IN THE ACTION PLAN FOR FINANCING PROTECTED AREAS TO ADDRESSED BY THIS PROJECT

Actions	Indicators	Status	To be Supported by this Project
Ensure that the policy and planning unit in the new structure of the MET contains a protected areas financial planning unit.	<ul style="list-style-type: none"> • Protected Areas Financial planning unit 	Implementation Planned for 2012-2016	Yes

¹¹ <http://www.newera.com.na/article.php?articleid=41198&title=Namibia%20bids%20to%20host%20Adventure%20World%20Travel%20Summit>

Actions	Indicators	Status	To be Supported by this Project
Use existing economic evidence to continue motivating to Government and other investors for additional funding to MET and parks in interests of national development goals Capitalise the Environmental Investment Fund (EIF).	<ul style="list-style-type: none"> • Publication of the Financing Plan /Updated PA economic valuation booklet. • Increased park management budget (operational and capital) • EIF Capitalised 	Under implementation. Park Budget increased, including attracting investment from MCC. however financing gap still exists due to recent PA expansion and new management challenges EIF opened office in September 2011	Yes. Project will support identification and implementation of hitherto unexploited opportunities for PA finance
Mainstream management plans for each park and develop and support parks financial model	<ul style="list-style-type: none"> • Cost centre system operational and linked to park management and business plan. • Existence and use of park management and business plans 	Under implementation in some parks	Yes. Project will support parks and conservancies where this has not yet been operationalised.
Improve efficiency and effectiveness of existing trust funds	<ul style="list-style-type: none"> • GPTF adequately staffed and fund management capacity enhanced 	Implementation Planned for 2012-2016	Yes. Elements of efficiency and effectiveness
Review and update park fees based on proper analysis of demand and re-evaluation of needs and objectives. Undertake a theoretically sound analysis for the estimation of optimal pricing for welfare maximisation.	<ul style="list-style-type: none"> • Park fees reviewed every three-year with a thorough analysis. • Study conducted to set optimal pricing and fee structure revised accordingly. 	Already reviewed once, Second cycle review needed.	Yes. Project will support second cycle review of fees and implementation of revised licensing/fee structure
Design and pilot an automated system in Etosha including a centralised online booking and payment system for use by multiple agencies for the parks system as a whole.	<ul style="list-style-type: none"> • New computerised system designed and piloted. 	Under implementation- <i>Design phase completed. Needs to be piloted and then implemented in all Parks</i>	Yes. Project will support until completion
Establish a secure and non-intrusive system for eliciting voluntary payments in which voluntary payments are explicitly made into a trust fund or chosen project fund.	<ul style="list-style-type: none"> • Voluntary payment system established 	Implementation Planned for 2012-2016	Yes
Set up a user fee for prospecting activities inside protected areas.	<ul style="list-style-type: none"> • User fee system established and operational 	Implementation Planned for 2012-2016	Bio prospecting to be handled by the ABS programme in parallel
Identify a partner to set up a PA adoption scheme.	<ul style="list-style-type: none"> • PA Adoption scheme set up 	Implementation Planned for 2012-2016	To be explored

Adopted from the Action Plan for Financing Namibia's Protected Areas. (2010-2012)

The project will also build on the World Bank-GEF supported *Namibia Integrated Community-Based Ecosystem Management (ICEMA) Project* that has just ended started the process of helping conservancies to be financially sustainable by building capacities of management teams, and developing business plans. However, the project only did not support all conservancies, and new ones have-e been established since. This project will support the new conservancies to develop business plans and access opportunities for financing available through deal flow facilitation.

The World Bank-GEF supported *Namibia Coastal Conservation Management (NACOMA) Project* supported the Ministry of Fisheries and Marine Resources on the proclamation of the country's first Namibia's Island Marine Protected Area; the development of management and tourism plans for Skeleton Coast Park, Namib Naukluft Park, Dorob National Park; capacity building on park management; and support park

management with purchase of park management related equipment. The proposed project will add value by putting in place cost effective enforcement systems in the new Parks thus ensuring their financial sustainability.

C. DESCRIBE THE GEF AGENCY'S COMPARATIVE ADVANTAGE TO IMPLEMENT THIS PROJECT:

C.1 INDICATE THE CO-FINANCING AMOUNT THE GEF AGENCY IS BRINGING TO THE PROJECT:

UNDP is contributing US\$ 500,000 to this project from its Environment Programme. The project is aligned to the new UNDAF (2013-2017) Pillar 3: Natural Resource Management, Environmental Sustainability and Disaster Risk Management, which covers among other things sustainable financing of the protected areas system. This project will also contribute to UNDAF Pillar 2 that focuses on inter alia unleashing the economic contributions of PAs to support an inclusive, more equitable and sustainable economic growth thereby reducing poverty in Namibia. Furthermore, the project will be an integral part of the UNDP Namibia Country Office's energy and environment programme for 2013-2017.

C.2 HOW DOES THE PROJECT FIT INTO THE GEF AGENCY'S PROGRAM (REFLECTED IN DOCUMENTS SUCH AS UNDAF, CAS, ETC.) AND STAFF CAPACITY IN THE COUNTRY TO FOLLOW UP PROJECT IMPLEMENTATION:

UNDP has considerable experience in the arena of protected area management in Namibia, as is the case across Southern Africa, working with a broad group of partner institutions. Past and ongoing conservation initiatives implemented through UNDP Namibia Country Office include the ongoing GEF funded Strengthening Protected Areas Network Project (SPAN), the USAID Human Wildlife Conflict Management, Namibia Protected Landscape Areas Conservation Initiative (NAM-PLACE) Project, and KfW co-financing support. Moreover, UNDP is the GEF IA for the approved Country Pilot Partnership for SLM in Namibia. UNDP is thus in a good position to ensure inter-project learning within Namibia, and with similar initiatives in neighboring countries.


UNDP Namibia's Energy & Environment Unit strives to mainstream environment in development activities in order to ensure their sustainability through policy dialogues and by creating awareness at all levels of the society. The capacity of the unit has grown significantly over the last few years with the implementation of the above GEF-funded projects. These projects have further improved the capacity of staff through professional internship programmes.

PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT (S) AND GEF AGENCY (IES)

A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT (S): (Please attach the [Operational Focal Point endorsement letter\(s\)](#) with this template).

NAME	POSITION	MINISTRY	DATE (MM/DD/YYYY)
Mr. Teofilus Nghitila	Director, Environmental Affairs and GEF OFP.	MINISTRY OF ENVIRONMENT AND TOURISM	SEPTEMBER 7 TH , 2011

B. GEF AGENCY (IES) CERTIFICATION

This request has been prepared in accordance with GEF/LDCF/SCCF policies and procedures and meets the GEF/LDCF/SCCF criteria for project identification and preparation.					
Agency Coordinator, Agency name	Signature	Date (MM/DD/YYYY)	Project Contact Person	Telephone	Email Address
Yannick Glemarec UNDP-GEF Executive Coordinator		December 20, 2011	Alice Ruhweza RTA-EBD	+27 71 874 4992	Alice.Ruhweza@undp.org

ANNEX - KEY ELEMENTS OF NAMIBIA'S PROTECTED AREA ESTATE

