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

PART I: PROJECT IDENTIFICATION

Project Title:	Mainstreaming Biodiversity into Land Use Regulation and Management at the Municipal Scale		
Country (ies):	South Africa	**GEF Project ID:**	5058
GEF Agency (ies):	UNDP	**GEF Agency Project ID:**	4719
Other Executing Partner(s):	Department of Environmental Affairs, South Africa National Biodiversity Institute	**Submission Date:**	August 17, 2012
GEF Focal Area (s):	Biodiversity	**Project Duration:**	60 months
Name of parent program: **For SFM/REDD+** ☐	Not Applicable	**Agency Fee:**	817,773

A. FOCAL AREA STRATEGY FRAMEWORK:

Focal Area Objectives	Expected FA Outcomes	Expected FA Outputs	Trust Fund	Indicative Financing from GEF	Indicative Co Financing ($)
BD-2 Mainstream Biodiversity Conservation and Sustainable Use into Production Landscapes, Seascapes and Sectors	Outcome 2.1: Increase in sustainably managed landscapes and seascapes that integrate biodiversity conservation. *Indicator 2.1: Landscapes and seascapes certified by internationally or nationally recognized environmental standards that incorporate biodiversity considerations (e.g. FSC, MSC) measured in hectares and recorded by GEF tracking tool.* Outcome 2.2: Measures to conserve and sustainably use biodiversity incorporated in policy and regulatory frameworks *Indicator 2.2: Polices and regulations governing sectoral activities that integrate biodiversity conservation as recorded by the GEF tracking tool as a score.* .	Output 1. Policies and regulatory frameworks (3) for production sectors Output 2. National and sub-national land-use plans (3) that incorporate biodiversity and ecosystem services valuation Output 3. Certified production landscapes and seascapes *(2 million ha).*	GEFTF	7,788,890	41,220,000
		Sub-total GEFTF		7,788,890	41,220,000
		Project management cost		388,840	737,000
		Total project costs		8,177,730	41,957,000

B. PROJECT FRAMEWORK

	Project Objective: To mitigate multiple threats to biodiversity by increasing the capabilities of authorities and land owners to regulate land use and manage biodiversity in threatened ecosystems at the municipal scale

Project Component	Grant Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Financing ($)	Co-Financing ($)
1. Land Use Management, Permitting and Enforcement	**TA**	Land use management and permitting system incorporates criteria to prevent/mitigate and offset direct impacts on biodiversity over an area of 323,148 ha. (*Including 88,234.5 ha Fynbos, 21,076.1 ha Succulent Karoo, 19,526.9 ha Albany Thicket, 70,093.5 ha Grassland, and 121,544 ha Savannah),* representing 20% of South Africa's biodiversity	**Municipal Level** - A cooperation framework for coordinating land use permitting and compliance monitoring amongst municipal, provincial and national regulatory authorities mandated to govern land use, is developed and implemented in three District Municipalities. - The permitting applications of	GEFTF	1,100,200	5,600,000

		targets within each District Municipality. 2.8 million ha of biodiversity (including threatened ecosystems) under improved management as a result of permit conditions. *(Baseline and target to be determined in PPG stage)* - Improvement in the capacity of staff of regulatory authorities to apply the criteria as measured by at least 20% increase in UNDP Capacity Development Scorecard *(Baseline and target to be determined in PPG stage)* - Improvement in the quality of biodiversity information provided by applicants in permit applications *(Baseline and target to be determined in PPG stage)* -Biodiversity recognised as key contributor to jobs and economic growth measured by:- *-At least 50% increase in resources allocated to biodiversity management (Baseline to be determined in PPG stage)* *- 600 jobs (including temporary and permanent jobs) created by target municipalities to support ecosystem restoration and maintenance*	relevant regulatory authorities amended to consider biodiversity and incorporate the mitigation hierarchy to avoid-mitigate-offset impacts on biodiversity. - Municipal decisions on infrastructure placement incorporate the mitigation hierarchy to avoid-mitigate-offset impacts on biodiversity and recognise and catalyse investments in management of biodiversity that deliver jobs and economic growth - A training programme for regulatory authorities is developed and institutionalised and all relevant staff are trained on how to incorporate the mitigation hierarchy in land use decisions. *Training courses will be integrated into relevant curricula and training programmes, including tertiary planning institutions and the training programmes of the various regulatory authorities including DAFF, DWA, DEA, the provincial conservation agencies and the District Municipalities.* - Reduction in biodiversity crimes associated with illegal conversion of natural habitat, illegal utilization of threatened and protected species, non-compliance with land use permits through (a)clearer definition and description of biodiversity crimes, (b) improved ability of relevant institutions and their personnel to recognise the crimes, (c)more streamlined and efficient administrative systems. (d) Improved capacity within institutions to recognise and prosecute biodiversity crimes, both in terms of the availability of resources to hire staff, and in terms of training and capacity development of current staff (e) Improved capacity across institutions to work collaboratively to identify crimes and apprehend and prosecute offenders, through the creation and strengthening of cross institutional coordination mechanisms that enable the sharing of information between institutions, systems to support tracking of crimes, and an improved science policy interface. *This will be supported in part through the development of relevant print and digital materials, the detailed design of which will be elucidated in the PPG phase.* - Integrated Development Plans and their related municipal budgets have			

			dedicated allocations for the maintenance and management of biodiversity. This is enabled in part through the inclusion of biodiversity on the Municipal Asset Register, and specific interventions for freshwater ecosystems and invasive alien species management. **<u>National Level</u>** - Capacity of regulatory authorities, law enforcement agencies and courts to identify and prosecute biodiversity crimes is strengthened. - Innovative financial mechanisms for (1) supporting biodiversity management, and (2) securing additional resources for biodiversity management are explored, and the national Municipal Infrastructure Grant has a specific allocation for maintenance and management of biodiversity.			
2. Conservation and Sustainable use of Biodiversity on Private and Communal Land	**TA**	Enhanced conservation security for the following species: • *Warburgia salutaris*; **Endangered**– Medicinal species bark utilized – Tree species • *Ocotea bullata (Burch.) Baill.* - **Endangered** - Medicinal and timber harvested species – Forest tree • *Bowiea volubilis* subsp. volubilis – **Vulnerable**– Medicinal plant under major pressure from muthi trade. – Bulb that occurs in forest and savanna scrub 30% reduction in unsustainable utilization of threatened and protected species. 50% reduction in rate of loss of priority biodiversity areas (*baseline to be determined in PPG)* 20% reduction in extent of degradation resulting from extensive incompatible land	**<u>Sustainable use and production standards</u>** - Sustainable use and harvesting thresholds are developed and are being implemented for selected indigenous medicinal and other useful plants in the target districts (*including access rights, off take limits, harvesting zones and equitable sharing mechanisms)* -Industry-wide certification standards that incorporate biodiversity criteria for livestock, game farming and selected irrigated agricultural production sectors are developed and being implemented in the target landscapes [50% of farmers adopt revised certification standards] Baseline to be determined in PPG phase -At least 30% of fruit, and nuts, and 20% of dairy and wool originating from the target landscapes comply with biodiversity friendly certification standards[1]. - Biodiversity stewardship agreements[2], incorporating management plans with sustainable use thresholds where relevant, cover 60 000 ha of private and communal	GEFTF	6,688,690	35,620,000

[1] We believe 30% for fruits and nutes is achievable because they are already governed by various certification schemes and are heavily exported. The project seeks to mainstream biodiversity into these schemes.For dairy and wool, the target is 20% because there are only a few distributors and the exact footprint has not yet been established in the target landscapes. This and all the percentages will be verified during the PPG phase.

[2] Biodiversity agreements are contractual agreements with landowners that are designed to reduce pressures on biodiversity. They contractually bind landowners to reduce pressures on biodiversity by restricting land use transformation options, and requiring them to implement management plans that maintain or improve the biodiversity on site. Typically these management plans include improving IAS management, predator management and agrochemicals management, restoration and maintaining or improving populations of threatened species.

		uses e.g. overstocking *Baseline to be determined during the PPG and influenced by fine scale selection of programme intervention areas.* - At least 180 000 ha on private and communal land under improved grazing management - Up to 50% and 250 000 ha of production landscapes in target municipalities under internationally or nationally recognized certification schemes that incorporate biodiversity considerations - At least $100 000 flowing to land owners annually as a result of increased trade in goods and services related to the wildlife economy *Baseline to be determined during PPG phase*	land, securing 48 000 ha of biodiversity priority areas. **Self-regulation** - Improved capacity for private and communal land owners to implement thresholds, self-monitor and enforce sanctions against defaulters. - Agricultural boards and/ or industry associations capacitated to implement and monitor compliance with biodiversity friendly certification standards, and non-compliance is penalised. **Incentives: New business opportunities and market access** - New Supply chains that provide communities with access to the wildlife and biodiversity economy are identified. - Land owners receive training in financial management and business planning and development			
				Sub-total		7,788,890	41,220,000
				Project management cost:	GEFTF	388,840	737,000
				Total project costs:		8,177,730	41,957,000

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

Sources of Co-financing	Name of Co-financier	Type	Amount ($)
Government	Government	Grant	29,227,000
Executing Agency	SANBI	Grant	5,110,000
Executing Agency	DEA-NRM	Grant	6,420,000
GEF Agency	UNDP	Grant	1,200,000
Total Co-financing			41 957,000

D. GEF RESOURCES REQUESTED BY AGENCY (IES), FOCAL AREA (S) AND COUNTRY (IES)

GEF AGENCY	TYPE OF TRUST FUND	FOCAL AREA	Country name	Grant amount (a)	Agency Fee (b)	Total c=a+b
UNDP	GEF	Biodiversity	South Africa	8,177,730	817,773	8,995,503
Total GEF Resources						8,995,503

PART II: PROJECT JUSTIFICATION

A. DESCRIPTION OF THE CONSISTENCY OF THE PROJECT WITH:

A.1.1. THE GEF FOCAL AREA STRATEGIES:

Since 1994 South Africa has made major strides in protecting its biodiversity having instituted extensive policy reforms and created new institutions at national and provincial levels to manage biodiversity. This transformation has occurred with the assistance of the Global Environment Facility (GEF) and other partners, and has resulted in improved capacities to manage biodiversity at the National and Provincial levels.[3]. South Africa is, however, still experiencing very high rates of biodiversity loss. The recently completed National Biodiversity Assessment 2011 found approximately 20% of natural habitat has been irreversibly lost. Forty eight percent of wetland ecosystem types are critically endangered; and 24% of coastal ecosystems are threatened by development pressure.

[3] The innovative management tools that have been developed to conserve biodiversity are documented in the primer: Cadman, M., Petersen, C., Driver, A., Sekhran, N., Maze, K. & Munzhedzi, S. 2010. *Biodiversity for Development: South Africa's landscape approach to conserving biodiversity and promoting ecosystem resilience*. South African National Biodiversity Institute, Pretoria.

Furthermore, South Africa has persistently high levels of poverty and unemployment. The unemployment rate was last reported at 25.2 percent in the first quarter of 2012[4], while the number of people living in poverty is nearly 40%. The Government launched a *New Growth Path* to tackle these problems and has set an ambitious target to create 5 million jobs by 2020. Some of the job drivers identified by Government include substantial investment in infrastructure both to create employment directly in construction, operation, maintenance and production of inputs (estimated at 250,000 jobs a year by 2015); targeting more labour-absorbing activities across the main economic sectors – such as agriculture and mining value chains, manufacturing and services (485,000 jobs by 2030); and taking advantage of new opportunities in the knowledge and green economies (300,000 by 2020).

Municipalities play an important role as centers of economic growth and service delivery, and are therefore seen as key to implementation of the New Growth Path. A $US 62 billion infrastructure upgrade is underway to rehabilitate municipal township infrastructure nationwide. Municipalities are also important users and managers of biodiversity. These expanding roles and responsibilities for the municipalities have serious implications for further loss of biodiversity unless clear tools are in place to ensure biodiversity considerations are integrated into implementation of the New Growth path – particularly the land use permitting process, infrastructure placement and other efforts around job creation. There is a need to strike a balance between short-term acceleration of employment opportunities and conservation and sustainable use of biodiversity. Coordinating and supporting the capacity of municipalities to deliver is key to successful realization of the New Growth Path. There are several challenges to achieving this. First, capacity at the municipal scale is very weak, and there is little or no coordination amongst the myriad of institutions that regulate land use. Second, less than 7% of land in South Africa is formally protected which leaves critical biodiversity under threat from degradation and conversion pressure in the absence of effective community based natural resource management. Last but not least, the potential contribution of biodiversity to the Government jobs agenda is not yet clear and thus there is little or no incentive for municipalities to work with landholders to manage land and natural resources in a biodiversity friendly manner.

This project is designed to address these challenges by (a) (a) strengthening coordination and capacity of municipal and other regulatory authorities that regulate land use decisions within municipalities to incorporate criteria to mitigate and offset impacts on biodiversity over and above statutory environments for environmental protection (b) putting in place a cooperative governance framework in partnership with private and communal land owners to better manage land, including providing incentives for landholders to engage in biodiversity friendly practices, while also demonstrating the potential of biodiversity to create jobs and contribute to economic growth.

The project will work in three district municipalities in global biodiversity hotspots and with very high rates of habitat degradation and conversion, and other pressing needs for action. The **Amathole** and **Ehlanzeni** district municipalities are located in the ***Maputaland-Pondoland-Albany*** hotspot while the **Cape Winelands** district municipality is located between the ***Succulent Karoo*** and the ***Cape Floristic Region*** hotspots. These municipalities are where former *Bantustans* (Ehlanzeni, Amathole) and Apartheid era forced removals (Cape Winelands) left millions of impoverished people. In all three Districts, the main land use is agricultural. While most of the land is privately or communally owned, there is no community based natural resource management framework in place. This, combined with weak regulation and enforcement, means that critical biodiversity is gradually being transformed into crop agriculture or settlements, resulting in degradation and the extirpation of endemic species. The overlap between areas of high biodiversity and high rural poverty is potentially catastrophic for both biodiversity housed within those ecosystems and the people dependent on the goods and services this biodiversity provides. However, this overlap also presents South Africa with a unique opportunity to harness the human and natural capital concentrated in poor rural areas towards biodiversity based green economic activities that can generate income for the rural poor while preserving the integrity of our most productive ecosystems.

The project is in line with GEF Biodiversity Focal Area, ***Strategic Objective 2:*** *(i.e. Mainstream Biodiversity Conservation and Sustainable Use into Production Landscapes, Seascapes and Sector*). It will specifically contribute to ***Outcome 2.1***: (*Increase in sustainably managed landscapes and seascapes that integrate biodiversity conservation)* by ensuring production landscapes in biodiversity priority areas are certified by internationally or nationally schemes that incorporate biodiversity considerations; and to ***Outcome 2.2:*** (*Measures to conserve and sustainably use biodiversity incorporated in policy and regulatory frameworks)* by ensuring regulatory frameworks governing land use at the municipal scale incorporate criteria to prevent, mitigate and offset unavoidable impacts on biodiversity.

A.2 NATIONAL STRATEGIES AND PLANS OR REPORTS AND ASSESSMENTS UNDER RELEVANT CONVENTIONS.

This project is a result of extensive consultations at national and local level that have taken place over the past 18 months with key stakeholders to define the priorities for programming the GEF 5 Biodiversity Focal area allocation. It is in line with several national policies and strategies most importantly, the *National Development Plan Vision for 2030* that recognizes that natural resource management, economic growth and poverty alleviation are closely intertwined; and *The Environmental Management: Biodiversity Act* (Act 10 of 2004) which recognizes, among other things, that biodiversity conservation involves working beyond the boundaries of formal protected areas across production and communal landscapes. Linked to this is *Presidential National* ***Outcome 10*** that calls for Municipalities to play a key role in the valuation, protection and enhancement of environmental assets and natural resources. Municipalities are also playing a key role in implementation of the *New Growth Path*, a broad framework launched by the Government in 2010 with a goal of creating five million jobs and reducing unemployment from 25% to 15% over the next 10 years[5] through among other things, substantial investment in infrastructure. *The Presidential Infrastructure Co-ordination Commission (PICC)*, established in July 2011 has been tasked to speed up infrastructure delivery across municipalities in South Africa to better facilitate economic growth, job creation and service delivery. Underpinning the built infrastructure required to deliver these job creation targets is "ecological infrastructure" - the biodiversity and ecosystems that facilitate the production of ecosystem goods, the distribution of ecosystem products, and the provision of ecosystem services to society. The escalating costs of maintaining built infrastructure and addressing climate change and other natural disasters (floods, fires, etc) underscores the important role of natural infrastructure in mitigating natural disasters and facilitating implementation of the new growth path for South Africa. This project supports on-going efforts by the South Africa National Biodiversity Institute (SANBI) to show how maintenance and sustainable use of healthy intact ecosystems can deliver jobs and economic growth.

[4] http://www.tradingeconomics.com/south-africa/unemployment-rate
[5] Read more: http://www.southafrica.info/business/economy/policies/growth-271010.htm#ixzz22Zyi7QQs

The project will contribute to the realisation of biodiversity targets for terrestrial and aquatic ecosystems at national and municipal level set by the National Biodiversity Assessment (NBA 2011). Last but not least the project will contribute to the CBD Nagoya Aichi Targets, specifically **Target 2**: (*Biodiversity values integrated into national and local development and poverty reduction strategies and planning processes and are being incorporated into national accounting, as appropriate, and reporting systems by 2020)*; and, **Target 7**: (*Areas under agriculture, aquaculture and forestry managed sustainably, ensuring conservation of biodiversity by 2020).*

B. PROJECT OVERVIEW:

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

South Africa is recognized as one of the world's 17 megadiverse countries due to its high species diversity and endemism of the vegetation. It contains three globally recognised biodiversity hotspots namely The *Cape Floristic Region* which falls entirely within its boundaries, the *Succulent Karoo*, shared with Namibia; and the *Maputaland-Pondoland-Albany hotspot*, shared with Mozambique and Swaziland. Ecological history, precipitation patterns, and altitudinal variation aspects contribute to high alpha, beta and gamma diversity. The East coast has lush forests and subtropical savannah, gradually changing to desert or semi-desert on the west coast. Plant species diversity is greatest in the coastal provinces of Western Cape, Eastern Cape and KwaZulu-Natal, while Mammalian species diversity tends to be highest in the northeast, in Mpumalanga and Limpopo province. There are eight major terrestrial biomes each with a distinct set of animal and plant life.

The Fynbos Biome is the smallest of the world's six floral kingdoms. It covers nearly 90 000 km2, stretching from the Cederberg in the north of the Western Cape to the Nelson Mandela Metropole in the Eastern Cape, in the area between the mountains and the sea. With its Mediterranean climate and the poor soils, this relatively tiny area supports 9 600-recorded plant species, 70% of them found nowhere else on the planet. Goods and services resulting from the biodiversity of the Fynbos biome are valued to be R10 billion per year. 20% of the biome is formally protected, and the biome has the highest number of critically endangered taxa in South Africa.

Extending from the southwest through the northwestern areas of South Africa into southern Namibia, the Succulent Karoo biome covers almost 84000 km2. The biome is home to over 6000 plant species, of which 40 percent are endemic. Succulents make up 29 percent of all plant species, and the region supports the richest succulent flora on earth. In addition to the rich plant life, this area is also a centre of diversity for reptiles and various invertebrate groups, and supports a variety of mammals and many of South Africa's endemic birds. 6.4 percent of the region is formally protected.

The Savannah Biome is the largest Biome in southern Africa, occupying 33% of its area, and over one-third the area of South Africa. It is characterized by a grassy ground layer and a distinct upper layer of woody plants. Lack of sufficient rainfall, coupled with fires and grazing, prevents the upper layer from dominating, and keeps the grass layer dominant. Almost all species are adapted to survive fires, usually with less than 10% of plants, both in the grass and tree layer, killed by fire. Less than 10% of the savannah vegetation types are protected in reserves, however, most of them are used for grazing, mainly by cattle or game-farming and can thus be considered effectively preserved, provided that sustainable stocking levels are maintained.

The Grasslands biome is the second largest biome in South Africa, occupying 29% of the country's land territory. The biome is a repository of globally significant biodiversity, constituting, in particular, a rich storehouse of floristic, avian and invertebrate diversity. However, in common with other temperate grasslands across the globe South Africa's grasslands are critically threatened. 30% of the area has already been irreversibly transformed by anthropogenic activities and only 2.0% is formally conserved in protected areas. Most of the grasslands habitat presently lies in production landscapes allocated to livestock production, agriculture (cereals, some food crops and cash crops such as sugarcane), and afforestation with fast growing exotic tree species.

Over 1550 plant species have been recorded in the Albany Thicket biome. 20% of these are endemic species, many of which are locally rare, occurring along the ecotones shared with two internationally recognised biodiversity 'hotspots'; the Succulent Karoo biome and the Cape Floristic Region (CFR). The biome falls within the Albany Centre of Endemism and the Maputaland-Pondoland 'hotspot'. Land use is dominated by pastoralism and game ranching is growing rapidly throughout the region, as farmers convert from small stock farming to mixed farming. Tourism, especially eco-tourism, is also rapidly on the increase. Along the major rivers, irrigated cropping for vegetable, citrus, pineapples and chicory occurs. The rate and extent of degradation in the biome is high. Rural poverty and unemployment are widespread, as are social problems. Improvement of livelihoods is a critical need across almost the entire region.

The aforementioned extraordinary representation of biodiversity creates the need to work at multiple scales and across large areas of global and national biodiversity pattern and process if global biodiversity targets are to be met. The 7% of terrestrial biodiversity that is under formal protection is not representative of species and habitat diversity across the biomes, which means that effective biodiversity management outside protected areas is crucial to maintaining the ecological integrity of South Africa's biomes and ensuring that this vast wealth of biodiversity assets continues to provide a foundation for economic growth and social development. This requires a landscape approach to biodiversity conservation working both within and beyond the boundaries of protected areas, to manage a mosaic of land and resource uses through protection, restoration and mainstreaming biodiversity management into production and sustainable use, in order to deliver ecological, economic and social benefits.

Target Landscapes

AMATHOLE DISTRICT MUNICIPALITY (23,675 sq. km)

The Amathole District Municipality (ADM), on the eastern seaboard of South Africa, comprises 2.8% of South Africa's surface area yet supports 15% of its species diversity. It is located almost completely within the Centre of Floristic Endemism in the globally recognised *Maputaland-*

Pondoland-Albany hotspot. The Amathole Mountain range has high species diversity with a total of 1,215 species of vascular plants representing 30% of the entire Afromontane flora, as well as endemic "subtropical thicket" vegetation. Five biomes and 21 vegetation types are represented in the area. Only Eastern Cape Coastal Thicket is conserved, with 16% of its surface area within a conservancy. Other vegetation types are, in general, poorly conserved in the ADM.

EHLANZENI DISTRICT MUNICIPALITY (27,895.47 sq. km)

The Ehlanzeni District Municipality is located in Mpumalanga Province, in Eastern South Africa. The district is located in the *northern* section of the *Maputaland-Pondoland-Albany hotspot*, the second richest Floristic Region in Africa with one type of forest, three types of thicket, six types of bushveld and five types of grasslands unique only to the hotspot. The coastal waters of this hotspot are also significant at a global level for their diverse marine species. Private nature reserves contribute significantly to the protection of this part of the hotspot, but enjoy little formal recognition or security of conservation tenure. The Biodiversity within Ehlanzeni plays a significant role in terms of boosting the tourism industry with the *Kruger National Park* as one of the major destinations for international and domestic tourism. The Tourism and Biodiversity Corridor which includes parts of Ehlanzeni, northern Swaziland and southern Mozambique adds a further dimension in the sense that it promotes the utilisation of the undeveloped tourism development potential in rural areas that house the poor communities.

THE CAPE WINELANDS DISTRICT MUNICIPALITY (22,309 Sq km)

The Cape Winelands District Municipality (CWDM) is located between two globally recognised hotspots, the *Succulent Karoo* and the *Cape Floristic Region.* These hotspots are characterised by extraordinary endemism and diversity of succulent, vascular plant and invertebrate species, specialist insects, freshwater fish and birds. Approximately 84% of the district retains natural (and near natural or moderately degraded) habitat. The formally protected areas are severely fragmented and degraded in places and as such is considered inadequate to protect a satisfactory representation of the area's incredible biodiversity, with many areas of high conservation value falling outside of formally protected areas. Only 7.6% is included in proclaimed Protected Areas and 13.5% in Mountain Catchment Areas. Other (non□declared) conservation areas include numerous Private Nature Reserves and a Private Game Reserve as well as a number of conservancies, which entail cooperative landowner agreements with no legal obligations. These informally protected areas do not make provision for long-term security of tenure in terms of biodiversity conservation.
See Annex 1 and 2 for a map showing the target landscapes and more detailed information about land use

Threats:

General Threats

a.) Habitat Conversion: Conversion of natural vegetation to agriculture, urban development and mining remains the biggest threat to biodiversity in South Africa. From 2000 – 2009, the extent of cultivation in South Africa increased from 10% to 14% of the total land area (NBA 2011 Terrestrial Technical Report). The high rate of conversion has already resulted in 13% of the 20,456 indigenous plant species being at risk of extinction [1]. In addition, at least three species of butterfly are already extinct, with a further 8% of the remaining 793 being considered under threat. Two species of reptiles are extinct and 9% of the remaining 401 species are at risk of extinction; the baboon spider and three groups of scorpions have been placed on the red list and 35% of the 118 species of indigenous frogs are threatened with extinction. Furthermore, nearly a fifth of South Africa's coast has some form of development within 100m of the shoreline, placing people and property at risk and compromising the ability of coastal ecosystems to buffer the impacts of climate change.

b.) Habitat Degradation: Poor livestock management and grazing regimes, coupled with invasive alien plant infestations, are responsible for the degradation of vast areas of important biodiversity, and associated loss of ecosystem services. The agriculture and forestry sub-sectors utilize a large proportion of the South Africa's land for food and timber production. The environmental footprint of food systems is extremely large, and livestock and game ranching are the most extensive agricultural land use type in South Africa, covering 80 million hectares of commercial and communal property. Nearly 25 % of land in the districts is already badly degraded. Degradation is particularly evident in commercial and subsistence sectors with an extensive grazing footprint or high water and chemical usage and in communal agricultural areas. The total area infested by invasive alien plants doubled between the mid-1990s and 2007, and at least R6.5 billion of ecosystem services are lost every year as a result [2].

The above proximate threats are being driven by poorly planned and unregulated patterns of land use, and investments geared to promoting economic growth. Achieving full employment, decent work and sustainable livelihoods is one of the key strategic priorities adopted by the Government towards eradicating poverty and reducing inequality. The *New Growth Path* of the *National Development Plan* (2011) aims to reduce the unemployment rate to 6%, create 5 million jobs by 2020 and 11 million jobs by 2030. Rural economies will be activated through stimulation of labour absorbing sectors such as small-scale agriculture, tourism and mining, and investment in infrastructure aimed at creating job opportunities for low skilled people in construction, operation, and maintenance. The Government has already invested US$ 100 billion to address an extensive backlog in infrastructure developments. US $62 billion of this amount will be used to upgrade, rehabilitate and expand the required water, transport, power and municipal township infrastructure nationwide. These investments to address poverty and unemployment have the potential to have a significant impact on land use and land use change. A huge responsibility will rest on the shoulders of the various regulatory processes, including the Environmental Impact Assessment process, to determine sustainable development thresholds, identify damaging impacts and to propose mitigation measures.

Drivers of the Above Threats in the Target Landscapes

Amathole District Municipality (ADM**): -** ADM has about 1.7-million people, with a relatively high population density of 78 people per square km, due to densification in the major towns and ex-homeland areas. The population is 91% African, 3% coloured and 5% white.. Agriculture provides only 8% of formal employment but varies greatly within the district. The ex-homeland areas are mostly under communal land tenure, although significant areas of private tenure exist in ex-homeland areas around Peddie and Butterworth. Agriculture in the ex-homelands is mostly small-scale crop farming and open grazed livestock. Farming is for subsistence rather than commercial sale, although some black commercial farmers are present. The coastal belt south of East London is the centre of the pineapple farming industry, with citrus, horticulture and livestock also farmed. Significant forestry plantations are sited in both the Amatole Mountains and around Butterworth. Formal employment comes from public services (75,000 jobs), manufacturing (27,000 jobs), trade (25,000 jobs) and agriculture (17,000 jobs).
The Biodiversity and ecosystems of ADM are subject to pressures from increasing population, spreading urbanization; commercial agriculture and plantation forestry, overgrazing; mining, overexploitation of indigenous species (e.g. Pelargonium and Aloe); industrial activities, subsistence and non-subsistence exploitation of marine invertebrates, recreational, subsistence and commercial fishing, residential, resort and tourism development. These pressures have resulted in habitat loss, habitat degradation, fragmentation, alien infestation (influenced also by the commercial forestry plantations), over exploitation of invertebrate animals on certain areas of the coastline (e.g. abalone, limpets, mussels), silting up of rivers and estuary mouths due to water flow restrictions to mention a few. Biodiversity is not protected to the extent that is generally recommended. The few protected areas occurring in the ADM are extremely important for the protection of some plants and animals.

Ehlanzeni District Municipality (EDM**): -** The population of EDM is estimated at 1,624,100 people. Almost 94.4% of the people of Ehlanzeni are Black African. The remainder of the population consists of Indian or Asian (0.3%), Coloureds (0.5%), and Whites (4.7%). The regional and international accessibility of Ehlanzeni provides it with the necessary thrust to become an active role player in the Southern Africa Development Community (SADC) and presents a strategic position and a number of freight transport growth and development opportunities within existing spatial development initiatives in the region namely, the *Maputo Development Corridor Spatial Initiative*, and *the Limpopo Trans-frontier Park*. The challenge with regard to local spatial planning lies in the utilisation and provision of social and engineering infrastructure in a manner, which will support the above initiatives and conserve the biodiversity of Ehlanzeni. Biodiversity is already under increasing pressure. 24% percent of the area outside PAs has been transformed by uncontrolled harvesting of medicinal plants; fuel wood, sand and gravel mining (particularly in river systems), overgrazing, and development pressures from urban expansion. Three percent of the degraded habitat is considered irreplaceable, 155 taxa are threatened and important wetlands are losing their integrity (water quality, quantity) mostly due to poor land use decisions-such as planting crops with high water requirements in water-scarce areas. Although, there is potential to exploit the wildlife economy to improve livelihoods, there is currently no framework in place. The municipality also faces a number of challenges with regard to land ownership because most land is either under the authority of traditional leaders or belongs to private individuals. Further challenges to the land issue are the finalisation of land claims, which hinders developments across the entire district on areas earmarked for development. The municipalities require the implementation of a proper land use management system for the whole municipal area to resolve mushrooming of informal settlements in all the urban areas of the district. Traditional leaders need to be effectively consulted and engaged in addressing the land use management issue.

Cape Winelands District Municipality (CWDM**): - The** CWDM has a population total of 650,975 citizens and a population density of 29 persons per sq km. The CWDM is the second largest economy in the Western Cape, contributing 10.5% to the GDP of the province. Agriculture (and forestry) contributes 15% to the district's economy and also provides the largest proportion of employment (38%). The district's main products are grapes, deciduous fruits and vegetables. The CWDM produces 56% of all wine grapes and 68% of all wine in South Africa. The district also produces approximately 90% of South Africa's olive crops. Agriculturally viable land is concentrated in the more developed western region of the district, typically in the valleys where alluvial soils and irrigation opportunities exist. Critical Biodiversity in the CWDM is under severe pressure from over consumption of water relative to available resources with parts of rivers are often pumped dry during the dry mid-summer. Together with the pollution of water sources in some areas, this problem has a detrimental effect on the natural environment. Water quality is negatively affected by farming activities, informal settlements, leaching from landfill sites and unsuitable sewage removal systems that lead to river pollution. Other problems include erosion, soil pollution loss of biodiversity and natural beauty, particularly on the lower mountain slopes through agriculture and infrastructural development from pollution, invasive alien species, urban expansion, agricultural expansion, over abstraction of water and damming of rivers, modification of wetland systems, poor fire management or uncontrolled fires. As a result the ecosystem functioning in these areas is severely compromised, especially in the river and wetland systems. Inappropriate agricultural development such as the planting of crops with high water requirements in water scarce areas, inadequately controlled sand and gravel mining (particularly in river systems), overgrazing, development pressures imposed by ecotourism and town expansion all contribute to land degradation and the gradually deteriorating biodiversity and ecosystem services the district. Potential future uranium mining and proposed wind farms would further exacerbate this trend.

The Long Term Solution

The long-term solution being proposed by this project is to effectively mainstream biodiversity management objectives and safeguards into Government's new growth path, particularly at the municipal scale, where most of the infrastructure investment is planned and most of the new jobs will be created. Mainstreaming would entail strengthening the capacity and coordination of regulatory authorities that govern land use decisions within municipal administrative boundaries to ensure impacts on biodiversity are identified, and measures to mitigate and or offset unavoidable impacts are put in place. Since most of the land in municipalities is privately or communally owned, with little or no formal protection of critical biodiversity, this would be complemented by interventions that strengthen partnerships with land holders and provide incentives form them to engage in land use activities that protect critical biodiversity and support the Government's green jobs agenda.

The Institutional Framework for Land Use Planning

South Africa has three spheres of government: National, Provincial and Municipal. The spheres of government are distinctive, though inter-related and inter-dependent. The powers and functions of national, provincial and municipal government are set out in South Africa's constitution. Some powers and functions are located to one sphere of government, while others are shared. Land use and natural resource

regulation are largely national and provincial competencies, while land use planning is a provincial and municipal competency. In terms of the constitution, laws and policies can be developed by the national, provincial or municipal sphere, depending on the delegation. Each province develops a *Provincial Growth and Development Strategy* (PGDS) that spells out the overall framework and plan for developing the economy and improving services; and a provincial Spatial *Development Framework* that gives spatial focus to the growth and development strategy. Likewise, every municipality is required to produce an *Integrated Development Plan (IDP)*, which integrates plans from multiple sectors over the short, medium and long term, and a *Spatial Development Framework (SDF)* that illustrates how the Municipality sees desirable future patterns of land use and development in its area of jurisdiction. The municipal SDF is legally enforceable and indicates both to the Municipality and to the public (developers, land owners etc.) where certain types of land use and associated developments are permissible, and where certain activities are unlikely to be permitted. As such, it forms the basis for land use management and serves as a guideline to inform the Municipality in its decisions on new developments and changes to existing land uses in its area of jurisdiction. The SDF also functions as a framework for public and private sector investment in different types or levels of development in those areas of the municipality that are identified as appropriate or suited to such development.

Land Use Permitting at the Municipal Scale

While Municipal Spatial Development Frameworks set out desired future patterns of land use and development within municipal boundaries, and provide a framework for land use permitting, depending on the nature of proposed development activities, land use permitting processes that affect biodiversity within municipal boundaries can involve several regulatory authorities across all spheres of government. Typically, permitting processes involve several regulatory authorities.

Provincial planning authorities and municipalities regulate land use according to their land use management systems, the PSDF and SDFs. The PSDF and SDF sets out the desired future state within provinces and municipal areas, and the land use management systems confer land use rights. In addition, Agriculture Departments, are mandated to safeguard and promote the use of agricultural land, Water Authorities, are mandated to oversee water provision and regulation and Environmental Authorities, are mandated to ensure that environmental impacts are avoided and mitigated. These authorities are located across different spheres of government, and each independently issue separate permits that may be requited for the same proposed activity (*See Table 1 in Annex*). Where multiple regulatory authorities are involved, applications for land conversion are usually submitted to several regulatory authorities simultaneously with little coordination between them.

Upon receipt of an application for land conversion, regulatory authorities review the application and issue permits. They have several options: (a) refuse to grant the permit/license (b) grant it unconditionally or (c) issue permit with conditions to mitigate and minimize impacts; and offset unavoidable impacts on biodiversity. Various regulatory authorities are mandated to monitor and enforce compliance with permit conditions.

Land conversion often takes place illegally (with no application being submitted to the authorities, or with proponents not abiding by all the necessary permitting conditions). Without proper monitoring and enforcement, the offenders are not penalized, regulatory processes are undermined, and biodiversity continues to be degraded and lost. *Figure 1 below illustrates the land-use permitting process*

Mainstreaming Biodiversity into Land Use Planning/Permitting

Partly with the support of the GEF, South Africa has invested substantially in the development and implementation of tools for mainstreaming biodiversity into land use planning, permitting and economic development. An important learning of this process has been that, while maps of biodiversity priority areas, at appropriate scales, are critical starting points, if biodiversity mainstreaming is to succeed, most of the effort is needed in advocacy, partnership development, coordination and capacity development processes.

SANBI has catalysed and continues to support the development of a suite of spatial products in support of biodiversity mainstreaming. All of these products identify biodiversity priority areas that need to be managed and conserved appropriately if national biodiversity targets are to be met. These biodiversity areas include threatened ecosystems, critical biodiversity areas, ecological support areas, freshwater ecosystem priority areas and focus areas for protected area expansion. These spatial products ensure that one consistent spatial biodiversity layer is mainstreamed into all sector and all multi-sectoral processes. The products are typically used to integrate biodiversity into land use planning processes at the provincial and municipal levels, but are also used to inform inter alia protected area expansion strategies, including stewardship programmes, business and biodiversity interventions, farm level planning and land reform processes.

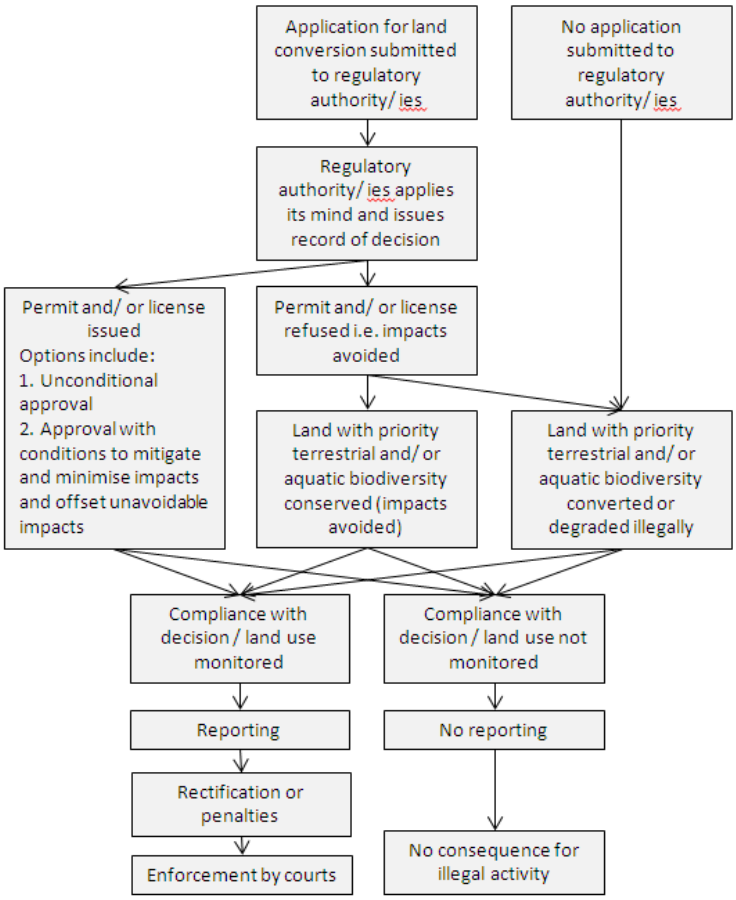
At the provincial level, SANBI supports provincial planning departments to develop provincial spatial biodiversity plans. These set biodiversity targets for provinces and are produced at the finest scale possible.

At the municipal level, SANBI supports the development of biodiversity sector plans. Where capacity is in place, provincial conservation agencies anchor this process. Biodiversity Sector Plans represent the biodiversity sector's input into multi-sectoral planning frameworks. They contain spatial layers that identify all biodiversity priority areas within the administrative boundaries of the municipality, and are produced at the finest possible scale to enable their use in EIA and other site based land use decision processes; and also contain guidelines and contextual information to guide decision-making. The scale of the biodiversity sector plan maps mean that they are also primed to form components of provincial spatial biodiversity plans. The National Environmental Management: Biodiversity Act (Act No. 10 of 2004) provides the options of formally publishing the spatial biodiversity information as bioregional plans.

All biodiversity sector plans, at both the provincial and municipal levels, are produced with land use planning and decision making guidelines and are supported by capacity development processes. These processes expose regulatory authority officials and consultants to the spatial products, and provide GIS and other training in support of their application.

SANBI's Biodiversity Information Management directorate plays an important role here: It houses South Africa's Biodiversity GIS portal, which is a one-stop-shop that serves all spatial biodiversity information in South Africa free of charge to users.

Figure 1: An illustration of The Land Use Permitting Process



Project Baseline

Investments at National Level: The National Treasury contributes in excess of USD200 million to DEA and SANBI in support of policy formulation, land use regulation, compliance monitoring, enforcement and sustainable use at the national level. Further allocations from National Treasury to the land use decision-making and enforcement in the National Departments of Water Affairs, Forestry and Fisheries, and Agriculture add to this baseline. This project will support DEA to put in place a coordination mechanism that ensures biodiversity objectives are mainstreamed into these processes and coordinated among all spheres of Government.

Investments at Provincial Level*:* At the provincial level, National Treasury allocates approx. USD150 million annually to the land use permitting, regulatory and sustainable land use functions of provincial planning departments and conservation agencies. At the provincial level, further allocations are made to other regulatory authorities, including the Departments of Agriculture and Economic Development.

Investments at Municipal Level: Municipal regulatory, compliance, enforcement and other functions in support of biodiversity conservation and sustainable use are budgeted for as part of global engineering and economic development budgets, and amount to at least R60 million per year over the three target districts. This project will strengthen capacity of municipalities to understand biodiversity information, and mainstream this information into land use planning, permitting and local economic development processes.

Other initiatives contributing to the Project Baseline

Making the Case Process (R 4 million a year): This process supported by SANBI, DEA and CSIR aims to reposition biodiversity as a driver of South Africa's economy and an important source for job creation. It will illustrate how investments in natural assets that provide ecosystem services can be a cost effective tool for infrastructure development. It aims to unlock R1 billion for state institutions with a natural resource mandate. This work has so far focused at national level institutions, and this project will bring it down to the municipal level.

The objective of the *Presidential Jobs Fund* (R10 billion over five years) is to co-finance projects by public, private and non-governmental organisations that will significantly contribute to job creation. R300 million will be used to catalyse green jobs in the biodiversity sector, in a project that will be led by SANBI. This will entail training graduates to take up biodiversity management positions in support of the green economy. Many of these future jobs are envisaged to be in Municipalities. This project will support this initiative by ensuring municipalities are capacitated to absorb the new graduates.

Business and Biodiversity Programme: led by *WWF Sustainable Agriculture Programme*, *Green Choice Alliance* and other partners aims to develop biodiversity friendly farming guidelines and best practices for commodities. This project will take the approaches that have emerged into new commodities in the target districts, supporting businesses to improve biodiversity management. The guidelines developed by this project will inform management plans and industry production standards and thresholds.

The National Biodiversity Stewardship programme, led by Provincial Conservation Agencies, identifies land of critical importance for biodiversity conservation and/or the provision of ecosystem services and encourage private and communal landowners to engage in biodiversity conservation and other sustainable land use practices. They maintain ownership of their land, receive guidance and management assistance, and are supported to diversify their land-based activities to create sustainable livelihoods, all the while protecting the country's unique biodiversity. The programmes have been successfully established in six provinces over the last seven years and are making a significant contribution to meeting national conservation targets, at much lower cost to the state than land acquisition. This project will secure critical biodiversity within the project focal areas with the support of conservation agencies and stewardship approaches.

The Expanded Public Works Programme (*Working for Water, Working for Wetlands and Working on Fire*) (R 1.1 billion 2012-2014) is aimed at providing poverty and income relief through temporary work for the unemployed to carry out socially useful activities. The work of the EPWP has tended to focus more on working man-hours, than on biodiversity conserved. This project will support opportunities to make this programme more strategic by making the jobs more permanent and greener – and increasing the focus on quantifying and enhancing contributions to biodiversity conservation.

As part of its Municipal Programme, SANBI is implementing a *Municipal Biodiversity Summaries Project (SANBI, DEA) (budget was R1.5 million.)* This project is in the process of developing biodiversity profiles for all local municipalities in the country, based on existing spatial biodiversity information. These serve as a basic tool for mainstreaming spatial biodiversity information into state of the environment reporting, as well as SDFs, especially in cases where municipalities do not have the fine scale biodiversity information that is needed for the production of biodiversity sector plans.

SANBI Biodiversity Information Management Directorate's *Biodiversity GIS tool (1 million annually)* is the 'one-stop-shop' for all spatial biodiversity information. BGIS sets national standards for spatial data and metadata formats, and all data is made freely available to the public. It attracts over 250 000 users per year querying and analysing maps and 700 visits per day. B-GIS also provides valued added tools, such as the Land Use Decision Support Tool, which integrates with google maps, and allows uses to generate short reports on all biodiversity information relevant to particular sites. The Land Use Decision Support Tool acts as a first scoping exercise saving users time and money in doing initial impact assessments.

The purpose of the *Green Cities support Programme (National Treasury, DEA)* is to provide a framework for improving environmental performance in cities, including fiscal mechanisms to support environmental performance, as well as to assist cities to prepare for adapting to climate change.
NGOs and civil society-led *Biosphere Reserves* (Kruger to Canyons Biosphere Reserve and Cape Winelands Biosphere Reserve) have been recognised by UNESCO, and a process to nominate the Amathole Mountains Biosphere Reserve is underway) spend approx. USD 1 million annually towards a programme of work in support of sustainable development and biodiversity compatible business. These are envisaged to be ideal platforms for integrated planning and decision making.

The Endangered Wildlife Trust Poisoning Prevention project: This Project works at the interface with farmers and rural communities who use agrochemicals, to build knowledge and capacity to understand best practice and responsible use, by introducing practically applicable systems developed by the community of practice. Through these interventions, EWT prevents potential environmental harm caused by chemical mismanagement, to water catchment systems and to biodiversity, and promotes community involvement to revert to environmentally sustainable biodiversity management practices, using natural ecosystem services.

South Africa's *Bioregional programmes (R5 million per year),* including the Cape Action for People and Environment (CAPE), Succulent Karoo Ecosystem Programme (SKEP), Grasslands and Eastern Cape Bioregional Programmes of South Africa, collectively have vast experience in cooperative governance institutional strengthening and mainstreaming biodiversity into production sectors. These programmes are operational in the target districts and will leverage the partnerships and coordination that is required for the project. The coordination functions of all of these programmes are houses in SANBI, and have annual budgets of approx.

Barriers to Achieving the Proposed Long Term Solution

The aforementioned institutional framework and project baseline, while very sound, is not well capacitated and coordinated to achieve the proposed long term solution

BARRIER	ELABORATION
1: Weak Capacity and Poor Coordination at the municipal scale.	Although maps of biodiversity priority areas exist, they are not (except for very few municipalities) reflected in *Integrated Development Plans* and *Spatial Development*

.	*Frameworks.* Capacity to interpret and integrate the maps in IDPs and SDFs and other relevant planning and decision-making processes is very low. The integration of biodiversity priorities into the land use permitting process therefore remains very weak. Secondly, there are several regulatory authorities at the municipal scale, across all spheres of government that regulate land and natural resource use. However, coordination among these regulatory authorities is weak and this often results in land use permitting decisions either taking too long, or permits being issued without effective consultation with all parties. When such permits are issued in biodiversity priority areas, and without any conditions for mitigating or offsetting impacts, the result is habitat degradation and loss of important biodiversity. In order to support the regulatory authorities to monitor and enforce compliance, there is a need to put in place a cooperative framework for governing land use at municipal scale. Very few municipalities have dedicated environment officials and this function is often diluted and combined with other roles, or not addressed at all. The same is true of most other regulatory authorities where natural resource management mandates are interpreted narrowly. Given the pressure on municipal authorities to promote local economic development and job creation, and the potential impact of this on rates of land conversion and degradation, there is an urgent need to (a) build capacity of staff to incorporate criteria to prevent, mitigate and offset impacts on biodiversity in the land use permitting process (b) strengthen compliance monitoring, enforcement, coordination and alignment between regulatory authorities and (c) exploit the potential of biodiversity as a resource for creating green jobs at the municipal scale- thus contributing to the Government's job agenda.
2: Inadequate mechanisms in place to engage private and communal landowners in land use practices that protect critical biodiversity, and lack of incentives for private landowners to convert to biodiversity friendly land use practices.	Most biodiversity priority areas in the targeted districts are on land that is either privately or communally owned. None of this land is formally protected. In the absence of formal protection, and given the limited capacity of regulatory authorities, biodiversity priority areas are under threat from degradation and conversion pressures. Production activities will continue to pose an unmitigated threat to biodiversity unless private and communal landowners are engaged and empowered to better manage and become custodians of important biodiversity on their land. Engaging them would reduce pressure on the regulatory authorities to police and penalize land use transgressions. Specific barriers to engaging landowners include: (a) little or no capacity of landowners and resource users to manage or use natural resources sustainably (b) poor capacity of extension workers to provide land owners and users with information and management support. Capacity is needed in the participatory development and implementation of (1) production standards for sectors that impact biodiversity and (2) guidelines for extraction and sustainable use of useful plants. Implementation of these standards would entail entering into agreements with landowners, and strengthening their capacity to implement sustainable management and sustainable use thresholds, self-monitor and enforce sanctions against defaulters. Current levels of habitat conversion and degradation are partially attributed to land holders not being aware of biodiversity friendly alternatives that are economically viable – with definite and clear financial benefits. Secondly, it is, in most cases, costly for landholders to change from current land use practices to those required to conserve biodiversity on their land. There is, therefore, need for two kinds of incentives. Incentives by way of market-based assurances are needed to support landowners who elect to convert to these biodiversity friendly practices. Strengthened capacity in business planning and marketing will also be needed to support entrepreneurs to develop biodiversity compatible businesses in support of the wildlife economy. Furthermore, a number of fiscal and institutional obstacles hamper investment in biodiversity at a municipal level. These include: lack of effective fiscal incentives, poor recognition and accounting of the value of natural assets, and insufficient investment in natural assets. First, despite the existence of first generation fiscal incentives to secure agreements with landowners to manage their land in a way that is compatible with biodiversity conservation and decreases threats to biodiversity, the application of these fiscal incentives has shown them to be flawed and as a result largely ineffective. For example, most landowners with critical biodiversity on their land are farmers or communities with no taxable income. Of the few with taxable income, the restrictions placed on the 10% limitation imposed by the relevant Section of the Act (Section 18A) cap on the value which is deductible, often means that the financial incentive is not sufficient. Of those landowners where this might not be a problem, they are further limited by the inability to carry over any unused deductions. Of

	those entering into other kinds of contractual agreements, there are several other limitations or inequities which effectively seem to prevent the incentives from encouraging conservation behavior. Furthermore, property rates deductions are only applicable to landowners who are not generating any income from the land in question. This means that a landowner who sets aside a large property to be managed for biodiversity, but sells, for example, two head of cattle in a year from that property, is considered to be generating an income and will not be able to claim the property rate exemption. There is, therefore a strong need to engage national treasury and other relevant entities to improve the financial incentives for conserving biodiversity on private or communal land at a local level Secondly, even though Municipalities are responsible for managing intact natural areas, they remain underfunded and under capacitated for this work. In the event of a natural disaster, municipalities are only allocated funds to manage the aftermath and repair damage. No funds are allocated funds to pro-actively prevent or mitigate natural disasters. Municipalities are therefore disincentivised from investing in the restoration, management and protection of intact biodiversity areas which could help to mitigate the effects of natural disasters, such as intact foredunes providing protection from storm surge, or intact wetlands providing flood control. Third, the state of a nation's wealth and economic growth is measured by the GDP. However, it is becoming increasingly recognised that GDP is a poor indicator of true wealth and sustainable development. As a result, decisions are made at a national level which may improve the GDP, but not improve sustainable development, and vice versa.

B. 2. INCREMENTAL COST REASONING AND THE ASSOCIATED GLOBAL ENVIRONMENTAL BENEFITS:

The project will deliver global environmental benefits through a package of measures that ensure future land use practices and permitting decisions do not compromise biodiversity and ecosystem function. Measures will include strengthened capacity for avoiding, mitigating and offsetting biodiversity loss, compliance monitoring and enforcement; a governance framework for better management of biodiversity on private and communal land; and incentives for communal and private land holders to engage in production practices that are in line with best practices needed to manage and conserve biodiversity. The project's components are as follows: -

Component 1: Land Use Management, Permitting and Enforcement at the Municipal Scale: - This component will incorporate biodiversity management objectives and safeguards in the land use and natural resource permitting process. First, a coordination mechanism that brings together authorities tasked with natural resource and land use planning and permitting at the municipal scale will be put in place in the target districts. This will enable authorities to develop a joint vision for the desired future state of land use in the municipality. Part of this process will entail analyzing maps of biodiversity priority areas and agreeing on which options and which areas offer the best opportunity for achieving biodiversity conservation targets and economic growth. The outcome of this will be a framework for cooperative governance for all regulatory authorities. The regulatory authorities, from across all spheres of government, will then coordinate their reviews of land use applications and the issuing of permits. This will ensure future land use permitting decisions are based on a common understanding, take into consideration cumulative impacts and the concerns of all sectors, and do not negatively impact on biodiversity.

Secondly, land use permit application forms will be amended to incorporate a screening checklist for biodiversity. The mitigation hierarchy to *avoid-mimimise-offset* impacts on biodiversity will be institutionalized in all sectors and across all spheres of Government. All relevant officials, extension officers, and, where relevant, consultants, will be trained on how to apply this checklist and mitigation hierarchy.

Third, compliance monitoring and enforcement will be strengthened to eliminate the current silo approach, where for example agricultural officials only monitor impacts on agriculture and water officials only monitor impacts on water, to a more integrated approach that allows for joint enforcement. Enforcement and compliance teams comprised of officials from different sectors will be created and trained on this new approach. Also, as part of this process, the capacity of regulatory authorities, law enforcement agencies and courts to prosecute biodiversity crimes will be strengthened. This will ensure that biodiversity is mainstreamed into other sectors, and especially other organs of state by embedding this approach in their regulatory, enforcement and compliance systems. It is further recognised that, if systemic change is to be effected, such mainstreaming will need to take place at national, and provincial spheres of government simultaneously. The lessons learned from will be shared through existing relevant national fora, such as intergovernmental coordination mechanisms (e.g. Ministerial working groups) with a view to disseminating best practice and embedding them in relevant policy processes.

This approach was successfully applied in the recently completed CAPE project, where systematic conservation plans were successfully incorporated into the land use planning frameworks of municipalities across the Cape Floristic Region and the Provincial Spatial development Framework. Coupled with a new biodiversity screening checklist that is linked to SANBI's Biodiversity GIS portal, this has empowered decision makers to incorporate biodiversity into their decision making and has enabled decision makers across different spheres of government to work towards the same set of priorities.This approach is also a cornerstone of the UNDP-GEF funded Grasslands Programme where tools are being developed to integrate biodiversity considerations into land use planning and permitting in a range of productions sectors, including agriculture, plantation forestry, and mining) and at municipal and provincial level in Gauteng.While the enabling environment differs between District Municipalities and production sectors, environmental and socio-economic architectures are similar enough for us to believe that this approach will be yield similar gains in the project target landscapes.

Last but not least, it is crucial that municipalities recognize biodiversity as an asset and a key contributor to the Government's jobs and economic growth agenda that municipalities are tasked to deliver. The recent Green Jobs Report[6] illustrated that the biggest share of green job potential in South Africa lies in natural resource management and biodiversity based sectors such as ecosystem rehabilitation and restoration to mention a few. This component will support on-going efforts to make the case to National Treasury and other relevant entities that biodiversity and ecosystems are natural assets that should be maintained and managed through the Municipal IDP. Secondly, this component will also make the case that biodiversity is natural infrastructure that, if conserved or well maintained, can proactively *mitigate natural disasters (floods, landslides etc) and reduce costs of addressing them reactively. Therefore,* the project will *motivate for the increase in allocation of funds disbursed to municipalities for biodiversity management through the existing Municipal Infrastructure Grant.,.* If biodiversity management is supported through the IDP, recognised and managed as a municipal asset, specific budget allocations for the management and maintenance of biodiversity would be secured, supporting and unlocking job creation at municipal scale, and thus making the case for continued investment in biodiversity. Third, since a lot of biodiversity is housed on private land, the project will make the case for *improving the existing tax incentives for land owners to protect biodiversity on their own land.* Last but not least, natural capital needs to be measured and viewed as an investment in a country's wealth. To this end, the project will also explore the extent to which National Accounts can support the biodiversity agenda, and develop indicators.

Component 2: Conservation and Sustainable use of Biodiversity on Private and Communal Land: This component will support private and communal landowners to conserve and sustainably use important biodiversity on their land, and sustainably use biodiversity in the wild. Landowners and users will be incentivised to apply biodiversity friendly production and extraction practices through interventions that develop market access for biodiversity friendly goods and services, and processes that support the creation of new businesses that link local communities to the wildlife economy. In all the three target landscapes, national biodiversity priorities have been, or are in the process of being, defined. It is envisaged that project interventions will result in conservation agreements with private landowners and communities that support the spatial priorities that are needed for meeting biodiversity pattern and process targets. Biodiversity agreements are contractual agreements with landowners that are designed to reduce pressures on biodiversity. They contractually bind landowners to reduce pressures on biodiversity by restricting land use transformation options, and requiring them to implement management plans that maintain or improve the biodiversity on site. Typically these management plans include improving IAS management, predator management and agrochemicals management, restoration and maintaining or improving populations of threatened species. In order to ensure that conservation and sustainable development areas are agreed and protected by all resource users and regulatory authorities, in addition to securing biodiversity through these agreements, the project will reinforce the integration of biodiversity priorities into land and resource planning frameworks. It will also explore the viability of creating Protected Environments provided for under the NEM: PA Act affording long-term security to biodiversity priority areas.

Specifically, this component will support private and communal landowners whose production practices have a significant impact on biodiversity to develop biodiversity friendly production sector standards. Special focus will be given to livestock, game farming and irrigated agricultural production. Livestock, game farming and irrigated agriculture have extensive footprints and often impact negatively on biodiversity in the three target districts. This component will ensure that biodiversity is mainstreamed into current industry certification systems and standards for these production sectors. Specifically, the project will work with organized agriculture, including agricultural associations and boards, to develop and incorporate biodiversity criteria in their certification systems. Their capacity will be built to implement and monitor the criteria to ensure the process is institutionalized and sustainable. This work will build on efforts underway by the *WWF Business and Biodiversity programme* and *Green Choice Alliance.* Results of the Green choice Alliances' ongoing evaluation of Business and Biodiversity initiatives[7] show that there is good evidence that in some cases certification schemes and self-regulation can result in biodiversity conservation. Successful examples where certification and self-regulation have worked well can be found in the Grassland Programmes' Forestry component, South Africa's Biodiversity and Wine Initiative and South Africa's Sustainable Seafood Initiative. There are early indications that investments in red meat and rooibos will also yield significant biodiversity gains. Experience has also shown that these schemes have a better chance of impacting positively on biodiversity where outcomes are tied to supply chains, including production and export standards and consumer campaigns, and where high priority biodiversity is identified and incorporated into stewardship programmes This component will be designed with strong supply chain linkages so as to strengthen tangible and measurable benefits for biodiversity conservation.

As part of this process, private and communal landowners will be supported to develop farm level management plans. The plans may include for example, identification of no-go areas, areas for set asides, measures for reduced stocking, sustainable use of wetlands to mention a few. The priority biodiversity that is identified on these plans will be formalized through contractual agreements between landowners and conservation agencies. The contracts will spell out management objectives and action plans, resources required for implementation, monitoring arrangements and other relevant provisos. The formal agreements ensure that biodiversity will be protected in the long term. South Africa's stewardship programme, which was catalysed with support from the CEPF and GEF a decade ago, is already delivering excellent returns for protected area expansion and biodiversity conservation. Stewardship agreements limit land use in areas with priority biodiversity, and bind landowners to management plan with biodiversity objectives. Compliance with these is audited by relevant conservation authorities. In addition, biodiversity stewardship is being enabled at a national level in South Africa through policies, tools and capacity support. The receiving environment in the project target landscapes is the same as that in which the stewardship programme is being successfully implemented in South Africa, and there is no reason to believe that this will not enjoy similar success.

This component will also support resource users whose practices contribute to the extirpation of biodiversity to develop sustainable use and extraction guidelines for indigenous medicinal and other useful plants. Currently, one third of medicinal plant species are traded, and 56 of these are under serious threat. Urgent action is required to put in place thresholds and guidelines for sustainable harvesting in accordance with CITES regulations. Guidelines could include access rights (for both subsistence and commercial use), off take limits, harvesting zones and period,

[6] Maia, J., Giordano, T., Kelder, N., Bardien, G., Bodibe, M., Du Plooy, P., Jafta, X., Jarvis, D., Kruger-Cloete, E., Kuhn, G., Lepelle, R., Makaulule, L., Mosoma, K., Neoh, S., Netshitomboni, N., Ngozo, T. & Swanepoel, J. 2011. Green jobs: An estimate of the direct employment potential of a greening South African economy. Industrial Development Corporation, Development Bank of Southern Africa, Trade and Industrial Policy Strategies

[7] Green Choice; Lessons and Principles; Business and Biodiversity Insights, September 2011

mechanisms for monitoring and enforcement, sanctions against defaulters, and democratic equitable sharing mechanisms. These will also be formalised in biodiversity management plans that include sustainable use thresholds.

In order to reduce the burden on regulatory authorities to monitor and enforce the agreements, the component will also support strengthening capacity of the communities and private landowners to self-monitor and enforce sanctions.

Last but not least, this component will provide incentives for biodiversity-conservation compatible businesses that provide communities and private landowners with sustainable alternatives to land use practices that are detrimental to biodiversity. For example, market studies have shown that there are significant opportunities for local communities to benefit from the wildlife economy through specialist breeding facilities and tourism related goods and services. However, most local communities have been excluded from the wildlife economy and are still living with high poverty and facing high levels of unemployment in the target districts. Specifically, this component will support these communities and private landowners to set up businesses and provide market assurance for these businesses by facilitating purchase agreements between buyers and the communities. Communities will also be equipped with relevant skills like book keeping, business planning, and marketing. New financing opportunities for will be explored.

The planned alternative and derivative global environmental benefits are summarized in the table below:

Current Practices	*Alternatives to be put in place by the project*	*Expected global benefits*
Important biodiversity areas are not reflected in IDPs and SDFs Land use allocations permit conversion and degradation of critical biodiversity, loss of ecosystem function, and decrease in connectivity Poor coordination amongst the various regulatory authorities involved in land use permit decisions resulting in delays or issuance without consultation Little or no compliance monitoring or enforcement of permit conditions	Biodiversity is reflected in IDPs as an asset, and its conservation seen as an important component of the Green jobs agenda Capacity emplaced in municipalities and other regulatory authorities to assess impacts of land use permitting decisions on biodiversity and to put in place mitigation measures and or requirements to offset unavoidable impacts Strengthened coordination amongst authorities responsible for land use permitting Strengthened capacity for enforcement and surveillance	323148 ha of biodiversity priority areas in global biodiversity hotspots conserved including: Albany Thicket Biome: 19526.9 ha; Forest Biome: 4842.7 ha; Grassland Biome: 70093.5 ha; Indian Ocean Coastal Belt: 3830.0 ha; Savannah Biome: 121544.1 ha; Fynbos Biome: 82234.5 ha and Succulent Karoo Biome: 21076.1 ha Biodiversity priority areas restored Rate of biodiversity loss is slowed 20% of biodiversity conservation targets are met Threats to indigenous medicinal plants reduced Increase in area under biodiversity friendly activities Improved structural and functional connectivity between patches of land and a mosaic of land uses Biodiversity friendly businesses under implementation in over 200,000 ha in 3 district municipalities resulting in reduced conversion rates of natural habitat, new jobs and improved livelihoods for communities. *(Target to be determined in PPG phase)* South Africa meets its global biodiversity targets
Production practices on private and communal land are not in line with best practices needed to sustain biodiversity. Private and communal landholders are not adequately engaged in managing biodiversity on their land. No community based natural resource management system in place	Stewardship agreements in place with private and communal land holders for conservation and sustainable use of BD Biodiversity management plans with sustainable use thresholds are put in place for medicinal and other useful plants in target districts Biodiversity mainstreamed in production standards and certification systems for livestock and game farming and irrigated agriculture Sustainable grazing guidelines in place for livestock management	
No incentives for private and communal land owners to convert to biodiversity friendly land use practices	Biodiversity conservation-compatible businesses set up with market assurance through purchase agreements with buyers, and assistance with certification to ensure products meet industry standards. Strengthened capacity of private and communal landowners in product development, marketing, book keeping, business planning and financial management. Access to financing	

CHOICE OF PROJECT APPROACH**: -** The project approach that has been selected recognises that significant biodiversity will remain in the custodianship of private and communal landholders, and the imperative of supporting and incentivising the conservation and sustainable management of these resources. At the same time, it recognises that without effective land use regulation and penalties for non-compliance, a system of co-management and incentives will not be sufficient to reduce and current reverse rates of biodiversity loss.

ALTERNATIVE APPROACH**: -** An alternative approach to biodiversity mainstreaming would be for the state to purchase and control all land that is needed to meet biodiversity targets. In a country such as South Africa, with enormous development pressure and demands on scarce resources, coupled with high alpha, beta and gamma diversity, the consolidation of biodiversity into protected areas is an unviable protection strategy.

B.3. THE SOCIOECONOMIC BENEFITS TO BE DELIVERED BY THE PROJECT, INCLUDING CONSIDERATION OF GENDER DIMENSIONS, AND HOW THESE WILL SUPPORT THE ACHIEVEMENT OF GLOBAL ENVIRONMENT BENEFITS.

South Africa is faced with wide spread poverty and gross inequality. In 2009 the Presidency reported that 49% of South African's live below the national poverty line ($2.3/day) and 39% of South Africans on less than $1.6/day. With most of South Africa's wealth being held by private individuals, the government's response to rising unemployment and wide spread poverty is an overt focus on job creation and economic growth, with increasing pressure being placed on agriculture and industry to provide jobs for South Africans.

Biodiversity, the foundation of South Africa's economy, supports the production of ecosystem services that are essential to economic development. This is particularly true in the Winelands, Ehlanzeni and Amathole Districts, where high levels of poverty mean that communities and marginal farmers depend directly on healthy ecosystems to maintain their livelihoods. The value of ecosystem services so far measured in South Africa is conservatively estimated at US$ 9 billion per annum (or 7% of GDP). In the targeted districts, this estimate is expected to be higher due to the high level of dependence of local communities and marginal farmers on healthy ecosystems. In light of this, biodiversity is viewed as an increasingly important component of the green economy approach, relevant for service delivery in both rural and urban development contexts.

In addition to the land management practices needed to ensure that biodiversity friendly, economic opportunities can be capitalised on, biodiversity based markets can create jobs in related activities such as data collection; monitoring and evaluation of land management programmes; the management of seed banks and living collections; decision support centres; community based natural resource management; management of invasive species and labour intensive watershed management linked to payment for ecosystem services projects.

A conservative estimate of traditional economic activities directly reliant on ecosystem services, excluding informal use of ecosystem services by rural households, indicates an annual contribution of R27.2 billion and 1,025,830 jobs to the South African economy. This includes formal sector contributions from the conservation management, expanded public works environmental management programmes, fisheries, forestry and hunting sectors. These figures are based on limited data from available public records and are not indicative of the entire sector. In addition, the tourism sector in South Africa, which is directly supported by biodiversity, was responsible for 7% of jobs and 8.3% of the Gross Domestic Product of South Africa in 2007. In addition, more than 12 million people are directly dependent on products harvested directly from nature for their livelihoods in rural areas across South Africa. The 2011 Census has not yet been published with the latest figures, but there has been a growth in the sector and figures are expected to be higher for 2012. Trade in traditional medicines was estimated at R2.9 billion per year in 2007, with at least 133 000 people employed in the trade, many of whom are rural women.

The project's proposed investment in biodiversity friendly production practices in conservation compatible sectors in Districts with high levels of poverty and high levels of biodiversity will secure and build South Africa's natural capital and provide a foundation for resilience and growing opportunities for reducing poverty and enhancing human quality of life.

Soil degradation alone costs South Africa an average of nearly US$ 256 million annually in dam sedimentation and increased water treatment costs. The costs associated with neutralizing the effects of acid rain (caused by energy generation) on soils in Mpumalanga are estimated at US$ 3.2 million per year, while the loss of soil nutrients through degradation costs US$ 192 million per year.

SUSTAINABILITY: - This project is building on a strong baseline. First, a policy and institutional framework for mainstreaming biodiversity into land use planning already exists. Secondly, there is a strong commitment by government to invest in municipalities to ensure they deliver on the new growth path – particularly on job creation and licensing of new infrastructure. Third, the project has financial sustainability written into it—in that it seeks to ensure biodiversity management and conservation is included in the IDP budgets and the municipal infrastructure grant. The key gaps in the current process are capacity and coordination among all spheres of Government to apply biodiversity criteria to the land use permitting process-, which this project is designed to address. The project aims to ensure that private and communal landowners become custodians of biodiversity on their land and in turn ensure that South Africa meets its global conservation targets. Specifically, the project will: (a) Improve capacity of all regulatory authorities that impact on biodiversity at the municipal scale and support the embedding of this by developing sustainable mechanisms for institutional cooperation and coordination between spheres of government, civil society and the private sector that deliver improved regulatory efficiencies and effectiveness (b) Secure sustainable financing for biodiversity conservation through fiscal reform at the municipal scale that results in biodiversity being recognised and managed as a municipal asset, and its rehabilitation, restoration and management being funded through IDP and MIG budgeting cycles (c) Empower local communities to co-manage biodiversity and develop and run SMEs in support of biodiversity conservation and in partnership with well capacitated and successful commercial operators and producers.

Last but not least, this project is part of a package of various biodiversity-mainstreaming investments in Southern Africa supported by UNDP GEF; UNDP will ensure linkages and knowledge transfer between projects.

B.4 RISKS, INCLUDING CLIMATE CHANGE RISKS THAT MIGHT PREVENT THE PROJECT OBJECTIVES FROM BEING ACHIEVED, AND IF POSSIBLE, PROPOSE MEASURES THAT ADDRESS THESE RISKS:

Risks	Risk Mitigation Response
Municipal instability and absorptive capacity of the municipality:	By working alongside other municipal scale skills development projects like that run by the Development Bank of South Africa (Siyenza Manje); the Department of Co-operative Governance

Party politics and staff turnover rates have considerable impacts on institutional stability, and the sustainability of mainstreaming interventions.	and Traditional Affairs (IDP capacity building); and the South African Local Government Association (climate change programme) this project will integrate its programme of work into municipality wide capacity building efforts.
Conflicts between different stakeholder groups: *Different mandates and imeratives of the regulatory authoritie,s and differenct expectations of local stakeholder,s could result in conflcits between stakeholder groups.*	The project will seek to minise conflcits between stakeholder groups by developing the detailed project in a particpatory, inclusive manner. In so doing, it will seek to expose potential conflcit areas, and create a pltform for thie rdiscussion and resolution. It is envsaged that the coordination mechanisms that the project will put in place will provide a platform to resolve potential future conflcits, and enable integrated and cooperative planning and governance.
Community willingness to uptake the biodiversity economy: *Many CBNRM type initiatives have failed to deliver expected economic benefits to participating communitie,s and there is a high level of skeptism regarding the ability of biodiversity based activities to generate revenues*	By working with on-going programmes such as the Biosphere Reserves, the various local stakeholder coordination structures, the DBSA, CSA's Green Choice Alliance and WWF-SA, this project will ensure realistic economic projections are made and activities are aligned with interests of private and communal land owners to ensure willingness to uptake activities in the biodiversity economy.
Climate change: *Biodiversity priority areas may shift in response to the impacts of climate change.*	The project will take cognisance of climate scenarios withint he target areas so as to anticipate changes and ensure all project activites are climate-proofed.
Shrinking budgets for natural resource management: *Natural Resource Management and Biodiversity Conservation have often been seen as competing with the social and economic development priorities of South Africa. This perception has resulted in these functions being under-resourced.*	This project will complement SANBI and DEA's ongoing programme of work to 'make the case' for biodiversity at a platform for sustainble service delivery and job creation.

B.5. KEY STAKEHOLDERS INVOLVED IN THE PROJECT, INCLUDING THE PRIVATE SECTOR, CIVIL SOCIETY ORGANISATIONS, LOCAL AND INDIGENOUS COMMUNITIES AND THEIR RESPECTIVE ROLES:

NATIONAL LEVEL	
Stakeholder	**Indicative roles and responsibilities**
South African National Biodiversity Institute (SANBI)	Primary executing agency with overall project management and project development responsibilities. Several divisions within SANBI will be responsible for leading and implementing interventions in component 1 of the project including SANBI's Biodiversity Mainstreaming, Information Management and Knowledge and Research divisions.
Department of Environmental Affairs (DEA)	Responsible for environmental policy, legislation and developing and implementing the Biodiversity Act. Primary project oversight. DEA's Natural Resource Management Directorate is involved in large-scale rehabilitation and restoration projects in the target District Municipalities, and will play a role in components 1 and 2
Department of Trade and Industry, business development and financing institutions	To be engaged in support of component 2 of the project
South African National Parks (SANParks)	Responsible for ensuring integration between mainstreaming and protected area interventions, especially in the Ehlanzeni area where national parks are integral to the biodiversity and wildlife economy, in accordance with the Policy on buffer zones for National Parks
National Department of Agriculture, Forestry and Fisheries (DAFF) *Rural Development and Land Affairs (DARDLA)*	Responsible for some regulatory, compliance and enforcement functions in the target District Municipalities. Will play a role in the implementation of components 1 and 2.
Development Bank of South Africa	Work with municipalities on infrastructure development and capacity building at local level and implementing the Siyenza Manje programme which seeks to assist municipalities with planning capacity.
CSIR	Play a key role in Freshwater Ecosystem Planning and Monitoring. To be engaged with regard to water aspects of component 1.

University of Pretoria – Hans Hoheisen Wildlife Research Stations	Key stakeholder responsible for the "One-Health" concept, demonstrating at community level (Mnisi Programme) the socio-ecological and –economical interface between humans, livestock and wildlife. Responsible for Environmental health, Extension, Training and Research pertaining to the veterinary environment, which is integral to the wildlife economy and livestock industry and markets at large (due to FMD zone)
South African Wildlife College	Responsible for training and skills development within the field of the broader wildlife economy
AHEAD-GLTFCA	Flagship programme for the multi-stakeholder forum responsible for the integrated coordination of the "one-health" wildlife, livestock and humans' concept.
NGOs: *WWF-SA* *Conservation South Africa (CSA)* *Endangered Wildlife Trust (EWT)*	Interests and experience in business and biodiversity programmes throughout South Africa, notably through the WW-SA and CSA Green Choice Alliance partnership. Will play a role in shaping the interventions of components 2 and 3, and in particular in the case of EWT, working with production sectors to promote wise use of agrochemicals
PROVINCIAL LEVEL	
Stakeholder	**Indicative roles and responsibilities**
Provincial Conservation Agencies: *Mpumalanga Tourism and Parks Agency* *CapeNature* *Eastern Cape Parks and Tourism Agency*	Responsible for some regulatory, compliance and enforcement functions in the target District Municipalities. Will play a role in the implementation of components 1 and 2
Regional water management agencies: DWA,CMAs/ Regional water user associations	Responsible for some regulatory, compliance and enforcement functions in the target District Municipalities. Will play a role in the implementation of component 1.
Provincial Departments of Agriculture: Forestry and Fisheries; Western Cape Department of Agriculture (DoA) *Eastern Cape Department of Agriculture and Land Affairs (DALA)* *Mpumalanga Department of Agriculture,*	Responsible for some regulatory, compliance and enforcement functions in the target District Municipalities. Will play a role in the implementation of components 1 and 2.
Provincial Department of Environmental Affairs and Development Planning (DEA&DP); Provincial Departments of Economic Development and Environment Affairs (DEDEA) *Mpumalanga Department of Economic Development, Environment and Tourism (DEDET)*	Develop permitting procedures for EIAs, and play a role in ensuring biodiversity is integrated in municipal scale planning. Also responsible for compliance with environmental policies, legislation and reporting according to the Ministerial Outcome 10 Delivery agreements. Will play a role in component 1.
Bioregional programmes: *CAPE Implementation Committee, and CAPE coordination unit* *Eastern Cape Implementation Committee, and ECIC coordination unit* *Grasslands Coordination Unit*	Bioregional programmes and provincial wide governance structures are present in the Winelands and Amathole District Municipalities and will play a role in drawing implementation lessons from project intervention sites to other Municipalities within their domains.
MUNICIPAL LEVEL	
Stakeholder	**Indicative roles and responsibilities**
District Municipalities, including Municipal Councils: *Ehlanzeni District Municipality* *Cape Winelands District Municipality* *Amathole District Municipality*	Responsible for planning, budgeting, service delivery and economic development in the target District municipalities. Key implementation partners for all components and co-leaders of the project.
Biosphere Reserves: *Winelands Biosphere Reserve* *Kruger to Canyons Biosphere Reserve* *(Emerging) Amathole Biosphere Reserve*	Involved in mainstreaming and coordination interventions in the District Municipalities. Envisaged roles in project governance and coordination within the target District Municipalities.
Bioregional programmes: *CAPE Implementation Committee, and CAPE coordination unit* *Eastern Cape Implementation Committee, and ECIC coordination unit* *Grasslands Coordination Unit*	Bioregional programmes and provincial wide governance structures are present in the Winelands and Amathole District Municipalities and will play a role in drawing implementation lessons from project intervention sites to other Municipalities within their domains.
Local communities and community	Local communities will be important beneficiaries of project interventions, and will

institutions	be the focus of interventions in component 2.
Commercial producers and operators	Commercial producers and operators will be supported to develop biodiversity-compatible approaches, and engaged in important partnerships in component 2.
Agricultural Research Council (ARC)	To be involved in the development of technical support in component 2.
African Wildlife Foundation (AWF)	Experiences of integrated landscape approaches across sub-Saharan Africa in particular regarding land units and their (co-) management, community capacity building, engagement of private sector in equitable deals, and PES and Climate Change.
AWARD	Significant experience in rural water security, including in wise management and equitable allocation. To be involved in water management issues in the Ehlanzeni District, as part of component 1.

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

This project is building on a very large investment by the GEF in South Africa. The *C, A.P.E* programme provided the foundation for biodiversity mainstreaming in South Africa. The programme, led by SANBI, developed and piloted new approaches to conservation including landscape initiatives, conservation stewardship, business and biodiversity, fine-scale planning and mapping of priority biodiversity, catchment management, and conservation education. SANBI also piloted a suite of fiscal reforms in form of tax rebates for private investments in biodiversity.

The ongoing *Grasslands Programme* is integrating biodiversity objectives into major production sectors operating in the grasslands biome such as agriculture, forestry, urban development and coal mining, while also strengthening the enabling environment for mainstreaming biodiversity into these sectors. The *Wild Coast* project is establishing a network of protected areas on communally owned land along the Wild Coast of the Eastern Cape Province. and testing co-management models in collaboration with local communities and the private sector.

The *Critical Ecosystem Partnership Fund* has been promoting innovative private sector and community involvement in conserving landscapes surrounding biodiversity corridors in several biodiversity hotspots. This has enabled new entrants to enter the sector, and many of these are the new faces of biodiversity conservation today.

New investments funded under GEF 5 seek to further expand the protected area estate while also tackling new management challenges, particularly poaching. The "*Improving Management Effectiveness of the Protected Area Network"* project will increase representation of globally important terrestrial and marine habitats by establishing new PAs covering 197,000 ha, while the UNEP-GEF-CITES *Strengthening Wildlife Forensic Capabilities To Combat Wildlife Crime For Conservation And Sustainable Use Of Species project* aims to reduce poaching of rhinoceroses and illegal international trade in their horns by strengthening enforcement capacity in southern Africa through forensic-based technologies.

This project is different from all the above investments in that it is seeking to intervene at municipal scale, which has not been a focus of any previous GEF investment. The focus on municipalities is very timely given the important role that municipalities are playing in implementing the new growth path and the potential threats to biodiversity. The project will replicate the tools and methodologies for mainstreaming biodiversity piloted by the CAPE, CEPF and other programmes at the municipal scale. This project also builds on on-going efforts by SANBI and others to demonstrate the role of biodiversity as a driver of jobs and economic growth.

C. 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 will contribute US $1.2 million of co-financing from its country program.

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:

The project is in line with UNDP Country Programme *Component II: Climate Change and Greening South Africa's Economy***;** Outcome 2 on harnessing *of South Africa's biodiversity resources to address sustainability whilst creating economic opportunities*. This outcome focuses on strengthening nature-based options for poverty reduction and employment generation, while also assisting South Africa to strengthen its role as a knowledge and policy hub for pro-poor biodiversity management.

UNDP is the lead agency within the United Nations (UN) system helping countries to develop capacity for biodiversity management. With 40 years of transformational work in biodiversity management, and building on an established global network of country offices and regional centres, UNDP has been supporting countries to shape and drive biodiversity management for sustainable development—driven by national commitments, needs and priorities. through country-specific interventions, from national to local scales, More specifically, UNDP works directly with countries to integrate biodiversity into poverty reduction, development planning and economic sectors through: (a) developing capacity at the individual, institutional and systemic levels to remove barriers to, and identify new options for, effective governance and finance for biodiversity and ecosystem management and (b) assisting countries to identify, access, combine and sequence environmental finance to address the biodiversity and ecosystem financing gap, mobilize pro-poor markets for ecosystem goods and services, and generate sustainable livelihoods.

Last but not least, UNDP has a wealth of experience in supporting biodiversity management projects in South Africa . Past and ongoing projects implemented through UNDP Country Office include the CAPE project, the Agulhas Biodiversity Initiative, The National Grasslands Programme, to mention a few. The UNDP-GEF Biodiversity Team comprised of 1 Principal Technical Advisor and 4 Regional Technical Advisors sits in the country office is on hand to provide technical assistance and ensure smooth implementation.

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

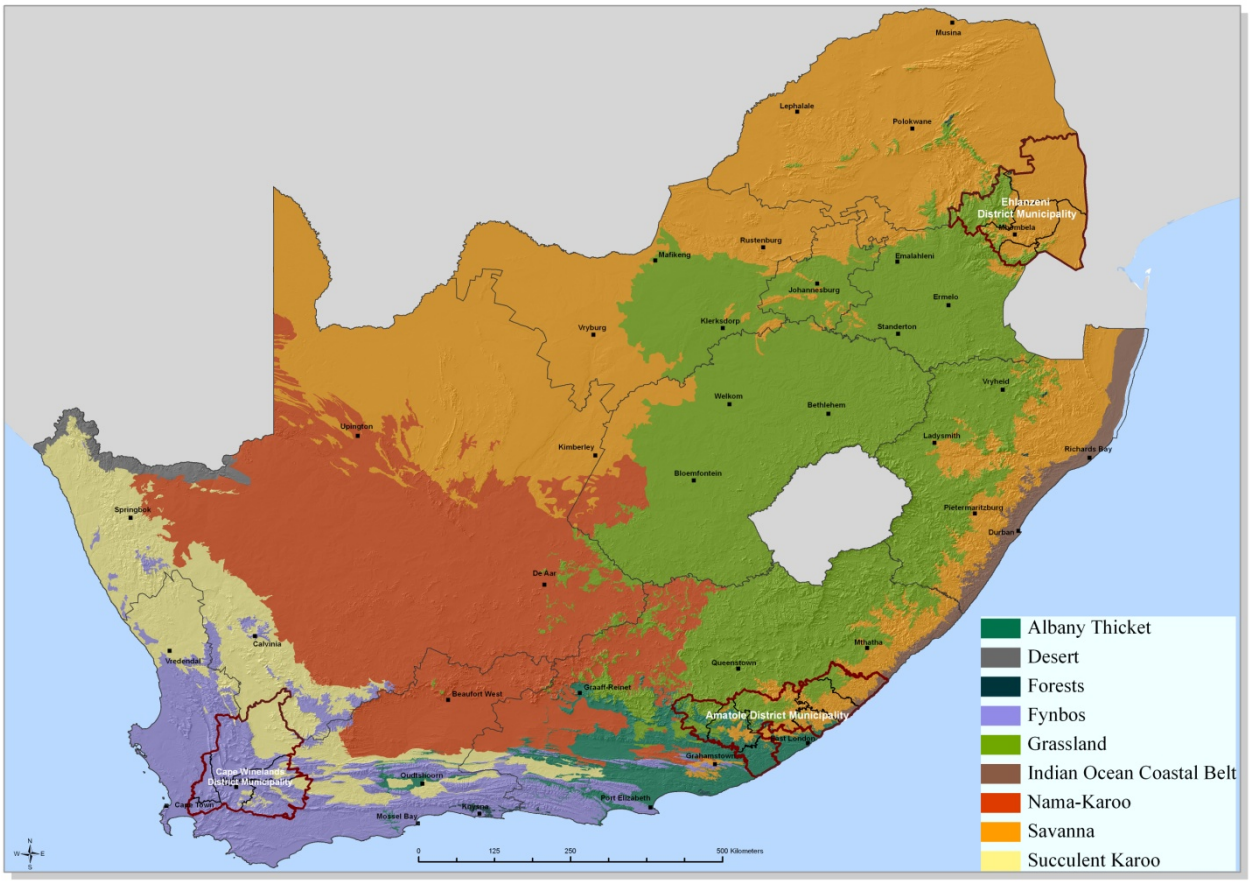
A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT (S): (Please attach the Operational Focal Point endorsement letter(s) with this template).

NAME	POSITION	MINISTRY	DATE *(MM/DD/YYYY)*
Zaheer Fakir	GEF Operational Focal Point	DEPARTMENT OF ENVIRONMENTAL AFFAIRS	**JULY 27, 2012**

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		August 17 2012	Alice Ruhweza RTA, EBD UNDP Pretoria	+27123548120 +27718744992	alice.ruhweza@undp.org

Annex 1: Location of project intervention sites relative to South Arica's biomes



Annex 2: **Table 2: Summary of Main Land Uses and Threats in the 3 Targeted Municipalities**

District Municipality							Entire District Municipality	
Per biome	**Biome**	**Area/biome (ha)**	**Natural (ha)**	**Protected (ha)**	**Cultivation (ha)**	**Other (ha)**	**Major Land-use**	**Key threats**
Amathole	Albany thicket	513867 (23.8%)	460659 (89.6%)	32246 (6.7%)	37889 (7.4%)	15319 (3.0%)	Conservation (3.2%)	Forestry (future expansion)
2159492 ha	Forests	45169 (2.09%)	42100 (93.2%)	11125 (24.6%)	1894 (4.2%)	1175 (2.6%)	Cultivation (15.9%)	Urbanisation
	Grasslands	773606 (35.8%)	629915 (81.4%)	20470 (2.6%)	108675 (14.0%)	35016 (4.6%)	Forestry & Plantation (2%)	Cultivation expansion
	Indian Coastal	76601 (3.55%)	30339 (39.6%)	3705 (4.8%)	43601 (56.9%)	2661 (3.5%)	Mining (0.01%)	Over-abstraction of water
	Savannah	742827 (34.4%)	56375 (7.6%)	2023 (0.3%)	152835 (20.6%)	533617 (71.8%)	Urban development (3.05%)	
	Total		**1219388 (56.5%)**	**69569 (3.2%)**	**344894 (15.9%)**	**587788 (27.2%)**	Other (Vacant, Grazing, etc) (75.84%)	
Ehlanzeni	Forests	25583 (0.9%)	25230 (98.6%)	12590 (49.2%)	10 (0.04%)	343 (1.3%)	Conservation (37.6%)	Mining
2789557 ha	Grasslands	613855 (22.0%)	402358 (65.5%)	62476 (10.2%)	29007 (4.7%)	182490 (29.7%)	Cultivation (6.5%)	Urban development
	Savannah	2142213 (76.8%)	1771465 (82.7%)	972595 (45.4%)	151782 (7.1%)	218966 (10.2%)	Forestry & Plantation (12%)	
							Mining (0.3%)	
							Urban development (3.7%)	
	Total		**2199053 (78.8%)**	**1047661 (37.6%)**	**180799 (6.5%)**	**401799 (14.4%)**	Other (Vacant, Grazing, etc) (39.9%)	
Cape Winelands	Forests	86 (0.004%)	86 (100%)	75 (87.2%)	0	0	Conservation (25%)	Cultivation
2147268 ha	Fynbos	1444746 (67.3%)	1147019 (79.4%)	475340 (32.9%)	274720 (19.0%)	23007 (1.6%)	Cultivation (15%)	Over-abstraction
	Succulent Karoo	582097 (27.1%)	564389 (97.0%)	49593 (8.5%)	15966 (2.7%)	1742 (0.3%)	Forestry & Plantation (1%)	Alien invasive plants
							Mining (0.01%)	
							Urban development (1%)	
	Total		**1711494 (79.7%)**	**525008 (25.0%)**	**290686 (14.0%)**	**24749 (1.2%)**	Other (Vacant, Grazing, etc) (58%)	