

## PROPOSAL FOR REVIEW

<b>PROJECT TITLE:</b>	<b>SOUTH AFRICA: CAPE PENINSULA BIODIVERSITY CONSERVATION PROJECT</b>
<b>GEF FOCAL AREA:</b>	Biodiversity
<b>COUNTRY ELIGIBILITY:</b>	Ratified CBD on November 2, 1995
<b>TOTAL PROJECT COST:</b>	US\$93.2 million
<b>GEF GRAND TOTAL:</b>	US\$12.4 million
<b>GEF FINANCING:</b>	US\$12.3 million
<b>COFINANCING:</b>	US\$80.8 million
<b>ASSOCIATED IBRD PROJECT:</b>	None
<b>GEF IMPLEMENTING AGENCY:</b>	World Bank
<b>GEF OPERATIONAL FOCAL POINT:</b>	Department of Environmental Affairs and Tourism
<b>EXECUTING AGENCIES:</b>	National Parks Board, The Table Mountain Trust Fund
<b>ESTIMATED APPROVAL DATE:</b>	November 1997
<b>PROJECT DURATION:</b>	6 years
<b>GEF PREPARATION COSTS:</b>	US\$85,000 PDF Block B Grant

## **Block 1: Project Description**

1. Project development and global environment objectives: To minimize further loss of, rehabilitate and sustainably manage and conserve the globally significant flora and fauna of the Cape Peninsula, including its surrounding marine ecosystems, and to initiate conservation planning for the entire Cape Floral Kingdom of which the peninsula is a part.

### Significance of and Threats to the Biodiversity of the Cape Peninsula

South Africa ranks as the third most biologically diverse country in the world. It is the only country in the world to have within its borders an entire plant kingdom; the Cape Floral Kingdom. The Cape area has the highest plant species diversity of any similar-sized temperate or tropical region in the world. South Africa's Department of Environmental Affairs and Tourism (DEAT) has characterized the area as "the world's 'hottest hotspot' of global conservation concern."

Within the Cape Floral Kingdom, the Cape Peninsula (see map page 15) is of special significance. This small area of 471 km<sup>2</sup> contains 2,285 native plant species, over a quarter of those found in the Cape Floral Kingdom and more than are found in the entire British Isles. Of these plant species, 105 are endemic and 141 are threatened. The primary vegetation, covering 92% of the area, is the Cape Fynbos (cf. "fine bush"). Several faunal groups also exhibit exceptionally high levels of species richness and endemism. For terrestrial invertebrates, the degree of endemism is extraordinary when compared to adjacent regions with similar vegetation types. The Cape Peninsula is also one of four "Endemic Bird Areas" recognized in South Africa by Birdlife International.

About 60% of the Cape Peninsula, covering 291 km<sup>2</sup>, was awarded some degree of protection from development and other environmental threats under the Environment Conservation Act No. 73 of 1989. This area, called the Cape Peninsula Protected Natural Environment (CPPNE) is 80% public owned and 20% owned by 174 private landowners, of whom 90 own 1 ha or less each. It is managed by 14 different national, provincial, regional and municipal institutions. Management is fragmented, relatively inefficient and has not been fully effective in addressing the major threats to its biodiversity.

In 1993, World Wildlife Fund for Nature-South Africa (WWF-SA) established a conservation trust fund, the Table Mountain Trust Fund (TMTF), to mobilize community support for conservation on the Cape Peninsula and to finance small-scale NGO and community-managed conservation initiatives in and around the CPPNE. These NGO initiatives complement and fill gaps in the inadequate conservation efforts of the of the public authorities. To date, WWF-SA has raised over R8 million (nearly \$2 million) for the trust fund. Its annual net income of about \$100,000 finances several new and highly cost-effective biodiversity conservation initiatives in the CPPNE and on adjoining privately-owned land each year. These have focused on invasive species control, environmental emergency response and environmental education. WWF-SA has also initiated a land acquisition program on the Cape. Since 1993, land with a total transaction value of over \$6 million and a market value of over \$14 million has been purchased by or donated to WWF-SA for conservation purposes.

The number one threat to the terrestrial biodiversity of the Cape Peninsula are alien invasive species, which were introduced with the best of intentions to South Africa several generations ago and have spread vigorously throughout the ecosystem. Alien species have contributed to the extinction of an estimated 39 endemic species and will spread and overwhelm the natural vegetation almost entirely within the next 50-100 years unless effectively controlled. A 1994 study showed that 33% of the natural vegetation on the peninsula is now lightly invaded by alien species (canopy cover < 25%) and about 11% is densely invaded (> 25%). Urban expansion is the second major threat to biodiversity conservation, which can only be controlled by affording the Cape the highest possible legal environment protection. Visitor use is the third major threat to this world famous scenic area, and must be effectively managed to prevent environmental damage.

The Cape Peninsula's less-famous marine biodiversity is influenced on one side by the Atlantic Ocean and on the other side by the Indian Ocean. Species diversity and endemism reflect the heterogeneity of oceanic conditions, particularly at the "mixing area" of Cape Point. All the Cape's 24 species of resident rockpool fish are endemic to southern Africa. Of the 259 continental-shelf fish species which occur around the Peninsula, almost 90% are endemic to southern Africa. Biotic components are diverse, ranging from microorganisms to large mammals, and in spring, several species of whale gather in the waters of False Bay, to the east of the Cape. The waters off the Cape Peninsula are also abundant in many species of fish, which provide a primary source of income for local fishing communities and sport for recreational anglers.

There are currently seven Marine Protected Areas (MPAs) on the Cape Peninsula, but only two of these offer effective protection

for marine life: the Miller's Point Marine Reserve and the Kalk Bay Marine Reserve. Three of the remaining reserves are designated for protection of the commercially important West Coast Rock Lobster, while exploitation of other marine species is permitted. The last two MPAs protect marine invertebrates, while allowing other types of exploitation. Limited budgets make patrolling infrequent and enforcement rare, with the exception of Abalone and Rock Lobster, which receive more active protection. Chemical pollution is not generally a problem, but increasing chemical concentrations in False Bay could be a concern in the future. Sewage is treated and is not considered an urgent problem, but raw sewage is sometimes spilled accidentally into the sea. With a rapidly increasing adjacent urban population, the potential for sewage and stormwater pollution exists, and will need to be addressed in the future. International shipping activity is also intensive in the Cape Peninsula area. From 1985 to 1990, 17 small oil spills occurred in or just outside False Bay. However, South Africa is relatively well equipped to handle such occurrences. Marine resource over-exploitation is most likely to threaten the West Coast Rock Lobster, Abalone, Alikreukel and linefish species, some of which are endemic to southern Africa. While the root causes of these problems lie largely outside the boundaries of the future national park and the scope of this project, the planned consolidation of marine protection under unified management and the area's award of the highest legal protection will strength the conservationists' arms in their dealings with external stakeholders.

In response to the global importance of and serious environmental threats to the Cape Peninsula, the Government of South Africa has declared the Cape one of its top conservation priorities. It has decided to upgrade the CPPNE's conservation status to that of a National Park and to unify its management under the National Parks Board (NPB). The transfer of all public land to NPB management will be completed by end-1997 and the new national park will then come into being.

### Summary of Project Components

In order to achieve its sustainable development and global environment objectives of better conserving and sustainably using the unique biodiversity of the Cape Peninsula and the Cape Floral Kingdom, this project will (i) facilitate the establishment and strengthen initial management of the planned new Cape Peninsula National Park, the area of which roughly corresponds to the current CPPNE; (ii) expand NGO-managed, community-based conservation activities in support of the new national park and throughout the Cape Floral Kingdom by supplementing the capital resources of the Table Mountain Trust Fund; and (iii) support the preparation of the first comprehensive conservation strategy for the entire Cape Floral Kingdom.

2. GEF Project components: The National Parks Board (NPB) is the designated manager of the project's terrestrial and marine conservation component, for which the largest portion of GEF funds are requested (\$6.4 million). These funds will cofinance a six-year program of urgently-needed conservation activities in the new national park that will have significant global benefits and would otherwise not be undertaken. These will include, (i) accelerated clearing of invasive alien species (particularly acacia, and pine trees) and annual maintenance of cleared areas using various labor-intensive techniques, the effectiveness of which will be evaluated and disseminated globally; (ii) environmental education to enhance the public's understanding of the unique biodiversity assets contained in the area and appropriate behaviors in support of its conservation, (iii) enhanced fire management to reduce the incidence of wildfires and better contain them, while simulating nature's own renewal process in a controlled manner, (iv) improved visitor management measures to minimize environmental pressure on sensitive areas by directing visitors to well-maintained pathways and gateways which will prevent erosion and excessive trampling of the vegetation; (v) a marine conservation program that will build upon the Cape's existing but incomplete and poorly enforced Marine Protected Areas system, extend their coverage and enforce new and effective environmental regulations, and (vi) an improved biodiversity monitoring and evaluation (M&E) program to track the conservation performance of the project, upgrading of the embryonic Environmental Information System (EIS) for the Cape Peninsula, and an applied conservation studies program that will gather and analyze the data necessary for effective conservation in the national park and assess and disseminate the results of the various components of the strengthened conservation program.

The second GEF component will consist of studies and consultations to help define a biodiversity conservation strategy for the broader Cape Floral Kingdom (CFK), which will involve a large number of stakeholders (\$0.9 million). Priority conservation areas in the CFK - the Agulhas Plain, De Hoop and the West Coast Biosphere Reserve - have already been identified. This process will identify the main stakeholders in each of these areas, ensure their participation, identify specific "champions" for the conservation planning tasks to be done, identify information gaps, prioritize and commission conservation planning work to close these gaps, develop a comprehensive strategic conservation action plan and explore

conservation funding possibilities for the future.

The NGO-managed community conservation program in the Cape region is the other proposed recipient of GEF funds. A \$5 million GEF contribution to the Table Mountain Trust Fund is requested for this purpose. These funds would supplement the \$2 million in cash contributions and over \$6 million in land purchases and donations that WWF-SA has already mobilized in support of conservation of the Cape Peninsula and the Cape Floral Kingdom and would facilitate a major expansion in community conservation involvement and field activities. Management of the expanded trust fund would be overseen and funding allocations determined by six trustees, representing the three founders: NPB, WWF-SA and the Table Mountain National Park Advisory Board, which represents community stakeholders. The objective of the fund, which is consistent with that of the GEF, is “conservation of the biological diversity of the Cape Peninsula and its adjacent marine systems.” This objective will be achieved through an expanded program of NGO-designed and implemented conservation activities focusing on invasive alien species clearing and control, community environmental education and applied conservation studies. A secondary and new objective of the expanded Trust Fund that would be facilitated by the GEF is community conservation of biodiversity in the entire CFK and its adjacent marine systems. Only GEF funds can be used for this latter purpose as domestic trust fund contributions can only be directed to conservation on the Cape Peninsula. Income from the additional capital requested from the GEF will be applied only to volunteer-managed biodiversity conservation activities and is thus be certain to achieve global benefits. In recognition of the larger role that NGOs will play in biodiversity conservation as a result of this proposed GEF contribution, the NPB will invite NGO and community representatives to serve on the Project Advisory Group of the new Cape Peninsula National Park, thereby increasing NGO and community participation in the management of the new protected area.

Project Costs and Financing Plan

The overall costs of and financing plan for the project are summarized below. Baseline component costs (the DOM column) will be financed from domestic resources, including NPB central subsidies, provincial and local government contributions, revenue from admission fees and tourism venture royalty, NGO land purchases and domestic donations. The “CoF” column signifies foreign or domestic co-financing of some “incremental” elements of the of the GEF alternative. GEF funding of \$12.3 million is requested for the balance of the incremental cost of this alternative.

<u>Component</u>	<u>Category</u>	<u>Indicative Costs (US\$M )</u>			<u>% of Total (rounded)</u>
		DOM	GEF	CoF	
Baseline National Park capital and operating cost	capital expenditure operating cost	20	0	0	53
		<u>30</u>	0	0	
		50			
Additional terrestrial conservation activities	alien species eradication	7.4	5.0	1.4	30
	fire management	3.9	0.1	0.4	
	environmental education	1.1	0.3	0.5	
	visitor management	4.0	0.2	0.6	
	capacity building	2.0	0.0	0.2	
	<u>knowledge management</u>	<u>0.3</u>	<u>0.3</u>	<u>0.5</u>	
	sub-total	18.7	5.9	3.6	
Marine conservation		0.4	0.5	0	1
NGO-implemented conservation activities		8	5	0	15
CFK Strategy		0	0.9	0.1	1
	Sub Total by source:	77.1	12.3	3.7	100
	Grand Total:		93.1		

3. Global and national benefits: The project’s overarching global benefit will be more effective conservation of a unique floristic area, containing more than two thousand plant species, of which more than one hundred are endemic and several

are seriously threatened. There will also be global benefits from more effective conservation of the associated faunal and marine ecosystems, as well as from the dissemination of the results of applied research on alternative alien species eradication and control techniques, visitor management methods and environmental information systems development. More specifically, the addition of GEF support will: (a) accelerate the alien species eradication and control program, thereby significantly lowering the risk of further native species loss and reducing the overall cost of alien plant control by more quickly eradicating existing stands; (b) increase emergency response capacity and therefore reduce losses of rare and threatened terrestrial and marine species from oil spills and fires; (c) extend effective conservation to selected species-rich marine areas around the Cape Peninsula, thus better conserving these unique ecosystems; (d) mobilize a larger and more effective community-based program for conservation on the Cape Peninsula, which will increase the effectiveness of alien species eradication efforts in the park by organizing complementary NGO eradication efforts in the buffer zones and more effectively counteract the major threats from commercial development and urbanization on the fringes of the protected area by empowering community activists; and (e) initiate comprehensive strategic planning for and community conservation in the entire Cape Floral Kingdom, which otherwise will not happen due to scarcity of competing demands for conservation resources.

More effective conservation will also directly benefit hundreds of thousands of local and foreign visitors to the Cape, who will be able to enjoy the better-protected indigenous flora and fauna that will result from the project. Local communities will benefit from additional employment opportunities, primarily in alien species clearing operations, labor-intensive fire management and path maintenance works, and from greater involvement in management of the protected area. The project will fund the training of local entrepreneurs from disadvantaged communities to take on contract work for the Park and skills acquired in that process can later be used in the diversified Cape Town labor market. In addition to its direct employment benefits, the new national park will also indirectly create many low-medium skilled employment opportunities as a result of the larger and more sustainable future stream of tourists that will be attracted to the area as a result of more effective conservation. A growing service industry will provide more lodging, food, drinks, guided tours, souvenirs and so on for the visitors. In a few locations close to roads, it will be possible for disadvantaged communities to make use of felled alien tree species for fuelwood and carpentry activities. National Park management will make concerted efforts to market and make accessible the Park's recreational values to communities that previously have not had access to it. This will further broaden the constituency supporting biodiversity conservation in South Africa from a privileged elite to the broad mass of the population, encompassing disadvantaged groups.

**4. Institutional and implementation arrangements:** . The institutions involved are internationally- known for their competence in their respective areas of responsibility. The overall management of the Cape Peninsula National Park will be in the hands of the National Parks Board (NPB). NPB is headed by a Board of Trustees with 18 members appointed by the Minister of Environmental Affairs and Tourism. NPB derives its powers from the National Parks Act, No. 57 of 1976. Once a cadastral entity has been proclaimed as national park in terms of the Act, all other conservation and land use planning legislation ceases to apply. The management, decision-making and regulation of all activities within such proclaimed areas are solely the preserve of the NPB. Hence, there is no conflict of interest with the Provincial Conservation Agency. In areas outside the park, land use planning and conservation are the responsibility of the Province, comprising Provincial and local government, a division of responsibility that is enshrined in the South African constitution. Hence, agreement on buffer zone management will have to be negotiated between the NPB and provincial and local authorities. Long-term contracting of private landowners into the park is an ambition of the future park management, and would be done in terms of Clause 2B (1)(b) of the National Parks Act. Acquisition of land for the purpose of a park is governed by Section 3 in the same act. There are, however, no immediate plans to buy land for the extension of the park, merely to contract private land into the park. If such acquisitions were to take place within the project at a future date, the Bank would review their consistency with Bank policy. The new park will fall under the NPB Director Operations South, and the locally resident administrative staff will comprise some 35 members, lead by a project coordinator. Park management will engage NGOs in the execution of some of the conservation work.

Legislation governing the management of marine protected areas is contained in the Sea-Shore Act, No. 21 of 1935 and the Sea Fisheries Act, No. 58 of 1973. Once a national park has been declared, however, neither of these acts will apply (clause 30 of the National Parks Act).

Legislation governing a proclaimed protected natural environment, such as the current Cape Peninsula Protected Natural Environment (CPPNE) is in the Environmental Conservation Act, No. 73 of 1989. A constitutional provision delegates the

powers of the act in terms of Sections 16 and 17 to the provinces. Therefore, jurisdiction over the CPPNE currently rests with the Provincial Conservation Agency (Cape Nature Conservation, CNC). In the future management of this area, this legislation will be replaced by the National Parks Act.

As for the *Table Mountain Trust Fund* (which is the historical name that does not reflect the planned extension to address conservation in all of CFK), its rules of operation are defined in the Trust Deed, and its objectives are anchored in Article 4 of the National Parks Act, as referenced above. Utilization of net income from the trust fund will be administered by a six person Board of Trustees, nominated by the three founders of the Trust, namely the NPB, the broad-based local Table Mountain National Park Advisory Committee, and WWF-SA. The duties of the Trustees are regulated by the Trust Deed, anchored in the provisions of the Company Act, No. 61 of 1973. The objectives of the Trust cannot be changed without the Bank's and GEF's agreement. WWF-SA is the coordinator for domestic fundraising and expects to contribute a total of about ten million and (most of which is already secured) to the joint Trust, and to assist the Trustees with technical and other expertise needed to fulfill the Trust's objectives. Management and administration of such funds has been the core business of WWF-SA since it was established in 1968. The Trustees will be assisted by one full-time Fund Conservation Coordinator, a professionally qualified conservationist with at least five years' experience, and a Table Mountain Fund Assistant. Their offices will be in the NPB headquarters of the Cape Peninsula National Park, and they will report to the senior officer in this park. Approval of project proposals will be administratively handled by the Fund Conservation Coordinator with an already established Project Approval Group (PAG) as an advisory body. For the purposes of this Trust Fund, the PAG will be augmented with two representatives of the Cape Peninsula's community-based NGOs. NPB's senior officer will sign off on all project approvals, to ensure full compatibility between the NPB activities and the activities of the TF. The Coordinator will manage the projects financially, while supervision of the projects' implementation will be in the hands of the senior officer of the NPB. Evaluation will be done by the Coordinator, who will report to the Trustees. Their annual report will be vetted by the Table Mountain (Cape Peninsula) National Park Council and WWF-SA's Environmental Education Committee and Conservation Advisory Committee. An effort will be made to disseminate lessons learned to all interested and affected parties throughout the life of a project.

The investment policy of the Trust Fund will be guided by the need to (a) provide adequate liquidity for the ease of disbursement, (b) preserve the capital of the trust, and (c) provide capital appreciation and adequate income to finance conservation work for decades to come. More specifically, the return objectives are 7.5% net of domestic inflation per annum, and the investment mandate is 50% OECD countries and 50% South African assets in a balanced portfolio containing 50% equity, 30% fixed income assets, and 20% cash. Further guidelines for deviation ranges, credit, liquidity and currency risk and eligible investment instruments will be specified in the Operational Manual for the TF. Financial trust fund management will be carried out by an independent, professional financial management company selected after competitive bidding following industry standards. The returns from the fund would not be subject to taxation under the Income Tax Act No. 58 of 1962.

*Strategic planning for the Cape Floral Kingdom* will be coordinated by NPB, in collaboration with provincial and local authorities in the Western Cape Province, qualified academic institutions, such as the University of Cape Town, and parastatal institutions such as Cape Nature Conservation.

**Block 2: Project Rationale**

5. CAS objective(s) supported by the project:

[Note: Where key indicators are established for monitoring progress toward the Bank country assistance objectives, as envisaged in the new style CASs, this section will specify the expected project contribution to these indicators.]

The strategic focus of the Bank's assistance to South Africa is in four priority areas: growth and macroeconomic stability, poverty alleviation, capacity building and regional issues. The project relates well to the first three. It will contribute to economic growth through promoting increased and sustainable tourism in the Cape region; disadvantaged communities will benefit from direct employment opportunities (some 500 people p.a.) inside the Park and also from indirect opportunities generated by increasing tourism; and resources are ear-marked for the training of small-scale entrepreneurs.

*Links to GEF Operational Strategy/Program objectives and to Convention guidance:* The proposed project is consistent with the GEF Operational Strategy for Biodiversity and will contribute to its Operational Programs for Arid and Semi-Arid Ecosystems, Mountains and Coastal and Marine Ecosystems. Consistent with these programs and with Convention guidance, the project supports in situ conservation, effective management of globally-significant protected areas and community capacity-building and awareness. The Cape Floral Kingdom is recognized as globally important for plant species richness and extraordinary endemism and is one of the 200 Global Ecoregions identified by WWF. The coastal and marine ecosystems around the Cape Peninsula and along the de Hoop coast have been identified as priority areas for protection by the IUCN Global Representative System of Marine Protected Areas study.

Consistent with GEF and COP guidance, the project is a national priority, is supported by an appropriate legal and policy framework and, because of the area's visitor potential and the NPB's management capacity, has excellent prospects of sustainability. It further responds to COP guidance by promoting conservation and sustainable use of biodiversity in mountain, semi-arid and marine ecosystems, both through extending and strengthening the protected area system and by initiating conservation planning in the broader Cape Floral Kingdom. It promotes the conservation of endemic species and supports a program to address alien species invasion and habitat restoration. It specifically addresses COP3 guidance by building community capacity and partnerships for conservation; involving local communities, including providing economic incentives and employment opportunities that will address rural poverty; promoting innovative financial mechanisms to address recurrent costs of conservation that involve local government, NGOs and the private sector; and by encouraging intersectoral cooperation in land use planning. By strengthening the involvement of local communities and building strategic partnerships between NGOs, government agencies, local government and the private sector, the project will build a broader constituency for biodiversity conservation in South Africa. The project also meets the objectives of other related international conventions by addressing the conservation needs of migratory species.

#### 6. Main sector issues and Government strategy:

[Note: Summarize assessments of key policy, institutional and other issues, and the Government's strategy to address them, referencing the economic and sector work of the Bank and other development agencies.]

The Government's biodiversity conservation strategy reflects the particular socio-economic situation of the country. RSA urgently needs to address pressing issue of social service and infrastructure provision for and empowerment of disadvantaged communities. Hence the Green Paper *Towards an Environmental Policy for South Africa* states as its first objective: "To effect planned and measurable shifts in budgetary and resource allocations for environment to achieve the goal of people-driven, sustainable resource management and the redress of past inequalities." Public funding for conservation purposes is therefore set to decline and public involvement to increase. As a result, the National Parks Board will have fewer public resources to counter the threats to the globally significant biodiversity of the Cape Peninsula and is actively seeking to expand community and NGO involvement in its conservation activities. The project will facilitate the achievement of both these strategic objectives.

The South African government is in the process of finalizing a Biodiversity Strategy White Paper which, according to domestic environmental expertise, identifies the Cape Peninsula as a national top priority for conservation measures. While modest public funding for the new national park is foreseen to for another four years and is built into the project financing plan, competing domestic priorities are increasingly strong and park subsidies are scheduled to decline. Some of the shortfall will be countered by the private sector, for example through the mobilization of over \$6 million in land purchases and \$2 million in contributions to the Table Mountain Trust Fund. Nevertheless, this leaves a significant shortfall in the funds required for effective biodiversity conservation in this priority area of South Africa.

#### 7. Sector issues to be addressed by the project and strategic choices:

[Note: Of the issues identified in paragraph 6, specify those to be addressed by the project, indicating the strategic choices, e.g., private vs. public options, as assessed in the economic and sector work of the Bank and other development agencies. The Cape Peninsula's globally significant biodiversity is threatened by a number of factors, including invasive alien species, uncontrolled fires, urban encroachment (generally in the form of high-end development), and excessive visitor pressure in delicate areas which have not been effectively addressed by the CPPNE management system. The marine environment, which has very limited protection, is threatened by over exploitation of certain species and increasing pollution risks. In order to effectively address these threats, immediate action is needed to strengthen the legal framework, institutional

arrangements and management programs for the conservation of these resources. Designation of the area as a National Park, with the nation's highest level of protection, provides a much more solid legal framework for effective conservation than its existing CPPNE status. Unified management of the area under the NPB will facilitate better-coordinated and cost-effective management of the area's natural resources. The injection of GEF resources into park management during its initial years of operation will increase the effectiveness of its conservation programs and facilitate the achievement of financial sustainability by increasing environmentally-responsible tourism and reducing the long-term cost of alien species control. Establishment of and increased management support to the new national park is therefore the most cost-effective strategic option for conserving the area's unique and globally-significant biodiversity.

The creation of a national park also provides an opportunity to address the social problem that, in the "old South Africa", biodiversity and environmental conservation were for the benefit of a rich, white elite. The new NPB management is dedicated to change both that perception and practice by active outreach activities into disadvantaged communities. The poor will be offered employment opportunities, environmental education and enhanced access to the park through special transport arrangements. A component of the manual alien species clearance program will train independent entrepreneurs to establish small contracting companies to work for the NPB.

The rationale for asking the GEF to supplement the resources of the Table Mountain Trust Fund has several bases. First, by being a fund in perpetuity, its existence ensures long-term financial support and effective advocacy for biodiversity conservation on the Cape Peninsula and in the Cape Floral Kingdom. For example, initial clearing of invasive alien species must be followed every year with maintenance work to prevent re-infestation. An NGO-managed trust fund is an ideal mechanism for funding such regular, small-scale conservation activities. Second, the TF empowers and motivates communities to undertake conservation activities (clearance of alien invasive species, environmental education activities targeting disadvantaged communities, visitor management projects aiming at minimizing environmental pressure, and so on). Hence, it contributes to the empowerment and mobilization for conservation purposes of a key element of civil society. Third, the TF will extend conservation activities to private land adjacent to the Park, whereas NPB resource can only be used within the confines of the park, which will increase the cost-effectiveness of the NPB efforts by limiting re-infestation from areas around the park. Fourth, an expanded Fund will involve NGO representatives in park management, which will promote transparency in resource allocation for biodiversity conservation and respond to clearly voiced needs for an active NGO role. An explicit provision in the Trust Deed will ensure that income originating from the capital provided by the GEF will only support activities that will have global benefits.

The propose \$5 million GEF capital contribution to the Fund, which is expected to return about 7.5% p.a., would provide an additional \$250,000 in NGO and community conservation funds per year. This target figure was derived a thorough assessment, by the large and very capable NGO network in the Cape Floral Kingdom, of the volume of additional funds that they can effectively utilize for conservation purposes. WWF-SA, the fund administrator, already has a track record of effectively allocating and overseeing the use of over \$200,000 in net income during the fund's first three years. Given that it was launched in 1993, and that it takes time to develop effective project proposals and experience in their implementation, this performance gives confidence that the additional resources will be effectively used.

#### 8. Project alternatives considered and reasons for rejection:

[Note: Alternative project scope and design options and trade-offs.]The original project proposal, which was submitted by WWF-SA, sought only additional resources for the Table Mountain Trust Fund. After thorough review and discussion of conservation priorities and financing needs on the Cape Peninsula, it was agreed that GEF resources were also needed and justified for an intensified short-term invasive alien species eradication program, a series of more modest terrestrial conservation initiatives and for the strengthening of marine conservation around the Cape Peninsula. Hence, a short-term investment program to address these issues, to be managed by the National Parks Board, was added to the trust fund component.

Secondly, the exclusive initial focus on the Cape Peninsula was reassessed and revised, in order not to forego the opportunity to address the urgent conservation planning needs of the entire Cape Floral Kingdom. Hence a component that entails shaping a conservation strategy for the entire CFK was added, to be implemented during the first two years of this project. Thereafter, it is foreseen that this component will lead to a Cape Floral Kingdom Conservation project.



At an early stage, the option of linking the alien invasive species eradication program to the national Working for Water Program was considered. The objective of this latter program is to enhance water yields, mostly for urban consumption. However, the link was found not to be feasible as only a small fraction (in the order of 2%) of Cape Town's water supply is derived from watersheds within the park area. The small dams in question are also located on open mountain terrain, and not subject to significant interference of alien vegetation.

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

<u>Sector issue</u>	<u>Project</u>	<u>Latest Form 590 Ratings (Bank-financed projects only)</u>	
		<u>IP</u>	<u>DO</u>
<u>Bank-financed</u>			
Degraded urban areas	Urban Infrastructure Project	N/A: under preparation	
Unemployment and weak export growth	Industrial competitiveness and Job Creation Project	N/A: not yet under supervision	
<u>Other development agencies</u>			
EU/Sweden /Norway	Managing the Environment Locally in SSA (MELISSA). Proposes to prepare an urban environmental action plan for the Cape Metropolitan area.		

10. Lessons learned and reflected in proposed project design:

This is the first project of its kind in South Africa. Hence, lessons have to be drawn from other countries. The Bank's global review of biodiversity projects (*Mainstreaming Biodiversity in Development*, Nov. 1995) has shown that three of the most important facts for sustained success pertain to (i) the empowerment of local communities, indigenous people, NGOs and other stakeholders as partners in designing and implementing projects; (ii) the achievement of financial sustainability, including recurrent cost financing, and (iii) monitoring and evaluation of the project which provides the underpinning for adjustments during implementation. Hence stakeholder involvement is a feature of this project. The prospects for financial sustainability of the Park have been carefully studied, and the results point to plausible full cost-recovery to be achieved by the end of the project. This is due to increasing numbers of visitors, higher admission fees and income from tourist ventures. Finally, an ambitious framework for M&E is already built into the Borrower Implementation Plan to ensure that performance information is fed back to management in a timely manner.

As for specific biodiversity projects of relevance, the GEF *Mauritius Biodiversity Restoration Project* is of interest. Its objective are to (i) restore degraded small island habitats, eradicate alien species and propagate and reintroduce endemic species to these habitats, and (ii) strengthen management and monitoring capacity for biodiversity restoration. The main lessons learned from this successfully implemented project are that (a) responsibility for decision-making should be decentralized close to implementation, which has allowed the project to run ahead of schedule, (b) that NGO involvement can be very effective, and (c) that the private sector can be positively engaged in conservation activities. In the case of the Cape Peninsula, these lessons are built in as (i) the decision-making responsibility will rest with staff posted in the Park area, (ii) NGOs will have a vital role in implementing several of the conservation activities, and (iii) the development of private contractors to take on conservation work will be actively supported.

Another relevant example is the GEF *Seychelles Biodiversity Conservation and Marine Pollution Abatement Project*. The biodiversity component aims to restore and preserve a unique ecosystem in Aldabra, threatened by non-native species introduced decades ago, especially feral goats. Furthermore, the aim is to protect sea turtles by defining and enforcing a sustainable offtake program. The main lesson from this project that have been incorporated are that (i) a successful project needs a sound policy framework as support (which the park has through its high conservation status), (ii) continuity in task management from the Bank's side is important in order to establish good personal links with counterparts and prevent loss of institutional memory, (iii) full-time local capacity is necessary for implementation (which is certainly the case with half a

dozen full-time staff dedicated to the creation and initial management of the new park), and (iv) that targeted training programs can be used to support implantation and motivate staff (which is already built into the Borrower Implementation Plan).

TF management arrangements have been developed in close collaboration with WWF-SA and Bank trust fund, financial management and procurement expertise, and builds on the Bank's experience with eleven GEF funds, as summarized in Mikitin (1995) *Issues and Options in the Design of GEF Supported TFs for Biodiversity Conservation*. (ENV. Paper #011). A special Operational Manual for TF management will be developed at appraisal.

The technical reviewer considered the project's marine component to be inadequately developed in the initial project design. This has been remedied by reinforcing this component and adding additional information on it to the Project Description (block 1), Institutional Arrangements and GEF Strategy sections and in Appendix 1. Following the reviewer's advice, the learning benefits of the experiments with alternative alien species control techniques have been highlighted in the Beneficiaries section, and the M&E and applied studies aspects of this program strengthened and more fully described. The reviewer commended the sustainability potential of the project but criticized the presentation of the mechanisms that will be employed to achieve this. This has been addressed in the section on institutional arrangements and will be further developed in the final project document. [Note: Lessons learned from completed and ongoing projects financed by the Bank and other development agencies.]

**11. Indications of borrower commitment and ownership:**

The original project proposal originates from the National Parks Board and WWF-SA. [Note: Includes measures already taken by the borrower prior to Board presentation, as well as planned actions.], which developed the basic approach without any prior involvement of the Bank. Two seminars in Cape town (January and April, 1997) testified to the commitment of a large group of local stakeholders, several of whom have contributed to working papers of high quality, elaborating various aspects of the project. The proposal for GEF support has been endorsed by the GEF focal point for South Africa, Mr. Francois Hanekom, Deputy Director of the Department of Environmental Affairs and Tourism, and formally presented to the Bank through the Ministry of Finance. Furthermore, the commitment of local interests is convincingly shown by the \$2 million in national contributions that have already been mobilized for the Table Mountain Trust Fund and the \$6 million in NGO land purchases and donations.

**12. Value added of GEF support:** In spite of considerable domestic subsidies, the Park will not be able to fully sustain the immediate need for conservation expenditures in its formative years without external support. Domestic donations, while substantial, will not be sufficient to cover the significant and immediate needs of a conservation program on the Cape Peninsula and beyond in the CFK. GEF support will significantly strengthen conservation of the Cape Peninsula and the entire Cape Floral Kingdom and will specifically address the threats to the indigenous vegetation of alien species and fire

**Block 3: Project Preparation**

13. Has a project preparation plan been agreed with the borrower (see Annex 2 to this form)	<input checked="" type="checkbox"/> Yes Date Submitted: 01/31/97	<input type="checkbox"/> No Date Expected:
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14. Has borrower drafted a project implementation plan (See Attachment for suggested content)	<input checked="" type="checkbox"/> Yes Date Submitted: 05/25/97	<input type="checkbox"/> No Date Expected:
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15. Advice/consultation outside country department	<input checked="" type="checkbox"/> Within the Bank: AFTE1, ENVGC, AFTP1, AFTSA, AFTS1, ENV, LEGAF, LOAAF and EASRD.	<input checked="" type="checkbox"/> Other development agencies: French Cooperation, GRID-ARENDAL (Norway)
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**16. Issues Requiring Special Attention**

**a. Economic**

<input checked="" type="checkbox"/> (list issues below, e.g., fiscal impact, pricing distortions, etc.)	<input type="checkbox"/> To be defined	<input type="checkbox"/> None
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Economic evaluation methodology:	<input type="checkbox"/> Cost benefit	<input type="checkbox"/> Cost effectiveness	<input checked="" type="checkbox"/> Other [Incremental Cost]
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The degree of domestic benefits from improved fire management should be clarified.

**b. Financial**

<input checked="" type="checkbox"/> (list issues below, e.g., cost recovery, tariff policies, financial controls	<input type="checkbox"/> To be defined	<input type="checkbox"/> None
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and accountability, etc.)			
<p>The Cape Peninsula National Park is a rare case in the annals of biodiversity conservation: achieving both effective conservation and long-term financial sustainability here is quite feasible. The NPB's Project Team has made very detailed budget projections for 1998 to 2006. Different realistic visitor and admission fee scenarios have been tested, all showing a budget deficit for at least six years, i.e. until 2003. Thus, even under the most optimistic assumptions, sufficient domestic resources are therefore not available in the short run to undertake the urgent actions necessary to conserve the park's biodiversity and avoid further species losses. In the longer term, however, the increased attractiveness of the park, the visitor infrastructure improvements that are planned and higher admission fees are forecast to result in larger yet environmentally-sustainable visitor flows, higher revenues per visitor and full cost-recovery, hopefully as early as years 6 or 7 of park operations.</p>			
<p>The projections take into account the decline in public subsidies to the NPB due to other pressing social needs taking priority in budget allocations. To some extent, this is can and will be countered over the first six years by developing new income-generating tourism infrastructure that will be leased out to private operators and by raising fees for entry to certain areas where access can be controlled. Concerns have been raised by NGOs and tourism representatives that even the planned admission fee increases will not only discourage visitors in general, but particularly hit financially disadvantaged groups at the same time the Park will make a concerted effort to market itself to them. Raising the entrance fees even further than planned is therefore socially unacceptable.</p>			
c. Technical			
[X](list issues below, e.g., appropriate technology, costing, etc.)		[ ] To be defined	[ ] None
<p>There is already considerable experience in South Africa of invasive alien species clearing, particularly through the nationwide Working for Water Program. Nevertheless, further study of the relative efficiency of mechanical clearing, chemical treatment and biological control methods is needed, and a program for systematic evaluation of future activities is foreseen in this project.</p>			
d. Institutional			
[X](list issues below, e.g., project management, M&E capacity, administrative regulations, etc.)		[ ] To be defined	[ ] None
<p>The consolidation of public land under a unified management of the NPB is underway, and successful negotiations were concluded in June 1997. The results will now have to be ratified by the respective councils.</p>			
e. Social			
[X] (list issues below, e.g., gender, protection of indigenous and other vulnerable groups, etc.)		[ ] To be defined	[ ] None
<p>The park area is traditionally utilized by a privileged elite. Changing this implies improved transportation for disadvantaged communities, and organized efforts to introduce the area to new target groups. Price policies must be set in order not to bar such groups from entering, e.g. through special group rates and special initiatives to facilitate access. The recruitment of unskilled labor to undertake clearance in the park represents an important employment opportunity, but must be carefully designed in collaboration with local communities.</p>			
f. Resettlement			
[ ] (list issues below, e.g., resettlement planning, compensation payments.)		[ ] To be defined	[ X] None
<p>No individuals will be relocated for the purpose of establishing or managing the park. The Redhill Squatter Community, some 125 families who live on private land (14 ha) adjacent to the future park, has elected to relocate to land which falls outside the proposed park boundaries prior to initializing the establishment of the park. An appropriate site for relocation, owned by the State, has now been agreed on by all parties as a result of negotiations that have been on-going for six years. Hence, it is not expected that any resettlement will take place during the project's implementation. Should such resettlement have to take place, it will be carried out in consistency with the World Bank's relevant directives.</p>			
g. Environmental			
i. Environmental issues:		Major:	
		[X] To be defined	[ None

Other:			
ii. Environmental category:	<input type="checkbox"/> A	<input checked="" type="checkbox"/> B	<input type="checkbox"/> C
iii. Justification/Rationale for category rating: The project is aimed at achieving considerable positive environmental impacts, but will involve substantial plant removal, use of herbicides and fire. These aspects will be the subject of environmental analysis. The loss of carbon sequestration, is expected to be very limited.			
iv. Status of Category A assessment:		EA start-up date:	
		Date of first EA draft:	
Current status:			
v. Proposed actions:			
vi. Status of any other environmental studies: TORs for an environmental analysis (Category B) have been drafted. The analysis will be undertaken by local staff, beginning in September 1997. It is expected that this analysis will be completed by the end of the appraisal mission, i.e. first week of October, 1997.			
vii. Local groups and NGOs consulted: An open forum meeting with about 40 NGOs was held on January 30 in Cape Town, and another with about 10 representatives was held on May 8. Three elected NGO representatives were also present at workshops January 28-29 and April 28-29, when the main stakeholders met to advance the project design. The criteria for project eligibility under the Trust Fund were elaborated in a consultative process involving 22 participants representing 14 different NGOs at a meeting called by WWF, and held on March 19, 1997. WWF-SA which is a major proponent of the project, is itself an NGO. Other active NGOs include the Botanical Society of SA, Mountain Club of South Africa, Wildlife and Environment Society of SA, Save the Mountain, SA Scout Association, guides' organizations, local environmental awareness groups, land owners' associations, and "Friends" groups representing specific geographical areas of the Cape Peninsula. NPB's section for Social Ecology has also carried out a survey among disadvantaged communities in urban areas surrounding the park. This type of activity will continue during the project's implementation.			
viii. Borrower permission to release EA: <input type="checkbox"/> Yes <input type="checkbox"/> No			
ix. Other remarks:			
h. Participatory Approach			
	Preparation	Implementation	Operation
Beneficiaries/community groups (in particular disadvantaged communities)	IS + CON	IS + CON+COL	
Intermediary NGOs (about 40 different environmental groups involved)	IS + CON+COL	IS + CON+COL.	
Academic institutions (The University of Cape Town)	IS + CON	IS + CON	
Local government (Provincial Government for the Western Cape, Cape Metropolitan Council, Cape Town Municipality, South Peninsula Municipality)	IS + CON+COL	IS + CON+COL	
Other donors (French and Norwegian Cooperation)	IS + CON+COL	IS + CON+COL	
Other			

[Note: Identify each of the stakeholders above, and describe their form of planned involvement as : information

Form \_\_\_\_\_

sharing (IS); consultation (CON); and collaboration (COL).]

i. Sustainability

[Note: Flag the factors critical for the sustainability of project benefits.]The project has essentially been driven by domestic interests and local stakeholders are highly committed. The GEF will support a highly capable domestic organizational structure, led by NPB and WWF-SA. The quality of domestic staff and their organization is impressive. Once the up-front investments in conservation activities have been undertaken, maintenance work on the Cape Peninsula will be much less costly. Plans for financial cost-recovery for the long-term have already been developed, based on projections carried out by the NPB. With the increasing numbers of tourists entering the Cape Town area, sustainability prospect are good for the Cape Peninsula area in the medium to long-run.

As for the sustainability of the NGO implemented activities and particularly CFK activities covering areas with little potential for financial cost recovery, the Trust Fund will have an investment strategy that ensures long-term sustainability. This strategy provides for a mix of high growth and safe income investments with a clear restriction to maintain capital.

j. Critical Risks (see fourth column of Annex 1):

	<u>Risk</u>	<u>Risk Rating</u>	<u>Risk Minimization Measure</u>
Project outputs to development objectives	(i) Alien plant removal could be insufficient to stop the on-going invasion	Low	Creation of a unified park management with sufficient financial resources and monitoring capacity.
	(ii) Environmental education could fail to stimulate visitor demand and appropriate behavior	Low	Marketing of recreational services to multiple communities, follow-up surveys and regulation enforcement.
	(iii) Fire management could fail to contain wildfires and controlled burning could face opposition.	Low	Use of a rapid response team combined with on-the-ground stand-by labor. Public information in advance of controlled burning.
	(iv) Tourist infrastructure could fail to meet the increasing visitor pressure	Low	Improved pathways, clear signage, maps and patrolling.
	(v) Capacity building could fail to result in viable independent firms	Low	Gradual increase in decentralized responsibility among entrepreneurs
	(vi) The marine protection program could fail to gain public and political support	Moderate	Broad-based public debate and consultations will precede any proclamation
	(vii) Results of M & E and conservation studies might not be internalized in management	Low	Management involvement in designing M&E and the screening of study proposals. Building on NPB's excellent track record in conservation.
			An investment strategy

	(viii) Trust fund management could fail to deliver sufficient financial resources	Low	combining growth and safe income assets
	(ix) An agreed strategy for the CFK could fail to emerge	Medium	All stakeholders will be invited to contribute and part of the groundwork has already been carried out.
Project components to outputs	(i) Alien plant removal could be hampered by disjointed management and ineffective follow-up	Low	Efforts to ratify the results of negotiations of land transfer to the new park under unified NPB management, and planning for annual follow-ups of clearing.
	(ii) Environmental education facilities, staff and material could be inadequate	Low	Adequate staffing in project management and support from experienced academics, NGOs and volunteers
	(iii) Fire management could fail to respond with flexibility to changing natural conditions	Low	Weather monitoring and adaptation of fire protection and burning schedules and manning
	(iv) Tourist infrastructure could prove inadequate to cope with increasing numbers of visitors.	Low	Ensuring sufficient funds, training contractors and mobilizing NGO support.
	(v) Capacity building of independent entrepreneurs could be in conflict with municipal labor interests.	Moderate	Negotiations with municipal labor regarding out-sourcing.
	(vi) The marine protection program could meet resistance	Moderate	Collaboration with current public authorities controlling MPAs and marine resources user groups.
	(vii) Conservation studies could produce results that are not operational	Low	Careful screening of proposal through experienced WWF structure and park management.
	(viii) Trust fund management could be ineffective.	Low	Clear investment strategy and monitoring of performance.
	(ix) Common strategy for the CFK could fail to	Low	Broad-based consultations with all stakeholders.

	emerge		
Overall Risk Rating		Low	Overall project planning and implementation can rest on strong domestic capacity and dedication.

Annex 1

Project Design Summary

Narrative Summary	Key Performance Indicators <sup>1</sup>	Monitoring and Supervision	Critical Assumptions and Risks
<p><b>CAS Objective (No CAS available, but strategic focus for Bank's work in next twelve months utilized)</b></p> <p>Economic growth</p> <p>Poverty alleviation</p> <p>Capacity building</p> <p>GEF Operational Program</p>	<p>Tourism income to the Park</p> <p>Employment of labor from disadvantaged communities</p> <p>Training of contractors</p> <p>Long-term protection and sustainable use of biodiversity</p>	<p>Supervision missions twice per year, and mid-term review year three with external panel of experts</p>	<p>(CAS Objective to Bank Mission)</p> <p>Macroeconomic stability</p> <p>Labor market flexibility</p> <p>Entrepreneurial opportunities</p>
<p><b>Project Development Objectives</b></p> <p>(i) Rehabilitate and maintain indigenous terrestrial flora and fauna on the Cape Peninsula and marine conservation in immediately surrounding areas</p> <p>2. Development of a conservation strategy for the much larger Cape Floral Kingdom, of which the Cape Peninsula forms a part.</p>	<p>X indigenous species removed from the list of 141 as "threatened" by year 6,</p> <p>Clearing of all alien seed-bearing plants by year 6.</p> <p>Reduction in uncontrolled wildfires by x% in area as compared to pre-project.</p> <p>Implementation of an agreed</p>	<p>Reports from NPB, the Table Mountain Fund and NGOs. Supervision visits.</p>	<p>(Development Objectives to CAS Objective)</p> <p>Exogenous political and economic events will not deter foreign and domestic visitors to come to the park.</p>

<sup>1</sup> Indicators and target values will be discussed during appraisal, and determined by negotiations.

	marine protection plan.  Agreed management plan for the CFK		
<b>Project Outputs</b>			(Outputs to Development Objectives)
(i) Removal of alien invasive plants	(i) X ha/year of land cleared of alien invasive species,	(i) NPB reports, Table Mountain TF, NGO activity reports and site visits.	(i) There will be a unified, efficient national park authority implementing the conservation program on public land, and private land-owners will contract in.
(ii) Enhanced environmental awareness among visitors and the general public	(ii) X visitors and members of the public surveyed annually	(ii) Visitor statistics and survey reports.	(ii) Exogenous events will not significantly influence visitor rates
(iii) Controlled regeneration of natural vegetation through fire	(iii) Share of areas under controlled burning as compared to total above x% p.a.	(iii) NPB fire records	(iii) Weather conditions will not change significantly  (iii) Controlled burning will be accepted by surrounding communities.
(iv) Well maintained and sign-posted tourist infrastructure	(iv) Increased visitor use of trails and gateways.	(iv) Visitor surveys.	(iv) Changes in visitor rates and composition will not overwhelm the park.
(v) The emergence of entrepreneurs from disadvantaged groups capable of undertaking conservation work	(v) Share of conservation work cost out-sourced to entrepreneurs from the program reaching x% by year 3 and remaining above.	(v) NPB contract records.	(v) Conservation work will be an attractive option in the private market for trained entrepreneurs.
(vi) Sustainable management of marine resources immediately surrounding the Peninsula	(vi) The proclamation of a marine national park surrounding the Cape Peninsula.	(vi) Public observance of regulations.	(vi) Major pollution events will not threaten marine life.
(vii) Enhanced knowledge about rational management of flora and fauna on and around the Peninsula	(vii) M& E, EIS and study results utilized by park management	(vii) Study reports and records of management decisions	(vii) Management will have the resources to act on study proposals.
(viii) Long-term financial revenue stream that can support sustainable conservation activities	(viii) Real rate of net returns from the Trust Fund	(viii) Financial management report and comparative financial return data from	(viii) Sustained NGO support for conservation activities.



<p>(ix) Political approval and funding of a strategic conservation plan.</p>	<p>(ix) Presentation of a CFK conservation plan.</p>	<p>financial press</p> <p>(ix) Public strategic plan, records of approval and funding agreements.</p>	<p>(ix) External political events will not interfere with the finalization and implementation of the plan</p>
<p><b>Project Components</b></p> <p>(i) Invasive alien species eradication</p> <p>=</p> <p>(ii) Environmental education</p> <p>(iii) Enhanced fire management</p> <p>(iv) Improved tourist infrastructure</p> <p>(v) Capacity building among contract labor</p> <p>(vi) Marine protection program</p> <p>(vii) Knowledge management</p> <p>(viii) Trust Fund management</p> <p>(ix) Cape Floral Kingdom</p>	<p>(i) Employment of contract labor reaching at least X p.a. in year three.</p> <p>(i) At least X NGOs involved by year two and onwards.</p> <p>(ii) At least X people involved in education activities p.a. from year two and onwards.</p> <p>(iii) Engagement of stand-by fire fighting equipment and personnel.</p> <p>(iv) Contracting of labor sufficient to undertake improvement works</p> <p>(v) At least x newly trained entrepreneurs contracted by year three.</p> <p>(vi) Delineation and sign-posting of park achieved by year six.</p> <p>(vii) Contracted suppliers of M&amp;E system and consolidated EIS within one year. At least X adaptive research programs identified by year two.</p> <p>(viii) Selection of financial manager before grant effectiveness.</p>	<p>(i) Annual reports from the Park authority, the Table Mountain Trust Fund and NGOs. Supervisory consultations with NGOs and labor engaged in the conservation efforts.</p> <p>(ii) As above plus beneficiary evaluations.</p> <p>(iii) NPB and contractors' fire records</p> <p>(iv) NPB annual reports and on-site visits</p> <p>(v) NPB records and interviews with entrepreneurs</p> <p>(vi) Legal documents. Public announcements.</p> <p>(vii) M&amp;E reports, EIS outputs, study proposals, decision records and study reports.</p> <p>(viii) Annual audits</p>	<p>(Components to Outputs)</p> <p>(i) Agreement is reached on establishing unified NPB management control over the park area.</p> <p>(i &amp; ii) Successful investment of the Trust Fund capital. NGOs will compete in a non-contentious manner for contracts funding.</p> <p>(iv) As for activities i &amp; ii.</p> <p>(v) No intervening labor disputes.</p> <p>(vi) Consensus on the desirability and boundaries of a marine national park.</p> <p>(vii) Sufficient interest among academics and NGOs, and funding from the TF.</p> <p>(ix) Consensus emerges on</p>

strategy development	(ix) Agreed strategic plan identifying priority conservation areas and financing within three years	(ix) Strategy document. Meetings with main stakeholders during supervision.	priorities and funding requirements,
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# Cape Peninsula Biodiversity Conservation Project

## Incremental Cost Analysis

### 1. Broad Development Goals

The project's primary development goal is to conserve and sustainably use the biologically unique and physically spectacular natural resources of the Cape Peninsula. This small area of 471 km<sup>2</sup> contains 2,285 native plant species, over a quarter of those found in the Cape Floral Kingdom and more than those found in the entire British Isles. Of these plant species, 105 are endemic and 141 are threatened. The Cape is also one of South Africa's major international tourist attractions and one of its most popular national monuments, so its conservation is vitally important from both an economic and social perspective.

### 2. Baseline

The baseline scenario for management of the Cape Peninsula's natural resources reflects the current socio-economic situation of the country and the Cape area. The Green Paper *Towards an Environmental Policy for South Africa* states, as its first objective: "To effect planned and measurable shifts in budgetary and resource allocations for environment to achieve the goal of people-driven, sustainable resource management and the redress of past inequalities." RSA is therefore reorienting public investment to the provision of social services and infrastructure to improve the quality of life for disadvantaged communities. Public resources to support the national parks system, including the new Cape Peninsula National Park, are therefore declining.

In the baseline scenario, which is constrained by both the public funding situation and the revenue the park can expect to raise from visitor fees, the Cape Peninsula National Park's visitor-oriented capital and operational expenditures would total \$50 million over the next six years. In addition, baseline expenditures on terrestrial conservation would total \$19 million over the same period. These would include a modest alien species clearing program costing \$7.4 million, fire management (\$3.9 million), environmental education (\$1.1m), visitor management facilities in environmentally-sensitive areas (\$4m), conservation capacity building (\$2m) and information management (\$0.3m). While these expenditures are substantial, and represent a strong national commitment in the face of other pressing needs, they will be insufficient to control the wave of invasive species that threaten the long-term survival of the indigenous vegetation and to deal adequately with the pressures of the additional visitors that are expected and indeed required for the park to achieve financial sustainability. The baseline program would eradicate alien species from about half the areas that are severely to modestly infested. The remaining concentrations would strengthen their hold, threaten the extinction of additional native species and be more costly and difficult to eradicate in the future. The baseline visitor management program for environmentally-sensitive areas would not be sufficient to control the anticipated visitor numbers and some of those areas would degrade. Fire management capacity would be insufficient to address this major threat to the ecosystem. Conservation capacity development and information management activities would fall significantly short of what's required for effective conservation of the park's biodiversity.

The baseline marine conservation program around the Cape Peninsula (about \$0.4 million over six years) would be limited to the protection of a few commercially overexploited species. It would not include effective enforcement of all the existing Marine Park Areas, nor strategic planning for and implementation of an extended marine protection system and the mounting of a public information campaign on the value of the areas marine ecosystems. The Cape's marine ecosystems would continue to slowly degrade.

The baseline program would include some NGO-implemented conservation activities funded by the existing capital in the Table Mountain Trust Fund. The TMTF's current \$2 million in capital would provide about \$100,000 in net income after financial management and administrative fees. This would fund a modest program of NGO-implemented conservation activities, primarily clearing of invasive alien species, environmental education and studies, which would be restricted to the Cape Peninsula. This program would not match the need or potential for community conservation actions to protect biodiversity on private and state land in the Cape Peninsula, or fully tap the conservation capacity of a large, growing and highly-motivated group of environmental NGOs. Nor would it permit the expansion of NGO-managed conservation activities in the Cape Floral Kingdom. In addition, WWF-SA would continue its program of land acquisition on the Cape Peninsula which, since 1993, has resulted in additional land conservatively valued at \$6 million being placed under effective conservation.

Finally, the baseline program does not include any strategic biodiversity conservation planning for the Cape Floral Kingdom in its entirety. This globally unique area would therefore continue to lack an overall framework for conservation management.

### **3. Global Environmental Objectives**

The global environment objectives of the GEF alternative would be to:

(i) Minimize further loss of native plant species by eradicating invasive alien species more aggressively, improving control of wildfires, upgrading environmental education, improving access paths to control visitor impact and minimize erosion and strengthening the monitoring and study of biodiversity in this unique area.

(ii) More effectively conserve areas with globally significant marine biodiversity around the Cape, which currently enjoy little if any protection.

(iii) Mobilize increased NGO and community support for and involvement in biodiversity conservation on the Cape Peninsula and in the Cape Floral Kingdom by supplementing the capital, income and conservation programs of the Table Mountain Trust Fund. This would ensure financial support in perpetuity for NGO-led biodiversity conservation activities in the national park, on private land adjoining the park, and throughout the Cape Floral Kingdom. Perhaps more importantly, it would increase NGO involvement in conservation decision-making and NGO commitment to conservation.

(iv) Lay the strategic foundation for more effective conservation of the globally-significant Cape Floral Kingdom.

### **4. GEF Alternative**

The additional activities in the GEF alternative to achieve these global benefits are:

(i) *Invasive alien plant control program.* The baseline control program would be significantly expanded to effectively address this most serious threat to the Cape's flora. An integrated approach, involving a combination of biological, mechanical and chemical control, applied with a cognizance of socio-economic issues, would be adopted. The objective of the expanded program would be to remove the entire infestation of woody, seed-bearing alien invasive plants from the Park. After this intensive program (which will provide up to 500 jobs per annum) has been completed, a maintenance phase will avoid the species regenerating and spreading again. Maintenance of cleared areas will be initiated from year three. All cleared areas will be followed up every two

years. Different control methods will be tested and evaluated and the results disseminated world-wide. Its incremental cost is \$6.4 million

(ii) *Environmental education.* Under the GEF alternative, education centers within the park would be upgraded and outreach activities would educate people from disadvantaged communities on the benefits of the park and encourage them to visit, thus changing the current perception of the park as an area of “exclusion” to one of providing valuable services to all. The incremental cost is about \$0.8 million.

(iii) *Fire control and management.* The Cape flora has evolved with fire and many species require fire to propagate. At the same time, uncontrolled fire can cause considerable damage both to the park and to adjoining natural and semi-natural areas. Fire thus poses a major dilemma for management of the Cape Peninsula in balancing protection of various components of the natural environment on the one hand, and the need to protect resources on the other. The recent introduction of a contracted helicopter on standby during the fire season for the northern part of the Cape Peninsula has proven to be extremely cost-efficient for both controlled burning programs and wildfire control. The southern part of the Cape Peninsula however has inadequate fire protection and management. The provision of a second helicopter on standby, in combination with standby labor groups, would enhance the fire control and management capacity in the Park and adjacent natural areas. The incremental cost is about \$0.5 million.

(iv) *Improved visitor control.* The park, because of its topography, urban proximity and historically entrenched “right of free access” is largely an open system. A large number of formal and informal access points exist, most of which do not provide adequate visitor information and facilities for conservation purposes. Formal entryways to the Park, where educational/informational signs and interactive materials are provided, are essential to control visitor impact and sustain eco-tourism benefits. They will be provided under the baseline option. Under the GEF alternative, informal gateways will also be constructed which will produce conservation benefits but no financial returns. Their incremental cost is about \$0.8 million.

(v) *Capacity building.* The alternative will provide entrepreneurial training for contract laborers from poor areas. This will build capacity among a corps of independent contractors who can later take on alien species clearing, footpath maintenance and other park-related tasks on a competitive basis. The incremental cost is about \$0.2 million.

(vi) *Marine Protection Program.* The objectives of this component would be to conserve the biodiversity of the Cape’s marine ecosystems by addressing threats such as over exploitation of rock lobster, abalone, alikreukel and certain line fish species, and dealing with pollution incidents from sewage releases, industrial effluent and oil spills. Without GEF support, the Peninsula’s marine environment would not be effectively incorporated into the terrestrial national park. The GEF-supported activities will include the identification of appropriate marine park boundaries and regulatory requirements and the development and implementation of area management plans. The proposed marine parks will also require considerable public relations and media liaison in order to ensure that the general public are fully aware of the need for conservation and able to fully participate in the process. Four research/monitoring activities would be undertaken; research into the social needs of communities that have an economic relationship with the marine environment; baseline data collection; monitoring programs; and applied marine research. The incremental cost is about \$0.5 million.

(vii) *Knowledge Management.* Evaluating the project’s biodiversity conservation achievements and drawing lessons that can be of global value will require a carefully crafted M&E system and extensive data gathering and analysis. The CPPNE’s existing Environmental Information System (EIS) will be upgraded and consolidated for this purpose. Park managers have identified a number of key research issues which need to be

addressed. These include: identification of legal mechanisms for conservation actions on private land; analysis of visitor use patterns; impacts of management actions on surface hydrology; cost-benefit analysis of alternative alien plant control methods; techniques for restoration of transformed habitats; identification of new bio-control agents; and a feasibility study for control of Himalayan Tahrs. There will also be studies on land use planning at the urban interface. The incremental cost of these components is \$0.8 million.

(viii) *NGO Conservation Programs.* Under the GEF alternative, an additional \$5 million would be invested in the Table Mountain Trust Fund to expand NGO and community-managed conservation activities in the Park, on adjacent private land and throughout the entire Cape Floral Kingdom. This would empower the environmental NGO-community to influence decisions about resource allocation for conservation and to participate more actively in biodiversity conservation efforts on the Cape and in the CFK.

(ix) *Strategic Planning for the CFK.* This activity would take place in the first two years of the GEF alternative project. The aim would be to design a comprehensive conservation program that could attract national and donor funding. GEF funds would allow all stakeholders concerned to come together and shape the program around commonly-agreed conservation priorities. The incremental cost is about \$1 million.

## **5. Incremental Costs**

The matrix below summarizes the total cost of the baseline (\$77.1 million) and the GEF alternative (\$93.1). The incremental cost of the GEF alternative is \$16.0 million of which the GEF is requested to fund \$12.3 million. Of this \$12.3 million, \$6.3 million would strengthen biodiversity conservation in the new Cape Peninsula National Park, \$5 million would be a capital contribution to the Table Mountain Trust Fund, and close to \$1 million would go towards conservation planning for the Cape Floral Kingdom.

### Incremental Cost Matrix

<b>Component</b>	<b>Cost Category</b>	<b>US\$ million</b>	<b>Domestic Benefit</b>	<b>Global Benefit</b>
<b>Park management</b> (operational and capital expenditure)	Baseline	50	Maintenance of a tourist attraction, generation revenue and employment	
	GEF alternative	50	As above	As above.
	Increment	0		
<b>Terrestrial conservation activities</b> (alien species clearance, fire management, environmental education, tourism infrastructure, capacity building, knowledge management)	Baseline	18.7	Enhanced visitor attraction, fire protection and employment, increased awareness	Partial conservation of globally significant biodiversity
	GEF alternative	28.2	Employment opportunities, enhanced fire protection and increased awareness	Rapid rehabilitation and maintenance of globally significant flora, prevention of further species loss
	Increment	9.5		
<b>Marine conservation activities</b>	Baseline	0.4	Limited protection of some species subject to over-exploitation	
	GEF alternative	0.9	Much enhanced protection of commercial species, but some	Much enhanced protection of a species-rich

			immediate loss of income	marine ecosystem
	Increment	0.5		
<b>NGO-implemented conservation activities</b>	Baseline	8.0	Modest NGO mobilization and empowerment. Conservation area expanded through land acquisition.	Limited protection of globally significant flora
	GEF alternative	13.0	As above, but on a much larger scale.	Better protection of indigenous biodiversity in and around the Cape Peninsula
	Increment	5.0		
<b>CFK Strategy</b>	Baseline	0		
	GEF Alternative	1.0	Rationalization of currently disjointed conservation planning in CFK	Design of first comprehensive conservation program for the CFK
	Increment	1.0		
<b>Total</b>	Baseline	77.1		
	GEF alternative	93.1		
	Total Increment	16.0		
	Of which co-financed	3.7		
	GEF contribution	12.3		

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