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PROJECT APPRAISAL DOCUMENT  
ON A  
PROPOSED GRANT FROM THE  
GLOBAL ENVIRONMENT FACILITY TRUST FUND  
IN THE AMOUNT OF US\$5.50 MILLION EQUIVALENT  
TO THE  
REPUBLIC OF SOUTH AFRICA  
FOR  
THE GREATER ADDO ELEPHANT NATIONAL PARK PROJECT  
January 27, 2004

Environment and Social Development Unit - AFTS1  
Country Department 1, Botswana, Lesotho, Namibia, South Africa, Swaziland - AFC01  
Africa Regional Office

## CURRENCY EQUIVALENTS

(Exchange Rate Effective July 2002)

Currency Unit = South African Rands

R1 = US\$0.09

US\$1 = R11

## FISCAL YEAR

January 1 -- December 31

## ABBREVIATIONS AND ACRONYMS

AENP	Addo Elephant National Park
APF	Addo Planning Forum
ART	Africa Resource Trust
CAPE	Cape Action Plan for the Environment
CAS	Country Assistance Strategy
CBA	Cost Benefit Analysis
CBD	Convention on Biodiversity
CBO	Community-Based Organization
CD: EA	Chief Directorate: Environmental Affairs
CDD	Community Driven Development
CEN	Community Environmental Network
CEPF	Critical Ecosystems Partnership Fund
CI	Conservation International
CITES	Convention for International Trade in Endangered Species
C-PLAN	Conservation Plan
DA	Department of Agriculture
DANCED	Danish Corporation for Environment and Development
DBSA	Development Bank of Southern Africa
DEAET	Department of Economic Affairs, Environment & Tourism (Eastern Cape)
DEAT	Department of Environmental Affairs & Tourism
DLA	Department of Land Affairs
DME	Department of Mineral and Energy
DPLG	Department of Provincial and Local Government
DWAF	Department of Water Affairs and Forestry
EA	Environmental Assessment
ECGMA	Eastern Cape Management Association
ECTB	East Cape Tourism Board
EE	Environmental Education
EIA	Environment Impact Assessment
EMCAs	Environment Management Cooperation Agreements
EMP	Environmental Management Plan

EMS	Environmental Management Systems
FMR	Financial Management Report
gAENP	Greater Addo Elephant National Park
GDP	Gross Domestic Product
GEAR	Growth, Employment and Redistribution
GEF	Global Environment Facility
GEFSEC	Global Environment Facility Secretariat
GEM	Group for Environmental Monitoring
GIS	Geographical Information System
HSUS	Human Society of the United States
I & Aps	Interested and Affected Parties
IDA	International Development Association
IDC	Industrial Development Corporation
IDPs	Integrated Development Plans
IDZs	Industrial Development Zones
IEMS	Integrated Environmental Management System
IFAW	Integrated Fund for Animal Welfare
ISDS	Integrated Social Data Sheet
KT	Kagiso Trust
LFA	Logical Framework Analysis
M & E	Monitoring and Evaluation
MIRS	Management Information and Reporting System
MOU	Memorandum of Understanding
MPA	Marine Protected Area
MSP	Medium Size Project
NCL	National Land Committee
NDA	National Development Agency
NEMA	National Environment Management Act (1998)
NGO	Non-Government Organization
NSSD	National Strategy for Sustainable Development
PF	Park Forum
PDF	Project Development Facility B
PID	Project Information Document
PIP	Project Implementation Plan
PMU	Project Management Unit
PSC	Park Steering Committee
PSR	Project Supervision Report
PWG	Project Working Group
RAPs	Resettlement Action Plans
RDP	Reconstruction and Development Program
RDSN	Rural Development Services Network
RWG	Resettlement Working Group

SANGOGO	South African National NGO Coalition
SANParks	South Africa National Parks
SC	Steering Committee
SDIs	Spatial Development Initiatives
SEA	Strategic Environmental Assessment
SMME	Small, Medium and Micro Enterprise
SOE	Statement of Expenses
STAP	Scientific and Advisory Panel
STEP	Subtropical Thicket Ecosystem Planning
UNCCD	United Nations Convention to Combat Desertification
UNDP	United Nation Development Program
WDM	Western District Municipality
WESSA	Wildlife and Environment Society of Southern Africa
WFW	Work for Water

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Task Team Leader:	Christopher Warner



**SOUTH AFRICA**  
**THE GREATER ADDO ELEPHANT NATIONAL PARK PROJECT**

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#### MAP(S)

Figure 1: Proposed gAENP Boundary (page 4)

IBRD 32799

IBRD 32809

SOUTH AFRICA  
THE GREATER ADDO ELEPHANT NATIONAL PARK PROJECT

**Project Appraisal Document**

Africa Regional Office  
AFTS1

<b>Date:</b> January 27, 2004 <b>Sector Manager/Director:</b> Richard Scobey <b>Country Manager/Director:</b> Fayez S. Omar <b>Project ID:</b> P064438 <b>Focal Area:</b> B - Biodiversity		<b>Team Leader:</b> Christopher James Warner <b>Sector(s):</b> General agriculture, fishing and forestry sector (100%) <b>Theme(s):</b> Environmental policies and institutions (P), Biodiversity (P), Other environment and natural resources management (S)					
<b>Project Financing Data</b>							
<input type="checkbox"/> Loan <input type="checkbox"/> Credit <input checked="" type="checkbox"/> Grant <input type="checkbox"/> Guarantee <input type="checkbox"/> Other:							
<b>For Loans/Credits/Others:</b>							
<b>Amount (US\$m):</b> \$5.5							
<b>Financing Plan (US\$m):</b>	<b>Source</b>	<b>Local</b>	<b>Foreign</b>				
BORROWER/RECIPIENT		26.28	1.66				
GLOBAL ENVIRONMENT FACILITY		5.16	0.34				
LOCAL SOURCES OF BORROWING COUNTRY		5.10	1.40				
<b>Total:</b>		36.54	3.40				
<b>Borrower/Recipient:</b> GOVERNMENT OF SOUTH AFRICA <b>Responsible agency:</b> South African National Parks Address: P.O Box 20419, Humewood, Port Elizabeth, South Africa Contact Person: Dr. Michael Knight Tel: 27-41-508-5411      Fax: 27-41-508-5415      Email: mknight@upe.ac.za							
<b>Estimated Disbursements ( Bank FY/US\$m):</b>							
<b>FY</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Annual</b>	0.30	1.10	1.30	1.00	1.00	0.60	0.20
<b>Cumulative</b>	0.30	1.40	2.70	3.70	4.70	5.30	5.50
<b>Project implementation period:</b> 6 years <b>Expected effectiveness date:</b> 04/30/2004 <b>Expected closing date:</b> 04/30/2010							

## **A. Project Development Objective**

### **1. Project development objective: (see Annex 1)**

The *project's development objective* is to establish a megabiodiversity conservation area around the existing Addo Elephant National Park (AENP) to avert further ecosystem degradation. The project also aims to contribute to poverty reduction by creating direct employment in nature conservation and by catalyzing the development of eco-tourism.

*Global environmental objective.* The global environmental objective of the project is to conserve a significant representation of five of the country's seven terrestrial biomes (63% of the Addo footprint), including globally important biodiversity (236,000 ha) and 120,000 ha of one of the country's three marine provinces, into a single National Park. The project will address threats and root causes of biodiversity degradation across a wide range of terrestrial, aquatic and marine systems.

### **Background to the project area and project**

The project is located in the Eastern Cape Province, situated along the eastern seaboard of South Africa. The Province is the second largest in South Africa and comprises 24% of the surface area of the country. The province is situated in a climatic transition zone with rainfall ranging from 250 mm in lowland areas to 900 mm per annum on high mountain peaks. The relief is varied and comprises coastal dunes, river valleys, mountains and a plateau. Low rainfall and poor soils means that only 4% of the surface area is used for agriculture, mainly grazing. Agricultural lands are generally of lower productivity classes.

The Province has a population of 6.4 million people out of a national total of 43 million (Census estimate 2001) and is experiencing high annual population growth. The Province lags behind most other parts of the country in terms of socio-economic development, with average Gross Domestic Product (GDP) per capita at 50% of the national figure. Approximately 57% of all households live in poverty. The Eastern Cape's economic base is less diverse than in other provinces and is centered around agriculture, manufacturing and industry, although tourism is becoming a more important sector in many rural areas. While traditional agriculture is in decline, eco-tourism is growing and can offer a productive land-use alternative. Secondary industry is focused around motor vehicle manufacturing, largely around the main commercial centers of Port Elizabeth, Uitenhague and East London. The proposed Coega Harbor development east of Port Elizabeth is expected to enhance economic expansion in this area, through container traffic and a possible aluminium smelter.

The Eastern Cape Provincial government has had to amalgamate former so-called homelands including the Ciskei and Transkei, together with administrations from South Africa. This has proven to be a difficult task as provincial and local governments are generally regarded as weak in terms of staff numbers and technical capacities.

South Africa is considered a megadiversity country (Conservation International) primarily due to its floristic variation and high levels of endemism. South Africa's plant diversity is estimated at

over 23,000 species, representing at least 9% of the global total. Two of the world's 25 threatened biodiversity hotspots are found within the country's boundaries. These include the Succulent Karoo Biome and the Cape Floral Kingdom, portions of which are found within the project area. The project area also contains the so-called Albany Center of Plant Endemism, which is located in the Thicket Biome. This Biome, which is confined to South Africa, has some of the highest levels of endemism globally per km. The project area also contains five out of South Africa's seven plant biomes making it a unique and critical transition zone to conserve. Terrestrial biodiversity is under threat from land uses such as agriculture, which is causing land degradation, but also from the loss of key species in the ecosystem including major herbivores and carnivores. It is for these reasons that two other GEF activities are focused on the region. The Thicket Biome Project will develop a bioregional plan for the greater area, while the Conservation Farming Project will develop broad land-use models, and research how farmers can change from traditional (and environmentally degrading) agricultural practices to those of lower impact and higher economic value. This land-use change is particularly important as a buffer on the edges of areas requiring protective management (see Annex 10). In the marine environment, over 11,000 species have been found, of which 3,500 are endemic. Algoa Bay contains 10% of South Africa's population of humpback dolphins. Two island groups within Algoa Bay (Bird islands and St. Croix group) are of great historical and conservation value. Over-harvesting of marine resources is a key cause of biodiversity loss.

The Addo Elephant National Park (AENP) was established in 1931 and currently covers approximately 165,000 ha. It is a main tourism attraction in the province, with 120,000 visitors in 2002 (50% foreign). Tourism only impacts on 11% of the Park area at present. The project offers land users the prospect of higher net returns and more diversified and sustainable income sources. The financial returns to livestock farming are generally low in the area. SANParks receives numerous sale offers, and several farms are undergoing market driven conversion to game farming and eco-tourism. Behind the low averages are significant variations. Dairy farming can be very profitable, and the Park does not intend to compete with this activity. At the other extreme, marginal lands are already so overgrazed that rehabilitation and game introduction appears to be the only viable alternative, (see section E.2 for further detail). The Eastern Cape's 800 km of coastline supports a small fishing industry based on squid, sardines, hake, kingklip and crayfish. Mariculture ventures produce abalone and oysters for export, mainly to the Far East. In the Algoa Bay project area, the dune coast provides high tourism potential for beach activities, boating, whale and shark watching, recreational fishing, and diving.

The aim of the project is to increase the area under conservation within the current AENP, into the Greater Addo Elephant National Park (gAENP), including terrestrial and marine ecosystems. Over six years, the project will seek to protect the area of globally significant biodiversity through land acquisition and partnerships with private land owners. Only a very small percentage of land in the project area falls under communal land tenure. A detailed assessment has been undertaken of the number of inhabitants who have been and will in future be affected by the proposed expansion. The number of inhabitants to date affected and who in future may be affected, is not expected to exceed 188 inhabitants.

It is within this context that the South African Government has identified this project as one of its key deliverables in the Eastern Cape and requested World Bank and GEF assistance. The overall investment in this project will be approximately US\$40 million with approximately US\$5.5 million coming from GEF, US\$6.5 million from private sector and the remainder primarily from government and the South African National Parks (SANParks). This provides an excellent leveraging ratio for GEF funds of 1: 6.3.

**2. Key performance indicators:** (see Annex 1)

**Outcome/Impact Indicators:**

The key impact indicators measuring progress towards achieving the project development and global environmental objectives include:

1. 236,000 ha of globally significant terrestrial biodiversity and 120,000 ha of marine protected clustered around the AENP falling under protected area management
2. Globally significant biodiversity maintained and enhanced through the protection of five key biomes under 63% of the gAENP footprint
3. Additional 46,000 ha of private land (nature-based conservation partnerships) included into the Park by year 6
4. Formal proclamation of a contiguous Addo Marine Protected Area (MPA), inclusive of the two island groups
5. A Monitoring and Evaluation System will be implemented to determine improvements in ecosystem health, safeguarding of endemism and recovery of threatened species (monitored according to the *Guidelines for Monitoring and Evaluation of GEF Projects*)
6. Employment levels in the gAENP area increased by 30% over the current baseline case.

**B. Strategic Context**

**1. Sector-related Country Assistance Strategy (CAS) goal supported by the project:** (see Annex 1)

**Document number:** 18995

**Date of latest CAS discussion:** 03/1999

This project is not in the current CAS. In 2003, the South African Government identified this project as a key deliverable to sustainable development in the Eastern Cape and requested World Bank and GEF assistance. This project addresses two of the main development objectives of the CAS, namely: 1) *Promoting higher growth and employment* while maintaining macro-economic stability in order to generate sustained improvement in living standards; and 2) *Fostering social and environmental sustainability* by reducing poverty and inequality through investment in human and natural capital, accelerating and improving the delivery of assets and services to the disadvantaged segments of society and enhancing environmental management.

The project will make contributions towards these two CAS objectives by: sustaining improvements in living standards especially among the poorest groups in society in the area through employment in direct work programs and increased private sector eco-tourism expansion; strengthening sustainable conservation and integrated ecosystem management through investments in human and natural capital, institutional strengthening, and park business development; and implementing a replicable model of community-supported, protected area management.

### **1a. Global Operational strategy/Program objective addressed by the project:**

South Africa ratified the Convention on Biodiversity (CBD) on November 2, 1995. In meeting its obligations to this convention, the Government completed a preliminary First African National Report to the Fourth Conference of the Parties in January 1998. A National Biodiversity Strategy and Action Plan is currently being prepared. As a result, South Africa has identified at national and regional levels, key natural ecosystems to be protected. The proposed project is directly linked to the efforts of the Government of South Africa to address national and global environmental priorities by reversing land degradation and enhancing biodiversity, while also improving local livelihoods.

The project is fully consistent with the objectives and priorities of the GEF Operational Strategy and the GEF Operational Programs for OP 1, *Arid and Semi-Arid Zone Ecosystems* and OP 2, *Coastal Marine and Freshwater Ecosystems*. Linkages with OP 1 and 2 are through: conservation and sustainable use of biodiversity; monitoring of outcomes using key indicators; investing in technical and capacity building activities; focusing on critical habitats and integrating biodiversity protection with sustainable rural development; following best practice and ensuring local participation in planning and implementation. The project is located in an arid to semi-arid global biodiversity hotspot containing five out of seven of the country's biomes, including the Albany Plant Center of Endemism. The marine component is located in a critical transition zone after which the diversity of marine species drops off considerably.

### **2. Main sector issues and Government strategy:**

Key sectoral issues and government strategies:

*Issue 1. Low economic growth and employment, poverty and inequality.* In the Eastern Cape province, more than half of all households live below the poverty line. Almost one-third of the provincial population is below the age of 15 years, suggesting continued high population growth in the future. An estimated 39% of the provincial labor force of 3.9 million (in the 16-64 year group) is unemployed. Conventional livestock farms in the project area generally employ no more than 1 worker per 367 ha, and up to 50% of farms in the planning domain of the project are vacant. Monthly wages on the most profitable commercial farms average only US\$36-US\$56 per month. The more productive and profitable dairy and citrus farms are located near the coast rather than inland in the further reaches of the project area. Economic growth alone will not be sufficient to reduce chronic poverty and inequality to more acceptable levels. Disadvantaged people need greater access to education and natural resources (especially clean air and water). They also need better opportunities to share in the benefits from natural resource development, including mining, forestry, and tourism.

*Government strategy.* The government has introduced a number of initiatives to address low economic growth and employment in the Eastern Cape Province. Priority in government spending is on basic infrastructure and social services. For example, 83% of the Eastern Cape's budget is spent on Health, Welfare and Education. The Nelson Mandela metropole is proposing to undertake an impact study to design a realistic and effective intervention strategy for the HIV/AIDS problem. The government is trying to attract foreign and domestic investment to

expand the local economy, generate foreign exchange and provide employment: examples include the Greater Fish River and East London Spatial Development Initiative, and the Coega Industrial Development Zone, located on the edge of the proposed gAENP. The Working for Water and Poverty Relief Program are targeting poorer provinces by providing investment to eco-tourism infrastructure and the employment of local communities in public works programs. The Eastern Cape Province is expected to receive over US\$9 million from these programs over the next three years. Government has reduced unsustainable subsidies to the agricultural sector, which is encouraging some farmers to convert land (presently used for grazing) to more environmentally compatible and economically efficient uses such as hunting and eco-tourism. South Africa's White Paper on tourism targets the sector as a key contribution to growth. Nationally, tourism is currently growing at over 5% per annum and a target has been set to generate 10% of GDP from tourism in the near future. The Eastern Cape has been identified as a prime location in which to stimulate and support eco-tourism. SANParks is increasingly focusing on the social ecology components of parks and designing them to benefit neighboring communities through greater access to resources and benefit sharing. Furthermore, the private sector is being invited to manage facilities especially at the upper end of the tourism market, which will generate local employment and income. The gAENP project fits well with this national strategy.

*Issue 2. Conservation of natural resources as basis for sustainable development.* Environment is a cornerstone of the economy encompassing mining, agriculture, forestry, and nature-based tourism. There is considerable scope for growth in all these sectors, especially tourism. At the same time, serious concerns exist about land degradation, loss of biodiversity, water scarcity and poor quality of water in some areas, coastal zone degradation, solid waste management, air pollution, and inappropriate development from poor regional planning. Environmental problems, if not addressed, will hinder longer-term economic and social development in the country. In addition, environmental degradation affects the poor most of all because of their high dependency on natural resources for livelihoods.

The project area contains a portion of one of the world's 25 biodiversity hotspots. Further, the area contains valuable cultural property such as rock art and artifacts, which need better management and protection. The primary land-use has historically been for grazing on marginal agricultural land. This has placed considerable pressure on much of the area and land degradation is evident in the lower rainfall areas. However, given the inherently low productivity of land for agriculture and the resulting unprofitable nature of traditional agriculture in the Eastern Cape, farms are getting larger as they shift towards more extensive practices. De-population is occurring with fewer owners and staff on farms, and there has been a movement towards game farming and commercial hunting (see Annex 12). While this has been a provincial-wide response, it is not taking place at the pace required in the project area to allow sufficient boundary expansion to sustain the growing population of elephants, as well as the re-introduction of key big game species. Without this boundary expansion, coupled with re-introduction of major game species and ecosystem management, the conservation of globally significant biodiversity will be at risk. The marine resources in this area are under considerable pressure from recreational angling, pollution, and commercial fishing operations in and around the MPA. Illegal harvesting of abalone by organized syndicates and individuals is becoming a serious issue, far outstripping the legal harvest worth US\$65,000 in 2002.



*Government strategy.* Government strategy has been fairly comprehensive through a series of reforms, which are designed to: (i) enable economic growth while protecting biodiversity; (ii) protect biodiversity and the country's natural resource base since half of the population still lives in rural areas and depend on clean river water, fuelwood, plants for medicinal use, and subsistence agriculture for survival; (iii) meet international commitments to conserve biodiversity and the environment; (iv) place people at the center of development; and (v) effectively promote integrated ecosystem management in order to achieve these objectives. Over the next ten years, the government is planning to increase the total land area under protected management in South Africa from the current 6% to the international norm of 8%. South Africa has ratified international conventions aimed at conserving biodiversity - Convention on Biodiversity (CBD) - and begun to fulfill its obligations; preventing trade in endangered species - Convention for International Trade in Endangered Species (CITES); reversing land degradation - United Nations Convention to Combat Desertification (UNCCD), etc. The government has introduced new legislation to promote sustainable development through its National Environmental Management (NEMA) Act (1998). New National Biodiversity, and Protected Areas Acts will be promulgated in 2003, to enable new approaches for protecting biodiversity and promoting sustainable use. On the marine side, a White Paper for Sustainable Coastal Development (2000) has been produced to guide proper coastal protection. This will help manage the incorporation of the proposed Addo MPA into the gAENP. SANParks is currently negotiating with Marine and Coastal Management (DEAT) to draw up a Memorandum of Understanding (MOU) regarding shifting specific management responsibilities in the proposed MPA to SANParks, especially for monitoring and enforcement. SANParks will be appointing a Marine Coordinator and a specialist from the SANParks poaching unit in 2003 to assist the gAENP team with MPA planning and coordination.

*Issue 3. Institutional structures, capacity, and governance for natural resources/biodiversity.* Concerns exist over national as well as sub-national institutional structures, capacity and governance with respect to natural resource management. These concerns include inadequate local participation in resource management planning and program implementation; weak management capacity; insufficient coordination among relevant government organizations; and poor program monitoring procedures. National Parks in South Africa have historically been constrained by low finance, and to some extent insufficient numbers of trained staff, outdated management systems, and governance structures. Protected areas such as AENP are slowly expanding revenues to meet operating costs, fund strategic investments in infrastructure and land acquisition, and provide services to the high standard demanded by visitors. However, without GEF support, it will be difficult for the Park to develop a solid and sustainable financial foundation, as well as achieving expansion to the desired level to conserve globally important biodiversity.

*Government strategy.* Within protected area management in South Africa, the need to reform and strengthen institutions has been recognized. While the forthcoming National Biodiversity Act, and Protected Areas Act provide policy guidance in this regard, SANParks will increasingly focus on its core objective of national biodiversity conservation and integrated ecosystem management, while improving financial performance. A major organizational strategy was designed and implemented in 2002 to help achieve these objectives (see Annex 18 on performance of

SANParks in meeting its mandate). Management consultants assisted with this process through a performance audit of SANParks. One result of the new strategy is increased outsourcing of non-core functions, rationalized tariff structures, dedicated fund-raising units, and streamlining. Restructuring has reduced staff numbers by 12% and increased operating efficiencies. Revenue generation has improved and a deficit position of US\$2.7 million two years ago has now been turned into a modest operating surplus of US\$0.7 million. New initiatives approved by the government (and integrated into the project), will help National Park managers to meet strategic conservation goals by entering into various incentive-based arrangements with surrounding land owners. These innovative alternatives to outright land purchase can increase the area under conservation while using financial resources more efficiently. Committees involving stakeholders are being established across the country as part of the new park governance regime. Parks are expected to be more consultative; ensuring community support is regarded as critical for future success. Parks are also viewed as a key mechanism to contribute towards community development and improved local livelihoods. The capacity of government and SANParks has been recognized as needing strengthening in some areas to better deliver on its mandate. Priorities identified to date include the installation of new environmental management systems, the introduction of electronic information systems, using GIS to better design and manage parks and conservation areas, and increased public education, awareness, and participation. Training associated with each of these priorities is also needed.

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

The project will make interventions to address the strategic issues described above:

*Low economic growth and employment, poverty and inequality.* The project will support implementation of government policy in the region to reduce poverty, improve livelihoods and strengthen provincial economic development. The aim is to develop a management model which maximizes the socio-economic advantages of the protected area without compromising the globally valuable biodiversity. A key objective is therefore to support a land conversion process from marginal traditional farming to conservation management and eco-tourism within the gAENP. Recent experience has shown this land-use shift generates higher employment while supporting enhanced conservation; a win-win situation. In particular, the project aims to develop a social ecology and community development program to improve the local community benefits from the Park. To this effect, SANParks is developing a new social policy specifically for this project, which could be a model for other protected areas in the country. Farm workers displaced by Park expansion will be resettled and compensated in accordance with Bank safeguard policies. Displaced farm workers will be given priority for new employment generated through the project. This includes expanded eco-tourism with the private sector, sustainable harvesting of natural resources in specified zones, alien species removal, and small works programs in the Addo community. The creation of small and medium enterprises is another integral element. Overall, the expansion of environmentally sustainable tourism will generate local income and employment as well as contribute to regional and national economic development.

*Conservation of natural resources as basis for sustainable development.* The most important project intervention will be the sustained conservation of the region's globally significant biodiversity. In particular, the project will address the root causes and threats to biodiversity loss

by focusing on integrated ecosystem management. The strategic interventions will create an integrated terrestrial and marine park based on best-practice conservation planning principles. The area required for incorporation into the Park is predicated on baseline targets for vegetative units and the habitat requirements of large herbivores and predators, some of which need to be re-introduced into the ecosystem. It is also based on the need to maintain critical ecological patterns and processes in the landscape. In order to achieve the longer-term goals of expanding the protected area into the gAENP, legal and institutional barriers hindering conversion of farms to conservation areas will be evaluated and an incentive framework put in place to attract more farm owners bordering the Park to participate. The project will also develop and implement a sustainable resource-use policy with local communities in specific zones. With the marine environment, the project area will bring under protection over 86% of South Africa's endemic marine vertebrate species, 34% of South Africa's endemic fish species, and 95% of the primary marine production in Algoa Bay (See Annex 17). The project area will also include critically important offshore islands containing threatened bird species such as the Cape Jackass (or African) penguin. Commercial and recreational fishing in the MPA will be rationalized in specific use-zones and put on a more sustainable footing.

*Institutional structures, capacity, and governance for natural resources/biodiversity.* The project will support the South African government and SANParks to develop and pilot new institutional arrangements for participatory management and integrated ecosystem management. It will design a cost-effective and efficient structure for managing the Park, based on more outsourcing of non-core functions, improved staff structures, posts and job descriptions, as well as work program requirements. The project will facilitate implementation of an Integrated Environmental Management System (IEMS), building on experience and lessons learned in the Cape Peninsula Biodiversity Conservation Project and Cape Strategy and Action Plan. Training programs will then be developed and implemented. The project will also establish a sound financial framework for the gAENP, create new and unique relationships with the private sector for eco-tourism and the management of tourist facilities, and form new governance structures and consultative processes with key stakeholders.

### **C. Project Description Summary**

#### **1. Project components** (see Annex 2 for a detailed description and Annex 3 for a detailed cost breakdown):

##### **Project Vision**

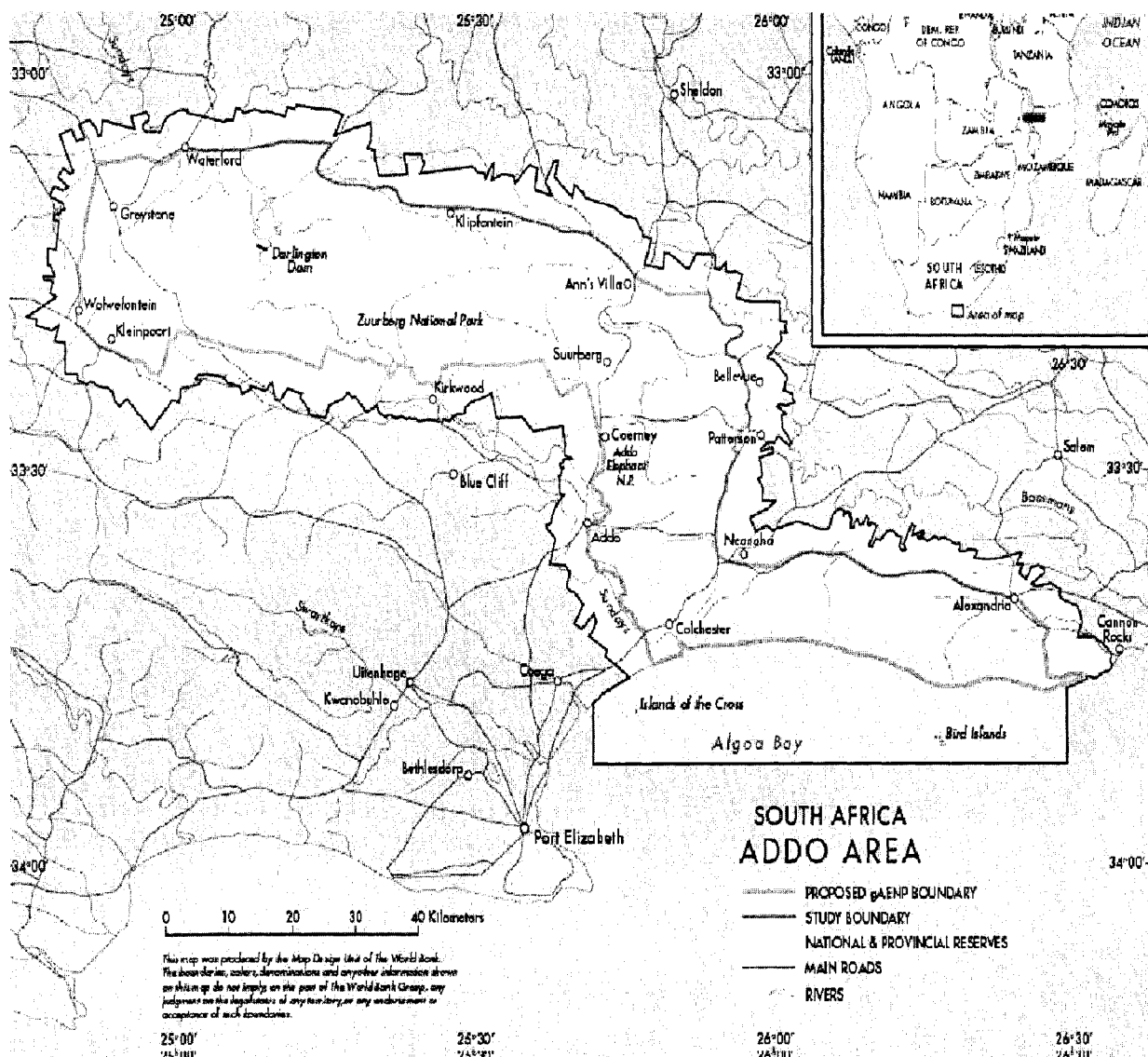
The project has identified five inter-related components to protect the exceptional terrestrial and marine biodiversity of the Addo region through strategic conservation planning and implementation, innovative land incorporation and development planning, and social capacity building. Over the six years of the project, the total Park area will likely increase to cover about 236,000 ha of terrestrial (Table 1) and 120,000 ha of marine habitat. During the project, the majority of land acquisition will be through new contractual arrangements and gradually reduce the ratio of purchased/contractual land from 88/12 to about 72/28.

Table 1. Land acquisition planned under the gAENP

Time Frame	Purchased Land (ha)	Contractual Land (ha)	Total Land (ha)	Purchased/Contractual
Present time	145,000	20,000	165,000	88/12
End of project	170,000	66,000	236,000	72/28
Increment from project	25,000	46,000	72,000	35/64

The current AENP is a mosaic of landscapes, which are not completely contiguous. The long-term vision is that of a Park with a single fenced area for wildlife, but significantly larger than at present. The project will achieve this vision by consolidating existing Park areas through highly strategic land acquisition, focusing on priority parcels identified using a range of criteria, but in particular, potential conservation values and threats. Given the need to address broader goals of greater public participation, expanded tourism development with private-public partnerships, and increased social development in the region, a cautious and phased approach is warranted. Park expansion is planned over five phases (see Annex 19). Each phase will focus on a specific block of the Park, and include boundary expansion, fencing, wildlife management, tourism development and social development. When all five phases are completed, many of the fences separating each of the five blocks will be removed, thus consolidating one single large Park with expanded wildlife range and well-developed tourism products. A marine protected area of 120,000 ha will be added in Algoa Bay to complete the vision of a contiguous Park spanning several terrestrial and marine ecosystems. See Figure 1 below.

Figure 1: Proposed gAENP Boundary



### COMPONENT 1: CONSERVATION PLANNING

GEF: US\$0.268 million - Co-financing: US\$0.553 million - Total: US\$0.821 million

*This is concerned with the planning and monitoring framework for the long-term conservation of the unique assemblage of biodiversity in the region and the arrest of environmental degradation.*

This component builds on the conservation planning exercise largely undertaken during the preparation phase of the project and forms the biological basis for the implementation phase. The

preparatory studies focused on the systematic conservation planning exercise, freshwater conservation, proposed marine protected area (MPA), and ecological monitoring of the marine environment (see Annex 2). The five sub-components each largely deal with park planning and will form part of the overall Integrated Environmental Management System (IEMS).

**i) Conservation Plan:**

This sub-component will update the terrestrial, aquatic, marine, and cultural databases produced during preparation, and subsequent studies, and amend the drafted conservation plan as required to help conservation science better direct management. Selected research projects will be identified and commissioned, monitored and evaluated under this component as part of the ongoing maintenance of the Conservation Plan. Issues concerning zonation, surrounding land-use, contractual incorporation and business arrangements will be further negotiated, with action plans prepared for implementation.

**ii) Strategic (Development) Plan:**

Based primarily on the above information, a costed and phased strategic development plan will be produced to guide the Park for the next six years. It will indicate the preferred development zones (as part of the Zonation Plan), rehabilitation areas, as well as infrastructure (roads, fences, buildings, visitor facilities) within the Park. In addition, it will address the redefinition of an upgraded SANParks management structure for the Park, plus the development of a re-introduction plan for key game species.

**iii) Park Management Plan:**

A Park Management Plan (procedures and policies) will be drafted as part of the IEMS to facilitate more effective and efficient daily management. It will include clear and measurable deliverables, which will be monitored and reported on a monthly basis.

**iv) Monitoring System and Research:**

The Project monitoring system will be implemented and updated based on year 1 experience. It will be augmented with key research on the biophysical and socio-economic environments in order to monitor and adjust the impact of the Park on the community, economy and environment. The project Business Plan for year 1, sets out in the Project Implementation Plan (PIP) the indicators for the monitoring of project objectives. Further, the IEMS to be implemented under component 3 will be used as an adaptive management instrument to ensure the sustainability of park management.

**v) Marine Protected Area (MPA):**

To facilitate the proclamation of the Addo Marine Protected Area (MPA), a marine planning framework will be developed through consultations with all relevant stakeholders. An implementation plan will then be prepared once all required negotiations have been conducted and approvals obtained. Legal studies will be undertaken to address potential conflicts between current terrestrial and marine conservation legislation. A social assessment will be undertaken to evaluate the impact of the MPA on current users as part of the marine planning framework.

## **COMPONENT 2: IMPLEMENTATION OF THE DEVELOPMENT PLAN**

**GEF: US\$2.44 million - Co-Financing: US\$21.420 million - Total: US\$23.864 million**

*The implementation of the development plan including ecological management, infrastructure and land incorporation, and socio-economic capacity building.*

Implementation will occur in three different management scenarios: (1) SANParks land owned and managed by SANParks, (2) concessioned areas within SANParks land, and (3) contractual land adjoining the Park where SANParks may or may not manage the land. The three sub-components will roll out of the development plan, inclusive of ecological management, infrastructure development and land incorporation, to ensure effective implementation of the development plan.

### **i) SANParks/Park Environmental Infrastructure Provision:**

This sub-component focuses on the implementation of the development plan. Development within identified zones will follow a plan, and investments will include all fixed infrastructures (roads, fences, water provision, conservation center, heritage sites, waste management systems, alien control, EMP and rehabilitation plans).

### **ii) Land Incorporation:**

Land will be incorporated into the Park depending upon: its relative value with respect to enhancing ecological integrity and biological representativeness and biodiversity; improving local socio-economic conditions and minimizing costs of acquisition (including resettlement); and the potential to reduce threats to biological integrity. Options for land acquisition include direct purchasing, contractual arrangements, management agreements, buffer arrangements, and expropriation. A prioritization matrix for the incorporation option has been developed for SANParks (see Annex 19). The Conservation Plan developed in the preparatory phase helped define the strategic incorporation zones but will need constant refinement as new information and assessment techniques are developed (see Component 1).

### **iii) Incentive Contracting Partnerships:**

Incentives will be offered to induce land owners to convert high priority areas to conservation. Incentives could include legal recognition, traversing rights, management inputs, extension services, fencing support, tax exemptions and game stocking (see Annex 19).

## **COMPONENT 3: INSTITUTION & GOVERNANCE STRUCTURES**

**GEF: US\$1.460 million - Co-Financing: US\$2.097 million - Total: US\$3.557 million**

*The development of institutions and governance structures to ensure the successful implementation of the Addo project and management of the Park.*

This component includes the design, implementation and maintenance of management systems and structures to enhance Park management and strengthening/creating institutional structures for effective, participatory Park planning and program implementation.

**i) Integrated Environmental Management System (IEMS):**

An IEMS based on ISO14000 will be developed to enhance Park environmental and general management. Technology and expertise developed in the GEF-financed Cape Peninsula National Park project will be used in developing the Addo IEMS. The IEMS will include the development of corporate policies and park specific policies, the strategic development plan, procedures, monitoring indicators, review and auditing procedures.

**ii) gAENP Management Structures:**

Based on the developmental plan and the extent to which concessions will be introduced, a new gAENP management structure will be developed and approved by SANParks for implementation for the day-to-day management of the expanded Park. The existing Park Steering Committee (PSC) will be reviewed and restructured in line with SANParks strategy for overall governance of the gAENP. The Steering Committee's prime function will be to provide a high level oversight function for the Park, the project and the Project Management Unit (PMU), to ensure compliance with the project's goals and GEF grant funding agreement. It is envisaged that as the development of the Park management plan is initiated, the Addo Planning Forum (APF) will be adapted and transformed to form a dedicated Park Forum.

**iii) Project Management Unit (PMU):**

The PMU which is responsible for day to day project management, procurement, and administrative functions, will continue to execute the project on a daily basis. The unit will work closely with gAENP staff but under supervision of the PSC, and particularly that of the gAENP Coordinator. Financial management will be provided through SANParks staff and management systems.

**iv) Park Business Plan:**

A business plan will be prepared, which models the financial requirements of the Park including income and expenditure, and which provides a basis for adjusting to the roll out of the Development Plan from the PIP. Initially, a year-one business plan will be drafted with financial budgets, followed by a full plan, utilizing consultants under PMU and PSC guidance. The full business plan will take into consideration the deliverables of the PIP inclusive of detailed action plans, responsibilities, measurables and financials. The business plan will be reviewed annually as the project is implemented.

**v) Management Information and Reporting System (MIRS):**

An electronic hardware and software system will be designed and implemented to manage the IEMS. The MIRS will be database driven, producing reports in conformance with the requirements of the governance structures of the project, plus the management of the gAENP. A GIS officer will be appointed by SANParks to oversee the necessary databases and generate the required reports in consultation with the PMU. The design and implementation of the MIRS will be coordinated by the PMU, utilizing services of suitable providers.

**vi) Training Programs:**

Training programs will help staff apply the new systems and technologies, and build a clearer understanding of policies and operational procedures contained in the IEMS. A training needs



analysis for new and existing staff will identify required training to implement the new requirements posed by monitoring systems, environmental and cultural management, business and financial management, socioecology, communication and public information, and HIV-AIDS awareness. Training needs will be matched with suitable activity-related courses, and staff enrolled accordingly. Staff will be monitored on completion of training to ensure conformance with new systems and usefulness of training programs. Training for non-SANParks staff will be addressed in Component 4.

**COMPONENT 4: COMMUNITY DEVELOPMENT & SOCIAL ECOLOGY.**

**GEF: US\$0.153 million - Co-Financing: US\$3.321 million - Total: US\$3.474 million**

***The Park should benefit communities through enabling managed access to natural resources, access to employment, micro enterprise opportunities, training and environmental education.***

This component will support implementation of the Park development plan where it relates to employment and economic benefits through communal conservation strategies, Small, Medium and Micro Enterprise (SMME) opportunities, environmental education and fair resettlement of displaced individuals. This component will forge the benefits of sustainable natural resource use with social upliftment, particularly of previously disadvantaged sectors of society.

**i) Access to Natural and Cultural Resources:**

Although a preliminary survey was completed during project preparation, the project will finance further research to better understand the scope and importance of important cultural sites and resources within the Park boundaries (see Annex 14). In addition, a policy guiding managed access to these resources, in compliance with SANParks policies, will be developed and implemented for the Park. This will also meet the requirements of the Bank's safeguards for cultural resources (OPN 11.03 and OP 4.11).

**ii) Access to Employment:**

Members of local communities, and in particular displaced people, will be given priority for new jobs created through the project directly and through expanded eco-tourism development. In addition, these individuals will be offered training opportunities to help them benefit from new employment opportunities in the Park. As part of this process, a database and suitable policy framework are needed. The SANParks national policy on Social Ecology will be modified to suit the gAENP project in relation to meeting Bank safeguard requirements on involuntary resettlement. Available employment data/databases will be acquired from local government for analysis to match with gAENP employment opportunities. The Resettlement Policy Framework (RPF) and Resettlement Action Plans (RAPs) will provide useful baseline information about individuals affected by farm conversion that can feed into employment programs (see Annex 13). Gaps in the database, such as skills analysis, will be identified and corrected.

**iii) Employment and Economic Benefits Based on Communal Conservation Strategies:**

Analyses will be undertaken to identify small micro-enterprise (SMME) development opportunities within gAENP in areas such as fencing, arts and crafts, charcoal production, eco-tourism, alien clearing, rehabilitation, construction, and sustainable harvesting. SMMEs will

be assisted by gaining access to all available national SMME incentive schemes. Research will be done to identify what goods and services to gAENP may be sourced from SMMEs. Training of SMME staff members will be an important section of this component with a needs analysis having to be undertaken, with training undertaken in identified gap areas. Such training will be coordinated where possible with that identified in Component 3. Some employment opportunities will be through Working for Water and Poverty Relief programs funded by the South African Government.

**iv) Conservation Education:**

An Environmental Education (EE) Program will be designed and implemented. As part of the program, a sustainable and cost-effective education program and conservation center will be established to support community and visitor awareness about the Park. A limited number of tertiary scholarships (possibly two per annum) will be provided to train a cadre of new officials from the community to enter SANParks at a professional level and advance in the organization. Relevant tertiary education courses will be identified and then a recruitment process will be pursued to select suitable candidates for evaluation and enrolment. To ensure effective operation of the Conservation Education Center, a number of Conservation Education Officers will be recruited.

**v) Resettlement Compensation (Resettlement):**

Although the project's social objective is to ensure that the greater Addo community largely benefits from the project, SANParks will make funds available and source opportunities in associated projects (Work for Water, and Poverty Relief) to ensure that any local people negatively affected by the project are fairly compensated. Site-specific criteria for compensation, developed during project preparation as part of the Resettlement Policy Framework (RPF) and Resettlement Action Plans (RAPs), will be implemented in conjunction with other government and local government authorities responsible for restitution issues.

**COMPONENT 5: ECONOMIC DEVELOPMENT**

**GEF: US\$0.340 million - Co-Financing: US\$6.729 million - Total: US\$7.069 million**

*Stimulating overall economic development in the area by creating an enabling environment for tourism and associated economic activity.*

This component will focus on enhancing the conditions for broader economic development in the area, largely through the tourism sector and the National Park. Mainstreaming the project objectives and achievements will be a priority to sustain the considerable support the project has received from central government, local communities and donors.

**i) Marketing and Product Development:**

A marketing plan will be prepared for the Park, inclusive of existing Addo market research information plus a management information reporting system (MIRS) module to record relevant tourism statistics. The marketing plan will include a communication strategy, new product development, and identify prospective eco-tourism products emanating from gAENP. These identified products will be packaged on an established web site, along with all other relevant

information associated with the project (see [www.addoelephantpark.co.za](http://www.addoelephantpark.co.za)). A communications/marketing officer will be recruited as part of the new gAENP management structure.

## ii) Concessioneing and Partnership:

The SANParks concessioneing plan will be implemented to attract private sector investment in eco-tourism facilities in the Park. Part of this sub-component includes the development of terms of reference, identification of contractual partners, and creating a MIRS module to feed into the wider IEMS-MIRS.

Note: Rounding off changes figures slightly

Component	Indicative Costs (US\$M)	% of Total	Bank financing (US\$M)	% of Bank financing	GEF financing (US\$M)	% of GEF financing
1. Conservation planning	0.80	2.0	0.00	0.0	0.25	4.5
2. Implementation of development plan	21.62	54.1	0.00	0.0	2.33	42.4
3. Institutional and governance structures	3.70	9.3	0.00	0.0	1.60	29.1
4. Community development and social ecology	3.15	7.9	0.00	0.0	0.15	2.7
5. Economic development	6.34	15.9	0.00	0.0	0.34	6.2
Physical contingencies	1.50	3.8	0.00	0.0	0.00	0.0
Price contingencies	2.83	7.1	0.00	0.0	0.83	15.1
<b>Total Project Costs</b>	<b>39.94</b>	<b>99.7</b>	<b>0.00</b>	<b>0.0</b>	<b>5.50</b>	<b>100.0</b>
<b>Total Financing Required</b>	<b>39.94</b>	<b>99.7</b>	<b>0.00</b>	<b>0.0</b>	<b>5.50</b>	<b>100.0</b>

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

The project will focus on three key reform issues as follows:

### 2.1. Incentive based conservation strategy:

A conservation strategy will be developed that provides incentives for landowners and communities to support new contractual land conversion arrangements with gAENP (see Annex 19). While landowner conversion to eco-tourism is taking place in some parts of the province, a number of barriers appear to be preventing enough landowners and communities in the project area from following suit. The creation of large consolidated areas are also essential for the introduction of new game. Building on the findings of the preparatory phase, the project will prioritize the barriers to be removed and further develop and implement the incentive framework to support the conversion process. The scale of this project, including the number of farms involved, makes this a unique venture in South Africa.

### 2.2. Park planning to be informed by integrated ecosystem planning:

In South Africa, park planning and establishing park boundaries have not always been based on scientifically sound methodologies. Project preparation has piloted the use of a new model which sets targets for the determination of marine, aquatic and terrestrial components to be included into the Park as well as their integration. This new approach applies the concept of bioregional planning, which has effectively been adopted as government policy. The project will demonstrate

the value of this method for adoption in future SANParks operations, in addition to guiding how to include local stakeholders to a much greater degree in planning processes.

### 2.3. Sustainable use and resettlement:

Building on SANParks policy on sustainable use of natural resources, the project will develop and implement sustainable resource use policies and practices as part of routine park management operations where applicable. This will be undertaken in the marine and terrestrial components and will provide experience for other SANParks operations. With resettlement, SANParks is developing a new policy and practices based on South African and World Bank requirements which should have potential for wider application. Some program sub-components will be integrated with social ecology components of the project to ensure that local residents, and especially displaced farm workers benefit from the project. The creation and development of SMME's will endeavor to draw upon this framework, as well as ideas from well established Community Driven Development (CDD) projects in the subregion.

## 3. Benefits and target population:

### Benefits

#### *Environmental benefits*

- The over-riding benefit of the gAENP project is the conservation of a unique association of biodiversity through integrated ecosystem management. The opportunity to bring five of the seven biomes of South Africa, estuaries and marine systems, coastal dunefields and offshore islands all within one park will generate unique national and global benefits.
- The conservation of endangered and Red Data Book species is enhanced, such as the African elephant, the south western black rhino (*Diceros bicornis bicornis*), African penguins, certain succulent plants, etc.
- Cultural resources, such as archaeology and paleontology, are preserved (see Annex 14).
- The project will reduce land degradation currently being caused by overgrazing, alien plant encroachment and unsustainable land use. At the same time it will not detract from more productive and viable agriculture such as dairy, chicory and mohair in the larger region.
- Environmental education programs will be made available through the development of at least one Environment Education Center with associated staff.

#### *Socio-economic benefits*

- Of the US\$39 million to be spent on the gAENP project, at least US\$6 million will benefit local communities and normal contractors through community development/social ecology and routine contracting opportunities. Funding will include government-sponsored Working for Water, Poverty Relief, and social ecology projects to enhance ecological services, natural resource management, minor works and eco-tourism. Wages paid, will be significantly higher than in agriculture. In addition, resources will also be made available through the incentive framework to enable interested land owners to convert to more viable conservation land-use options.
- Tourism numbers are expected to increase from 120,000 in 2002 to 180,000 by the end of year 6, in-line with capacity expansion. Associated tourism expenditures and indirect economic impacts will also increase significantly. The Park will be the only one in the

world offering visitors the "Big 7" experience, comprising of the traditional Big 5 terrestrial game species (lion, elephant, leopard, rhino, buffalo) plus marine whales and sharks (including the Great White shark).

- Through the project, conservation programs and eco-tourism development are estimated to create no less than 212 permanent and 914 temporary, contract jobs. The figure could reach 2,370 jobs. Employment with conservation land-use and eco-tourism represents about 1 job/210 ha versus the agricultural norm of 1 job/367 ha.
- The Park is expected to attract foreign investment from donors and investors. Given the fact that the Park is already functional, and there is to be greater diversification of the wildlife product, investment opportunities will be enhanced.

### **Target Population**

#### *SANParks*

SANParks, as the executing agency, will be one of the key target groups in the project. It will benefit from technical and financial support, capacity building, institutional development and assistance relating to policy and management reform. SANParks will also gain valuable hands-on experience in developing cutting edge conservation and integrated ecosystem management and economic models. The project will also share models and lessons learned with the CAPE Action Plan and the United Nations Development Program (UNDP) supported Wild Coast project.

#### *Government*

The project will support effective implementation of government environmental policies, poverty alleviation strategies and enhanced social equity. Departments and agencies involved in supporting the project will benefit from institutional capacity building. Collaboration will be enhanced between agencies and departments supporting the project.

#### *NGOs and civil society*

NGOs will be consulted together with other stakeholders about the project. They will also play a more specific role in formalized Park structures such as the Park Forum. Civil society, including farm workers, will be consulted at all stages and views and opinions used to inform the implementation of the project. Environmental education components will aim to strengthen civil society understanding about environment issues and Park management.

#### *Private sector and land owners/farmers*

The project will further develop and implement a planning model, which provides far greater private sector and land-owner involvement in management implementation. Land-owners will be specifically targeted to form partnerships that shift underutilized farmland into sustainable conservation, ensure better retention of labor, rehabilitation of land and development of minor infrastructure. Private sector operators, outside of landowners, will be invited to develop and/or manage aspects of the park development in areas of comparative advantage such as eco-tourism.

#### *Local unemployed people*

Employment and entrepreneurial opportunities will materialize from Poverty Relief and Working for Water funding as well as more stable forms of employment associated with the Park expansion and development of eco-tourism. Training opportunities will first be targeted at resettled people. In addition, the identification and creation of SMMEs will be encouraged. A training plan will be developed through the project which will include basic environmental and cultural management, natural resource use enterprises (charcoal, arts and crafts), alien vegetation removal, basic business and financial management, basic adult education, and HIV/AIDS awareness.

#### **4. Institutional and implementation arrangements:**

SANParks, largely using existing staff, will be the lead executing agency for the Project over the six year duration. Other stakeholders that will collaborate in implementation include the provincial Department of Economic Affairs, Environment and Tourism, national government departments (Environmental Affairs and Tourism, Land Affairs, Labor), various NGOs, community-based organizations (CBOs), the farming community, academic institutions, private land-owners and private enterprise. Collaboration with project implementation will be effected through the following institutions:

##### **Project Management Unit (PMU)**

The current PMU consisting of a part time SANParks project manager, finance officer and administrative officer will be strengthened with the project paying for a procurement officer and full-time project coordinator/manager. SANParks has already deployed a full time marine coordinator (October 2003) to the PMU. The PMU will be responsible for project implementation including: (i) drafting and coordinating the development, management and business plans by short term consultants; (ii) day-to-day management of project development and implementation; (iii) annual work plans and budget preparation; (iv) donor coordination; (v) secretariat function for the Project Steering Committee (PSC) and the Addo Planning Forum (APF); (vi) financial management including establishing a financial management system, withdrawal applications, financial reporting, procurement of consultants, goods, and services; (vii) establishing the Park Forum (viii) reporting via a new Management Information Reporting System (MIRS).

##### **Project Steering Committee (PSC)**

The PSC will provide a high-level oversight function for project implementation according to the requirements of the gAENP, the vision for the Park, Bank requirements, and the GEF Grant Agreement. It will therefore ensure full integration of project development into Park management activities and provide a holistic and well-coordinated management platform. The PSC will meet approximately every 6 months to review project progress and agree to the proposed project deliverables for the following 6 months. The PSC will be chaired by the gAENP Park Manager. The PSC composition is expected to be mainly SANParks personnel including: (i) The PMU Project Manager (ii) Park Manager, team leaders of the working groups (and section rangers, financial, tourism representation as required); (iii) SANParks gAENP Coordinator; (iv) Head: SANParks Park Planning; (v) Poverty Relief & Work-for-Water Coordinator; (vi) SANParks Manager: Commercial Development; (vii) contractual park representative; (viii) representative from Provincial DEAT; (ix) representative from APF and later the Park Forum.

**Project Working Groups (PWG)**

The PWGs, comprising of 4-10 people, will be tasked with execution of the key project components by the Project Manager. They will play a crucial role in integrating the project activities into ongoing work of the Park organization and staff. A specific structure is not required at this stage; working groups will be formed as needed and dissolved as the assigned activity is completed. Members will be co-opted as needed but in general will include the Project Manager, a senior working group leader (preferably drawn from Park management), SANParks staff, government officials and any other key organizations or individuals.

**Park Forum**

It is envisaged that as development of the Park management plan proceeds, the existing Addo Planning Forum will be transformed into a Park Forum. The establishment of the Forum entails the nomination of local stakeholders including farm worker representatives through a consultative process. This process will commence during project implementation phase. Other structures are also envisaged and may include the creation of land-owner forums through which the Park management will work in order to enter into land incorporation and management agreements to achieve project objectives.

**Resettlement Working Group (RWG)**

The RWG will deal with all relevant issues associated with the resettlement of affected farm workers. The functions of the RWG include: acting as an advisory and oversight body to SANParks in matters relating to resettlement; serving as a forum to solve any arising problems; and assisting SANParks in overseeing all the phases of the resettlement process, including the allocation of jobs and generation of livelihoods, compensation and other benefits. The RWG composition includes: (i) farm workers representatives as nominated by the farm workers (affected by Phase 1, from 1997-2003 phase); (ii) designated SANParks representative responsible; (iii) a representative of each of the following departments of the Government of the Eastern Cape: Land Affairs, Agriculture, Tourism; (iv) a representative of the Resettlement Monitoring Team, when it is on site; (v) a representative from surrounding farms/agriculture; and (vi) a resettlement expert. They will meet twice a year or more often as needed.

**Financial Management***Financial management assessment*

SANParks will provide financial management functions to the PMU. A financial self-assessment has been completed and reviewed by the Bank staff. The assessment indicates high compatibility between Bank guidelines and requirements, and the SANParks financial management systems and procedures. SANParks has demonstrated excellent financial management performance in other Bank/GEF projects. A demonstration that the system and arrangements are able to produce the periodic Financial Management Reports (FMRs) will take place prior to effectiveness. A Bank accredited FMS will review the situation prior to declaration of project effectiveness.

*Project monitoring, evaluation, and management reports*

The PMU will produce Project Management Reports (PMRs) that reflect project performance, including expenditures, against the logframe indicators presented in Annex 1. Other key

monitoring systems will include the production of six-month project progress reports to the Bank prior to supervision missions, as well as routine SANParks and national and provincial data, which will indicate whether the project is achieving its goals or not. The PSC will also perform a monitoring role by assessing project progress reports. General civil society monitoring will take place via the APF and Park Forum, while resettlement issues will be monitored through the Resettlement Working Group (RWG). Where specific sub-components require detailed monitoring and evaluation (such as land incorporation), more detailed systems will be developed. The design of project components will be overseen by the PWGs. A Bank led mid-term review will be undertaken at the conclusion of year 3 (May 30, 2007), informed by a SANParks external assessment.

#### *Audit arrangements*

SANParks external auditors, who are already approved for other Bank supported projects, have been appointed to audit the Project accounts and financial statements on annual basis. In addition SANParks internal auditors (a separate external entity) will provide internal auditing on a 6 monthly basis. The cost of the external audit will be financed from project funds.

### **D. Project Rationale**

#### **1. Project alternatives considered and reasons for rejection:**

**No Project Alternative.** The alternative of not addressing the current scenario of environmental degradation and loss of valuable biodiversity, both inside and outside the existing protected area, with its links to rural poverty, was rejected. This alternative would lead to high economic and social costs from a continued and gradual deterioration of the natural resource base and eventual loss of globally important biodiversity. Without project support, expansion into the larger gAENP would be limited and not based on an integrated and systematic conservation planning and management system. Modest expansion of game ranches and eco-tourism ventures would be a positive trend but insufficient to meet conservation objectives for globally important biodiversity, in particular the re-introduction of key predator species including lion, and the reintroduction of the larger herbivores including elephant and rhino over much of the area. These species can only be introduced into very large areas of suitable habitat being managed appropriately. There would be reduced opportunity for the development of an economic alternative to unsustainable pastoralism, which continues to undermine globally important biodiversity (within two hotspots and Albany Center for Plant Endemism). The no project alternative would limit private sector eco-tourism investment in the region, hinder job and skills creation opportunities, and reduce support for the conservation of natural resources, particularly among rural communities. The marine environment would continue to suffer from over-harvesting of resources, and water pollution from the catchment would remain largely undetected and untreated. A MPA would not be established and more integrated management of the marine and terrestrial components would not take place.

**Traditional Protected Area Management Project Alternative.** The traditional approach to protected area management including boundary expansion, is to purchase additional land at market value. Where failure occurs, expropriation and compensation can be applied. In either case, the usual focus of management activity is on biodiversity conservation and where possible,



limited eco-tourism development to generate revenues. People and landowners surrounding the protected area are not usually given opportunities to participate in management planning and implementation, but rather are viewed as threats to conservation. This alternative was rejected because of the major social impacts on surrounding communities, and creation of an adversarial climate between landowners, local people and SANParks in the gAENP area. This approach does not draw on the comparative strengths of different players, and would not build local support for biodiversity conservation.

Therefore, a project alternative has been selected which involves private land owners and inhabitants as detailed in Annexure 19.

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

Sector Issue	Project	Latest Supervision (PSR) Ratings (Bank-financed projects only)	
		Implementation Progress (IP)	Development Objective (DO)
<b>Bank-financed</b>			
Industry	Industrial Competitiveness	S	S
Municipal	Municipal Financial Management Support	S	S
Bank supported GEF			
GEF	Cape Peninsula Biodiversity Conservation	S	S
GEF	Maloti Drakensberg Transfrontier Cooperation and Development Project	S	S
GEF	Conservation Farming. MSP	S	S
GEF	Sustainable Protected Area Development in Namaqualand. MSP	S	S
GEF	Richtersveld Community Conservation Project (preparation)		
GEF	Cape Action Plan (preparation)		
GEF	Renewable Energy Project (preparation)		

GEF	Sub-Tropical Ecosystem Planning (STEP)	S	S
<b>Other development agencies</b>			
UNDP	Agulhas Plain (preparation)		
UNDP	SABONET		
UNDP	Wild Coast		
CEPF	Succulent Karoo Ecosystem Profile		
CEPF	Cape Ecosystem Profile		
DANCED	Capacity Building in SANParks		
DANCED	Socio-Economic Overview of Disadvantaged Community Neighboring AENP		
Industrial Development Corporation (IDC)	Tourism Product Development		
IFC	Tourism Product Development		
SA Government	Poverty Relief Program		
SA Government	Work for Water Program (WfW)		
IFAW	Elephant Range Expansion Program		
HSUS	Elephant Range Expansion Program		
Leslie Hill Succulent Trust	Succulent Karoo Conservation Program		
Rhino & Elephant Foundation	Elephant Range Expansion Program		

IP/DO Ratings: HS (Highly Satisfactory), S (Satisfactory), U (Unsatisfactory), HU (Highly Unsatisfactory)

### 3. Lessons learned and reflected in the project design:

The Bank, GEF, and SANParks have a wealth of experience in designing, financing, and implementing protected area projects to meet multiple management objectives including biodiversity conservation, community participation, private-public partnerships, social development, and poverty alleviation. The main lessons for project design from a review of the Bank/GEF global experience in protected area management and SANPark's local experience include:

#### *Use of comprehensive baseline information and biodiversity prioritization*

Effective protected area planning is based largely on accurate and comprehensive spatial baseline biophysical information. SANParks has brought considerable national experience to bear in designing this project. A thorough investigation into the terrestrial, freshwater and marine environments has allowed critical environmental factors to be “layered” into a strategic GIS conservation planning tool (C-Plan) and map. Minimal areas necessary to meet conservation objectives were identified and the areas needed for conservation and ecosystem management are therefore defensible and based on scientific rigor.

#### *Creating effective partnerships*

Positive and negative experience with the IFC supported commercialization of certain Park facilities in South Africa (such as new tourism resorts in Kruger National Park) have been evaluated and lessons learned incorporated into project design and financial modelling. The project will build on this experience in developing partnerships with the private sector for tourism development which will reduce Park costs, increase income and enhance ownership and support for the wider gAENP. Lessons learned in other Bank/GEF financed projects suggest that a partnership for land reallocation can be applied in this project through various methods. Allowing landowners to be incorporated into the Park without necessarily involving a transfer of title, has a number of benefits.

#### *Full public participation and communication*

Active participation of project beneficiaries and other stakeholders from the initial planning process is important to identify potential problems and solutions, generate support, and foster knowledge sharing. The project rationale, benefits and impacts need to be made clear from the outset. The public participation process in the AENP has been a part of regular Park management for some time through the APF. Through the project, this process will be strengthened by the establishment of new and more effective institutions.

#### *Planning for long-term financial sustainability*

GEF projects should help beneficiaries develop mechanisms to improve financial sustainability. Global experience suggests there is little justification in GEF and the government of South Africa investing in protected area management without building capacity to generate sufficient revenues to cover reasonable operations and maintenance budgets. The current project has been designed to expand gAENP revenues from increased eco-tourism development through private sector partnerships and contracting out various concessions. Forecasts indicate the gAENP will be in a strong financial position by year 6 onwards.

#### *Single institutional authority*

Divided or unclear institutional authority has plagued other worthwhile protected area investments both globally and locally (e.g. Dongola-Vhembe, and Pondoland). The institutional roles and responsibilities were clarified early in the AENP program and provide a strong foundation to strengthen the institutional framework for the project.

#### **4. Indications of borrower and recipient commitment and ownership:**

In support of the project, the Government of South Africa, through SANParks has undertaken the following:

- Relocated a dedicated team of four scientific staff, assistant project coordinator, and an administrative officer to Port Elizabeth in 1999 to manage the GEF funded PDF-B grant.
- National DEAT and SANParks Directorate have identified the gAENP as a national conservation priority. To this effect they directed the entire land purchase allocation component (US\$3.5 million) of the IDC loan to SANParks in 2000 - 2001 for land conversion around AENP and about 10% of the remaining loan into product development in the Park. DEAT has also directed a further US\$5.8 million for 2003/04 for land incorporation.
- Organized visits to AENP by high profile personalities, such as President Thabo Mbeki, the Portfolio Committee for Conservation, and the Board of SANParks.
- Successfully negotiated the transfer of the Woody Cape Nature Reserve in 2001 from the Eastern Cape provincial administration to Schedule 1 National Park for incorporation in AENP.
- Successfully allocated South African governmental funding of US\$6 million from Working for Water, and Poverty Relief programs specifically in the Addo project for the period 2001 - 2003. A separate SANParks project coordinator for this money has been seconded to the parks management team.

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

Based on the success of previous and current Bank engagement in South Africa, the Bank is in a strong position to assist with implementation of this project. The aim of this assistance is to :

- Incorporate experiences and lessons learned from other GEF regional biodiversity projects.
- Develop a resettlement policy for gAENP based on Bank safeguard policies for involuntary resettlement, thus ensuring people are fairly and fully compensated.
- Build on successes and experiences gained from the support to the Cape Peninsula National Park, to support the development of cost effective institutional and governance arrangements for Park and project management. These will serve as best practice to be rolled out across SANParks.
- Continue to attract co-funding by building relationships with government and other partners to leverage additional funds to the project.

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

### **1. Economic (see Annex 4):**

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

The baseline cost without the GEF Alternative includes regular government of South Africa expenditures on the Park management and biodiversity conservation, implementation, institutional development, community development, and regional development. The baseline costs are an estimated US\$34 million without project support. Incremental costs are estimated to cover project expenditures on components that have global benefits and are eligible for GEF financing. The incremental costs will help achieve global benefits by supporting improved conservation planning processes, additional research and monitoring for globally important terrestrial and marine biodiversity; implementation of activities that conserve globally important biodiversity; strengthening of lead institutions and governance structures for improved biodiversity conservation; local community development programs aimed at conserving biodiversity; increased public awareness and education programs; and regional development for eco-tourism as part of a sustainable finance strategy to support long-term biodiversity conservation. SANParks and the Government of South Africa have already committed and will further commit US\$27.6 million for the GEF alternative. This includes US\$15.77 million for land purchase, infrastructure and institutional development. A National Government contribution of approximately US\$12 million is expected by project closure for land purchase and removal of alien vegetation. A portion of this funding was made during project preparation and the remainder will be provided during Project implementation. Building on the previously successful IFC supported concessioning program, another US\$6.5 million is expected to be leveraged from the private sector, primarily for visitor and public facilities. The location of these opportunities has been determined. The other investments in infrastructure and game which are likely to take place on private land have not been factored into these calculations. The GEF Grant contribution, towards the GEF Alternative, is US\$5.5 million over six years.

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

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

The project will finance investments in Park planning, management capacity and environmental rehabilitation, with the objective of creating a megabiodiversity conservation area representing five of the country's seven terrestrial biomes and one of the country's three marine protected areas. To help meet this objective, the project will finance new approaches for participatory management systems involving communities, private sector and government. As part of project preparation, work has been undertaken on the land incorporation and incentive framework to encourage landowners to contract into the Park. Sufficient investigations and precedent has been set to indicate the viability of this proposal and refinements will be made during implementation.

The project is expected to generate an incremental 212 permanent and over 900 contract jobs. Wages will be significantly higher than for farm labor. On pastoral and dairy farms, average monthly labor rates are between US\$32 and US\$60/month. By contrast, average labor rates for SANParks are between US\$116 and US\$250/month. Private tourism operators are paying within

and above these rates depending on the skill required. Workers displaced from unproductive farms, who are subsequently employed in the Park or private sector eco-tourism, will benefit from higher incomes.

#### Fiscal Impact:

From a financial perspective, the project offers land users the prospect of higher returns and more diversified and sustainable income sources. Specialist Reports (see no. 10 and 11) prepared specifically for this project have examined the comparative returns of land use options in the area. The Gross Margin (GM), i.e. total revenue less direct variable cost) for livestock has been estimated at about US\$11/ha (R116/ha). It should be noted that this average is raised somewhat by the inclusion of dairy farm areas that are not part of the Park's intended expansion. The Net Margin is more difficult to determine, because local data on indirect costs are not available. Using results from other studies, Specialist Report no. 10 concludes that the NM is in the order of 70% of the GM, i.e. only US\$8/ha.

The GM for game farming is estimated to be similar to the average for livestock farming: US\$9/ha (R103). Using the same rule of thumb as above to derive the NM, it would be in the order of only US\$6/ha.

Adding eco-tourism, which would be compatible with game farming, would raise the net return somewhat. However, Specialist Report no. 11 indicates that the increase would be very limited: about US\$1-3 NM per ha per annum. However, the NM concept utilized there appears to be more inclusive than that utilized in Report no. 10. It should also be noted that the calculation only includes income that accrues to the owner of the land and facilities on site. Tourists will obviously spend beyond those limited boundaries.

It is noteworthy that market actors are in many cases convinced that game farming and eco-tourism can yield higher returns than livestock. Multiple examples of such conversion in a wide area of the Eastern Cape can be given. This is less surprising if one considers the wide variation in returns behind the averages discussed above. On some marginal lands, livestock farming has effectively ceased as the vegetation is exhausted. There is also an emerging success of high-end eco-tourism.

The many offers of selling land which SANParks has received bears further testimony to the limited prospects of livestock farming, and the attraction of the incentives offered for conversion. Hence, the Park was able to buy in the order of 75,000 ha from 1997 to date. Purchases have also increased drastically in the last two years.

The Park is already financially viable given its *current* size: it turned a modest operating surplus before corporate overhead costs of about R1.3 million (US\$118,000) in 2002/3 for the first time in decades. While this provides a sound platform onto which to build, it is quite clear that the Park does not generate sufficient funds to carry the expansion that the project entails. The project can therefore be seen as a vehicle to assist the Park to reach a new and much higher level of investment. The transitional period of six years is projected as sufficient time to adjust to a higher level of financial sustainability.

Wider regional economic impacts will result from project investments, and more importantly, private sector investment funds leveraged and tourism expenditures on goods and services. Approximately US\$6.5 million will be invested by private companies as part of eco-tourism expansion in the area. By year 6, it is estimated that 180,000 tourists will visit the Park spending money on accommodation, food, fuel, tours, souvenirs, guides, etc. Direct and indirect economic impacts of tourist spending will be a significant contributor to provincial GDP.

### **3. Technical:**

The proposed project interventions require a skill mix of human capacity with relevant knowledge to ensure effective implementation and more importantly, the sustainable management of the expanded gAENP using new and innovative conservation approaches. South Africa, and more specifically, SANParks has a long history of national park management. South African parks (and staff) are recognized as continental leaders in the areas of wildlife management, tourism development, and sustainable finance. South Africa is also blessed with several universities having outstanding research programs relevant to the project and its aims. Regional experience in community participation in natural resource management, eco-tourism and benefit-sharing (for example in Zimbabwe, Zambia, Botswana, Namibia, Tanzania, etc) will provide some external knowledge to draw on. The project design is appropriate for the level of knowledge and expertise available within South Africa and more specifically within SANParks (and gAENP). The country, and SANParks, has a strong record of investment in similar projects, therefore, estimates of investment and recurrent costs, and contingencies are felt to be very reliable. The general macro-economic stability of the country also lends itself to more accurate projections of costs and benefits. Project investments will build on the organization's current knowledge base, experience, and organizational assets to improve longer-term park development planning and implementation, strengthen institutions and governance structures, enhance community development and social ecology, and assist in economic development through sustainable tourism.

### **4. Institutional:**

#### *Institutional assessment*

SANParks staff tasked with project implementation through the PMU are highly qualified in technical areas and are highly committed to the organization and its mission, which focuses on protected area management and biodiversity conservation. A broader assessment of institutional capacity however, suggests more generally that staff in SANParks, and in this case the AENP will require training to build management skills. The proposed project has provided for such training. The organization is gradually shifting its focus to include greater use of private sector partnerships for revenue generation, and to use a wider range of stakeholders (such as local communities and landowners) in participatory Park management. SANParks is slowly building experience in these new directions, which will help with implementing the proposed project.

#### **4.1 Executing agencies:**

The project preparation phase and other GEF financed projects in the country have demonstrated solid project management experience within SANParks. While SANParks will be the Executing Agency, success will also depend on active participation of other stakeholders representing relevant government agencies, NGOs, community-based organizations, farming communities, tertiary institutions, private land owners and the private business sector. In this regard, the

membership composition and coordination functions of various institutions is critical. These are described below.

#### 4.2 Project management:

As indicated in C4 of this PAD, several institutions will contribute towards overall project delivery. The proposed institutions will provide a strong foundation for dynamic and highly participatory project implementation. These include:

- Project Management Unit (PMU), consisting of three contract personnel and SANParks financial management to deal with day-to-day project planning, finance, implementation and coordination. A marine-coordinator will be redeployed within SANParks to the Park.
- Project Steering Committee (PSC), consisting of senior representatives of SANParks, other Government Agencies, and other Project Institutions (APF-PSC), and providing broad oversight of project implementation and coordination.
- Addo Planning Forum (APF), already operating in the AENP and providing a forum for consultative dialogue between local stakeholders and SANParks. It will be transformed into a dedicated Park Forum as the project develops a new Park Management Plan.
- Project Working Groups (PWGs) of 4-10 people from across various stakeholders will be established to aid in the execution of specific project activities.

#### 4.3 Procurement issues:

Consulting services, goods and works shall be procured in accordance with the Bank's procurement guidelines. SANParks has demonstrated highly satisfactory compliance to Bank procurement requirements in other projects. A procurement self-assessment completed in December 2002 indicates that existing controls within SANParks (AENP) for procurement are relatively well-managed with no noticeable deviation from the Public Finance Management Act. The assessment does however suggest a need to separate procurement from finance and that a highly skilled procurement officer should be recruited. SANParks is committed to these actions through the PMU where a procurement officer will manage the procurement function under the direct supervision of the Project Manager, while financial management will be through SANParks Finance Department. Depending on the background of the person recruited, short-term training in Bank procurement processes may be required. A procurement plan will be provided prior to effectiveness. No major procurement issues are anticipated.

#### 4.4 Financial management issues:

##### *Financial management capacity*

##### (i) Capacity of staff in SANParks

SANParks will be responsible for the overall financial management of the project. The team at the AENP's Financial Administration is well qualified and sufficiently familiar with Bank procedures to ensure sound management and control. A qualified and experienced full-time financial officer will be seconded from SANParks to support the project. The officer will work under the Project Manager but with financial management accountability still vesting with Addo's finance officer who will ensure adherence to SANParks and Grant requirements. Short-term training in Bank financial procedures, including reporting may be required depending on the background of the person recruited.



(ii) Financial Management Systems.

The financial self-assessment, carried out in August 2002, indicated high compliance by SANParks with Bank requirements and guidelines. A further Bank assessment was carried out in March 2003 which substantially confirmed the self assessment. SANParks has a well established internal control system. Rules and regulations, including rules of ethics, are well defined and documented in manuals. The institutional arrangements for financial management of the project will follow the proven Cape Peninsula National Park model. At the time of the financial management assessment it was noted that although the SANPark's Internal Audit department was functional, the coverage given to the AENP seemed inadequate. This weakness will be addressed through a recently signed contract with a reputable independent accounting firm to provide annual internal control audits to each Park including the AENP. The contract is effective as of March 2003.

The previous SANParks computer-based financial management system (Prophecy accounting software) has a proven track record. However, as of September 1, 2003, SANParks switched to a new and better system called Great Plains. Staff training is underway to facilitate the transfer to the new system. SANParks has shown highly satisfactory financial management under another Bank/GEF- financed project (Cape Peninsula National Park - GEF, US\$6.3 million). SANParks will demonstrate the capabilities of the new system to the Bank, prior to effectiveness, by providing a proposed FMR/ prototype quarterly report. A Bank staff member (FMS) will also review the operationality and reliability of the system before the project is declared effective.

(iii) Project Flow of funds.

The Grant funds will be disbursed over a period of 6 years with project Completion Date set for 10/31/2009 and Closing Date of 04/30/2010. SANParks will be the recipient and the Executing Agency for the Grant. A four month advance from the proceeds of the Grant, equal to US\$200,000, will be deposited by the Bank into a US\$ denominated Special Account to be opened by SANParks at a commercial Bank acceptable to IBRD. SANParks will fund all Project expenditures from its existing Rand bank account, then reimburse itself, on a monthly basis with the Rand equivalent of eligible expenditures from the US\$ Special Account to its Rand bank account. Application for replenishment will be based on these reimbursements from the US\$ Special Account, and will be supported by details of the individual payments made. All transactions will be managed through the SANParks financial management system.

The South African auditing system is robust and no risks are foreseen with these arrangements

(iv) Auditing arrangements

The audit trail was found to be robust at the SANParks, given the capabilities of the computerized system, protocol surrounding processes, and information management. SANParks has received no less than 7 consecutive unqualified audits from its independent external auditors. The filing and archiving was also found to be one of the strongest in the region.

South Africa is home to all of the major international management and audit firms, therefore, no major risks exist with respect to project auditing. As in the case of the Bank supported Cape Peninsula National Parks Project, SANParks will appoint its current auditors on same terms to the Project.

(v) Readiness and next steps.

- The format of FMRs will be provided by SANParks prior to effectiveness.
- Project Special Account (\$US) to be opened up at a commercial bank on terms acceptable to the World Bank.

## **5. Environmental:**

Environmental Category: B (Partial Assessment)

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

The project objectives are to achieve a number of positive environmental, socio-economic and developmental impacts. The project components will also include mitigation measures for potential adverse effects. A Strategic Environmental Assessment (SEA) was undertaken to meet Bank EA requirements. A SEA was selected instead of an Environmental Impact Assessment (EIA) (with Bank approval), as the exact location of the new Park boundaries could not be determined with great precision during preparation. While priority lands have been identified, the specific areas encompassed by expansion will depend on the nature and uptake of land conversion incentives developed, negotiations, etc. A broad, forward planning instrument was needed, therefore, an SEA was selected as an appropriate EA instrument.

The SEA evaluated the natural environment in the project area, socio-economic environment, financial viability of the gAENP, legal and institutional framework, issues and concerns raised through public consultation, and potential development scenarios. Following this review, a **Category B** assessment was assigned: First the project focuses on protected areas. Second, it will have an overall positive environmental impact by reversing current trends of natural resource degradation through improved protected area management and conservation of globally and nationally important biodiversity. Third, all sub-components involving potential impacts on the environment will be subject to individual EIAs under South African EA policy and regulations as well as those of the Bank. (see Annex 12).

The major potential impacts noted through the public participation process of the SEA were: displacement and relocation of farm workers; uncertainty about Park development; impact of the project on farming related industries and activities; inadequate communication with affected parties; impact on employment opportunities; impact created by the Coega industrial development zone on the coast (not part of the project); need for socio-economic indicators and targets; compliance with SEA draft policy proposals; impact on dairy, beef and chicory production; impact on mohair production and land purchase process. The key issue to emerge has been a concern by some land owners with land incorporation into the Park and the impact on livelihoods. The project makes detailed provision through its design to not only address this issue but to have mutually beneficial impacts. The key instrument to achieve this will be the design and implementation of an incentive framework to landowners and communities to incorporate into the gAENP as well as community development and social ecology components. A Resettlement Policy Framework (RPF) and Resettlement Action Plans (RAPs) have been developed and approved by the Bank to comply with OP/BP 4.12.

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

The project intends to develop detailed plans to conserve and rehabilitate the biodiversity of the

area. Project outputs will include the development and implementation of a conservation plan to inform a Park development plan/ecological management plan, and development of an environmental management system which includes park policies and procedures to manage and mitigate all Park operations and potential impacts. Further, there will be detailed socio-economic and biophysical monitoring. Domestic EA laws, policies, and regulations will apply to development in the Park. For developments deemed to require an EIA, a mitigation and monitoring strategy will be identified. The project has budgeted funds for EMPs under various components that may require an EIA, such as roads, fencing, etc.

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

Date of receipt of final draft: April, 2, 2003

The draft SEA was received on April 2, 2003 with "In Country Disclosure" on July 21, 2003.

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

An independent consultation plan was prepared and implemented to consult with key stakeholders during the screening and impact mitigation identification stage of the SEA. The consultation process included scoping all principal concerns, feeding these back to inform the planning process and stakeholders, and to include stakeholders in the final SEA report. The process was implemented by independent consultants in collaboration with SANParks and several other government agencies. Key stakeholder groups were first identified, and an advertising/awareness campaign about the consultation process then implemented through media and networking. Stakeholders were invited to respond in writing to help identify critical issues and concerns over the project, and more generally, protected area management in the area. A series of meetings were then held across the protected area. Materials for public review were prepared in three of the official languages. During this process, 234 interested and affected parties were consulted, including civic organizations, farmers associations, landowners, businesses, chamber of commerce, farm laborers, labor unions, local authorities, councillors, community based organizations and landowner associations. The semi-final report was presented to stakeholders in May 2002 for inclusion of final public comments and considerations. The SEA was officially disclosed "In Country" on July 21, 2003. The Addo Planning Forum facilitated much of this initial process.

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

The Project will entail the implementation and adaptive updating of both biophysical and socio-economic monitoring systems to inform management of Project impacts and to ensure that it remains beneficial. SANParks has already developed a comprehensive list of indicators and an M and E system during preparation. The system will be supported by regular field measurements to further build a solid baseline and to capture data change. Supportive research is also included in the Project design. Monitoring information will be managed through the proposed IEMS to facilitate reporting back on the Project impact at least on an annual basis.

## **6. Social:**

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

The key social issue revolves around the resettlement of farm workers as farms are incorporated into the gAENP. A survey has been undertaken to identify all individuals who could be affected by the proposed expansion of Addo over the next 6 years and who have been affected since 1997. Since 1997, SANParks has been purchasing land with a clause requiring land to be purchased free of occupation. Subsequent to the Bank Appraisal Mission, SANParks agreed to drop the clause from all future land purchases. Original estimates of potentially affected individuals varied from a low of 570 inhabitants (191 workers) to a higher figure of approximately 3300 inhabitants. The variability in the figures is ascribed to the underlying assumptions which were made including: the area of land to be included into Addo, the ratio of farm workers per ha of land and the number of dependants. Further, the actual number of workers and inhabitants which might require resettlement support will also depend on the extent to which workers and inhabitants, displaced since 1997, can be found. With the recently completed farm-by-farm survey and survey to find displaced farm workers and inhabitants, the number of affected people has been reduced to 188 (workers plus dependents) of which 70 were permanent workers at the time of sale of the farms to SANParks. Of the 70 workers, 30 (plus 75 dependants) are currently unemployed and will, therefore, be fully incorporated into the SANParks RPF and RAPs. Another 25 000 ha of land is proposed for purchase by SANParks. Based on the calculated figure of 1 unemployed person per 1000 ha, an additional 25 workers plus dependants are expected to fall under the RPF and RAPs. Based on current phasing for the expansion of the Park, it is anticipated that SANParks resettlement obligations in this regard will end in approximately 2010. SANParks has also agreed to monitor and to include any farm workers and their dependents into the RPF and RAPs where private land owners have sold land to SANParks or who have contracted land into the Park and who reneged on resettlement agreements reached with farm workers and their dependents. The RPF and RAPs were disclosed "In Country" on July 7, 2003.

In recent years, three new private tourism developers in the Park (Darlington Dam, Gorah Elephant Camp, Kazouko), absorbed most of the displaced farm laborers, offered additional jobs to disadvantaged people from local communities, provided training in service jobs, and paid wages at several times the level in agriculture.

The project's social development objective is to deliver improved socio-economic benefits to people living in communities inside and outside of the proposed larger Park. Key outcomes are expected to include gainful employment, improved income levels for people who currently live in the proposed Park area and more secure livelihoods. To achieve this objective, the project will: ensure that community representatives serve on local advisory committees (the Resettlement Working Group); employ local members of the community and provide training to shift from farming based employment to park and eco-tourism work; prepare resettlement action plans prior to appraisal; and leverage over US\$6 million from Working for Water and Poverty Relief funds for local employment programs as part of resettlement plans.

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

The project includes several mechanisms to ensure stakeholder participation, and most critically,

mechanisms to address the resettlement process. The Addo Planning Forum (to be transformed into a Park Forum) already provides a mechanism for a wide representation of local stakeholders to participate in project (and Park) management and implementation. The RWGs will include: farm workers' representatives; a designated SANParks representative; a member of the Departments of the Government of the Eastern Cape - Agriculture, and Tourism; National Department of Land Affairs; a representative of the Resettlement Monitoring Team; a representative from surrounding farms/agriculture; and a resettlement expert. The functions of the RWG will include: acting as an advisory and oversight body to SANParks in matters relating to resettlement in the gAENP; serving as court of first appeal to solve any arising problems and then channelling them through the appropriate grievance procedures; assisting SANParks in overseeing all the phases of the resettlement process, including the allocation of jobs and generation of livelihoods, compensation and other benefits.

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

Extensive consultations have taken place with civil society and with NGOs through public meetings and the Greater Addo Forum. The Forum will be transformed into a Park Forum. Detailed consultations will continue in all project components as needed.

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

Local communities will be represented on the proposed Park Forum. The project also has a social ecology and community development component to provide a mechanism for implementing social development initiatives with the communities. Displaced workers will have priority for local employment through the project, training, and other social support programs such as the Working for Water and Poverty Relief fund as identified in the RAPs. Purchases of land by SANParks (as opposed to other forms of conversion) will hold back 10-15% of the price to ensure that the land owner addresses resettlement of displaced farm workers within current South African law and Bank requirements.

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

The project will undertake a baseline socio-economic survey for planning purposes, against which the results of regular monitoring of attitudes and needs of local stakeholders and communities will be measured and applied as feedback for project implementation. Monitoring is a specific project sub-component. Bank supervision missions, every six months, will pay special attention to the socio-economic monitoring results.

## 7. Safeguard Policies:

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

Policy	Triggered
Environmental Assessment (OP 4.01, BP 4.01, GP 4.01)	<input checked="" type="radio"/> Yes <input type="radio"/> No
Natural Habitats (OP 4.04, BP 4.04, GP 4.04)	<input type="radio"/> Yes <input checked="" type="radio"/> No
Forestry (OP 4.36, GP 4.36)	<input type="radio"/> Yes <input checked="" type="radio"/> No
Pest Management (OP 4.09)	<input type="radio"/> Yes <input checked="" type="radio"/> No
Cultural Property (OPN 11.03)	<input checked="" type="radio"/> Yes <input type="radio"/> No
Indigenous Peoples (OD 4.20)	<input type="radio"/> Yes <input checked="" type="radio"/> No
Involuntary Resettlement (OP/BP 4.12)	<input checked="" type="radio"/> Yes <input type="radio"/> No
Safety of Dams (OP 4.37, BP 4.37)	<input type="radio"/> Yes <input checked="" type="radio"/> No
Projects in International Waters (OP 7.50, BP 7.50, GP 7.50)	<input type="radio"/> Yes <input checked="" type="radio"/> No
Projects in Disputed Areas (OP 7.60, BP 7.60, GP 7.60)*	<input type="radio"/> Yes <input checked="" type="radio"/> No

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

*With regard to environmental assessment (OP 4.01, BP 4.01, GP 4.01),* the project was rated environmental Category B. A strategic environmental assessment was carried out, which included local stakeholder participation. The assessment and record of public consultations was submitted to the Infoshop before appraisal. All developments in the Park will be subject to national EA processes, which fully meet Bank requirements (see Annex 12).

*With regard to cultural property (OPN 11.03),* the project meets Bank requirements through a number of measures. These include adherence to the National Heritage Resources Act (1999), development by SANParks of a strategic framework for the conservation of cultural resources, and a cultural resource management policy (see Annex 14). A preliminary inventory and mapping of cultural sites has been completed as part of project preparation. This will form the basis for further assessment and guide the development of suitable measures for cultural site management, compatible with Bank policy. Field staff will receive basic training in cultural resource management and a specialist staff member will be appointed to manage the data base and oversee policy compliance.

*With regard to involuntary resettlement (OP/BP 4.12),* due to the fact that some farm workers will fall within the scope of the resettlement definition, a Resettlement Policy Framework has been completed and RAPs produced for farms anticipated to be incorporated into the gAENP in year one. The community development component of the project and a SANParks budgetary provision including Poverty Relief Programs, will set aside sufficient financial resources to cover the resettlement requirements for the lifespan of this project. (see Annex 13 and applicable SA legislation). Employment creation through the project and with private sector tourism development is expected to absorb most displaced workers who wish to remain in the area and continue working. Salaries paid by these alternative employment options are significantly higher than in pastoral agriculture. The Bank is responsible for approving the RAPs.

## F. Sustainability and Risks

### 1. Sustainability:

This project will strengthen conditions for protected area management and biodiversity conservation in the Addo Elephant National Park (AENP) area, with a well-defined component to improve local livelihoods through eco-tourism development. Several factors are linked to sustainability. First, *institutional sustainability* is important and is being pursued by the initial building of a consensus on project design and scope with a wide range of stakeholders and strengthening of a participatory process. Appropriate institutions are being used in the project to facilitate long-term local participation in Park planning and management. The lead executing agency, SANParks, has been undergoing business re-engineering processes in the past few years with demonstrated success in improving operating efficiencies. The project is designed to ensure that staff from the gAENP will participate in project execution through the Project Steering Committee and the proposed Project Working Groups. This will ensure that the project is well integrated into the park operations and that a seamless transition is made from the project deliverables to their incorporation into routine park operations.

Second, *financial sustainability* is critical to ensure that the achievements from project investments can be maintained in the longer-term. The project is designed with post-GEF closure in mind; investments will generate improved income streams over time at both the executing agency and local community levels. Detailed financial simulations, using the best available data, indicate that project investments will enable the Park to be financially independent by year 6. Financial sustainability will be based on increased and differentiated gate fees, a larger number of visitors, concession fees from accommodation and game sales. At the local level, the project will build conditions for increased private sector investment in eco-tourism, creating sustained direct and indirect employment and income benefits long after the project is closed. The project is attracting initial private sector investment of US\$6.5 million. In the long-term, there is considerable upside potential for expanded investment to provide visitors with access to a world-class Park.

Third, *social sustainability* is critical and is addressed through two main design elements. The first design element will be establishing an economically viable Park, which will provide an income and livelihood return to local residents greater than the current returns from agriculture. This will greatly assist to enhance support for the Park and create more sustainable livelihoods. The proposed social ecology community development component of the project will lead this program. The second design element is to involve stakeholders in the Park and the project through consultative fora to ensure that support is maintained.

Finally, *environmental sustainability* is addressed through the SEA that was undertaken as part of project preparation, and the application of South African EA processes (which meet Bank requirements) for specific site developments during and after project implementation. The project will improve biodiversity conservation and sustainable natural resource use in the area.

### 1a. Replicability:

The lessons learned from this project will have wide applications for other protected areas in South Africa with respect to participatory planning and implementation, social assessment, resettlement, management information systems, monitoring, land acquisition, and public-private partnerships. In turn, this project is being strengthened by lessons learned in other GEF biodiversity conservation projects in South Africa such as the C.A.P.E. initiative. More broadly, the gAENP project will demonstrate important and valuable lessons for other countries in the region and beyond when addressing similar marine and terrestrial protected area, and biodiversity conservation challenges.

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

Risk	Risk Rating	Risk Mitigation Measure
<b>From Outputs to Objective</b>		
Output 1. Community resistance prevents establishment of MPA	M	Consult widely and ensure clear communication and seek consensus model, including compensation where appropriate
Output 2. Baseline SANParks funds reduced	N	Monitor funding to the gAENP during supervision missions
Output 3. Personnel and financial resources diminished	M	As above. Staffing shortage poses higher risk and some outsourcing of functions may be needed
Output 4. Accurate socio-economic data unavailable	N	Create own project baseline information for monitoring program
Constructive dialogue with community breaks down	N	Assess adequacy of consultation processes during supervision missions, and adjust accordingly
Output 5. Economic growth and visitor numbers decline	M	Reduce increases in Park operating budget and adjust plan roll-out
Social stability in province declines causing reduction in visitors to the Park	N	Reduce increases in Park operating budget and adjust plan roll-out
<b>From Components to Outputs</b>		
Component 1. Public support for MPA's lacking	M	Ensure proper communication to the public and seek consensus proposal
Component 2. Local component funds do not materialize	N	Adjust development horizons or increase private sector support in Park development
Component 3. Key support organizations show inertia to supporting the RPF	M	Involve organizations through project structures in decision making
Component 4. Effective stakeholder communication does not take place	M	Monitor and adjust communication based on feedback results
Component 5. Local component funds not	M	Source funds from various sources to reduce



available for marketing		risk of funds not materializing
<b>Overall Risk Rating</b>	M	Indications are that this is a low to medium risk project

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

### 3. Possible Controversial Aspects:

A possible issue is the involuntary resettlement of people, mainly farm workers and their families, affected by Park expansion to meet biodiversity conservation objectives. It should be noted that the number of affected people involved is relatively limited and that many farm workers are offered new employment with their current employers. However, to the extent that involuntary resettlement occurs, this will be mitigated by a number of strategies. First and foremost, any resettlement resulting from this project will be governed by Bank safeguard policies. Second, SANParks has developed a Resettlement Policy Framework (RPF) and will complete RAPs to cover individual and previous farm acquisitions. Third, resettled people will be the highest priority for employment under the project, for example in small works or conservation activities funded by other programs. Fourth, wages paid to people employed directly in the Park or on small works/conservation initiatives are significantly higher than people would have earned as farm labor. Fifth, expanded eco-tourism development will offer various employment opportunities for people, again with a priority on those individuals resettled.

## G. Main Conditions

### 1. Effectiveness Condition

- SANParks has appointed a Procurement Officer.
- SANParks has provided, to the satisfaction of the Bank, prototype financial management reports demonstrating the capability of the newly installed accounting software system.
- SANParks has provided to the satisfaction of the Bank a procurement plan.

### 2. Other [classify according to covenant types used in the Legal Agreements.]

none

## H. Readiness for Implementation

- ☐ 1. a) The engineering design documents for the first year's activities are complete and ready for the start of project implementation.
- ☒ 1. b) Not applicable.
- ☐ 2. The procurement documents for the first year's activities are complete and ready for the start of project implementation.
- ☒ 3. The Project Implementation Plan has been appraised and found to be realistic and of satisfactory quality.
- ☒ 4. The following items are lacking and are discussed under loan conditions (Section G):

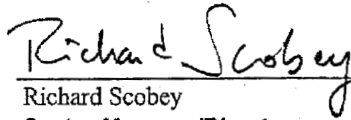
Prior to effectiveness, a Procurement Officer must be appointed to the PMU and the draft procurement plan must be submitted and approved to the satisfaction of the Bank.

### **I. Compliance with Bank Policies**

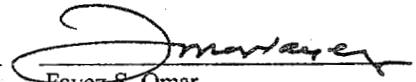
- ☒ 1. This project complies with all applicable Bank policies.
- ☐ 2. The following exceptions to Bank policies are recommended for approval. The project complies with all other applicable Bank policies.



Christopher James Warner  
Team Leader



Richard Scobey  
Sector Manager/Director



Faye S. Omar  
Country Manager/Director

## Annex 1: Project Design Summary

### SOUTH AFRICA: THE GREATER ADDO ELEPHANT NATIONAL PARK PROJECT

Hierarchy of Objectives	Key Performance Indicators	Data Collection Strategy	Critical Assumptions
<b>Sector-related CAS Goal:</b> Enhanced livelihoods, poverty reduced and capacity built through enhanced natural resource management	<b>Sector Indicators:</b> Improvement in socio-economic status of community  Increase in income from tourism  Long term positive trends in status of biodiversity	<b>Sector/ country reports:</b> Joint WB/SANParks supervision missions (twice per annum) - mid-term review year 3 with external experts  Socio-economic surveys  Biodiversity monitoring reports  Annual gAENP report	<b>(from Goal to Bank Mission)</b> Country overall economic and political stability  Tourism numbers lead to increased Park income
<b>GEF Operational Program:</b>  OP 1. Arid and semi-arid ecosystems management with strong relevance to integrated ecosystem management and biodiversity management	<b>Outcome / Impact Indicators:</b> As above	Annual gAENP report incorporating state of biodiversity indicators  M&E results	As above
<b>Global Objective:</b>  <u>Project Development Objective:</u>  To establish a megabiodiversity conservation area around the existing Addo Elephant National Park (AENP) to avert further ecosystem degradation. The project also aims to contribute to poverty reduction by creating direct employment in nature conservation and by catalyzing the development of eco-tourism.	<b>Outcome / Impact Indicators:</b> 1. 236,000 ha of globally significant terrestrial biodiversity and 120,000 ha of marine protected area clustered around the AENP falling under protected area management 2. Globally significant biodiversity maintained and enhanced through the protection of five key biomes under 63% of the gAENP footprint 3. Additional 46 000 ha of private land (conservation partnerships) included into the Park by year 6 4. Formal proclamation of a contiguous Addo Marine	<b>Project reports:</b>  Review of Government Gazettes indicating areas proclaimed in terms of the National Park Act and the Marine Living Resources Act  Review of areas proclaimed in terms of the National Parks Act and land incorporation agreements with private land owners  Agreements reached with private landowners  Proclamation of MPA in terms of the Marine and	<b>(from Objective to Goal)</b>  Local willingness of local community to participate in the project  Adequate growth in national and international economy, especially tourism

	<p>Protected Area (MPA), inclusive of the two island groups</p> <p>5. A monitoring and evaluation system will be implemented to determine improvements in ecosystem health, safeguarding of endemism and recovery of threatened species (Monitored according to the <i>Guidelines for Monitoring and Evaluation of GEF Projects</i>).</p> <p>6. Employment levels in the gAENP increased by 30% over the current baseline case</p>	<p>Living Resources Act</p> <p>Presence of M&amp;E system</p> <p>Employment survey of the area</p>	
<p><u>Project Global Objective:</u></p> <p>The global environmental objective of the project is to conserve a significant representation of five of the country's seven terrestrial biomes and one of the country's three marine provinces, including globally important biodiversity, through enhanced protected area and ecosystem management in a single National Park.</p>	<p>Globally significant biodiversity maintained and enhanced through incorporation of key broad habitats under protected area management, ultimately including 63% of the gAENP footprint</p> <p>Monitoring of key indicator species shows enhanced biodiversity goals achieved global environmental objectives will be monitor according to the <i>Guidelines and Monitoring of GEF Projects</i></p>	<p>Joint WB/SANParks supervision missions</p> <p>Annual gAENP report</p> <p>M&amp;E Surveys</p> <p>Proclamations/legal agreements indicating protected areas</p>	See risks assessment
<p><b>Output from each Component:</b></p> <p>1. Park conservation and development plans in place</p>	<p><b>Output Indicators:</b></p> <p>Park development plan showing zonation and proposed infrastructure</p> <p>Marine Protected Area proclaimed</p>	<p><b>Project reports:</b></p> <p>Conservation and development plans available</p> <p>Copy of MPA proclamations</p>	<p><b>(from Outputs to Objective)</b></p> <p>Information and consulting capacity available within the project time constraint</p>

2. Park infrastructure developed, stocked with game and rehabilitated.	<p>Park environmental infrastructure rolled out including fences, roads, paths, signage, visitor facilities</p> <p>Game stocking and alien clearing taking place</p>	<p>Annual gAENP report</p> <p>Supervision missions</p> <p>Financial statements</p>	<p>Baseline SANParks financial resources and co-funding provided</p> <p>Private sector investment provided</p>
3. Capacitated Park institutions and governance structures operational	<p>SANParks gAENP structures fully operational</p> <p>Project management structures operational</p> <p>Partnerships with landowners operational</p> <p>A user-friendly Environmental Management System (EMS) suitable for this and other similar projects including management policies developed and implemented</p> <p>Monitoring and research undertaken</p>	<p>Annual gAENP report</p> <p>Auditors' reports</p> <p>Steering Committee and Park Committee minutes</p> <p>EMS report</p>	<p>Availability of suitable personnel and resources for the institutional structures</p> <p>Community support for Park Forum appointments</p>
4. Park related social ecology/community development program implemented	<p>Socio-economic baseline report produced</p> <p>Job opportunities, benefits to effected communities, SMME's created in the immediate community by the project</p> <p>Environmental education infrastructure and program complete within budgets and deadlines</p> <p>Annual increase in learnerships and internships offered</p>	<p>Annual gAENP report</p> <p>Bank supervisory missions</p> <p>Social Ecology Unit feedback and independent reports</p> <p>Steering Committee minutes</p>	<p>Accurate socio-economic data can be compiled to monitor progress</p> <p>Constructive dialogue with neighboring communities</p>
5. Regional economic development benefits achieved through the project	<p>Increase of 7% p/a in tourism in the area.</p> <p>Increase in eco-tourism jobs</p>	<p>Market survey report indicate growth.</p> <p>Supervision missions</p>	<p>Adequate economic growth to sustain increases in tourism and private sector interest in concessions.</p>

	surrounding the gAENP		
	Increase in concessions in the Park resulting in tourism infrastructure	Number of concession contracts	Social stability makes area a preferred visitor destination
<b>Project Components / Sub-components:</b>	<b>Inputs: (budget for each component)</b>	<b>Project reports:</b>	<b>(from Components to Outputs)</b>
<b>1. Park Planning</b>	<b>US\$0.821 million</b>		
<i>Conservation Plan</i>	US\$153,000	Conservation plan and report	
Update and maintain the conservation plan for the Park including terrestrial, marine, aquatic and cultural heritage resources			
<i>Development Plan</i>	US\$36,000	Development plan and report	
Produce a prioritized and costed conservation management, rehabilitation zonation and infrastructure plan			
<i>Park Management Plan</i> including Development of IEMS and MIRS	US\$17,000	IEMS report and MIRS available	
<i>Monitoring System, Research</i>	US\$320,000	Monitoring reports and survey findings	
Implement the M&E system and identify and undertake research into the marine, terrestrial and aquatic components			
<i>Marine Protected Area</i>	US\$295,000	Proclaimed MPA	Support for Marine Protected Area
Investigate and prepare plans including proclamation of Marine Protected Area			
<b>2. Implementation of Park Development Plan</b>	<b>US\$23.864 million</b>		
<i>SANParks/ Park Environmental Infrastructure Provision</i>	US\$18.119 million	gAENP annual report	Funding availability
		Supervision missions	Visitor demand increases
Implement the Park		Annual game capture reports	

Development Plan which includes: (a) the provision of all environmental SANParks infrastructure including roads, buildings fences, visitor facilities, signage; (b) rehabilitation schemes; (c) game introduction; (d) waste management systems; (e) equipment and vehicles; ( f ) support to Marine Protected Area		Presence of fixed and movable assets including register	
<i>Land Purchase</i>	US\$5.316 million		
Implement land purchase strategy			
<i>Incentivised Partnerships</i>	US\$428,000	Land incorporation agreements	Community support incorporation
Implement the incentivised partnership framework to incorporate key properties			
<b>3. Development and Implementation of Park Institutions and Governance Structures</b>	<b>US\$3.557 million</b>		
<i>EMS</i>	US\$473,000	Annual EMS review Supervision missions	Expertise and funding available Cooperation of institutions from whom support is needed
Prepare and implement electronic Environmental Management System (EMS) which includes an overall corporate and sector policies in key areas as well as gAENP monitoring indicators			
<i>gAENP Management Structures</i>	US\$1.420 million	Presence of staff, equipment and fixed assets Park budget and approved staff structure	
Prepare and implement overall management structures for the Park including, desired outcomes, responsibilities, staffing, reporting lines, program competences			
<i>Project Management Unit</i>	US\$1.307 million	PMU in place	

Develop and support Project Management Unit (PMU) including salaries, equipment, offices and operating costs			
<i>Prepare a Park Business Plan</i>	US\$63,000	Park business plan	
(financial viability plan with timeframes and targets and potential income streams and expenditure)			
<i>Knowledge Management</i>	US\$90,000	Hardware and systems report	
Design and install electronic hardware and software to operate Geographical Information System (GIS), Environmental Management System (EMS) and Conservation Plan (C-Plan) modules			
<i>Training Programs</i>	US\$204,000	Annual training plan verified	
Prepare and implement training programs in relation to the above (cross cutting)			
<b>4. Community development/social ecology component</b>	<b>US\$3.474 million</b>		
<i>Research Cultural and Natural Resources Inventory Produced and Management Plan</i>	US\$31,000	Specialist independent reports and survey findings	Effective communication pathways maintained
<i>Access to Employment</i>	US\$27,000	gAENP annual report	Finance materializes
Training provided for Park contractors			Training relevant to skills level as well as employment opportunities resulting from project
<i>Employment and Economic Benefits based on Communal Conservation Strategies</i>	US\$2.314 million	Supervision missions	
Initiate eco-tourism and environment related projects			



that can generate economic opportunities for the community			
Co-ordinate gAENP specific national projects such as Working for Water, Poverty Relief, etc.		Training report	
<i>Environmental Education</i>	US\$151,000	6 monthly supervision reports	
Increase the number of internships and learnerships available through the project			
Develop a gAENP environmental education center and programs			
<i>Resettlement Provision</i>	US\$950,000	Monitoring reports of RAPs	
SANParks provision for resettlement			
<b>5. Regional economic development and an enabling environment for tourism</b>	<b>US \$7.069 million</b>		
<i>Marketing and Product Development</i>	US\$421,000	gAENP annual report	Funding materializes
Conduct market research to determine visitor demand patterns and predictions for the Park and develop and implement		EMS	Market interested in concessions
<i>Concessioning and Partnerships</i>	US\$6.647 million		
Attract private sector investment through partnerships, concessions and commercialization opportunities		Partnership agreements	

## **Annex 2: Detailed Project Description**

### **SOUTH AFRICA: THE GREATER ADDO ELEPHANT NATIONAL PARK PROJECT**

The project has identified five inter-related components that strive to protect the exceptional assemblage of terrestrial and marine biodiversity of the Addo region through strategic conservation planning and implementation, innovative land incorporation and development planning, and social capacity building. Justification for their inclusion is given here, and supported by the preparatory studies listed in Annex 8.

#### **By Component:**

**Project Component 1. CONSERVATION PLANNING - US\$0.82 million**

***GEF: US\$0.268 million - Co-financing: US\$0.553 million - Total: US\$0.821 million***

This component builds on the conservation planning exercise largely undertaken during the PDF-B phase of the project and forms the biological basis for the implementation phase. The preparatory studies generated extensive documentation on the biological, social, institutional, legal and economic environments (see Figure 1 for irreplaceability map generated from the Conservation Plan and ongoing planning).

The concept developed is one of a national park protecting areas of global and national importance through effective and efficient management through a combination of state and private initiatives. Issues concerning zonation, land-use, contractual incorporation and business arrangements need further negotiations, with action plans prepared for implementation. This implies conservation planning that would require involvement of SANParks, provincial conservation, private land-owners, communities, local government and the business sector. This is a critical step as it requires compiling a detailed social assessment of properties identified for incorporation and matching that with the biological assessment of the area. The second is, developing a cross-cutting incentive framework and funding line to roll out to private land-owners and communities wishing to be incorporated into the Park. This activity will be integrated and implemented with the Resettlement Policy Framework (RPF). The approach being taken is to identify the barriers to be removed to enable these social and economic conversions to take place and to provide programmed support. This component cuts across the remaining project components which will be integrated into the Integrated Environmental Management System (IEMS) for the Park. Deficiencies in data, particularly for biodiversity, were identified during the preparation phase and will be the focus of specific studies such as: restoration and rehabilitation; impacts of megaherbivores and alien species (terrestrial and marine); marine mapping, biodiversity surveys and monitoring with emphasis on the marine environment; freshwater biota surveys and mapping; river ecological reserve determination. Developing monitoring and research capacity within SANParks is essential to ensure the activities continue beyond the life of the project.

#### **SUB COMPONENTS AND ACTIVITIES:**

The five sub-components each largely deal with park planning and will form part of the overall IEMS which will be subject to the monthly Management Information Reporting System (MIRS). Four conservation planning and research related reports facilitated the formulation of this

component.

**Sub-component 1.1 - Conservation Plan:**

***GEF: US\$0.04 million - Co-Financing: US\$0.113 million - Total: US\$0.153 million***

This section will update the terrestrial, aquatic and marine, cultural databases produced during preparation and amend the drafted conservation plan as required. Extensions to the original PDF grant fine tuned the conservation planning recommendations under different land incorporation scenarios. It will also address the issue of deficiency in data, by identifying biodiversity, conservation planning plus herbivore conservation research projects, and the preparation of a rehabilitation plan. Once the research projects have been identified they will be commissioned and monitored and evaluated under this component as part of the ongoing maintenance of the Conservation Plan.

**Sub-component 1.2 - Strategic (Development) Plan:**

***GEF: US\$0.016 million - Co-Financing: US\$0.020 million - Total: US\$0.036 million***

Based primarily on the above information a costed and phased development plan and planning process will be produced to guide the Park for the next six years. It will indicate the preferred development zones (as part of the Zonation Plan), rehabilitation areas, as well as infrastructure (roads, fences, buildings, visitor facilities) within the Park. The development plan will also take into consideration a broad infrastructural plan (including camps, fences, roads, etc.) which will be adapted to suit each use zone. In addition, it will include a redefinition of an upgraded SANParks management structure for the Park, plus the development of a game re-introduction plan.

**Sub-component 1.3 - Park Management Plan:**

***GEF: US\$0.012 million - Co-Financing: US\$0.05 million - Total: US\$0.036 million***

A Park Management Plan (procedures & policies) will be drafted (using PAD & PIP information) as part of the IEMS to make for effective daily management. It will include clear and measurable deliverables which will be required to be reported against on a monthly basis (MIRS). The plan will form an integral part of the IEMS.

**Sub-component 1.4 - Monitoring System and Research:**

***GEF: US\$0.152 million - Co-Financing: US\$0.168 million - Total: US\$0.032 million***

Key baseline information has been gathered in the biophysical and socio-economic environment to monitor the internal and external impact of development of the Park, and other management actions on the community, economy and environment. A monitoring and evaluation plan has been developed for year one and will be adapted accordingly in subsequent years. This component will also cater for the implementation of an electronic monitoring and evaluation system for each of the identified elements. Areas requiring specific research will be identified and approved and research projects commissioned. These will include marine research in support of the proposed MPA and research into the impact of major herbivores on the Park and the management actions to be taken. Given the overall dearth of information for the marine environment, key projects have been planned with detailed research, monitoring and cost protocols developed. The monitoring and evaluation system will be updated on an annual basis and will also form part of the overall IEMS.

**Sub-component 1.5 - Marine Protected Area (MPA):**

**GEF: US\$0.048 million - Co-Financing: US\$0.247 million - Total: US\$0.295 million**

The proclamation of the Addo Marine Protected Area (MPA) will require detailed planning in terms of management, cost and public consultation requirements. A marine planning framework will need to be developed for interaction with all relevant stakeholders, as well as an implementation plan once all required negotiations have been conducted and approvals obtained.

**Project Component 2. IMPLEMENTATION OF THE DEVELOPMENT PLAN - US\$28.86 million**

**GEF: US\$2.444 million - Co-Financing: US\$21.420 million - Total: US\$28.864 million**

This component deals largely with the implementation of the Greater Addo Project and includes the provision of environmental infrastructure, tapping into existing national poverty alleviation programs to develop local SMME's in contracting services and goods on infrastructure projects. The environmental infrastructure will be in line with a zonation plan developed within Component 1. Infrastructure will be in the form of fencing, roads, water provision, heritage sites, cultural village, educational center, waste management systems, jetties, Environmental Management Planning (EMP), rehabilitation and identifying the existence of natural and cultural resources.

A major focus will be placed on rehabilitation schemes including alien control and land rehabilitation via biological and infrastructural schemes. Within the development of the zones will be the inclusion of wildlife re-introduction and the provision of maintenance equipment and vehicles. Support to the MPA will be in the form of infrastructural rehabilitation on the islands plus infrastructure for marine support services.

Three different management models exist with regards to implementing land incorporation, as identified by the conservation planning exercise and highlighted in SANParks incorporation policy (see Annex 19):

1. SANParks land owned and managed by SANParks.
2. Concessioned areas within SANParks land.
3. Contractual parks adjoining SANParks land where SANParks may or may not manage the land.

With incorporation of new tracts of land, the RAPs, will be implemented to ensure the fair resettlement or incorporation of affected individuals. Incentivised partnerships will be canvassed to facilitate land incorporation via contractual arrangements.

**SUB-COMPONENTS AND ACTIVITIES:**

The sub-components concern the roll-out of the development plan, inclusive of ecological management, infrastructural development and land incorporation. Specialist reports undertaken to facilitate in the preparation of this component included: Legal framework; Development prospects for communities/private partnerships; Economic activities; Incentives framework; Land incorporation framework; Resettlement policy framework; Public participation; Social assessment; Social monitoring prospects; and Cultural resources framework (see Annex 8).

The following sub-components ensure effective implementation of the development plan.

**Sub-component 2.1 - SANParks/Park Environmental Infrastructure Provision:**

**GEF: US\$2.012 million - Co-Financing: US\$16.107 million - Total: US\$18.119 million**

Focuses on the implementation of the development plan and includes the provision of environmental infrastructure in which the existing poverty alleviation programs (Working for Water, Poverty Relief) development of SMMEs have been incorporated. Development within identified zones will follow a plan and budget which will include the provision of all fixed environmental infrastructure, roads, fences, water provision, heritage sites, waste management systems, alien control, EMP and rehabilitation plans. Research will have to be done within each development zone to identify the existence of cultural and natural resources, to which managed access may need to be provided to resettled communities.

Plans are underway to establish a cultural village and conservation education center. New sections incorporated into the Park will be stocked with game according to a re-introduction plan. Infrastructure provision also includes the provision of equipment and vehicles inclusive of land vehicles, boats, office equipment, maintenance equipment, supportive to Park Management in the terrestrial and marine areas. Support to the MPA will be in the form of infrastructural rehabilitation on the islands plus the provision of infrastructure for marine services (i.e. harbors, jetty, ablutions, educational facilities, etc.)

**Sub-Component 2.2 Land Incorporation:**

**GEF: US\$0.016 million - Co-Funding: US\$5.300 million - Total: US\$5.316 million**

The incorporation of land through land-owner partnerships (contracts), and direct purchase will be integrated with the recommendations of the strategic Park conservation plan developed and refined as part of the preparatory studies. The budget figures only include land to be purchased and not the value of private land incorporated through partnership agreements. A further activity in this sub-component concerns fund raising for land purchases. GEF funds will facilitate this through payment of legal fees and valuations.

**Sub-Component 2.3 Incentivised Contracting Partnerships:**

**GEF: US\$0.415 million - Co-Financing: US\$0.013 million - Total: US\$0.428 million**

Financial and intellectual assistance (such as legal, infrastructural, rehabilitation training and knowledge enhancement) will be provided to implement the proposed incentive framework over the six year project period to remove barriers preventing farmers, land owners and the community from converting from current unsustainable land-uses into nature-based ventures within the gAENP. Criteria for their inclusion on a contractual basis have been developed and organized into a prioritization matrix weighting conservation value and threats (see Annex 11). Prospective contractual partners will need to be identified, together with the possible incentives, to secure incorporation now and into the future. A monitoring and evaluation system will need to be developed to ensure conformance to contractual agreements.

**Project Component 3. INSTITUTION & GOVERNANCE STRUCTURE - US\$ 3.56 million**

**GEF: US\$1.620 million - Co-Financing: US\$2.097 million - Total: US\$3.557 million**

This component focuses on management arrangements. It includes the design, implementation and maintenance of an IEMS to enhance Park Management. The Park Steering Committee (PSC) will be re-engineered to ensure compliance with corporate governance. The present Addo

Planning Forum (APF) will be transformed to a Park Forum to ensure greater representation, and inclusive management decision making.

To ensure the effective management of the gAENP project, the PMU will be continued for the six year project. The PMU will also be responsible together with consultants to develop and implement a MIRS covering all activities with the IEMS. The MIRS will be an electronic database driven system. The maintenance of the data bases and generation of reports will be carried out by a GIS Officer to be recruited as part of the new Park management structure. Training will need to be provided to ensure conformance to the newly developed systems.

## **SUB-COMPONENTS AND ACTIVITIES:**

### **Sub-Component 3.1 - Integrated Environmental Management System (IEMS):**

***GEF: US\$0.05 million - Co-Financing: US\$0.423 million - Total: US\$0.473 million***

An IEMS, based on ISO 14000, will be developed to enhance Park environmental and general management. Technology and expertise developed in the GEF funded Cape Peninsula National Park project will be used in developing the Addo IEMS. The IEMS will include the development of corporate policies and Park specific policies, strategic (development) plan, procedures, monitoring indicators, review and auditing procedures. It will be the guiding document for the overall Park Management, encompassing the conservation, development, management and review of Park activities. An IEMS report will be produced each year.

### **Sub-component 3.2 - gAENP Management Structures:**

***GEF: US\$0.020 million - Co-Financing: US\$1.400 million - Total: US\$1.420 million***

Based on the developmental plan and the extent to which concessions will be introduced, the required Park management arrangements will be costed and developed. These will include definition of the required outcomes of the organization, definition of responsibilities, staff organograms, and reporting lines etc. These will all form part of the Business Plan and part of the IEMS. Within this sub-component, in conformance with the Park management plan, a new gAENP management structure will need to be developed and approved by SANParks for implementation for the day to day management of the expanded park. The existing PSC will need to be reviewed and re-engineered in line with SANParks strategy for overall governance of the gAENP. The PSC prime function would be to provide high level oversight function for the Park and project, to ensure compliance with the project's goals and GEF grant funding agreement. It is envisaged that as the Park Management Plan development is initiated, so the APF will be adapted and transformed to form a dedicated Park Forum.

### **Sub-component 3.3 - Project Management Unit (PMU):**

***GEF: US\$1.250 million - Co-Financing: US\$0.057 million - Total: US\$1.307 million***

To execute the project on a daily basis, the PMU consisting of project management, procurement and financial and administrative functions will be continued. The unit will work closely with gAENP staff, Project Working Groups (PWGs), but under supervision of the PSC and gAENP Coordinator. The PMU will follow closely the Project Implementation Plan (PIP) with its expected six year budget, detailed first year budget and Gant Chart.

**Sub-component 3.4 - Prepare a Park Business Plan:**

**GEF: US\$0.04m - Co-Financing: US\$0.023m - Total: US\$0.063m**

A business plan which models the financial requirements of the Park including income and expenditure and which provides a basis for adjusting to roll-out of the Development Plan will be prepared. The Business Plan will commence with the preparation of a year one business plan with financial budgets. The full business plan will be prepared utilizing consultants and will take into consideration the deliverables of the PIP inclusive of detailed action plans, responsibilities, measurables and financials. The business plan will need to be reviewed on an annual basis as the project rolls out.

**Sub-component 3.5 - Management Information and Reporting System (MIRS):**

**GEF: US\$0.60 million - Co-Financing: US\$0.30 million - Total: US\$0.090 million**

An electronic hardware and software system will be designed and implemented in order to manage the IEMS. The MIRS will be database driven producing reports in conformance with the requirements of the governance structures of the project, plus the management of the gAENP. A GIS officer will be appointed by SANParks to manage the databases and generate the required reports. The design and implementation of the MIRS will be coordinated by the PMU utilizing services of suitable service providers.

**Sub-component 3.6 - Training Programs:**

**GEF: US\$0.040 million - Co-Financing: US\$0.164 million - Total: US\$0.204 million**

In order to implement the above, training programs will be required so that staff are able to apply the various new systems and technologies, and have clear understanding of policy and operational issues contained in the IEMS and how it operates within SANParks. Together with gAENP management, the PMU will, through consultants, conduct a training needs analysis for new and existing staff to identify required training to conform with the new systems. Training needs will be matched with suitable activity related courses and staff enrolled. Staff will be monitored on completion of training to ensure conformance with new systems. Non SANParks staff will be trained as part of Component 4.

**Project Component 4. COMMUNITY DEVELOPMENT & SOCIAL ECOLOGY - US\$3.47 million**

**GEF: US\$0.153 million - Co-Financing: US\$3.321 million - Total: US\$3.474 million**

Importantly this component will provide major support to the implementation of the development plan for the Park and will cover employment and economic benefits based on communal conservation strategies, developing SMME opportunities, environmental education and the all important issue of fair resettlement of displaced communities and individuals. The Social Ecology department within SANParks remains an expanding and important concept that recognizes that communities should benefit from the Park and its opportunities, without compromising biodiversity conservation.

A total of 12 preparatory reports were generated in developing this component (see Annex 8).

## **SUB COMPONENTS AND ACTIVITIES:**

### **Sub-component 4.1 - Access to Natural & Cultural Resources:**

**GEF: US\$0.010 million - Co-Financing: US\$0.023m - Total: US\$0.033 million**

Research will need to be done to identify what natural and cultural resources exist within the Park boundaries, and develop a policy guiding managed access to these resources, in compliance with SANParks use of natural resources policy and specialist report findings and recommendations.

### **Sub-component 4.2 - Access to employment:**

**GEF: US\$0.005 million - Co-Financing: US\$0.023 million - Total: US\$0.028 million**

The aim is to train members of the community to the point that they can benefit from work opportunities in the Park. Accessing some of these opportunities will be through Working for Water and Poverty Relief funds. The SANParks Social Ecology national employment policy will need to be modified to suit the gAENP project. It will be necessary to acquire all available employment data/databases from local stakeholders (local government) for analysis to match with gAENP employment opportunities. Where the analysis of the available data identifies gaps, these gaps will need to be corrected to provide the required data. The Resettlement Framework Assessment of the labor force and skills assessment of those affected by Park expansion, will provide a starting point in this regard (see Annex 13).

### **Sub-component 4.3 - Employment and Economic benefit based on Communal Conservation Strategies:**

**GEF: US\$0.040 million - Co-Financing: US\$2.280 million - Total: US\$2.320 million**

This deals with employment opportunities based on eco-tourism and small works supporting roll out of Park infrastructure. Analyses will need to be done to identify SMME development opportunities within gAENP in areas such as fencing, arts and crafts, charcoal production, eco-tourism, alien clearing and harvesting. Where opportunities are identified, prospective SMMEs originating from the community will need to be incubated to avail themselves of the opportunities. SMMEs will need to be assisted by gaining access to all available SMME incentive schemes. Research must be linked to the working for water exit strategy. Research will also need to be done to identify what goods and services for gAENP may be sourced from Previously Disadvantaged Individuals (PDI) SMMEs. A PDI procurement policy will need to be developed and implemented. National SANParks SMME development projects will need to be identified, so as to be included for the gAENP. In addition, training programs for SMME staff will be undertaken after a needs analysis.

### **Sub-component 4.4 - Conservation Education:**

**GEF: US\$0.110 million - Co-Financing: US\$0.058 million - Total: US\$0.168 million**

A sustainable and cost-effective conservation education program and conservation education center will be established to support community and visitor awareness about the Park. A limited number of tertiary scholarships (possibly 2 per annum) will be provided to train a cadre of new officials from the community to enter SANParks at a professional level and to advance in the organization. Relevant tertiary education courses will need to be identified following which a recruitment process will need to be pursued to select suitable candidates for evaluation and enrolment. Evaluation should be against a skills analysis within gAENP to ensure that



scholarships are awarded against required skills. To ensure effective operation of the conservation education center, a Conservation Education Officer will need to be recruited.

**Sub-component 4.5 - Resettlement Compensation:**

***GEF: US\$0.015 million - Co-Financing: US\$0.937 million - Total: US\$0.952 million***

Although the project's social objective is to ensure that the greater Addo community largely benefits from the project, SANParks will either make funds available or source opportunities in associated projects (Working for Water & Poverty Relief) to ensure that any members of the community who were unjustly affected by the project are fairly compensated. Site-specific criteria for compensation, developed as part of the RAPs will need implementation in conjunction with other government and local government authorities responsible for restitution issues. All of the above is addressed in the Bank approved RPF and RAPs for the gAENP (see Annexes 13 & 19).

**Project Component 5. ECONOMIC DEVELOPMENT - US\$14.26 million**

***GEF: US\$0.400 million - Co-Financing: US\$6.729 million - Total: US\$7.129 million***

Within this component, a communication strategy will be developed as well as a marketing plan. It will be coordinated by the PMU, via appointed consultants. A MIRS module will be developed and implemented to ensure the recording and reporting of activities against the marketing plan. A Communication/Marketing Officer will be recruited as part of the new gAENP management structure. gAENP product packages will be researched and identified in each development zone for packaging and offering to clients as part of the overall marketing plan. A web site will be developed whereon all relevant marketing material will be listed and continually updated. Also part of this component will be the concessioning and partnerships process where prospective concessions and partners will be identified and incorporated into the gAENP. Negotiations with concessionaires will be undertaken by SANParks. A MIRS module will be developed and implemented to monitor the contractual obligations of concessionaires.

**SUB COMPONENTS AND ACTIVITIES:**

**Sub components 5.1 - Marketing and Product Development:**

***GEF: US\$0.350 million - Co-Financing: US\$0.124 million - Total: US\$0.474 million***

Entails the drafting of a marketing plan for the Park, inclusive of existing Addo market research information plus a MIRS module to record relevant tourism statistics. The marketing plan will need to include a communication strategy which will be developed out of the SANParks communication strategy. These identified products will need to be packaged for marketing purposes, via an established web site, along with all other relevant information associated with the project (see [www.addoelephantpark.co.za](http://www.addoelephantpark.co.za)). The Communication/Marketing Officer will be part of the new gAENP management structure. The marketing plan will also need to include product development, identifying prospective eco-tourism products emanating from gAENP. These identified products will need to be packaged for marketing purposes.

**Sub-component 5.2 - Concessioning and Partnerships:**

***GEF: US\$0.050 million - Co-Financing: US\$6.605 million - Total: US\$6.655 million***

The SANParks concessioning process/plan will be implemented within this sub-component in order to attract private sector investment in eco-tourism facilities in the Park. This includes the

development of terms of reference, identification of contractual partners, and a MIRS module will need to be developed as part of the proposed IEMS-MIRS.

**Annex 3: Estimated Project Costs**  
**SOUTH AFRICA: THE GREATER ADDO ELEPHANT NATIONAL PARK PROJECT**

<b>Project Cost By Component</b>	<b>Local US \$million</b>	<b>Foreign US \$million</b>	<b>Total US \$million</b>
1. Park planning	0.80	0.00	0.80
2. Implementation	19.52	2.10	21.62
3. Development of institutions	3.40	0.30	3.70
4. Community development	3.15	0.00	3.15
5. Economic development	5.34	1.00	6.34
<b>Total Baseline Cost</b>	<b>32.21</b>	<b>3.40</b>	<b>35.61</b>
<b>Physical Contingencies</b>	<b>1.50</b>	<b>0.00</b>	<b>1.50</b>
<b>Price Contingencies</b>	<b>2.83</b>	<b>0.00</b>	<b>2.83</b>
<b>Total Project Costs<sup>1</sup></b>	<b>36.54</b>	<b>3.40</b>	<b>39.94</b>
<b>Total Financing Required</b>	<b>36.54</b>	<b>3.40</b>	<b>39.94</b>

<b>Project Cost By Category</b>	<b>Local US \$million</b>	<b>Foreign US \$million</b>	<b>Total US \$million</b>
<b>Goods</b>	<b>1.46</b>	<b>0.16</b>	<b>1.62</b>
<b>Works</b>	<b>9.00</b>	<b>1.95</b>	<b>10.95</b>
<b>Services</b>	<b>25.98</b>	<b>1.29</b>	<b>27.27</b>
<b>Operating costs</b>	<b>0.06</b>	<b>0.00</b>	<b>0.06</b>
<b>Training</b>	<b>0.04</b>	<b>0.00</b>	<b>0.04</b>
<b>Total Project Costs<sup>1</sup></b>	<b>36.54</b>	<b>3.40</b>	<b>39.94</b>
<b>Total Financing Required</b>	<b>36.54</b>	<b>3.40</b>	<b>39.94</b>

<sup>1</sup> Identifiable taxes and duties are 7 (US\$m) and the total project cost, net of taxes, is 32.94 (US\$m). Therefore, the project cost sharing ratio is 0% of total project cost net of taxes.

## **Annex 4: Incremental Cost Analysis**

### **SOUTH AFRICA: THE GREATER ADDO ELEPHANT NATIONAL PARK PROJECT**

#### **Background**

The proposal to create a megabiodiversity National Park in South Africa to include five out of seven of the country's biomes and a marine component, has strong national support and a high level of co-financing. It meets both national ecological and socio-economic objectives.

#### **1. Baseline scenario**

The baseline scenario is assumed to primarily be the current SANParks budget to manage the existing AENP. However, under this scenario, opportunistic foreign donor funding as well as additional government funding could materialize from time to time to purchase land and support other conservation or tourism related projects. This is unpredictable and to some extent can not be assumed. The baseline scenario represents what will happen in the event of GEF funds not materializing. Elements of the baseline are therefore:

- The Park would not receive the national and international attention it deserves to conserve its important biodiversity.
- Minor additional Park expansions with little focus on conservation of globally significant biodiversity in the terrestrial environment. Unsustainable agriculture would continue in the project area with some conversion to game ranching and eco-tourism, but national and global biodiversity objectives would not be achieved. In fact, global biodiversity would continue to be lost through increased land degradation and unsustainable use of marine resources.
- Few opportunities would be provided to neighboring communities to participate in rehabilitation, works and services in the Park.
- Relatively less funding materializes from other sources.
- Park management structures and systems would replicate existing SANParks practice.
- SANParks would continue to meet its baseline commitment of approximately US\$1.6 million to the Park.
- Some SANParks eco-tourism concessions would be granted to the private sector but more than likely short of the US\$6.5 million under the GEF alternative.
- Few opportunities would arise for the neighboring communities to participate in opportunities in the Park.
- The Park would not receive the opportunity to develop itself into an economic engine for the impoverished Eastern Cape and function as an example of how conservation can enhance ecological, social and economic value.
- The Park would not receive the large contribution from Poverty Relief and Working for Water funding.

#### **2. GEF alternative**

Under the GEF alternative the following main benefits will materialize:

- The GEF alternative scenario is approximately US\$40 million. It will leverage approximately US\$34.5 million in total. This includes no less than US\$15.77 million from SANParks as counterpart and financial contribution to land purchase, infrastructure and

institutional development and support, US\$6.5 million from the private sector for eco-tourism development, US\$12 million from Government for land purchase, removal of alien vegetation and environmental rehabilitation. The project seeks US\$5.5 million from the GEF which will be critical to both catalyze the additional investment and to undertake the planning, development and support needed to bring about a consolidated gAENP spanning from the marine to the terrestrial environments. It is needed to support key elements including detailed planning roll-out, environmental rehabilitation, conservation/education infrastructure, SANParks institutional reform and towards the creation of sustainable eco-tourism based industries amongst the previously disadvantaged communities. GEF funds will be used to implement the proposed incentive framework to encourage private landowners to incorporate into the Park. Since much of the Park expansion strategy is predicated on the success of this, it cannot materialize without GEF funds.

- Most importantly, GEF funds will catalyze the conservation of globally significant biodiversity in both terrestrial and marine ecosystems through the creation of a megabiodiversity National Park. The protection of this expanded area will allow reintroduction of native species which are extinct from the area, as well as rehabilitation of the degraded ecosystems.
- The combined MPA will be the largest in South Africa and importantly linked to its terrestrial component.

By financing the incremental costs of these activities, GEF funding will complement domestic resources channeled through SANParks and other government entities, contributions from visitors to the Park as well as other possible donations and private sector investment.

#### **Components of the GEF alternative and incremental costs**

The matrix below in Table 1 summarizes the baseline and incremental costs for the project.

##### ***COMPONENT 1: CONSERVATION PLANNING:***

This is concerned with the planning and monitoring framework for the long-term conservation of the unique assemblage of biodiversity in the region and the arrest of environmental degradation.

*Output: Updated conservation plan and planning system, development plan, biological surveys, monitoring and research component to support Park operations including the marine and terrestrial environment.*

GEF funds will be used to support the conservation and development planning process started during preparation, the research and monitoring program and the planning and execution of the marine and coastal program. GEF funding is critical for this component, to carry out these activities. SANParks will provide counterpart funding for staff, basic research and monitoring.

Sub-total costs of the GEF Alternative: US\$0.821 million. GEF funding: US\$0.268 million.

##### ***COMPONENT 2: IMPLEMENTATION OF DEVELOPMENT PLAN:***

The implementation of the development plan including ecological management, infrastructure and

land incorporation, and socio-economic capacity building.

*Output: A megabiodiversity Park in South Africa developed with infrastructure to manage the marine, terrestrial and conservation education environments. This will include game relocation, roads, paths and a rehabilitated landscape. Land-owners will have contracted into the Park thus enhancing conservation. The marine component will be protected through deployment of patrol and monitoring equipment.*

GEF funds will be used primarily to provide support to the above components in the Park (US\$2.425 million) and to support implementation of the incentive framework (US\$0.5 million). Whilst no GEF funds will be used in relation to purchase of land, minor support (US\$0.020) will be provided to assist the legal and valuation aspects of including land via purchases or contracting.

Sub-total costs of the GEF Alternative: US\$28.865 million. GEF Funding: US\$2.444 million.

### **COMPONENT 3: INSTITUTION & GOVERNANCE STRUCTURES:**

The development of institutions and governance structures to ensure the successful implementation of the Addo project and management of the Park.

*Output: Appropriate institutional structures will be established and capacitated, including management and business plans, an IEMS, a monitoring system and a project management unit (PMU).*

GEF funds will be used primarily to support the overall development of this component as discussed above but not the operating costs of SANParks staff and gAENP which will be met by SANParks. GEF funds will support the operations of the Project Management Unit (PMU), development of a financial plan to ensure sustainability of the Park and to introduce new Integrated Environmental Management Systems (IEMS) to the Park, which will be replicable in other SANParks, and hopefully elsewhere. To enhance project management and monitoring a Management Information & Reporting System (MIRS) will be developed with GEF funds.

Sub-total costs of the GEF Alternative: US\$3.557 million. GEF funding: US\$1.620 million.

### **COMPONENT 4: COMMUNITY DEVELOPMENT & SOCIAL ECOLOGY:**

The Park should benefit communities through enabling managed access to natural resources, access to employment, micro enterprise opportunities, training and environmental education.

*Output: The main outputs will include a more socially viable community having benefited from Park related employment through, eco-tourism projects, training, resource harvesting and environmental rehabilitation. The work undertaken will make a major contribution towards provision of Park infrastructure and the expansion of the social ecology concept in the direction of Community Driven Development (CDD). Any compensation in terms of resettlement action plans will fall within this component. GEF is not requested to fund this aspect.*

GEF funds will be used to develop the environmental education component and to support review and monitoring of the Poverty Relief and Working for Water Programs. CDD concepts will be advanced.

Sub-total costs of the GEF Alternative: US\$3.474 million. GEF Funding: US\$0.153 million.

**COMPONENT 5: ECONOMIC DEVELOPMENT:**

Stimulating overall economic development in the area by creating an enabling environment for tourism and associated economic activity.

*Output: This will include developing a tourism, marketing and product awareness plan. The largest activity will be leveraging private sector investment in the Park via concessioning. Funds will also be used to support providing information relating to the incentive framework process.*

GEF funds will be used to better market and provide information about the Park to both visitors and the community in order to increase its use and thus its income.

Sub-total costs of the GEF Alternative: US\$7.069 million. GEF Funding: US\$0.340 million.

*Total costs of the GEF Alternative: US\$39.94 million. GEF Funding: US\$5.5 million.*

**Table 1. Incremental Cost Matrix**

Component	Cost category	US\$ Millions	Domestic Benefit	Global benefit
1. Conservation planning, management plans, research, and MPA	Baseline	0.553	Minimal planning systems and capacity and little monitoring	Limited global benefits captured beyond partial further habitat inclusion and black rhino & elephant conservation
	GEF alternative	0.821	Planning systems developed to enhance national development and biodiversity objectives	Planning and monitoring directed to conserve globally significant terrestrial & marine biodiversity
	<b>Increment</b>	<b>0.268</b>		
2. Implementation of development plan (land incorporation, partnerships, PMU, MIRS & training)	Baseline	21.420	Park resources directed to maintaining current infrastructure and biodiversity, and landowners continuing to farm marginal agriculture	Some conservation of globally significant biodiversity taking place in the Park but losses outside on private land
	GEF alternative	23.864	Park meeting national infrastructure, and biodiversity objectives	Park meeting global biodiversity and rehabilitation objectives
	<b>Increment</b>	<b>2.444</b>		
3. Institutional	Baseline	2.097	Status quo maintenance of	Institutions not making a

development, governance & economic empowerment			Park institutions with use of existing management systems	significant global contribution to biodiversity management, and greater empowerment
	GEF alternative	3.557	Institutional reform to support achievement of national biodiversity and social development objectives	Institutions developed to point to be able to manage a global biodiversity asset
	<b>Increment</b>	<b>1.460</b>		
4. Community development	Baseline	3.321	Limited progress in social ecology and community development components	Community not positioned to make contribution to conservation of globally significant biodiversity assets
	GEF Alternative	3.474	Significant achievement of local social ecology and community development objectives towards greater local involvement	Community positioned to support global biodiversity objectives and to benefit from increased tourism
	<b>Increment</b>	<b>0.153</b>		
5. Regional development and private sector investment	Baseline	6.729	Domestic eco-tourism continues to marginally grow but little additional private sector investment in the Park	Overseas visitor numbers continue to increase but visitor facilities do not keep pace with international standards or growth
	GEF alternative	7.069	Significant private sector investment accommodates and grows local tourism providing Provincial benefits	Private sector investments accommodates foreign tourists, and boosts revenues to the Park and South Africa
	<b>Increment</b>	<b>0.340</b>		
<b>TOTAL</b>	Baseline	34.44		
	GEF alternative	39.94		
	<b>Increment</b>	<b>5.5</b>		



**Annex 5: Financial Summary**  
**SOUTH AFRICA: THE GREATER ADDO ELEPHANT NATIONAL PARK PROJECT**  
Years Ending

	IMPLEMENTATION PERIOD						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
<b>Total Financing Required</b>							
<b>Project Costs</b>							
Investment Costs	3.2	5.2	6.2	5.3	5.4	5.1	1.2
Recurrent Costs	0.8	1.5	1.6	1.4	1.4	1.3	0.3
<b>Total Project Costs</b>	4.0	6.7	7.8	6.7	6.8	6.4	1.5
<b>Total Financing</b>	4.0	6.7	7.8	6.7	6.8	6.4	1.5
<b>IBRD/IDA</b>	0.3	1.1	1.3	1.0	1.0	0.6	0.2
<b>Government</b>	3.2	4.6	5.0	4.5	4.8	4.8	1.0
Central	3.2	4.6	5.0	4.5	4.8	4.8	1.0
Provincial	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Co-financiers</b>	0.5	1.0	1.5	1.2	1.0	1.0	0.3
<b>User Fees/Beneficiaries</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Other</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Project Financing</b>	4.0	6.7	7.8	6.7	6.8	6.4	1.5

**Main assumptions:**

Public and private sector investment incurs recurrent expenditure of approximately 20% per annum.

**Annex 6(A): Procurement Arrangements**  
**SOUTH AFRICA: THE GREATER ADDO ELEPHANT NATIONAL PARK PROJECT**

**Procurement**

**Procurement responsibilities**

South African National Parks (SANParks) will be responsible for carrying out the procurement of goods and services. SANParks is expected to work with a variety of partners in the project, including for-profit companies and non-profit organizations.

**Procurement procedures**

Procurement of goods, works, and services by SANParks will be carried out following Annual Procurement Plans agreed with the Bank as part of the Annual Work Plan. Procurement of goods and works will be in accordance with the Bank's "*Guidelines for Procurement under IBRD Loans and IDA Credits*" (January 1995, revised in January and August 1996, September 1997 and January 1999) (hereafter referred to as the '*Procurement Guidelines*') and procurement of Consulting Services will be in accordance with the Bank's "*Guidelines for Selection and Employment of Consultants by World Bank Borrowers*" (January 1997, revised September 1997, January 1999 and May 2002) (hereafter referred to as the '*Consultants' guidelines*'). The Bank's Standard Request for Proposals will be used for Consulting Services under QCBS. As the project contains no procurement where International Competitive Bidding (ICB) will be used and there are no major international consultancies foreseen, a General Procurement Notice (GPN) will not be required.

The following summarizes the procurement methods to be used:

**Procurement methods (Table A)**

**Goods**

The grant will largely finance the roll out of implementation of the gAENP project. GEF funds will be used to purchase equipment such as vehicles (for biodiversity and fence operations, anti-poaching patrols, and game recovery) and a boat for patrolling the proposed marine protected area (largest proposed MPA in South Africa). In addition, office support will be provided to the SANParks Scientific Services/Park Planning unit in Port Elizabeth and the Project Management Unit (PMU) by replacing the current computer system and installing a GIS computer system. The use of GIS technology in the development and updating of a conservation plan will be an integral component of the biodiversity conservation activity. Computer technology will also form an integral component of the IEMS and the MIRS.

Procurements using ICB procedures is not expected to take place. The procurement of goods and services, other than consulting services, will be undertaken in the following manner:

- Contracts for goods, equipment and services estimated to cost US\$30,000 - US\$250,000 equivalent per contract will be procured using the National Competitive Procedures which are

acceptable to the Bank and which are in accordance with paragraphs 3.3 and 3.4 of the *Procurement Guidelines*.

- Contracts for goods, equipment and services estimated to cost less than US\$30,000 equivalent per contract will be procured using the Shopping Procedures in accordance with paragraphs 3.5 and 3.6 of the *Procurement Guidelines*.
- Contracts will not be deliberately split to avoid using a specific procurement method.

### **Consultant Services**

The SANParks will obtain consultant services in the form of technical assistance, facilitation, and planning advice through consultant contracts with firms, NGO's and/or universities, and individuals. These consultants will assist the SANParks in a suite of activities such as: project management, formulating an IEMS, MIRS, landscape planning, biological surveys and monitoring, conservation planning, social, legal, economic information, training, environmental education, health awareness, business establishment and management associated with implementing the project. The selection of consultants will be done in the following manner:

- For contracts estimated to cost less than US\$250,000 equivalent per contract, the shortlist may contain entirely of national consultants.
- *Quality-and-Cost-based Selection:* All consulting service contracts valued at more than US\$200,000 equivalent will be awarded through the Quality and Cost Based Selection (QCBS) method in accordance with the provisions of Section II, paragraph 3 of Appendix 1 and Appendix 2 thereto, as per the *Consultants' Guidelines*.
- Selection Based on Consultants Qualifications (applicable to selection of Firms): This method may be used for assignments, valued at less than US\$200,000 equivalent per contract, for which the need for preparing and evaluating competitive proposals is not justified. In such cases, SANParks will follow the procedures as per paragraph 3.7 of the *Consultants' Guidelines* - "the Client will prepare the TOR's, request expressions of interest and information on the consultants' experience and competence relevant to the assignment and establish a short list, and select the firm with the most appropriate qualifications and references. The selected firm shall then be asked to submit a combined technical and financial proposal for consideration and contract negotiation".
- Services of Individual Consultants meeting the requirements of Section V of the Consultant Guidelines will be selected under the provisions for the *Selection of Individual Consultants* method. Individual Consultants (IC) will be selected through comparison of curriculum vitae against job description requirements of those expressing interest in the assignment, or those having been identified directly by SANParks. Civil servants cannot be hired as consultants under the project.
- Single Source Selection of consultants may be done on an exceptional basis, provided it meets the criteria as stated in paragraph 3.8 to 3.11 of the *Consultants' Guidelines*. It is envisaged

that the aggregate amount of contracts under single source selection method will not exceed US\$70,000 equivalent. The Bank's prior approval must be sought by SANParks for all contracts under single source selection.

### **Works**

The (South African), Preferential Procurement Policy Act of 2000 mandates all the Organs of State to apply specific criteria in their procurement processes to allow for preferential treatment of the historically disadvantaged enterprises/individuals. The Country Procurement Assessment Report (CPAR) conducted jointly by the government and the Bank identified a number of issues in respect of the implementation of the Preferential Procurement Policy Act and its supporting Regulations. Arising from the CPAR recommendations, the government, in its policy paper of July 2003 (now approved by the Cabinet), highlighted all the relevant issues in the application of the Preferential Procurement Policy Act and resolved to review the existing Preferential Procurement Policy Act and its associated Regulations as an integral part of the process to promulgate the broad based Black Economic Empowerment Bill of 2003. The Preferential Procurement Policy Act however, continues to be in operation until the Act and its associated Regulations are formally amended. As SANParks is mandated by an Act of Law to apply the preferential rules in their national procurement, the procurement of works, under this Project, which are going to follow the national competitive procurement procedures, may follow the Preferential Procurement Policy Act and its associated Regulations.

Works contracts will include development of supportive tourism infrastructure in a selected few sites, fencing activities, path and road construction, alien vegetation control and construction of a conservation education centre. A large focus of the allocation of these activities will be towards previously disadvantaged groups, following Bank and SANParks procurement policies. The following procurement methods will be used:

- Contracts for works estimated to cost US\$50,000 - US\$500,000 equivalent per contract will be procured using the National Competitive Procedures which are acceptable to the Bank and which are in accordance with paragraphs 3.3 and 3.4 of the *Procurement Guidelines*.
- Minor Works including clearing of alien vegetation, estimated to cost less than US\$50,000 equivalent per contract, up to an aggregate amount not to exceed US\$2.15 million equivalent, may be procured under lump-sum, fixed-price contracts awarded on the basis of quotations obtained from three qualified domestic contractors in response to a written invitation. The invitation will include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to the Bank, and relevant drawings, where applicable. The award will be made to the contractor who offers the lowest price quotation for the required work, and who has the experience and resources to complete the contract successfully. All procurement documents relating to Small Works will be properly filed and retained by SANParks, the main coordinating agencies for post review and audit by the Bank.

### **SANParks Selection Process of Consultants**

Procurement proposals will be vetted by the gAENP Steering Committee (PSC) that consists of the following SANParks staff: Director: Conservation Development; Head: Park Planning & Development; gAENP Project Co-ordinator; Park Manager of Addo Elephant National Park; and the General Manager: Commercialization. The Park Steering Committee will meet on a quarterly basis and more frequently as the need requires during the early phase of the project.

### **Procurement Capacity Assessment**

#### **Findings**

- Although the current procurement function at AENP, is essentially part of the Finance Department, it functions well in its current arrangement. However, it ideally needs to gain greater independence especially in light of the World Bank Project and the anticipated procurement to be spent on goods, works and consultant services.
- The existing controls for the financial aspect of the procurement function are well managed with a high level of discipline evident, with no noticeable deviation from the Public Finance Management Act.
- AENP has limited experience and capacity in general handling of the procurement cycle and has no procurement planning. Their knowledge of procurement is on the basis of their experience on the job and they have had no training in procurement.
- Current contracts are not well managed in terms of compliance to the contract provisions.
- AENP's knowledge of the Bank's procurement procedures and guidelines is very limited.
- No documented dispute resolution procedure exists.
- No separate procurement audits are undertaken.

#### **Recommendations**

- Further procurement skills training for the AENP staff who will be handling procurement.
- A procurement officer will be contracted by the project to the PMU and Bank training may be provided if required.
- Independent procurement reviews and evaluations on performance should be conducted by the Project once every six months (at least for the first 18 months until the capacity reaches a satisfactory level). The reports should be submitted to the Bank for review. In addition, Bank staff should conduct periodic reviews (once in four months) at least for the first year of operation to ensure progress in building capacity and satisfactory performance.
- Prior to awarding any contract for clearing of alien vegetation gAENP will adopt a similar

procurement system that has been developed and used by the Cape Peninsula Project (being implemented by Cape Peninsula National Park). The procurement system for gAENP will be reviewed by the Bank.

- A procurement plan will be provided to the Bank for its approval prior to Effectiveness.

**Table A: Project Costs by Procurement Arrangements**  
(US\$ million equivalent)

Expenditure Category	Procurement Method <sup>1</sup>				Total Cost
	ICB	NCB	Other <sup>2</sup>	N.B.F.	
<b>1. Works</b>	0.00 (0.00)	2.12 (2.12)	0.10 (0.01)	7.43 (0.00)	9.65 (2.13)
<b>2. Goods</b>	0.00 (0.00)	0.52 (0.52)	0.11 (0.11)	0.79 (0.00)	1.42 (0.63)
<b>3. Services</b>	0.00 (0.00)	2.55 (2.55)	0.13 (0.13)	20.77 (0.00)	23.45 (2.68)
<b>4. Miscellaneous</b>	0.00 (0.00)	0.00 (0.00)	0.06 (0.06)	5.36 (0.00)	5.42 (0.06)
<b>Total</b>	0.00 (0.00)	5.19 (5.19)	0.40 (0.31)	34.35 (0.00)	39.94 (5.50)

<sup>1/</sup> Figures in parentheses are the amounts to be financed by the Bank Grant. All costs include contingencies.

<sup>2/</sup> Includes civil works and goods to be procured through national shopping, consulting services, services of contracted staff of the project management office, training, technical assistance services, and incremental operating costs related to (i) managing the project, and (ii) re-lending project funds to local government units.

Prior review thresholds (Table B)

Table B: Thresholds for Procurement Methods and Prior Review<sup>1</sup>

Expenditure Category	Contract Value Threshold (US\$ thousands)	Procurement Method	Contracts Subject to Prior Review (US\$ millions)
1. Works	50-500 <50	NCB Small Works	ALL All post review.
2. Goods	>250  30-250  <30	ICB  NCB  Shopping	ALL  All post review.  Post Review
3. Services	>200 50-200    <50	QCBS QCBS/CQ/Other    QCBS/CQ/Other	1.0 All contracts >\$50,000 for individual consultants and >\$100,00 for firms.  Post review
4. Miscellaneous			
5. Miscellaneous			
6. Miscellaneous			

Total value of contracts subject to prior review: >US\$500,000

Overall Procurement Risk Assessment: Average

Frequency of procurement supervision missions proposed: One every 4 months  
(includes special procurement supervision for post-review/audits)

<sup>1</sup> Thresholds generally differ by country and project. Consult "Assessment of Agency's Capacity to Implement Procurement" and contact the Regional Procurement Adviser for guidance.



**Annex 6(B): Financial Management and Disbursement Arrangements**  
**SOUTH AFRICA: THE GREATER ADDO ELEPHANT NATIONAL PARK PROJECT**

**Financial Management**

**1. Summary of the Financial Management Assessment**

*Financial management capacity*

(i) Capacity of staff in SANParks:

SANParks will be responsible for the overall financial management of the project. The SANParks team at the AENP's Financial Administration is well qualified and sufficiently familiar with Bank procedures to ensure sound management and control. A relevantly qualified and experienced full-time Financial Officer will be seconded from SANParks to support the project. The officer will work under the Project Manager but with financial management accountability still vesting with Addo's Finance Officer who will ensure adherence to SANParks' and Grant requirements. Short-term training in Bank financial procedures, including reporting, will be required.

(ii) Financial Management Systems (FMS):

The financial self-assessment, carried out in August 2002, indicated high compliance by SANParks with Bank requirements and guidelines. A further Bank assessment was carried out in March 2003 which substantially confirms the self assessment. SANParks has a well established internal control system. Rules and regulations, including rules of ethics, are well defined and documented in manuals. The institutional arrangements for financial management of the project will follow the proven Cape Peninsula National Park model as per section C4 of the PAD and as discussed above. At the time of the financial management assessment it was noted that although the SANPark's Internal Audit department was functional, the coverage given to the gAENP seemed inadequate. This weakness is being addressed through a recently signed contract with a reputable accounting firm to annually provide internal audits for all of SANParks including the AENP. The contract is effective as of March 2003.

The previous SANParks computer-based financial management system (Prophecy accounting software) has a proven track record. However, as of September 1, 2003, SANParks switched to a new and better system called Great Plains. Staff training is underway to facilitate the transfer to the new system. SANParks has shown highly satisfactory financial management under another Bank/GEF-financed project (Cape Peninsula National Park - GEF, US\$6.2 million). SANParks will demonstrate the capabilities of the new system to the Bank, prior to effectiveness, by providing a proposed FMR prototype report. A Bank staff member (FMS) will also review the operationality and reliability of the system before project effectiveness.

(iii) Readiness and next steps:

The format of FMRs will be provided by SANParks prior to effectiveness and demonstrating that FMRs can be produced by the computerized system prior to effectiveness.

**2. Audit Arrangements**

The audit trail was found to be robust at SANParks, given the capabilities of the computerized system, protocol surrounding processes, and information management. SANParks has received

no less than 7 consecutive unqualified audits from its independent external auditors. The filing and archiving system was also found to be one of the strongest in the region.

South Africa is home to all of the major international management and audit firms and the existing SANParks' auditors, approved for other Bank supported projects, have been appointed to audit this project. Therefore, no major risks exist with respect to project auditing.

In conclusion, the financial management risk is considered to be minimal and well mitigated. As to the counterpart funds, the Recipient has provided, its financial projections to demonstrate its ability to provide counterpart funds.

### **3. Disbursement Arrangements**

The Grant funds will be disbursed over a period of 6 years with project Completion Date set for 10/31/2009 and Closing Date of 04/30/2010. SANParks will be the recipient and the Executing Agency for the Grant. A four month advance from the proceeds of the Grant, equal to US\$200,000, will be deposited by the Bank into a US\$ denominated Special Account to be opened by SANParks at a commercial Bank acceptable to IBRD. SANParks will fund all Project expenditures from its existing Rand bank account, then reimburse, on at least a monthly basis, the Rand equivalent of eligible expenditures from the US\$ Special Account to its Rand bank account. Application for replenishment will be based on these reimbursements from the US\$ Special Account, and will be supported by details of the individual payments made. The exchange rate to be used, will be the exchange in effect on the day that funds are withdrawn from the Special Account. Applications for replenishment will be submitted monthly. All transactions will be managed through the SANParks financial management system.

A retroactive financing amount of US\$7,000 will be permitted to enable an advert to be placed in the press for the Procurement Manager and for related office equipment to be purchased.

Allocation of grant proceeds (Table C)

Table C: Allocation of Grant Proceeds

Expenditure Category	Amount in US\$million	Financing Percentage
Works	2.15	100% of foreign expenditures and 80% of local expenditures
Goods	0.65	100% of foreign expenditures; 100% of local expenditures (ex-factory cost) and 80% of local expenditures for other items procured locally
Consultant services	2.60	100% of foreign expenditures and 83% of local expenditures
Operating costs	0.06	80%
Training	0.04	100%
<b>Total Project Costs with Bank Financing</b>	5.50	
<b>Total</b>	5.50	

The term "Operating costs" means the incremental operating costs arising under the Project on account of SANParks' and PMU's maintenance of vehicles, fuel, office supplies, printing, office equipment rentals, utilities, communication expenses, advertising associated with recruitment of PMU staff and procurement of works, goods and consultants' services, travel and related expenses, but excluding salaries of the Recipient's employees.

**Use of statements of expenditures (SOEs):**

All applications to withdraw proceeds from the grant will be fully documented except for expenditures under contracts valued less than: (a) goods under contracts costing less than \$250,000 equivalent each; (b) works under contracts costing less than \$50,000 equivalent each; (c) consultants' services under contracts for consulting firms and for individual consultants costing less than \$100,000 equivalent and \$50,000 equivalent, respectively; and (d) training and (e) operating costs, under such terms and conditions as the Bank shall specify by notice to the Recipient. Documentation supporting expenditures claimed against the SOEs will be retained by the PCU and will be made available for review when requested by the World Bank supervision missions and project auditors.

**Annex 7: Project Processing Schedule**  
**SOUTH AFRICA: THE GREATER ADDO ELEPHANT NATIONAL PARK PROJECT**

<b>Project Schedule</b>	<b>Planned</b>	<b>Actual</b>
Time taken to prepare the project (months)	36	48
First Bank mission (identification)	02/16/1999	02/16/1999
Appraisal mission departure	02/21/2003	07/21/2003
Negotiations	11/19/2003	11/19/2003
Planned Date of Effectiveness	03/08/2004	

**Prepared by:**

Chris Warner (Team Leader), Caroline Guazzo (Language Program Assistant), and Erika Odendaal (Task Team Assistant)

**Preparation assistance:**

CSIR and CES Feasibility studies  
 CES Strategic Environmental Assessment  
 Lala Steyn - Resettlement  
 Zaheer Fakir - Biodiversity  
 Sandy Mazizi Associates - Resettlement

**Bank staff who worked on the project included:**

<b>Name</b>	<b>Speciality</b>
Chris Warner	TTL, overall design and social components
Christophe Crépin	Overall support to project design and GEF policy
Agi Kiss	Biodiversity
Phillip Brylski	Support to project design
Jan Bojö	Project design quality and economic aspects
Grant Milne	Draft PAD compilation and technical support
Aberra Zerabruk	Legal
Edith Mwenda	Legal
Marie-Christine Balaguer	Legal
Iraj Talai	Finance
Jonathan Nyamukapa	Finance
V.S. Krishnakumar	Procurement
Ivonna Kratynski	Disbursement
Suzanne Morris	Disbursement
Hiep Quan Phan	Disbursement
Matthew Stern	Economic aspects
Dan Aronson	Safeguards
Kristine Ivarsdotter	Safeguards
Jean-Roger Mercier	Safeguards

John Boyle	Safeguards
Erika Odendaal	Processing
Caroline Guazzo	Processing
Melanie Jaya	Processing

**Annex 8: Documents in the Project File\***  
**SOUTH AFRICA: THE GREATER ADDO ELEPHANT NATIONAL PARK PROJECT**

**A. Project Implementation Plan**

Project Implementation Plan (PIP). 2002. Melville Park SME Project Management and Technical Support Services.

**B. Bank Staff Assessments**

Financial Management Assessment  
Procurement Assessment  
Safeguards

**C. Other**

● **Aide-memoires**

- November 8, 2001
- July 18, 2002
- September 23, 2002
- February 14, 2003
- August 8, 2003

● **Addo Planning Forum Meetings:**

- October 1, 1999
- November 16, 2000
- February 20, 2001
- March 12, 2001
- September 5, 2001
- February 16, 2002
- April 9, 2002
- June 20, 2002
- October 22, 2002

● **Addo Steering Committee Minutes:**

- July 29, 1999
- August 25-26, 1999
- September 25, 1999
- November 10, 1999
- January 26, 2000
- March 3, 2000
- November 10, 2000
- January 24, 2001
- June 4, 2001
- August 20, 2001
- April 9, 2002
- September 13, 2002

## REFERENCES

Coastal and Environmental Services (CES). 21 July 2003. Strategic Environmental Assessment Volume 2.

Gordon J. 21 Jul 2003. Resettlement Policy Framework. SANParks

Knight M & Warner C. 2001. Project Concept Document

Melville Park SME Project Management and Technical Support Services. 2002. Project Implementation GANT Chart and budgeted expenditure

Busico RD. 2002. Incentives and Framework for Private Land-owners incorporation: gAENP

Knight M. 2002. Land Incorporation Framework (draft). SANParks

Jackleman J. 2002. Resettlement Policy for SANParks

Jackleman J. 2002. Strategic Management Plan for Addo Elephant National Park

Jackleman J. 2002. Park Management Policy

Gordon J & Knight M. 2002. Communication Strategy. SANParks

Holness S. 2002. Conservation Planning Framework for the gAENP. SANParks

Consultants/Specialists reports towards the Strategic Environmental Assessment tabled below (full reports available in Specialist Reports File)

<b>Task</b>	<b>Title</b>	<b>Date</b>	<b>Consultancy Firm/ Authors</b>
<b>Biophysical Studies</b>	Conservation Planning for Greater Addo Elephant Park	2001	J. Nel, S. Davies, I. Kotze, C. Geldeblom, B van Wilgen, L. Schonegevel, S. Hughes (CSIR), G. Kerley, R. Cowling & A. Boshoff (TERU)
	Field mapping of land classes and land transformation	2001	L. Kruger and C. Sykes
	The potential distributions, and estimated spatial requirements and population sizes, of the medium- to large-sized mammals	2001	A. F. Boshoff, G. I. H. Kerley, R. M. Cowling & S. L. Wilson
	A review of the species-, population- and spatially-driven processes involving the medium- to large-sized mammals	2001	A. F. Boshoff, G. I. H. Kerley, R. M. Cowling & S. L. Wilson

	Preliminary survey and desktop approach to conservation planning of freshwater ecosystems in the proposed gAENP	2001	H. Barber- James, J. Cambray, F.de Moor and D. Roux
	Proposed gAENP marine protected area	2001	B. Newman, E. Campbell, N. Klages, C. Mcquaid, W. Sauer, E. Schuman, R. Shone, M. Smale and T. Wooldridge
	Marine research and monitoring program for gAENP	2002	The Department of Ichthyology and Fisheries Science (Rhodes University)
<b>Social Component</b>	Public Participation report	2001	Sandy and Mazizi Consulting
	Social Assessment	2001	Teresa Connor
	Resettlement Framework	2001	Chris de Wet (Rhodes University)
	Social Monitoring Program	2001	Maura Andrew (Rhodes University)
	Comments trail	2002	Sandy and Mazizi Consulting
	Resettlement Policy Framework	2002	G. Huggins, C. de Wet and T. Connor
	Resettlement Action Plans for the priority farms in the gAENP	October 2002	G. Huggins and C. de Wet
	gAENP Cultural Mapping Report	15 December 2002	M. Cocks, B. de Klerk, F. Way-Jones, L. Webley (Albany Museum)
<b>Financial Component</b>	Economic Activities in the planning domain	2001	B. Geach
	Income from livestock farming	2001	G. Antrobus (Rhodes University)
	Eco-tourism scenarios	2001	R. Davies (CES)
	Development prospects for partnerships compatible with long-term eco-tourism and park expansion	2001	R. Davies (CES)
	Park forecasts	2001	R. Davies (Busico Consulting)
	Incremental Cost analysis	2002	R. Davies (Busico Consulting)
<b>Institutional Component</b>	Institutional review	2001	H. Timmermans, L. Sisitka (Rhodes University)
	Institutional arrangements and capacity needs for tourism management in the gAENP	2001	B. Geach
	Environmental legal framework and compliance	2001	Imbewu enviro – legal specialists



	requirements applicable to the proposed extension of the gAENP		
	Policies applicable to the proposed gAENP	2001	B. Geach
<b>Proceedings Reports:</b>	Proceedings of a workshop for the gAENP	January 2001	V.C. Management Services
	Interim Progress Report	October 2001	V. C. Management Services
	Proceedings of the final consultants workshop for the gAENP	January 2002	V. C. Management Services

\*Including electronic files

**Annex 9: Statement of Loans and Credits**  
**SOUTH AFRICA: THE GREATER ADDO ELEPHANT NATIONAL PARK PROJECT**  
27-Oct-2003

Project ID	FY	Purpose	Original Amount in US\$ Millions			Cancel.	Undisb.	Difference between expected and actual disbursements <sup>a</sup>	
			IBRD	IDA	GEF			Orig	Frm Rev'd
P076901	2003	Municipal Financial Management TA	15.00	0.00	0.00	0.00	14.85	3.38	0.00
P052368	2002	MALOTI-DRAKENSBERG CONSERV. & DEVELOP	0.00	0.00	7.93	0.00	8.07	1.92	0.00
P035923	1998	CAPE PENINSULA	0.00	0.00	12.30	0.00	0.71	12.28	0.00
P048606	1997	IND.COMPET&JOB CREAT	46.00	0.00	0.00	21.53	8.93	30.46	8.93
Total:			61.00	0.00	20.23	21.53	32.56	48.03	8.93

SOUTH AFRICA  
STATEMENT OF IFC's  
Held and Disbursed Portfolio  
June 30 - 2003  
In Millions US Dollars

FY Approval	Company	Committed				Disbursed			
		IFC				IFC			
		Loan	Equity	Quasi	Partic	Loan	Equity	Quasi	Partic
1999	AEF Bulwer	0.00	0.00	0.19	0.00	0.00	0.00	0.19	0.00
1996	AEF Carosa Farm	0.00	0.09	0.11	0.00	0.00	0.09	0.11	0.00
2000	AEF DBS	0.00	0.00	0.75	0.00	0.00	0.00	0.75	0.00
1999	AEF Dargle Timbr	0.35	0.00	0.00	0.00	0.35	0.00	0.00	0.00
1997/98	AEF E.R. Medical	0.00	0.18	0.00	0.00	0.00	0.18	0.00	0.00
1999	AEF FOXTROT MEAT	0.34	0.00	0.00	0.00	0.34	0.00	0.00	0.00
2001	AEF Freecom	0.00	0.00	0.39	0.00	0.00	0.00	0.39	0.00
1999	AEF IHS Techno	0.21	0.00	0.65	0.00	0.21	0.00	0.65	0.00
0	AEF NSAPIC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2000	AEF Tusk	1.52	0.10	0.00	0.00	1.52	0.10	0.00	0.00
1995/96/99	AFLIFE	0.00	5.94	0.00	0.00	0.00	5.94	0.00	0.00
2002	African Bank	58.10	0.00	0.00	0.00	27.34	0.00	0.00	0.00
2002	Bioventures	0.00	2.41	0.00	0.00	0.00	1.30	0.00	0.00
2000	EDU LOAN	2.73	0.00	0.00	0.00	2.73	0.00	0.00	0.00
0	FRB1	18.00	0.00	0.00	0.00	18.00	0.00	0.00	0.00
2002	NAMF	0.00	5.00	0.00	0.00	0.00	0.06	0.00	0.00
2001	Printability	5.31	1.50	2.36	0.00	5.31	1.50	2.36	0.00
2001/02	Rubico	0.00	0.00	1.25	0.00	0.00	0.00	1.25	0.00
1995	SACGF	0.00	1.50	0.00	0.00	0.00	1.50	0.00	0.00
1995	SAFCF	0.00	1.18	0.00	0.00	0.00	1.18	0.00	0.00
	SAHL	0.00	2.52	0.00	0.00	0.00	2.52	0.00	0.00
2000/02/03	SAPEF	0.00	27.22	0.00	0.00	0.00	13.31	0.00	0.00
1999	Spier	0.00	1.87	14.65	0.00	0.00	1.87	14.65	0.00
2001									
Total Portfolio:		86.56	49.51	20.35	0.00	55.80	29.55	20.35	0.00

FY Approval	Company	Approvals Pending Commitment			
		Loan	Equity	Quasi	Partic
2001	AEF Fin-X	0.00	0.00	0.00	0.00
2000	EDU LOAN	0.00	0.00	0.00	0.00
2002	Futuregrowth	0.00	0.00	0.01	0.00
2004	Hemic	0.02	0.00	0.01	0.00
2001	Spier Estate	0.00	0.01	0.00	0.00
Total Pending Commitment:		0.02	0.01	0.02	0.00

## Annex 10: Country at a Glance

### SOUTH AFRICA: THE GREATER ADDO ELEPHANT NATIONAL PARK PROJECT

POVERTY and SOCIAL	South Africa	Sub-Saharan Africa	Lower-middle-income
<b>2002</b>			
Population, mid-year (millions)	43.6	688	2,411
GNI per capita (Atlas method, US\$)	2,520	450	1,390
GNI (Atlas method, US\$ billions)	113.5	306	3,352
<b>Average annual growth, 1996-02</b>			
Population (%)	1.5	2.4	1.0
Labor force (%)	1.8	2.5	1.2
<b>Most recent estimate (latest year available, 1996-02)</b>			
Poverty (% of population below national poverty line)	..	..	..
Urban population (% of total population)	58	33	49
Life expectancy at birth (years)	46	46	69
Infant mortality (per 1,000 live births)	65	105	30
Child malnutrition (% of children under 5)	..	..	11
Access to an improved water source (% of population)	86	58	81
Illiteracy (% of population age 15+)	14	37	13
Gross primary enrollment (% of school-age population)	111	86	111
Male	115	92	111
Female	108	80	110

Development diamond\*

Life expectancy

GNI per capita

Gross primary enrollment

Access to improved water source

— South Africa

— Lower-middle-income group

KEY ECONOMIC RATIOS and LONG-TERM TRENDS	1982	1992	2001	2002	
GDP (US\$ billions)	80.1	130.5	114.2	104.2	
Gross domestic investment/GDP	24.9	14.8	15.1	15.8	
Exports of goods and services/GDP	26.6	21.3	30.6	34.0	
Gross domestic savings/GDP	24.6	18.8	18.7	19.2	
Gross national savings/GDP	20.9	16.2	14.8	16.1	
Current account balance/GDP	-4.0	1.5	-0.3	0.3	
Interest payments/GDP	0.0	0.0	0.3	0.3	
Total debt/GDP	1.1	0.5	21.1	24.0	
Total debt service/exports	0.2	0.2	11.6	12.2	
Present value of debt/GDP	..	..	20.5	..	
Present value of debt/exports	..	..	62.3	..	
	1982-92	1992-02	2001	2002	2002-06
(average annual growth)					
GDP	1.1	2.7	2.8	3.0	3.0
GDP per capita	-1.1	1.2	1.3	1.5	1.5

Economic ratios\*

Trade

Domestic savings

Investment

Indebtedness

— South Africa

— Lower-middle-income group

STRUCTURE of the ECONOMY	1982	1992	2001	2002
(% of GDP)				
Agriculture	5.7	3.8	3.5	3.8
Industry	44.2	36.4	31.5	32.1
Manufacturing	23.7	21.9	18.6	18.8
Services	50.1	59.8	65.0	64.2
Private consumption	58.9	61.0	62.5	61.5
General government consumption	16.4	20.2	18.9	19.2
Imports of goods and services	26.9	17.3	27.1	30.5
	1982-92	1992-02	2001	2002
(average annual growth)				
Agriculture	3.2	2.6	-1.7	4.0
Industry	0.3	1.7	2.6	2.7
Manufacturing	0.7	2.2	3.6	4.0
Services	1.9	3.2	3.4	3.1
Private consumption	1.4	2.9	2.6	3.1
General government consumption	3.1	0.7	3.3	3.7
Gross domestic investment	-3.0	3.8	0.2	9.0
Imports of goods and services	1.7	5.3	0.3	3.1

Growth of investment and GDP (%)

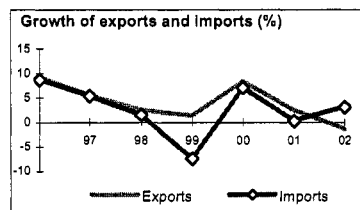
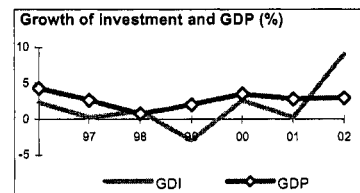
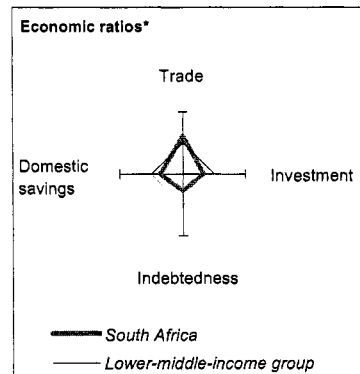
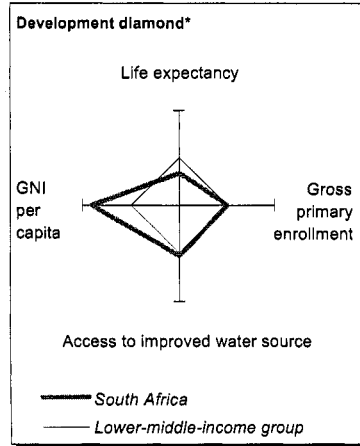
— GDI

— GDP

Growth of exports and imports (%)

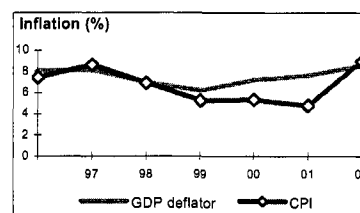
— Exports

— Imports



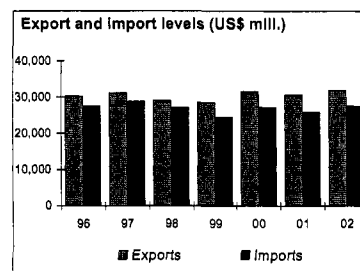
**PRICES and GOVERNMENT FINANCE**

	1982	1992	2001	2002
<b>Domestic prices</b>				
(% change)				
Consumer prices	14.7	13.9	4.8	8.9
Implicit GDP deflator	13.9	14.6	7.6	8.5
<b>Government finance</b>				
(% of GDP, includes current grants)				
Current revenue	22.3	23.7	24.4	24.6
Current budget balance	1.3	-4.5	0.4	1.0
Overall surplus/deficit	-3.7	-7.4	-1.5	-1.2



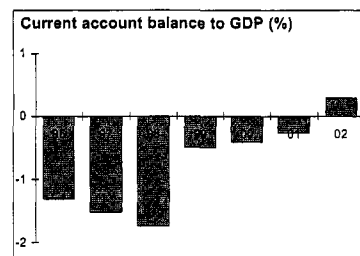
**TRADE**

	1982	1992	2001	2002
(US\$ millions)				
Total exports (fob)	20,135	24,487	30,731	32,042
Gold	7,945	7,871	3,415	4,165
Food, beverages, and tobacco	1,879	1,582	2,629	2,741
Manufactures	3,048	5,653	4,556	4,750
Total imports (cif)	20,218	188,224	25,869	27,556
Food	1,059	948	1,893	2,017
Fuel and energy	7,035	6,390	3,436	3,661
Capital goods	..	..	14,130	15,052
Export price index (1995=100)	..	75	16	15
Import price index (1995=100)	..	75	31	32
Terms of trade (1995=100)	..	100	52	47



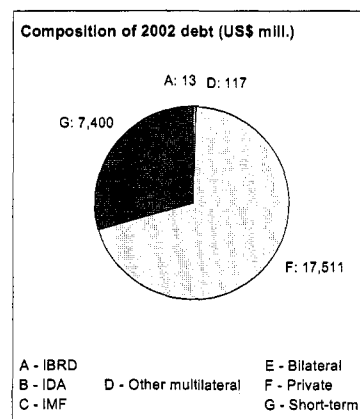
**BALANCE of PAYMENTS**

	1982	1992	2001	2002
(US\$ millions)				
Exports of goods and services	20,118	27,839	35,254	36,670
Imports of goods and services	20,372	22,581	31,061	33,039
Resource balance	-254	5,258	4,193	3,631
Net income	-3,181	-2,945	-3,749	-2,748
Net current transfers	257	-366	-739	-572
Current account balance	-3,178	1,947	-295	310
Financing items (net)	2,931	-2,146	-668	-3,715
Changes in net reserves	247	199	963	3,404
<b>Memo:</b>				
Reserves including gold (US\$ millions)	3,981	4,069	7,494	7,620
Conversion rate (DEC, local/US\$)	1.0	2.9	8.6	10.5



**EXTERNAL DEBT and RESOURCE FLOWS**

	1982	1992	2001	2002
(US\$ millions)				
Total debt outstanding and disbursed	857	612	24,050	25,041
IBRD	73	129	0	13
IDA	177	13	0	0
Total debt service	44	62	4,355	4,692
IBRD	4	32	0	1
IDA	2	0	0	0
<b>Composition of net resource flows</b>				
Official grants	0	0	0	0
Official creditors	59	26	0	4
Private creditors	-16	-3	-1,634	432
Foreign direct investment	..	..	..	..
Portfolio equity	..	..	..	..
<b>World Bank program</b>				
Commitments	..	..	0	15
Disbursements	48	5	0	5
Principal repayments	2	21	0	0
Net flows	46	-16	0	5
Interest payments	4	11	0	1
Net transfers	42	-27	0	4



**Additional Annex 11: Environmental Threats Analysis**  
**SOUTH AFRICA: THE GREATER ADDO ELEPHANT NATIONAL PARK PROJECT**

Major environmental threats focused on Park development, management and sustainability	Root causes	Solutions, including GEF intervention (numbers refer to LFA component addressing the issue)	Risks
<p>1. Biodiversity losses, land degradation and ecosystem fragmentation around and impacting on the gAENP.</p>	<ul style="list-style-type: none"> <li>· Past government's agricultural subsidies led to distorted market-prices and unsustainable agricultural practices.</li> <li>· Historically landowners under-valuation of biodiversity led to habitat destruction.</li> <li>· Inadequate recognition of biodiversity value by government led support for inappropriate projects (e.g. dams) which furthered habitat destruction.</li> <li>· Inability of land-owners to shift from entrenched agricultural practices to higher earning, lower impact land uses.</li> <li>· Lack of institutional capacity within government to identify root causes to biodiversity losses and means to switch strategy to reduce habitat destruction.</li> <li>· Lack of integrated regional planning.</li> <li>· Poverty, inequality and inequitable distribution of natural resources.</li> <li>· Disjointed state land tenure system (national verses provincial).</li> <li>· Differential support from the range of state institutions.</li> <li>· Disparate environmental policies and laws at the</li> </ul>	<ul style="list-style-type: none"> <li>· Develop and promote the implementation of ecologically and economically more sustainable land use models through either acquisition and/or incorporation via contractual means (2, 3, 5).</li> <li>· Prepare Park plan for terrestrial and marine areas (1).</li> <li>· Greater regional cooperation, integration and planning, particularly at the local government level, to minimize inappropriate developments within Park footprint (3, 4).</li> <li>· Enhance communication and information dissemination around alternative land use options through stronger institutional arrangements (4).</li> <li>· Increased environmental education through focused attention on the SANParks environmental education section (3).</li> <li>· Enhanced institutional capacity to support integrated planning &amp; land use conversion &amp; marine PA (1, 3).</li> <li>· Environmental rehabilitation programs</li> </ul>	<ul style="list-style-type: none"> <li>· Should economic benefits not materialize, would see a loss of support for the project.</li> </ul>

	provincial and national levels. · Inadequate communication with landowners.	undertaken with scientific support (1). · Legal and social compliance associated particularly around land purchase issues (3). · Harmonization of environmental policies and laws through input into the national legislation review process, in addition to consolidating the different state land tenure within the footprint under the SANParks (2, 4).	
2. Unsustainable use of marine natural resources.	· Inadequate information base on marine resources and ecological processes. · The public (largely recreational fishermen) consider access to marine resources a public right. · Conflicting legislation (national & provincial). · Poor enforcement of marine protection due to lack of state policing capacity. · Inappropriate coastal developments increases threat of pollution. · Lack of coordinated inter-institutional cooperation and management. · Inadequate communication with public. · Poverty, inequality and inequitable distribution of natural resources.	· Consolidation of management of marine area under SANParks and harmonization of appropriate legislation (1, 3, 4). · Creation of an integrated marine and terrestrial PA (1, 2). · Improved management activities and infrastructural support of SANParks (2). · Either enhance information base or apply precautionary principle in absence of harvesting targets (1, 2). · Enhanced institutional capacity building, particularly in law enforcement (2, 4). · Create public awareness campaign relating to MPA (4). · Development of innovative economic incentive schemes that would enhance conservation of the natural resource base (3).	· SANParks does not receive sufficient resources to manage MPA. · Lack of institutional cooperation. · Public reject concept of a large consolidated MPA.

3. Alien biota can not be brought under management control	<ul style="list-style-type: none"> <li>· Lack of knowledge as to potential risks to the environment.</li> <li>· Inappropriate and uncoordinated control/elimination and monitoring procedures.</li> <li>· Insufficient financial resources.</li> <li>· Lack of inter-institutional buy-in.</li> <li>· Lack of biological survey information.</li> <li>· Poor scientific understanding of ecological processes associated with alien biota invasion and expansion.</li> </ul>	<ul style="list-style-type: none"> <li>· Identification of scope and intensity of problem through detailed biological surveys (1).</li> <li>· Increased understanding of biological processes associated with alien species (1).</li> <li>· Incorporation into EMS monitoring program (2).</li> <li>· Dissemination of information and environmental education (3, 4).</li> <li>· Enhance inter-institutional coordination via communication pathways, meetings and forums (4).</li> </ul>	<ul style="list-style-type: none"> <li>· Insufficient financial support of ongoing control costs.</li> </ul>
4. Environmental threat caused by expanding mega-herbivore populations, particularly elephants	<ul style="list-style-type: none"> <li>· Lack of formally accepted elephant policy for the gAENP.</li> <li>· Lack of understanding of biological impacts caused by expanding elephant populations.</li> <li>· Lack of national policy as to control mechanisms.</li> <li>· Lack of understanding and appreciation at the national and international level of sustainable natural resources use.</li> <li>· Insufficient lobby actions and communication at national/international levels.</li> </ul>	<ul style="list-style-type: none"> <li>· Gain acceptance of elephant policy for the gAENP (2).</li> <li>· Estimate ecological carrying capacity for elephants (1, 2).</li> <li>· Incorporate monitoring program into EMS (2).</li> <li>· Improved marketing of policies and biological needs (4).</li> <li>· Improve communication network with provincial and private land owners with elephants to promote greater regional cooperation (4).</li> </ul>	<ul style="list-style-type: none"> <li>· Could lead to implementation inertia and hence a major impact on biodiversity of global significance.</li> </ul>
5. Lack of capacity for institutions to implement biodiversity conservation and economic benefits	<ul style="list-style-type: none"> <li>· Lack of institutional capacity within SANParks to maintain and implement conservation plan.</li> <li>· Insufficient funds for implementation, particularly land consolidation.</li> </ul>	<ul style="list-style-type: none"> <li>· Immediate support of SANParks &amp; other governance structures to introduce proper regional planning, management systems, project development &amp; roll out (1, 2, 3, 4, 5).</li> <li>· Support project</li> </ul>	<ul style="list-style-type: none"> <li>· General inertia amongst SANParks staff to support project.</li> <li>· Lack of support from local institutions.</li> <li>· Compromise social and economic support base for</li> </ul>



	<ul style="list-style-type: none"> <li>· Lack of inter-institutional cooperation between national, provincial and local government levels.</li> <li>· Models and governance structures to integrate private sector and land-owners into the Park are adequately developed.</li> </ul>	<p>management structures for project execution and management. (3).</p> <ul style="list-style-type: none"> <li>· Implement an EMS as part of the Management Plan (2).</li> <li>· Support development of incentive and models involving private sector (2, 3).</li> </ul>	<p>project, which would in turn have a negative affect on global biodiversity conservation.</p>
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## **Additional Annex 12: Main findings of the Strategic Environmental Assessment SOUTH AFRICA: THE GREATER ADDO ELEPHANT NATIONAL PARK PROJECT**

### **1. Background**

The project objectives are to achieve a number of positive environmental, socio-economic and developmental impacts from investments to conserve nationally and globally important biodiversity in both terrestrial and marine ecosystems. A Strategic Environmental Assessment (SEA) has been undertaken to meet Bank EA requirements. A SEA was selected instead of an EA (with Bank approval), as the exact nature of the new Park boundaries could not be determined with great precision during preparation. The specific areas encompassed by expansion will depend on the nature and uptake of land conversion incentives developed, negotiations, etc. Beyond the SEA, specific project investments, for example land conversion, or tourism development, will require site-level Environmental Impact Assessment (EIA) as required under South African legislation. This annex summarizes the key issues identified in the SEA, and the compatibility of South African environmental assessment policy and regulations with World Bank safeguard policy requirements for project-level EIA.

### **2. Main Findings of the SEA**

The SEA was comprehensive and examined the biophysical and socio-economic environment in the project area, financial viability of the gAENP, broad legal and institutional framework, and concerns raised by interested and affected parties. Strategic issues identified by the SEA, which are associated with the proposed gAENP include:

- Displacement and relocation of farm workers
- Ongoing uncertainty about the development of gAENP
- Impact of the project on farming related industries and activities
- Lack of communication with affected parties
- Impact on unemployment and economic opportunities
- Impact created by the Coega Industrial Development Zone
- Need for socio-economic indicators and targets
- Compliance with SEA regulations
- Impact on dairy, beef and chicory production
- Impact on mohair production
- Land purchase process

Most of the strategic issues identified by the SEA, through extensive public consultations, were socio-economic or institutional. The main environmental issue was the potential impact of the Coega harbor development on the proposed gAENP, particularly the marine component. The issues identified in the SEA have been accounted for in project design (Table 1).

Generally, the gAENP was perceived to bring positive environmental benefits to the planning area, in particular by converting agriculture land (in some cases associated with agro-chemical inputs) to more benign biodiversity conservation and ecotourism development. The project has been classed as Category B under Bank guidelines, thus requiring a partial EA. Specific project investments will be subject to environmental impact assessment (EIA) as required under South

African legislation. This should address the requirement for a partial EIA. Precedents have been set for this approach. The Bank's urban investment program (SUDP) in Swaziland undertook a broad SEA during project preparation and then focused more detailed EIAs on site-specific investments in road, water and sewage, housing upgrading etc.

**Table 1: SEA strategic issues and project design**

<b>Strategic Issue</b>	<b>Project Design to Address Issue</b>
Displacement and relocation of farm workers.	Project is following requirements in Bank safeguard policy OP 4.12 for any displaced workers.
Ongoing uncertainty about the development of gAENP.	Project is now going ahead with GEF support and public consultations.
Impact of the project on farming related industries and activities.	SANParks has developed criteria for land acquisition. Priority land is mostly lower value pastoral farms; many of them abandoned.
Lack of communication with affected parties.	Project is strengthening institutions and programs for public education, awareness and direct participation in implementation.
Impact on unemployment and economic opportunities.	Project will have a positive impact on employment through project activities and local tourism expansion. Land conversion to ecotourism has been demonstrated to create significant net improvements in employment.
Impact created by the Coega Industrial Development Zone.	The Coega development will have to follow the national EA process and impacts on the proposed marine Park will be taken into account.
Need for socio-economic indicators and targets.	A social monitoring program has been designed into project components.
Compliance with SEA regulations.	All site-level investments will be subject to national EA regulations.
Impact on dairy, beef and chicory production.	High value farms are not a priority for conversion because of high opportunity costs and locations generally outside of desired targets for expansion.
Impact on mohair production.	High value farms are not a priority for conversion because of high opportunity costs and locations generally outside of desired targets for expansion.
Land purchase process.	Project is developing new mechanisms for land conversion including purchase and different contractual arrangements.

### **3. Framework for Environmental Management and EIA in South Africa**

South Africa has a long history of legal and institutional support for environmental management. The three most critical pieces of South African environmental legislation are the Constitution of the Republic of South Africa (1996); the National Environmental Management Act (NEMA

1998); and the Environment Conservation Act (ECA 1989). The ECA represented a major step forward to consolidate legislation governing protection and control over the environment. A number of provisions dealt with protected areas and natural resources, waste management and pollution, general regulatory powers and provisions for dealing with offenses and penalties. The Constitution enshrined the fundamental right of every person to an environment..."which is not detrimental to his/her health or well-being." The environment would be protected for the benefit of present and future generations through legislative and other measures that would prevent pollution and ecological degradation, promote conservation, and secure ecologically sustainable development. The NEMA strengthened a number of statutes under the old ECA. The NEMA provides broad principles for national environmental management; outlines new environmental institutions (National Environmental Advisory Forum, and Committee for Environmental Coordination); procedures for cooperative governance, decision making and conflict management; outlines the principle of integrated environmental management; specifies international obligations and agreements; provides guidance on compliance and enforcement; environmental management cooperation agreements; and administration of the Act.

In 1989, when the ECA was promulgated, it provided a framework for compulsory environmental impact assessment (EIA). South Africa uses the term EIA (Environmental Impact Assessment) while the Bank uses EA (Environmental Assessment). The two terms are essentially interchangeable. However, government resisted a legislative basis and continued to support EIA as a voluntary planning tool. The 1992 Guidelines for Integrated Environmental Management emphasized the importance of EIA as a mechanism for incorporating environmental factors into planning and development but the process remained outside existing legislation. In 1994, draft regulations for EIA were published and a lengthy consultative process was initiated in 1995. Revised EIA regulations were published in 1996 for public comment.

#### **4. Recent Developments in EIA in South Africa**

In September 1997, the Minister of DEAT promulgated regulations under the Environment Conservation Act to require compulsory EIA. Guidelines for EIA were released in April 1998 while the NEMA was being formulated. When the NEMA was promulgated in November 1998, the existing EIA regulations were incorporated. The EIA regulations have been subject to minor modifications since 1998, the most recent in May 2002. For the most part, the amendments tighten up wording in the regulations, and clarify prescribed activities.

The Department of Environmental Affairs and Tourism (DEAT) is the competent authority with respect to implementing the NEMA. Intergovernmental coordination is through the Committee for Environmental Coordination, while the Minister is advised by the National Environmental Advisory Forum.

#### **5. Compatibility of Bank and SEA Requirements for EA**

The DEAT is the competent authority with respect to implementing the NEMA. Intergovernmental coordination is through the Committee for Environmental Coordination, while the Minister is advised by the National Environmental Advisory Forum.

## **5.1 The EIA Process in South Africa**

The South African EIA process has the following main steps:

- When an activity prescribed by the ECA is proposed, the project proponent must either make an application for authorization to the relevant Provincial authority, or seek exemption from compliance with the EIA regulations. In Gauteng Province, for example, exemptions are sought via a “Pre-Application/EIA Exemption Checklist” that describes the project, the existing land uses and environmental sensitivities, expected solid waste and effluent generation, and required permits under other legislation. If an exemption is not granted, the Provincial authority either requires a Scoping Report or a plan for preparing a Scoping Report. The plan must be approved by the authority. A Scoping Report must identify how the environment might be affected, what environmental issues are involved, what the project alternatives are, and how the public will be consulted.
- The proponent then prepares the Scoping Report, involving the public, and submits it to the Provincial authority for approval. In a number of provinces, it has become practice for the Scoping Report to include an analysis of potential impacts, proposed mitigation and monitoring measures, and an EMP.
- Based on the Scoping Report, the Provincial authority then authorizes the project with or without conditions, refuses the application, or determines that a full EIA must be undertaken. It issues a formal Record of Decision.
- If required, a full EIA is then produced and provided to the authority for a decision. The authority either authorizes the project with or without conditions, or refuses the application. It issues a formal Record of Decision.

## **5.2 The World Bank**

World Bank requirements for Environmental Assessment (EA) are specified in OP/BP 4.01 on Environmental Assessment, supported by the EA Sourcebook and Updates. Since gaENP involves the management of cultural resources, OP 4.11 on Cultural Property also applies. The requirements of OP 4.11 are normally addressed within the EA process specified under OP/BP 4.01. EA documents are prepared by the Borrower. They must be approved by the Bank and disclosed to the public before the project is allowed to proceed to appraisal in preparation for negotiations and approval by the Board.

## **6. Compatibility of Bank and RSA Requirements for EA**

### **6.1 Screening and Scoping**

At the project level, both processes currently require an initial environmental screening to determine the need for and scope of further environmental assessment. The Bank assigns a proposed project to one of three categories to prescribe the appropriate level of assessment (A: full EA; B: partial EA; C: no EA). Projects in certain sectors or of certain types are normally categorized as shown in Table 1. These examples are illustrative only. Categorization is not a function of the type or scale of project, but of the location and sensitivity of environmental issues and the nature and magnitude of potential environmental impacts. For projects requiring a partial or full EA, an initial scoping and ongoing public consultation are part of the preparation of the EA

report.

In South Africa, a proponent must first submit an application for authorization to undertake an activity prescribed by the ECA (Table 1). The application is reviewed by the Provincial environment authority and a decision is then made to either require a Scoping Report or a plan of study to complete such a report. In the latter case, the authority must approve the plan before preparation of the report can begin.

Table 2 indicates a close correlations between the two screening lists. The two gaps in the South African list are mining and resettlement. For the purposes of the gAENP project, mining is not a consideration. Resettlement issues will be managed through a Resettlement Policy Framework prepared according to the requirements of the World Bank resettlement policy OP/BP 4.12.

**Table 2: World Bank and South African Screening Lists**

<b>World Bank</b>	<b>South Africa</b>
<b>Category A (Full EA)</b>	<b>ECA Prescribed Activities</b>
Aquaculture and mariculture (large-scale)	Concentration of aquatic organisms including aquaculture and mariculture
Dams and reservoirs	Dams, reservoirs, levees, weirs
Forestry production projects	Resource removal, resource renewal
Hazardous waste management and disposal	Manufacture, transportation, storage, handling of dangerous or hazardous materials
Industrial plants (large-scale) and industrial estates, including major expansion, rehabilitation, or modification	Industrial processes
Irrigation, drainage, and flood control (large-scale)	Water transfer schemes
Land clearance and leveling	Land use and transformation
Manufacture, transportation, and use of pesticides or other hazardous and/or toxic materials	Manufacture, transportation, storage, handling of dangerous or hazardous materials
Mineral development (including oil and gas)	<i>Not directly applicable under EIA regulations</i>
New construction or major upgrading of highways or rural roads	Construction or major upgrading of roads, railways, airfields, communication networks, cableways
Port and harbor development	Construction of marinas, harbors and all structures below the high-water mark of seas, marinas and inland waters
Reclamation and new land development	Reclamation of land below the high water mark, and specified changes in land use
Resettlement	<i>Not directly applicable under EIA regulations</i>
River basin development	Canals and channels and water transfer between catchments
Thermal power and hydropower development or	Energy generation and distribution

expansion	
Water supply and wastewater collection, treatment and disposal projects (large-scale)	Waste and sewage disposal
	Genetically modification of any organism
	Release of any organism outside its natural area of distribution that is to be used for pest control
<b>Category B (Partial EA)</b>	
Agro-industries (small-scale)	
Electrical transmission	
Energy efficiency and energy conservation	
Irrigation and drainage (small-scale)	
Protected areas and biodiversity conservation	
Rehabilitation or maintenance of highways or rural roads	
Rehabilitation or modification of existing industrial facilities (small-scale)	
Renewable energy (other than hydroelectric dams)	
Rural electrification	
Rural water supply and sanitation	
Tourism	
Watershed projects (management or rehabilitation)	

In terms of scoping the issues that are to be addressed in an EA study, there may be minor differences between Bank and South African requirements. For example, the NEMA of RSA defines “environment” to mean the surroundings within which humans exist that are made up of:

1. the land, water and atmosphere of the earth;
2. microorganisms, plant and animal life;
3. any part or combination of (1) and (2) and the interrelationships among and between them; and
4. the physical, chemical, aesthetic and cultural properties and conditions of the foregoing that influence human health and well-being.

In its preamble, the NEMA also states a number of principles that project proponents and decision makers need to take into account when undertaking EA:

(i) The State must respect, protect, promote and fulfill the social, economic and environmental rights of everyone and strive to meet the basic needs of previously disadvantaged communities; and

(ii) Sustainable development requires the integration of social, economic and environmental factors in the planning, implementation and evaluation of decisions to ensure that development serves present and future generations.

The World Bank broadly defines the scope of EA to “take into account the natural environment (air, water and land); human health and safety; social aspects (involuntary resettlement, indigenous peoples, and cultural property); and transboundary and global environmental aspects (e.g. climate change, ozone-depleting substances, pollution of international waters, and adverse impacts on biodiversity).” (OP 4.01).

There is considerable overlap in these prescriptions for the scope of EA studies. At the same time, Scoping Reports and, if needed, consequent full EIAs, prepared to meet RSA EA regulations will need to be cognizant of World Bank requirements in order to satisfy the needs of both processes. For gAENP, involuntary resettlement concerns will be addressed through a separate Resettlement Policy Framework, and there are no indigenous peoples concerns within the meaning of World Bank policy on the matter.

## **6.2 Consultation**

Both the Bank and South Africa require public consultation for projects needing either a full or partial EA (Bank) and Scoping Report and EIA (South Africa). The level of consultation ranges from publishing notices of project intent and invitations to review EIA reports, to full public hearings. With the South African process, the selection of an appropriate public consultation instrument depends on the nature of the project and what the provincial DEAT determines as minimum requirements. During scoping, this may range from simply informing neighbors about the project and seeking input, to holding public meetings with interested and affected parties, after publishing notices about the project in various media. Interested and affected parties are also given time to respond to the draft scoping report. If an EIA is then required under the South African process, interested and affected parties must be given an opportunity to provide input as well as comment on the draft EIA report. The proponent will first present authorities with a plan of study for the EIA, which must include public consultation mechanisms. The authorities will either approve the plan of study or request modifications, including recommended public consultation processes to be followed during the EIA.

The 1998 Bank EA Guidelines provide proponents with directions to identify interested and affected parties relative to the project, and appropriate consultation methods. The South African requirements for consultation are fully compatible with Bank requirements.

## **6.3 Mitigation and Monitoring**

The Bank EA process calls for a distinct Environmental Management Plan (EMP) for projects deemed to require a full or partial EA. These plans generally outline the mitigation, monitoring, and institutional measures to be taken during project implementation and operation to avoid or control adverse environmental impacts, and the actions needed to implement these measures. The South African guidelines do not require such an EMP. Instead, the EIA report must describe mitigation and monitoring. The general requirements for an EMP (Bank) and EIA (South Africa) are listed in Table 3.

Table 3 indicates that South Africa meets Bank requirements for specifying mitigation and monitoring measures. However, the South African guidelines do not directly specify an



implementation schedule and reporting procedures, and do not address training needs.

**Table 3: Content Requirements for Bank EMP and South African Mitigation and Monitoring**

<b>Bank EMP</b>	<b>South Africa EIA</b>
Summary of impacts	Summary of significant impacts
Description of mitigation measures	Description of mitigation options
Description of monitoring program	Covers activity until decommissioning
Institutional arrangements	Specified in regulations
Legal considerations	Legal requirements, implications
Implementation schedule and reporting procedures	<i>Not directly specified. Implementation schedule is implied</i>
Cost estimates and sources of funds	Cost implications on government, public and developer
Training	<i>Not directly specified</i>
	Consultation

## 7. Conclusions

The South African EA process generally meets Bank requirements under OP/BP 4.01. While the processes operate in a slightly different manner, the main elements of screening, scoping, report preparation, public consultation, mitigation and monitoring are quite similar in content. The two processes offer essentially the same level of independent authority over project approval. The apparent “gaps” between the two are:

- a) Under World Bank OP/BP 4.01, all physical investments under the gAENP will require either an EA containing an EMP, or just an EMP. Depending on the nature of the investment, the South Africa process might not require a Scoping Report, or if it does, a subsequent EIA and an EMP, as defined by the World Bank, may or may not be required;
- b) There is considerable overlap in RSA and World Bank prescriptions for the scope of EA studies. At the same time, Scoping Reports and, if needed, consequent full EIAs, prepared to meet RSA EA regulations will need to be cognizant of World Bank requirements in order to satisfy the needs of both processes; and
- c) The Bank requires a more comprehensive EMP than is specified in RSA EA regulations.

**Additional Annex 13: Summary : Resettlement Policy Framework  
SOUTH AFRICA: THE GREATER ADDO ELEPHANT NATIONAL PARK PROJECT**

**1. Background**

This annex provides an overview of the Resettlement Policy Framework (RPF) and associated Resettlement Action Plans (RAPs), provided in a separately Bank approved document. Since 1997, SANParks has been purchasing land with a clause requiring land to be purchased free of occupation. Subsequent to the Bank Appraisal Mission, SANParks has agreed to drop the clause from all future land purchases. A survey has been undertaken to identify all individuals who could be, and have been, affected by the proposed expansion of Addo over the next 6 years. Original estimates of potentially affected individuals varied from a low of 570 inhabitants (191 workers) to a higher figure of approximately 3300 inhabitants. The variability in the figures is ascribed to the underlying assumptions which were made including: the area of land to be included into Addo, the ratio of farm workers per ha of land and the number of dependants. Further, the actual number of workers and inhabitants which might require resettlement support will also depend on the extent to which workers and inhabitants, displaced since 1997, can be found. With the recently completed farm-by-farm survey and survey to find displaced farm workers and inhabitants, the number of affected people has been reduced to 188 (workers plus dependents) of which 70 were permanent workers at the time of sale of farm to SANParks. Of the 70 workers, 30 (plus 75 dependants) are currently unemployed and will, therefore, be fully incorporated into the SANParks RPF and RAPs. Another 25,000 ha of land is proposed for purchase by SANParks. Based on the calculated figure of 1 unemployed person per 1,000 ha, an additional 25 workers plus dependants are expected to fall under the RPF and RAPs. Based on current phasing for the expansion of the Park, it is anticipated that SANParks' resettlement obligations in this regard will end in approximately 2010. SANParks has also agreed to monitor and to include any farm workers and their dependents into the RPF and RAPs where private land owners have sold land to SANParks or who have contracted land into the Park and who reneged on resettlement agreements reached with farm workers and their dependents in this regard.

**2. Resettlement Policy Framework (RPF) and Resettlement Action Plans (RAPs)**

SANParks has developed a RPF to comply with Bank OP 4.12 and a series of RAPs for years 1 and 2 of implementation. The RPF includes a broad identification of the affected community, South African legal requirements, development of guiding principles for compensation, generic income restoration plans and implementation and monitoring arrangements.

Part 2 of the document consists of a series of Resettlement Action Plans (RAPs) for the first year of project implementation in which 8 farms were surveyed. Of these 8 farms, one had no inhabitants and the sale of one other had not been finalized, therefore, 6 farms and a total of 69 inhabitants have been located. The RAPs include income restoration plans. Phase 1 of the project refers to the first 3 years of project implementation. This first 3 year phase includes the 6 farms and 69 inhabitants referred to above. Since there has been a lag time in Appraisal, the first year of Phase 1 is currently underway i.e. Phase 1 will be fully implemented within approximately another 2 years.

Detailed planning for the marine component of the project will only begin in year 1 to 2 of the project. Therefore, it is premature to produce RAPs or to develop detailed RPF proposals. The RPF is likely to need some updating in future as the marine component of the project is developed.

### **3. Disclosure**

The RAPs and the RPF have been developed with those directly affected. They have been disclosed to affected parties directly through meetings due to low levels of literacy and long travelling distances in the project area. The document has also been made available at public libraries and the Bank.

A detailed and comprehensive public participation process around the implementation of the RPF and RAPs had been completed. The process included the following:

- Identification of the target audience, which resulted in less written communication and more visual presentation and one-on-one meetings.
- Providing the identified target audience (key leadership, community representatives, affected farm workers and farm owners) with an overview of the RPF and RAPs.
- Creating opportunities for these entities to comment on the RPF and RAPs.
- Obtaining buy-in for the RPF and RAPs.
- Communicating with above entities through letters, one-on-one meetings, questionnaires and public workshops with presentations.

### **4. Implementation/institutional arrangements**

Implementation of the RAPs will be as follows: The lead responsibility for implementation will rest with SANParks who will provide the necessary staff and budget for implementation including the use of an agent if needs be. At community level, local level fora will be convened for purposes of communication and liaison. The local level fora will nominate representatives to sit on the proposed Resettlement Working Group (RWG). The RWG will primarily provide an oversight function including serving as a vehicle to raise issues and concerns and to monitor the implementation of the RAPs. The RWG will meet every 3-4 months and will be broadly convened to include government, key agencies, NGO's and community representatives. The RWG will report to the Addo Steering Committee. SANParks will also appoint an independent team to bi-annually monitor the implementation of the RAPs. The reports of the independent monitor will be provided to the Addo Park Manager, the Addo Steering Committee, the RWG and the Bank.

### **5. Bank monitoring and supervision**

The Bank will be provided with copies of all RAPs for approval. Supervision missions will, on a 6 monthly basis, pay special attention to the planning and implementation of the RAPs. Emphasis will be placed on ensuring that corrective actions are taken where needed.

## **Additional Annex 14: Strategic Framework For The Conservation Of Cultural Resource SOUTH AFRICA: THE GREATER ADDO ELEPHANT NATIONAL PARK PROJECT**

### **1. Background**

The SANParks, in keeping with its corporate Cultural Resources Management (CRM) Policy and desire to comply with South African cultural heritage legislation has selected to produce a Strategic Framework for the Conservation of Cultural Resources in the area of the gAENP. Further, as a precautionary principle, rather than a necessity, an initial desktop cultural resources inventory has been compiled. Whilst parts of the area in which the gAENP proposal is found, are known to contain important rock art, fossils and artifacts, none of these resources are threatened by the gAENP proposal. Therefore, whilst World Bank safeguard policy for Cultural Resources, OPN 11.03 and OPN 4.11, is triggered by virtue of the presence of cultural property in the area, the beneficial land use impact of the gAENP proposal, South African heritage legislation, SANParks CRM Policy, the gAENP Cultural Resources Framework discussed below, together with the compilation of a cultural resources inventory, result in compliance with OPN 11.03.

In the south eastern portion of the gAENP, the Alexandria Dune Field Area is considered by the South African authorities to have World Heritage Status. Motivations in this regard have been made to UNESCO. It is anticipated that some heritage sites found in gAENP will be of National importance while others have regional and local significance. The South African Heritage Resources Agency (SAHRA) and/or the local Provincial Heritage Authority will be involved in the determination of significance in consultation with experts.

It is clear that the proposed extent of the gAENP encompasses an area with significant heritage resources. In 1996, a small dinosaur called *Nqwebasaurus thwazi* (Kirky) was discovered near Kirkwood, while the very first dinosaur to be identified in South Africa was discovered on the Bushman's River (on the edge of the Park) in 1845. Archaeologically, the area includes extensive evidence of Khoisan settlement in the past. This is reflected in the shell middens on the Alexandria coast, the rock art of the Zuurberg and the stone cairns found along the Sunday's River.

The proposed area of the gAENP also has many important historic connections. Early travellers accounts provide information on the old wagon paths and the history of early elephant (and game) hunting. The settlement of the region by Xhosa-speakers and Europeans is reflected in the old farm houses, mission stations, cemeteries and villages. There are early frontier posts associated with the successive Wars of Dispossession (Frontier Wars) also some activity related to the South African War (Anglo Boer).

### **2. World Bank Safeguard Policies – OPN 11.03**

The main objective of OPN 4.11 is to ensure that Bank supported projects avoid, minimize and mitigate the risks associated with the possible loss of cultural resources. OPN 11.03 uses the United Nations definition of “cultural property” to include sites having archaeological (prehistoric), palaeontological, historical, religious, and unique natural values. Cultural property, therefore, encompasses both remains left by previous human inhabitants (for example, middens,

shrines, and battlegrounds) and unique natural environmental features such as canyons. Therefore, where such features exist as in the case of the gAENP proposal, OPN 4.11 is triggered and needs to be complied with.

### **3. The SANParks Cultural Resources Management ( CRM ) Policy**

The conservation of heritage resources in the gAENP is of importance. It is therefore praiseworthy that SANParks has committed itself to the conservation of heritage resources in its Parks (see Policy Guidelines for Cultural Resource Management in National Parks). In this policy document SANParks accepts responsibility for the effective protection, preservation and sustainable utilization of cultural resources and explicitly commits itself to an integration into the development planning process as well as Park management.

### **4. Cultural resources mapping of the gAENP**

The Albany Museum has been contracted to undertake a first-phase cultural (archaeological, palaeontological, anthropological and historical) mapping exercise of the gAENP. In addition to the physical description; information on significance, key management issues, potential impact and recommendations for mitigation (if these are adverse) and conservation objectives will be addressed.

The survey has been completed and the heritage resources have been catalogued in a spreadsheet database. The database is constructed in such a way that it can be constantly updated as new sites are discovered. It is envisaged that the database may be integrated within the GIS system for the Park, making it a valuable tool in the management of heritage resources in the Park.

### **5. Legal issues**

All heritage resources within the gAENP fall under the Natural Resources Heritage Act (1999). The Act provides the general principles for governing the management of heritage resources. It provides for an integrated system for the identification, assessment and management of heritage resources; sets norms and standards for the management of heritage resources and empowers civil society to conserve their own heritage resources so that they may be preserved for future generations. The Act will form the basis of the management recommendations flowing out of the specialist study.

The key implications of this legislation for the gAENP area are as follows:

- The regulation of National Heritage sites is generally a Provincial Government function. However, when significant sites are adopted as National Heritage Sites they will fall under the jurisdiction of the national regulatory body, the South African Heritage Resources Agency (SAHRA). Shipwrecks are also deemed the responsibility of SAHRA.
- SAHRA needs to authorize the sale of pictures of National Heritage Sites.
- Structures older than 60 years may not be altered or demolished without a permit from SAHRA.
- All archaeological material and remains of human activity (which are older than 100 years) and palaeontological sites as well as meteorites are protected by the Act.

- Burial grounds and graves are afforded particular protection and a permit to exhume a grave or demolish a cemetery/grave will not be granted if detailed efforts are not made to contact and consult communities and individuals who have an interest in the cemetery/grave concerned. The Act makes provision for the protection of Living Heritage and also defines Heritage Objects. It allows for the restitution of heritage objects to communities, which may claim them.

SANParks is taking the necessary measure to ensure compliance with the Act.

## **6. Mitigation measures**

The main mitigation measures will include:

- The adoption of the proposed cultural heritage database to ensure that small works are built away from sites of cultural heritage importance.
- The updating of the database as a planning instrument as new data becomes available.
- The training of staff on cultural resources identification and management including reporting procedures on new finds.

In the event that an impact cannot be avoided the requirements of SAHRA will be complied with and where needed a mitigation plan will be produced by a reputable specialist.

## **7. Recommendations**

- A basic training program for staff in the identification, management and reporting procedures of heritage resources.
- To appoint a staff member to update and maintain the cultural resources database as new heritage resources are discovered.
- To integrate the management of the database and cultural resources as a part of the gAENP environmental management system which is about to be adopted.

Therefore, whilst the World Bank Safeguard Policy for Cultural Resources, OPN11.13 and OP 4.11, is triggered by virtue of the presence of cultural property in the area, the beneficial land use impact of the gAENP proposal, South African heritage legislation, SANParks CRM Policy, the gAENP Cultural Resource Framework, together with the compilation of a cultural resource inventory, result in compliance with OPN 11.03.

**Additional Annex 15: Potential of the gAENP**  
**SOUTH AFRICA: THE GREATER ADDO ELEPHANT NATIONAL PARK PROJECT**

**Addo Elephant National Park's tourism role in the Eastern Cape**

In this regard AENP alone attracted 120,000 tourists in 2002. The number of tourists to the Park has been increasing at a steady 8% per annum since 1991 when only 51,000 tourists visited the Park. But of importance in this number is the fact that over 50% of the tourists are from foreign countries, mainly Germany, Holland and United Kingdom. This high proportion of foreigners, almost twice that of those visiting Kruger National Park, is important from the point of earning forex and job creation. At the moment the AENP tourism product of self-catering units with a total of 140 beds is running at an average hut and bed occupancy of 97% and 67%, respectively, and employing a total of 39 tourism personnel. With the above wildlife product running on only 13,500 ha, or 11% of the total Park area, the plan is to expand the eco-tourism product to diversify the eco-experience and encourage the tourists to stay more than the present half to one day to at least three days. Planned developments include boosting the number of beds to 200-250, split between eight tourists facilities (four of which would be outsourced to concessionaires). An average bed occupancy of 60% and catering for a total of 180,000 visitors per annum is expected to generate an annual income of US\$2.3 million for the Park, as well as directly employing 360 people in the tourism aspects alone. Increasing hut occupancy between 10 - 20% would further increase income by a further US\$0.08 - 0.6 million. This it is expected to have a positive knock-on affect in the local economy. Knock-on affects of the increase in tourism around Addo is reflected in the 10 fold increase in the number of private bed and breakfasts institutions around the Park in the last eight years. The planned development of tourist lodges on adjacent contractual Park land will also increase employment. For example the Kuzuko Game Farm employs seven times the number of staff previously employed on the 16,000 ha farm properties. Thus, a total of 72 new direct jobs and a further 48 indirect/temporary jobs were created.

**Additional Annex 16: Socio-Economic Context**  
**SOUTH AFRICA: THE GREATER ADDO ELEPHANT NATIONAL PARK PROJECT**

**1. General**

The Republic of South Africa is situated at the southernmost tip of the African continent. Since 1994, when apartheid ended and elections were held on the basis of universal adult franchise, the Republic has been a politically stable multi-party democracy. A two-chamber national government with certain governmental responsibilities also devolves to each of the nine provinces. The country is classified as a middle-income developing country with a modern economic infrastructure. It has an abundant supply of natural resources with well-developed financial, legal, communications, energy and transport sectors. The challenges facing South Africa are to use these resources in a sustainable manner to create a strong and balanced economy, to eliminate poverty, to develop a dynamic human resource capacity and engage itself in the world economy. In this regard, the Eastern Cape Province is the poorest of the country's nine provinces, with the highest unemployment rate in the country and thus in desperate need of development. It is also the province which offers some of the most substantial opportunities with regard to its natural resource base and biodiversity.

**2. Population**

According to the latest population census, South Africa has a population of 43 million. The Eastern Cape is South Africa's second largest of the country's nine provinces (169,580 sq km), with the third largest population of 6.4 million (15% of the total South African population) growing faster than the national average of 2.4%. The main urban areas are Port Elizabeth and East London. The gAENP project is situated 70 km from Port Elizabeth. The languages spoken are Xhosa, 83.8% and English, 3.7%. The province has a high proportion (43%) of people under the age of 15. This is likely to continue although the impact of HIV/Aids on the trend is not known.

The Eastern Cape has a high proportion of low paid workers. The economic diversity is confined mostly to agriculture, manufacturing, commerce and services, with the weight of this restricted to the main commercial centers of Port Elizabeth/Uitenhage and East London where the focus of the industrial and manufacturing sectors are in the motor industry. There is no mining and energy sector to speak of and the 800 km of relatively undeveloped coastline supports a relatively small sea fishing industry. Although agriculture only contributes to 3.6% of the economic output of the province, it is important as an employer accounting for 13.2% of the labor force in comparison to 18% in the manufacturing sector. By far the largest contributor to the economy remains the community and social sector providing 27% of the economic input and 29% of the employees. The province has the highest unemployment rate (48% versus the national average of 34%) of all the provinces as well as a high labor dependency ratio (3.1% versus the national average of 1.9%). As part of the national government's overall economic strategic framework to stimulate economic development in deprived areas such as the Eastern Cape, two Spatial Development Initiatives (SDIs) were identified for the region, namely the Fish River and the Wild Coast SDIs, and two Industrial Development Zones (IDZs) - West Bank, East London, and Coega (see below) within those areas.



A survey of socio-economic conditions in the project area shows that rural wages on large commercial farms are low. The average wage for male workers on commercial farms in the area (dairy, mixed) is approximately R550 per month. If females are included (the average female wage is R141.00) the average drops to R282.00. Research has shown that certain agricultural practices, particularly pastoralism, are neither ecologically nor economically sustainable, thus undermining long-term social benefits. The future challenge lies in using the province's unique assemblage of biological and landscape diversity to provide more sustainable ecological and social benefits. In this regard the gAENP can play an important and model example of meeting conservation and social goals for the Eastern Cape and South Africa.

**Additional Annex 17: Biodiversity Value of gAENP in the South African  
and the Eastern Cape Context  
SOUTH AFRICA: THE GREATER ADDO ELEPHANT NATIONAL PARK PROJECT**

**1. South African environment**

South Africa's surface area is 1,219,090 sq km. Its coastline is swept by two currents, the warm south-flowing Mozambique-Agulhas which skirts the east and southern coasts and the cold Benguela that flows northwards on the west coast towards southern Angola. Consequently there are significant climatic variations in South Africa. There are two main relief features: an interior plateau and the land (generally an escarpment of varying height) between the plateau and the coast. In this area between plateau and sea there are three major subdivisions, the eastern plateau slopes, the Cape folded belt and adjacent regions, and the western plateau slopes. The average rainfall of South Africa is 464 mm. The rainfall is unreliable and unpredictable, droughts are common and the rate of evaporation is generally high, exceeding precipitation. In addition, the soils of South Africa are unstable and around 500 million tons of topsoil is lost through erosion each year, largely because of poor land management.

Ecologically sustainable land use is crucial to the long-term welfare of South Africa. The Republic has amongst the world's greatest diversity of plant and animal species contained in one country and includes a large number of endemic species. It ranks among the upper quarter of the world's mega-biodiversity countries. This remarkable richness is the result of the variety of the landforms, geology and soil types, as well as the mix of tropical and temperate climates. South Africa is the third most biologically diverse country in the world and is of major global importance for biodiversity conservation (1997, White Paper on the Conservation and Sustainable Use of South Africa's Biological Diversity). Some 23,404 vascular plant species occur within the boundaries of South Africa of which 80% are found nowhere else. In addition to the extraordinary wealth of plant life, 5.8% of the world's total mammal species, 8% of bird species, 4.6% of the global diversity of reptiles, 16% of the total marine fish species and 5.5% of the world's described insects are to be found on 0.8% of the land area. Faunal endemism is notably high amongst the amphibians (44%) and reptiles (31%). In terms of biomes, South Africa is world renowned, with a total of seven biomes, two of which, the Cape Floral Kingdom (or Fynbos) and Thicket, are restricted to within the country. The Cape Floral Kingdom is identified as one of the richest such areas in the world, while the Succulent Karoo biome is of extreme importance because some 33% of the world's succulents are found in this area of South Africa alone.

Human activity has impacted on South Africa's biomes for many thousands of years. The pace and extent has varied with the centuries. Agriculture and urban development has transformed parts of the landscape. The country's rich biodiversity is under great threat with about 47% of South Africa's natural vegetation having been transformed. South Africa has the third highest number of threatened reptile, amphibian and invertebrate species. Although only 13% of its diverse mammalian fauna are considered threatened, the country is still noted to be among those areas under severe threat of extinctions. Among the vascular plants, Southern Africa records the highest number of Red Data Book species (2,575 species) per unit area, exceeding countries like

Australia, India and Mexico. Thus, in the global context, South Africa with its rich biodiversity and increasing levels of threat makes it an area worthy of conservation attention.

## **2. Eastern Cape Province environment**

The Eastern Cape is temperate rather than tropical and it is free of malaria. Much of the landscape of this second largest province consists of undulating hills. The surface area is 169,580 sq km, some 13.9% of South Africa. The proposed gAENP area covers approximately 383,000 ha, 263,000 ha in the terrestrial zone and 120,000 ha in the marine zone. The area falls within the recent demarcation of four local government authorities (municipalities) of the Western District Council, Blue Crane, Sundays River Valley and Ikweni. The closest towns are Port Elizabeth/Uitenhage, Jansenville, Somerset East, Paterson, Kirkwood, Addo and Alexandria. Rainfall within the gAENP planning domain varies from 250mm on the northern rain-shadow side of the central Zuurberg Mountains belt, to 1,200mm on the mountains and 900mm in the south eastern coastal section. The diversity of topography, the proximity to the coast, a diversity of soil types and its position at the boundary between major climatic zones has produced a range of landscapes and biodiversity of unique proportions, making the gAENP potentially the most diverse conservation area in Southern Africa.

The diversity of abiotic conditions prevalent in the Eastern Cape has made the region the most botanically varied area of the country. It forms a major transition or tension zone between four of the sub-continent's five major phytochoria: the Cape, Afriomontane, Karoo-Namib and Tongaland-Pondoland. This is further witnessed by the convergence within the Eastern Cape of five (Nama-Karoo, Fynbos, Grasslands, Forests and Thicket) of the seven recognized biomes in the country. These biomes are all represented within a 120km radius of Port Elizabeth. Furthermore, within these biomes in the Eastern Cape, a total of 27 different vegetation types are represented, more than any of the other eight provinces of South Africa. Thus, at the level of the vegetation type and biome, biodiversity in the Eastern Cape is the highest in Southern Africa.

## **3. Albany hot-spot**

Within the Eastern Cape and included within the gAENP, the Albany hot-spot has been identified as one of the eight biodiversity hot-spots in the subcontinent. Although the  $\pm 2,000$  species and 10% endemism in the Albany hot-spot is not particularly high, the species-to-area relationship compares with the other Southern African hot-spots, and it should be ranked among the world's most conservation-worthy areas. In addition, the transitional nature of the vegetation types within the Albany area, where many of the species are at their distributional limits, is particularly unique. This pattern offers ideal opportunities to test the factors limiting species distribution, which is of particular importance in studying the ramifications of global environmental change. Endemics within the Albany hot-spot tend to be mainly succulents from the succulent thicket vegetation types. For example 30% of Southern Africa's succulent Euphorbia species are represented in the Eastern Cape, of which 48% are endemic to the region.

## **4. Coast and estuaries**

In addition to the diverse terrestrial elements, the Eastern Cape's coastal, marine and estuarine

components add further to the biodiversity richness of the area. The Eastern Cape is particularly richly endowed with river estuaries, several of which - such as the Sundays River (in the gAENP) - remain perennially open. The Sundays is unique in that it exits through the Alexandria dunefield and is also ranked as the eighth most biological diverse estuary in the country. The Eastern Cape marine component includes a diversity of sandy and rocky shores and two island groups, Bird and St. Croix islands (also in the proposed gAENP), add to the scenic and biological diversity of the region. This section of the South African coast falls within the South Coast marine biogeographical province (one of three nationally identified) and has been independently identified in need of protection. Much like the terrestrial areas in close proximity to Algoa Bay, this section of the coast appears to be a transitional area of marine species from the cool temperate west coast and warm tropical elements and is particularly important for its diversity of bivalves, limpets and endemic fish species. Eastwards of Algoa Bay the proportion of endemic fish species rapidly declines. The continental islands are also important sea-bird breeding sites supporting the largest population of the vulnerable jackass penguin, *Spheniscus demersus*, and the world's largest gannetry of the South African gannet, *Morus capensis*. It also supports other conservation worthy species such as the endangered roseate tern, *Sterna dougallii* and South African oystercatcher, *Haemotopus moquini*. The islands also harbor the most easterly colony of the Cape fur seal, *Arctocephalus pusillus*.

## **5. Landscapes and biomes to be conserved by the gAENP**

The gAENP project plans to conserve representation of the unique range of landscapes and viable samples of five of the country's seven biomes (described below) but, importantly, this long-term conservation is dependent upon the inclusion of sufficiently large enough areas to include the critical processes (both abiotic and biotic) supporting the biodiversity pattern as recommended in the Conservation Plan for the gAENP (see Specialist Reports listed in references).

The proposed gAENP would conserve representatives of a wide range of landscapes, terrestrial biomes and aquatic systems including offshore islands (rare on the African coast), a river estuary, one of the largest coastal dunefields, coastal forests, inland moist and semi-arid plains, mountains, and perennial and ephemeral river system.

### **5.1 Terrestrial biomes**

- **Thicket:** Restricted to the South African eastern seaboard, only 4.5% of this biome is formally conserved. It is under immense threat from degradation as a result of unsustainable farming practices. It is home to important elephant and black rhino populations (both endangered species) that will increase in their international value as the Park expands. The Park will contribute substantially to the conservation of this biome.
- **Nama Karoo:** This biome has a relatively high degree of endemism estimated to be about 18% of its 2,100 plant species. This biome is historically known for the mass movements of its once huge springbok populations, and will play an important part in the semi-arid processes characteristic of the dry northern Karoo plains. The area has been extensively degraded through overgrazing, principally by small stock, so much so, that it was ranked as the most degraded vegetation type in South Africa. It thus remains a conservation priority. Although it covers 28% of the country and 25% of the Eastern Cape, it remains

poorly conserved with a meager 1.9% formally protected. The gAENP project will increase protection by about 60%.

- Fynbos: Fynbos vegetation forms the major component of the Cape Floral Kingdom, the smallest of the six Floral Kingdoms of the world. The Fynbos Biome is the second best protected biome in the country with about 12% formally conserved. The gAENP's planned expansions will only marginally increase the amount of these vegetation types under conservation. More importantly, conservation of the mountainous areas has been noted to be a key area linking biological and abiotic processes between the lowland and upland areas of the Park, critical to the long-term survival of many large mammal species. The biome remains under threat from flower collectors, agriculture, alien vegetation and changing fire regimes, so much so that 1,700 (23%) plant species are threatened with extinction - the highest for any biome in South Africa.
- Forest: The Eastern Cape is particularly important in the conservation of the country's smallest biome, as it is home to 95% and 47% of the country's Coastal and Afromontane forests, respectively. The fact is that they occur in small isolated patches under diverse management authorities and they are still under great pressure from exploitation, grazing and medicinal plant collection, so much so, that more than 43% of the original areas have been transformed. The relatively isolated nature of the forest patches in the Zuurborg section of the gAENP makes them an important biological link between the eastern and southern Cape forest blocks. In addition, the Alexandria coastal forest is important as it is the only forest that has a true mix of Tongaland-Pondoland and Cape elements together.
- Grassland: Essential to the livestock industry in the Eastern Cape, the biome has been placed under great threat, with an average of 58% of the biome having been transformed. The gAENP would increase the area of this biome under conservation by a further 50%.

Of importance in the conservation of the above biodiversity, is the need to preserve the ecological processes driving the system. To this effect, the conservation planning undertaken as part of the PDF-B grant determined that about 82% of the planning domain was required to meet the conservation of both ecological pattern and processes. This emphasizes the point that to conserve those processes unique to this area with a full complement of African herbivores and carnivores indigenous to the region requires large areas under conservation.

## **5.2. Marine component**

The proposed MPA of the Park includes the following important attributes:

- Will greatly contribute to South Africa's national goal of increasing its MPAs from the 5% towards 20%.
- Will create critical linkages between terrestrial and marine conservation areas thereby maintaining important ecological processes, particularly the sandy beach - surf zone interaction important in diatom production, which accounts for 95% of Algoa Bay's primary production.
- Conservation of sandy beach ecosystems, not adequately conserved in South Africa.
- Conservation of 280 macro-algae species, 38% of which are endemic to South Africa.
- The Park will protect representation of over 86% of South Africa's endemic marine invertebrate species.

- The area will offer protection to the highest concentration of endemic coastal marine fish species (34% of South Africa's endemic fish species). The MPA will also play a pivotal role in re-stocking surrounding waters with over exploited reef fish species.

## **Additional Annex 18: Performance of SANParks in Meetings its Mandate SOUTH AFRICA: THE GREATER ADDO ELEPHANT NATIONAL PARK PROJECT**

SANParks has extended the National Parks area under protection by a further 300,000 ha since 1995, with most of the focus on under-conserved biomes. During this period a further four National Parks were proclaimed thus increasing South Africa's conservation assets towards meeting national and international conservation obligations.

In 2002, SANParks achieved a positive turn-around in its financial performance. This was largely due to the implementation of an improvement plan called "operation prevail". The plan was an immediate eight-point action plan to improve the financial situation of SANParks. The major activities included:

- Reducing staff costs by way of staff retrenchment, especially at middle management level
- Outsourcing non-core activities. This was initiated with the commercialization of shops and restaurants
- Replacing and upgrading and investing in additional profitable accommodation units by borrowing funds
- Repaying expensive debt
- Better managing margins and stock holdings
- Approaching the Dept of Environmental Affairs and Tourism (DEA&T) for a cash injection to cover lost revenue resulting from the 2000 floods in Kruger National Park.

The financial performance of SANParks is annexed to this report. The bank overdraft facility of R25m was breached and fully utilized. The improved financial performance has enabled SANParks to repay its overdraft and SANParks is operating with surplus cash and is earning interest on its operational bank account.

DEA&T has allocated increased grants to SANParks. These grants cover new poverty relief projects, land acquisition, road maintenance and an element to cover inflation on costs.

Tourism remains the main generator of funds for SANParks. Accommodation occupancies are relatively high and continue to grow. The tourism products and activities offered by the Parks continue to enjoy success. SANParks largest costs remain salaries and wages for staff, however this is benchmarked at a respectable 55% of total cost. Other major costs include refurbishment of the tourism infrastructure.

Accountability has been cemented through full compliance with the Public Finance Management Act as well as compliance with the King Code of Corporate Governance. SANParks also received an unqualified audit report for 2002. During the year, Mckinsey Management Consultants assisted SANParks with a performance audit, to enable the organization to organize itself better. Recommendations from this report were briefly as follows:

- Streamline the Directorate and organization to support strategic objectives. Build a strong constituency building section that will focus increasingly on broad national support for SANParks, enhanced conservation education and attention to local communities. The new Directorate is in the process of being created.

- Dedicated fund raising section required with personnel resident in the United States focused on this important market.
- Realizing best practice in conservation through an enhanced Conservation Services section with greater emphasis on adaptive management principles through an integrated environmental management system. This is now being effected through employment of further staff in priority academic areas.
- Develop internal fund raising capacity through increased pricing (split tariffs for South African and non - South African citizens, per diem gate fees, tourism accommodation), better product offering, marketing and concession allocation.

These measures, designed to improve efficiency and effectiveness are already in the process of implementation and their effect is still to be recorded.

The financial outlook for year ended 31 March 2003 remains positive. It is expected that SANParks will deliver a similar financial performance compared to 2002. The income from concessions is also coming on stream for the first time in this financial year. This source of income is expected to last for the next twenty years.



# South African National Parks

## BALANCE SHEET

### at 31 March 2002

	Notes	31 March 2002 R'000	31 March 2001 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1	280 493	247 217
Construction work in progress	2	16 181	3 370
Investments	3	24 734	35 655
		<b>321 408</b>	<b>286 242</b>
<b>Current assets</b>			
Inventory	4	13 290	22 161
Receivables and prepayments	5	15 430	16 603
Cash and cash equivalents	6	157 779	3 483
		<b>186 499</b>	<b>42 247</b>
<b>Total assets</b>		<b>507 907</b>	<b>328 489</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Accumulated surplus		171 061	181 976
Reserves		8 000	5 000
		<b>179 061</b>	<b>186 976</b>
<b>Non-current liabilities</b>			
Post-retirement health benefit obligations	7	90 725	18 300
Long-term borrowings	8	42 779	17 152
		<b>133 504</b>	<b>35 452</b>
<b>Current liabilities</b>			
Trade and other payables	9	43 915	37 789
Provisions for liabilities and charges	10	12 938	14 938
Current borrowings	11	11 719	21 053
Reservation deposits held		23 946	21 344
Special projects	12	102 824	10 937
		<b>195 342</b>	<b>106 061</b>
<b>Total liabilities</b>		<b>328 846</b>	<b>141 513</b>
<b>Total equity and liabilities</b>		<b>507 907</b>	<b>328 489</b>

# South African National Parks

## INCOME STATEMENT

### for the year ended 31 March 2002

	Notes	31 March 2002 R'000	31 March 2001 R'000
<b>Gross revenue</b>			
- Continuing operations		256 769	211 512
- Discontinued operations		58 279	111 116
	<b>14</b>	<b>315 048</b>	<b>322,628</b>
<b>Continuing operations</b>			
Gross operating revenue	<b>15</b>	220 255	179 648
Other operating income	<b>16</b>	62 549	46 663
<b>Total income</b>		<b>282 804</b>	<b>226 311</b>
Human resource expenses	<b>17</b>	175 336	178 526
Office and operating expenses	<b>18</b>	129 265	109 536
Depreciation	<b>1</b>	10 959	15 037
Maintenance and consumable stock	<b>19</b>	29 477	21 564
<b>Total expenses</b>		<b>345 037</b>	<b>324 663</b>
<b>Operating loss</b>		<b>(62 233)</b>	<b>(98 352)</b>
Government grant	<b>20</b>	51 683	51 000
Road grant	<b>21</b>	12 000	-
Local authorities grants	<b>22</b>	11 530	10 746
<b>Operating income / (loss) from continuing operations</b>		<b>12 980</b>	<b>(36 606)</b>
Operating income from discontinued operations	<b>23</b>	7 562	12 484
<b>Operating income / (loss) from total operations</b>		<b>20 542</b>	<b>(24 122)</b>
Land acquisition grant	<b>24</b>	8 000	-
Sale of fauna and flora for land development	<b>25</b>	15 176	20 868
Donations	<b>26</b>	5 801	9 170
Restructuring costs		(8 061)	(400)
<b>Income from operations</b>		<b>41 458</b>	<b>5 516</b>
Interest and investment income	<b>27</b>	8 272	11 218
Interest and finance charges	<b>28</b>	(10 753)	(12 801)
<b>Income from ordinary activities</b>		<b>38 977</b>	<b>3 933</b>
Extraordinary items	<b>29</b>	13 952	15 625
<b>Net income for the year</b>		<b>52 929</b>	<b>19 558</b>

**South African National Parks**  
**INCOME STATEMENT**  
*for the year ended 31 March 2002*

	Notes	31 March 2002 R'000	31 March 2001 R'000
<b>Gross revenue</b>			
- Continuing operations		256 769	211 512
- Discontinued operations		58 279	111 116
	<b>14</b>	<b>315 048</b>	<b>322,628</b>
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Extraordinary items	<b>29</b>	13 952	15 625
<b>Net income for the year</b>		<b>52 929</b>	<b>19 558</b>

**Additional Annex 19: Summary of Land Incorporation & Incentive Framework for  
South African National Parks  
SOUTH AFRICA: THE GREATER ADDO ELEPHANT NATIONAL PARK PROJECT**

## **1. Introduction**

As the country's premier conservation organization, SANParks has been mandated by the national government to contribute to the expansion of South Africa's biodiversity conservation areas from the present 6% to 8% of the country's surface area by 2010, and to increase the marine protected areas substantially. National Parks as megabiodiversity repositories primarily serve conservation purposes, but also have an enormous potential for economic development, so much so that when fully developed they should be viewed as an asset and not a liability to South African society. The booming eco-tourism industry in the gAENP and other Parks reflects this. In meeting both conservation and socio-economic obligations, SANParks is attempting to address the issue of conserving a healthy environment, thus combining the objectives of conservation and the sustainable use of biodiversity with restitution. This is in accordance with the National Constitution, the National Environment and Management Act (NEMA), and social justice initiatives as advocated through the Land Restitution, and Reconstruction and Development programs.

The national government has played a pivotal role of late towards land purchases, consolidating 40% of the 20,000 ha, in the Addo Elephant National Park alone in 2001-2, in addition to facilitating the transfer of a further 22,000 ha of state land to SANParks. Private investors have also played an important role. However, alternative forms of incorporation into National Parks through contractual arrangements with private land-owners and community land, offering them a suite of incentives, are also being actively pursued by SANParks.

The general requirement of setting aside large conservation areas is primarily designed to meet the essential ecological patterns and processes associated with preserving sustainable functioning examples of the country's different biomes, but also enhances the aesthetic, recreational and spiritual appeal. Furthermore, expansion of National Parks remains necessary in the face of climate change and the habitat needs of threatened and endangered species. Thus, for National Parks to meet their essential requirement of conserving biodiversity, yet meeting human needs, they must:

- Be large enough to support representative examples of one or more natural ecosystems.
- Contribute to biodiversity and ecological processes and preserve special cultural features.
- Provide spiritual, scientific, educational and recreational opportunities.
- Incorporate the needs and aspirations of local, national and international communities.
- Reduce occupation and exploitation that are a direct threat to its main purpose.

To rationalize the expansion process of National Parks, the following land incorporation and associated resettlement frameworks, bound within their legal guidelines and obligations are elucidated below.

## **2. Legal requirements**

As part of South Africa's democratization process since the early 1990's, the country has developed possibly the most progressive national constitution and supporting social legislation. A great deal of emphasis has been placed upon legally supporting the poorest and most vulnerable sectors of South African society. In this regard, a suite of laws such as: The Constitution 108 of 1996; Labour Tenants Act 30 of 1996; Restitution of Land Rights Act 22 of 1994; Prevention of Legal and Unlawful Occupation of Land Act 19 of 1998; National Parks Act 57 of 1976; National Environment and Management Act 107 of 1998 (NEMA); Expropriation Act 63 of 1975; Extension of Security and Tenure Act 62 of 1997 (ESTA); Marine Living Resources Act 18 of 1998; Sea Shore Act 21 of 1935; The Sea Birds and Seals Protection Act 46 of 1973 governs resettlement and land/marine right activities. These are addressed in the SANParks Land Incorporation policy and Resettlement Framework below.

## **3. Land Acquisition Framework**

The SANParks land acquisition policy seeks to:

- Establish the criteria for incorporating land into national parks.
- Prioritize areas based upon national conservation priorities.
- Prioritize areas for incorporation according to their contribution to the goals and objectives of the specific Park.
- Provide a fair and equitable framework by which to include areas.
- Show flexibility with regard to different means of incorporation.
- Establish legally binding institutions whereby contractual landowners can collectively contract with SANParks.

Any further expansion of a National Park or proclamation of a new one remains justified if one or more of the five following basic principles are met, namely: maintaining ecological integrity; representativeness; enhancing biological diversity; enhancing economic viability; and minimizing threats.

Thus the importance placed upon any particular tract of land or expanse of sea for incorporation into a National Park will depend on its contribution to the goals and objectives of the Park and the threat of these not being achieved in the long-term because of irreversible actions. This therefore requires the weighing up of a suite of criteria including: conservation value; location; size; cultural value; economic contribution; purchase price; aesthetic value; and social constraints.

## **4. Incorporation options**

Different incorporation options would be exercised as follows:

- Purchase: will be entertained when the property is considered to be of high biological importance within the identified core area of the Park, adjoining or surrounded by current SANParks property, of cultural or aesthetic value, managerial importance (straightening boundaries etc), at a reasonable price. The property will be proclaimed as a National Park.
- Contractual Arrangements: will be entertained when the property is situated on the periphery of the proposed Park area, preferably outside the core conservation area, is of biological merit

on its own account, of such a size that it would be able to support a sustainable conservation-based enterprise, or was part of a larger cluster of smaller properties making up an economic unit. The property will be proclaimed as a National Park.

- Management Agreement: will apply to areas on the periphery of the Park, of limited biological value but with managerial importance and importantly can be fenced into the Park. The property will not be proclaimed as contractual National Park land.
- Buffer Agreement: will be encouraged with surrounding land-owners largely outside the desired Park boundary but where by Park integrity would be enhanced if their land use conformed with that of the Parks. This entails a weak agreement.
- Expropriation: will be considered when the purchase route could not be exercised on a willing-buyer willing-seller basis for key properties identified for purchase, and all other avenues have been exhausted.

<p>High value and high threat</p> <p>1. Private land</p> <p>Inside park (undertaken to bring them into the Park)</p> <p>A. Purchase, very high</p> <p>B. Expropriate, very high</p> <p>C. Contract incentive, moderate</p> <p>D. Management agreement, no</p> <p>Outside Park</p> <p>Extension Services, very high</p> <p>Incentives offered to private land-owners</p> <p>Legal recognition, traversing rights, management input, tax exemption, fencing support, consumption of game, extension service.</p> <p>2. Government land/sea</p> <p>Negotiation priority – very high</p>	<p>High value and low threat</p> <p>1. Private land</p> <p>Inside Park</p> <p>A. Purchase, high</p> <p>B. Contract incentive, high</p> <p>C. Management agreement, low</p> <p>D. Expropriate, low</p> <p>Outside Park</p> <p>Extension services, high</p> <p>Incentive offered to private land owners</p> <p>Legal recognition, management input, tax exemption.</p> <p>Reduced traversing rights, fencing support, consumption of game, extension service.</p> <p>2. Government land/sea</p> <p>Negotiation priority – high</p>
<p>Low value and high threat</p> <p>1. Private land</p> <p>Inside Park</p> <p>A. Management agreement, high</p> <p>B. Contract incentive, low</p> <p>C. Purchase, low</p> <p>D. Expropriate, no</p> <p>Outside Park</p> <p>Extension service, moderate</p> <p>Incentive offered to private land-owners</p> <p>No legal recognition, no tax exemption.</p>	<p>Low value and low threat</p> <p>1. Private land</p> <p>Inside Park</p> <p>A. Management agreement, moderate</p> <p>B. Contract incentives, low</p> <p>C. Purchase, low</p> <p>D. Expropriate, no</p> <p>Outside Park</p> <p>Extension service, low</p> <p>Incentives offered to private land-owners</p> <p>None offered.</p>

Reduced or no management input, fencing support, consumption of game, extension service.	
2. Government land/sea Negotiation priority – high	2. Government land/sea Negotiation priority – moderate

The extent to which SANParks implements any of the above alternatives will depend upon the resources which they have at their disposal when considering the options and the perceived value of the property as illustrated in the above matrix.

The incorporation of government land (either terrestrial or marine) for conservation purposes would also be governed by the conservation value and risk matrix above as a means of weighting its priority for negotiation for transfer from other departments to SANParks. Given the fact such land has no transactions costs would generally rate its inclusion highly provided it meets inclusion criteria mentioned above.

## 5. Incentives

The full project expects to be able to use a broad set of incentives to encourage land users to incorporate their land into gAENP. This includes assistance in the following areas:

- Introduction of game for use in eco-tourism.
- Wildlife management knowledge transfer.
- Traversing rights to the Park.
- Invasive alien plant control.
- Rehabilitation of land.
- Fire management assistance.
- Marketing cooperation.
- Funding conduit to mobilize government subsidies.
- Innovative fund for sewage works, etc.
- Joint program for fencing and roads.
- Tourism transport assistance.
- Legal recognition to incorporated areas, including status as Schedule 2, National Park.

The level of contractual land has already reached 20,000 ha. It is projected to increase to some 66,000 ha by project end. With the incentive package comes a set of obligations for the land users, and returns to SANParks. Land users will be contractually committed to observe good standards in biodiversity management, including stocking rates, fencing, and rehabilitation of vegetation. There could also be direct financial obligations to share a percentage of financial turnover with SANParks. Resettlement will be addressed as per the Bank approved RPF and RAP.





## MAP SECTION

