



**PROJECT EXECUTIVE SUMMARY**  
**REQUEST FOR COUNCIL WORK PROGRAM INCLUSION**  
**UNDER THE GEF TRUST FUND**

**GEFSEC PROJECT ID:** 2615  
**IA/EXA PROJECT ID:** 2929  
**COUNTRY:** South Africa  
**PROJECT TITLE:** National Grasslands Biodiversity Programme  
**GEF IA/ExA:** UNDP  
**OTHER EXECUTING AGENCY (IES):** South African National Biodiversity Institute (SANBI)  
**DURATION:** 5 YEARS  
**GEF FOCAL AREA:** Biodiversity  
**GEF STRATEGIC OBJECTIVES:** BD 2: Mainstream biodiversity in production landscapes, seascapes and sectors  
**GEF OPERATIONAL PROGRAM:** 4: Mountain Ecosystems/ 2 Freshwater Ecosystems  
**PIPELINE ENTRY DATE:** 21-12-2004  
**ESTIMATED STARTING DATE:** May 2007  
**IA/EXA FEE:** US\$ 778,500

FINANCING PLAN (\$)		
	PDF	Project*
GEF	A	8,300,000
	B	
	C	
GEF Total	350,000	8,650,000
<b>Co-financing</b>		
GEF IA/ExA		
Government		27,343,926
Private Sector		8,920,362
Other: Environmental NGOs		997,476
Co-financing Total		37,261,764
Total	350,000	45,561,764
Financing for Associated Activities If Any: N/a		

**CONTRIBUTION TO KEY INDICATORS IDENTIFIED IN THE FOCAL AREA STRATEGIES:**

Increase in production area under effective conservation management: EOP Target: 1,396,900 ha

Approved on behalf of the *United Nations Development Programme*. This proposal has been prepared in accordance with GEF policies and procedures and meets the standards of the GEF Project Review Criteria for work program inclusion.

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## 1. PROJECT SUMMARY

### a) PROJECT SUMMARY AND CONTEXT

1. **Summary:** The South Africa Grasslands biome is a repository of globally significant biodiversity. However, in common with other temperate grasslands across the globe, this rich ecosystem is threatened. 30% of the total area has already been irreversibly transformed by anthropogenic activities and only 2.8% is formally conserved within a protected area estate that is not wholly representative of biodiversity patterns. Much of the grasslands ecosystem presently lies in production landscapes allocated to livestock production, agriculture (mainly cereals), afforestation with exotic tree species, and coal mining. South Africa's largest urban and industrial centre is located within the grasslands. Production activities constitute the main threat to grasslands biodiversity. The high turnover of biodiversity across the ecological landscape and the nature of threats to the biota imply that the expansion of protected areas alone will not be sufficient to protect this biological heritage. There is an unmet need, instead, to mainstream biodiversity management objectives into the practices of the production sectors that provide the stimulus for land use changes that threaten biodiversity. The NGBP aims to mainstream conservation objectives into the major production sectors: agriculture, forestry, urban development and coal mining. The programme will lift a number of barriers to conservation, namely, market failure, systemic and institutional capacity weaknesses and limited know-how for conservation management within production sector institutions. The baseline is characterised by many uncoordinated efforts to manage grassland biodiversity. Although the enabling environment for 'mainstreaming' is largely in place with a supportive policy and legal framework, there is a gap between policy and implementation. This provides an entry point for GEF interventions. The NGBP is designed as a catalytic initiative which will coordinate existing conservation efforts in the biome and improve their efficacy by expanding the management 'tool box'.

2. **Environmental Context:** South Africa is one of 17 megadiversity countries in the World, assessed on the strength of its floral diversity and endemism. The South African grasslands biome, one of 7 in the country, is an old, complex system of diverse plant communities. The biome straddles an area of 339,237 km<sup>2</sup> (about 29% of the country). The altitude varies from sea level to 3,300 metres above mean sea level (amsl), with a central plateau ranging from 1,200- 2,000 amsl. Rainfall ranges from 400 to 1,200mm/year, while the temperature gradient is also high. Several of South Africa's major rivers flow through the biome, and the biome provides important hydrological provisioning services. Rainfall and topographical aspects influence the types of grassland communities within the biome. Two climatically controlled grassland types are recognised, namely: temperate inland and subtropical coastal grasslands. The former type is further categorised into 2 sub-types, namely: highveld grasslands and mountain grasslands.

3. The Grasslands are exceptionally rich in floristic diversity, harbouring over 4,000 plant species, with high endemism. The overall species richness is second only to the Cape Floristic Region (greater at 1000m<sup>2</sup> scale). Only one in 6 plant species in the South African grassland community is in fact a grass. The remainder are bulbous plants that include arum lilies, orchids, red hot pokers, watsonias, gladioli and 54 known species of ground orchids<sup>1</sup>. Nearly half (15) of the 34 mammal species that are unique to South Africa are found in the grasslands biome. The grasslands are also classified as an Endemic Bird Area — and ranked amongst the highest global conservation priorities for EBAs. The biome hosts 52 of the 122 Important Bird Areas in South Africa. Of the 195 reptile species endemic to South Africa, 42 (22%) are found in the grasslands biome. Of these, 20 (48%) species and a further 7 subspecies are endemic to the biome. The area is also important for the conservation of invertebrates. One-third (31) of the 107

<sup>1</sup> Many of these plants are important to the global trade in cut flowers and garden flowers. While the trade consists mainly of hybridized varieties, the South African grasslands biome is important for the conservation of wild races.

threatened South African butterfly species occur in the grasslands, and half of these species are unique. Finally the area harbours important wetlands; of 17 Ramsar sites in the country, 5 are in the biome. These areas provide feeding and breeding sites for a range of migratory waterfowl, amplifying their importance.

4. The grasslands are characterised by moderate- high gamma diversity—a measure of the rate of biological turnover across the ecological landscape. The biodiversity of the biome is not evenly distributed across the landscape. Presently 80 different vegetation types and 42 river ecosystem types are recognised. Of these ecosystems, 2 of the vegetation types are critically endangered, 18 are listed as endangered and 27 are classed as vulnerable. 83% of the river ecosystems are ranked as threatened, with 48% critically endangered. A recent scientific assessment of conservation priorities in the grasslands biome [Spatial Priority Assessment 2005] identified 36.7% of the land area as being important for conservation. This is the area that will need to be afforded protection to fully represent biodiversity pattern and process. These lands are currently located in an admixture of production landscapes, with the dominant land uses being agriculture (cultivation and livestock husbandry), plantation forestry, urban areas and coal mining. Thus in order to achieve representation of all the unique biodiversity of the biome it will be necessary to focus interventions on the main production sectors and across the landscape.

5. **Socio-Economic Profile:** The grasslands biome occurs within six of South Africa's nine provinces, although fragments occur in all provinces. The biome contains the economic heartland of the country, including the urban conurbation of Gauteng (constituted by the cities of Johannesburg, Pretoria, Soweto and Ekurhuleni) and important mining and plantation forestry estates, amongst others. As a consequence, it is greatly influenced by macro level economic and political developments in the country. The government has placed a priority on accelerating economic growth and generating employment opportunities. Increased government spending on development and private sector growth holds both threats and opportunities for grasslands biodiversity. As the emphasis is on increasing growth, this clearly brings pressure to bear on the natural resource base. Unfortunately, the economic value of biodiversity has not been adequately expressed within South Africa's macro-economic policies and programmes.

6. The Table below provides a land use profile of the biome based on national land cover statistics:

**Table 1: Land Use Profile of the Grasslands Biome**

<b>Land Use in the Grasslands</b>	<b>Km<sup>2</sup> (% of grassland)</b>
Cultivated areas (agriculture)	75,833 (22.1%)
Forest plantations	9,932 (3%)
Mines and quarries	933 (0.3%)
Degraded lands	22,041 (6.4%)
Urban and industrial areas	5,843 (1.7%)
Waterbodies	1,600 (0.5%)
Natural land cover (including rangeland)	217,850 (63.2%)
Protected areas (private, national, provincial)	9,451 (2.8%)

Production activities within the biome make a large contribution to the country's economy. Agriculture contributes about 3.1% to the GDP and 10% of formal employment. South Africa is a net exporter of agricultural goods, with agriculture contributing on average 8% of total South African exports by value. Commercial forestry contributes about 1% to the GDP and accounts for 1.4% of formal employment. Coal mining contributes about 4% of the GDP and employs about 52 000 people. Gauteng Province supports a growing services sector. The Province accounts for 52% of South Africa's value added in the manufacturing, trade and financial services sectors and absorbs over 50% of the formal labour force. A detailed profile of these production activities is provided in the Project Document (Section 1.4).

7. **Policy and Institutional Context:** South Africa's planning framework is complex, multi-layered and historically has lacked integration. The Constitution gives concurrent legislative competence to

national and provincial governments for most functions pertaining to biodiversity conservation with the exception of national parks, botanical gardens, and marine resources, the management of which rests with national government. The national government has the primary responsibility for policy enactment, while responsibilities for policy implementation rest with statutory bodies, and with the provincial/local authorities. Provincial governments are empowered to pass subsidiary legislation on environmental management. Local municipalities are responsible for land use planning and oversight and for the delivery of public services.

8. The National Environmental Management Biodiversity Act of 2004 (the Biodiversity Act) is the key legislation governing biodiversity management. The Government has developed a National Biodiversity Conservation Strategy and Action Plan (NBSAP). The NBSAP sets out a framework and action plan for biodiversity conservation, and includes a National Spatial Biodiversity Assessment (NSBA), which defines spatial conservation priorities. The Biodiversity Act provides for the publication of a National Biodiversity Framework. The Framework will draw heavily from the NBSAP, and contains norms and standards for the production of Bioregional Plans which will guide land use planning and decision-making undertaken by provincial and municipal government authorities. The Act also provides for the listing in the government gazette of threatened ecosystems, and requires that robust environmental impact assessments be undertaken for developments classified as ‘threatening’ within these priority areas.

9. The Department of Environment Affairs and Tourism (DEAT) is the primary custodian of the environment. It is responsible for setting environmental policy and legislation, and for monitoring compliance with policies. The South African National Biodiversity Institute (SANBI) was established under the Biodiversity Act as a statutory institution devoted to the study, conservation, and promotion of the country’s indigenous biodiversity. SANBI succeeds the National Botanical Institute, which, with its predecessors, has been involved in conservation activities for over a century. The SANBI Biodiversity Directorate is responsible for the coordination of bioregional conservation programmes country wide.

10. A number of institutions are responsible for the regulation of production sectors, including the National Department of Agriculture, the Department of Water Affairs and Forestry, and the Department of Mines. In Gauteng, the Department of Agriculture, Conservation and Environment oversees the regulation of physical development. Each sector is organized into various commodity organizations, and producer groups, which represent the interests of their members. Further information on these public and private sector institutions is provided in the Programme Document (see Parts 1.5.2-1.5.4 and Annex IV).

11. **Threats to Biodiversity from Production Activities:** An analysis of the relative impact of different production activities on the conservation status of the grasslands was also undertaken during the preparatory process. Land uses were scored against a set of biodiversity indicators to provide a picture of their impact. The results are briefly summarized below. Further details are provided in Part 1.6 of the Programme Document and in the Threats Assessment (Annex I of the Programme Document).

12. **Agriculture:** About 65.2% of the grasslands biome comprises rangelands used for grazing by domestic livestock and game. Under appropriate conditions, this land use is considered to be conducive to the maintenance of grassland biodiversity. Inappropriate management practices can, however, lead to habitat disturbance, with coupled adverse impacts on biodiversity. Inappropriate grazing management can take various forms, including over-stocking, inappropriate species stocking ratios, and inappropriate application of fire as a management tool (to release potash into the soil to improve grazing). The practices usually result in changed vegetation composition. Cultivation poses a more serious threat to grassland biodiversity leading to direct habitat loss, fragmentation of habitats, and the disruption of ecosystem function. Although the impacts of cultivation on biodiversity are severe where it occurs, the threats to biodiversity in the grasslands biome as a whole are considered to be low to moderate. Economic

impulses<sup>2</sup> in the last decade have led to the contraction of the cultivated area within the biome. Macro level pressure for agricultural expansion in the grasslands biome is not likely in the next five years. There is a risk in the future that new threats will emerge with the development of new crops. The most significant of these are two types of green fuels from biomass – bio-diesel from vegetable oils and ethanol fuels. If the planting of land takes place on previously cultivated lands, then the impact on biodiversity will be negligible: but if it should take place on a large scale on veldt, the impact would be significant.

13. **Plantation Forestry:** New commercial timber plantations have significant negative on-site impacts on biodiversity because they result in direct habitat losses. Plantations have been found to use between 500 and 1500 million m<sup>3</sup>/ha/annum more water than the vegetation replaced, reducing measurable streamflow by between 50mm – 150mm/annum. This has an impact on wetlands. Thus, the extent and location of new plantations is of key concern to the conservation agenda. The area under production is expected to increase by up to 200,000 ha over the next 20 years, mainly in the form of small holder estates. The big growers own large tracts of land that are presently unplanted with trees, including areas that are important for biodiversity conservation. There are three threats facing this land. Firstly, the ecological integrity of these areas may be gradually undermined because the areas are too small to maintain native species assemblages; and secondly these areas may become invaded by alien species, which out compete native species. Third, this land will soon become subject to the Local Government Property Rates Act which, once implemented, will tax this presently un-taxed land so causing the companies to incur new costs. The risk exists that companies may sell land that contains natural grasslands rather than pay rates, resulting in undeveloped land coming onto the market for development.

14. **Urbanization (Gauteng Province):** Urbanisation can lead to complete transformation of grassland habitat, leaving only small isolated fragments, and disrupted ecosystem functioning in the form of dramatically perturbed fire and grazing regimes, biogeochemical processes, and hydrological functioning, loss of habitat and an increased threat of bio-invasion by invasive alien species. These problems are particularly acute in Gauteng province, which is the centre of distribution for the Bushveld-Bankenvel vegetation type and e-goli grasslands, the conservation targets for which cannot easily be met elsewhere.

15. **Coal Mining:** The grasslands contain a rich mineral wealth, including coal, gold, diamonds (alluvial and underground), platinum, and stone. Coal mining is the most significant sector in terms of spatial coverage. 40% of coal in South Africa is extracted by open-cast methods, which have a devastating impact on biodiversity. However, its existing footprint is, relative to other land uses such as cropping and forestry plantations, small at about 40 000ha. Set against this is the fact that the vegetation types affected by open-cast mining operations include several types with a low formal conservation status, namely Moist Clay Highveld Grasslands, Moist Cool Highveld Grassland, Moist Sandy Highveld Grassland and North Eastern Mountain Grasslands. Coal mining has a substantially greater impact than any other land use on hydrological functioning owing to water abstraction and water acidification. Therefore, coal mines can have external impacts on wetlands outside of the immediate production zone.

## **b) PROJECT RATIONALE, STRATEGY AND IMPACT, OBJECTIVES, OUTCOMES AND OUTPUTS/ACTIVITIES AND INNOVATION**

### **Project Rationale**

16. Normative Solutions to Address Threats: Under the baseline scenario, many activities that directly and indirectly contribute to improved management of natural resources within the grasslands biome will occur, but these will not by themselves ensure that biodiversity management objectives are

<sup>2</sup> Corresponding with the removal of farm subsidies.

being attained. Production activities will continue to pose an unmitigated threat to biodiversity in production landscapes, where the bulk of the biome's biodiversity resides. To secure conservation values in the grasslands biome it will be critical to promote the concept that grasslands ecosystem services are critical to sustainable development. Another key strategy is for the conservation community to engage with the development agenda through 'mainstreaming' activities, which seek to nest conservation in development strategies for mutual benefit.

17. Some strategic expansions to the protected area estate are planned. The Government recognizes that grasslands are severely under-represented in the South Africa protected areas network. Plans are underway to create a Grasslands National Park. While this will expand the area of the protected area estate by an estimated 15,000 hectares, this investment, coupled with that dedicated to the management of existing protected areas will by itself be insufficient to protect the biodiversity of the biome. This is because the biome is characterised by a high rate of biological turnover across its ecological landscape, meaning that many large areas will need to be protected. Furthermore, the protected area estate will not directly address the main causes of biodiversity loss emanating from the land use practices of production enterprises.

18. A more detailed analysis of the baseline situation is provided in the Programme Document (Part 1.7). The normative solution, or state of the world needed to mitigate threats to biodiversity is described below.

(i) Enabling Environment: Although the enabling environment is in place, with a supportive policy and legal framework, there is a gap between policy and implementation. Measures are needed to improve the enabling conditions needed to ensure that production sectors are accommodating biodiversity management objectives in their production practices. The normative solution entails a number of improvements in the enabling environment. A knowledge management system that will facilitate information sharing, networking and replication of good management practices will be in place, catering to the information needs of the public sector, private enterprises, and civil society. Production enterprises, led by industry champions in each sector, will be negotiating tradeoffs between production endeavors and conservation needs with informed regulatory authorities, based on sound information. Last, the capacity of regulatory institutions in the environment and production sectors to coordinate the implementation of policies, develop environment management plans, and monitor their implementation will be in place.

(ii) Agricultural Sector: Under the baseline, rangeland practices will be geared towards enhancing the productivity of grazing, and will not incorporate biodiversity management. In particular, burning regimes and stocking practices will adversely affect the floristic and invertebrate component of the grassland biota. Where cropping expansion occurs, it will do so regardless of biodiversity management needs. The normative solution will engineer a better alignment between production needs and conservation imperatives on agricultural lands. A range of measures will be in place, facilitating the integration of biodiversity management objectives into sector production practices. These include the application of win-win biodiversity-compatible rangeland management systems. The incentives for farmer uptake of these practices will be improved through the emergence of a certified domestic red meat market, recognising environmental good practice. The organised livestock and game production associations will be playing a pivotal role in bridging the information divide between farm enterprises and the conservation fraternity concerning the employment of biodiversity-friendly management systems. Finally, any expansion of cultivation will be occurring on fallow lands or those of low biodiversity conservation value.

(iii) Plantation Forestry: The organised forestry sector is environmentally aware and part of the international certification system operated by the Forest Stewardship Council (FSC). In the normative solution, companies will be managing unplanted lands to protect biodiversity, and earning recognition for

good management practice. Land allocation decisions for new plantation developments will accommodate biodiversity management needs, ensuring that tradeoffs are factored into the land allocation process.

(iv) Urbanisation: Urban expansion in Gauteng on its present trajectory will result in unmitigated development and coupled biodiversity loss. The normative solution will see the induction of a suite of activities to address the problem. First and foremost, there will have been an attitudinal shift in the institutions responsible for regulating urban development, and amongst the developers themselves (i.e. city planners, architects and the construction industry). The management tool box will have been expanded, improving decision-making processes. While regulatory functions will be strengthened to protect critical sites for biodiversity, this will be complemented by biodiversity offset arrangements aimed at internalising the costs of land conversion in green spaces into the cost/benefit calculus for development.

(v) Coal Mining: Steps are being taken by the government and the coal mining industry to address the environmental impacts of coal mines. The normative solution will see biodiversity planning information used by mining companies and regulatory authorities to plan new mines. Moreover, innovative new market mechanisms, in particular offsite wetland mitigation banking, will be piloted and adapted and good practice accommodated in business practice. This will be applied in partnership with State wetland protection schemes, such as Working for Wetlands, and designed to ensure strong regulatory oversight.

19. Barriers to the Conservation of Biodiversity: A number of barriers are impeding efforts to implement the normative solutions. If left unattended, this will correspond in the continued mismatch between conservation objectives and production practices.

(i) Market Failure: Ecological goods and services supplied by grasslands tend to be public goods. Consequently, ecosystem functions are not being accounted for in land transactions and management. The perceived free value of the ecosystem leads to land use allocations that may not optimize the total economic value. The Government has identified the need for coherent policies on fiscal instruments and incentives that promote environmental management and biodiversity stewardship. A series of tax anomalies and perverse incentives hampering private investment in biodiversity management have been identified. A national framework on environmental fiscal instruments is being developed by the Treasury. There are 3 immediate opportunities available to address market failure within the grasslands biome:

- While a number of environmental certification systems have been established in certain industries, most notably the plantation forest sector, these do not yet accommodate the specific management needs of the grasslands. Although about 80% of forest plantations are ISO 14001 or FSC compliant, certification schemes do not adequately incorporate biodiversity management considerations in ecosystems other than natural forests, such as grasslands. The possibility also exists of developing a certification programme for livestock and game meat produced using environmentally friendly standards.
- The Municipal Property Rates Act provides for a tax exemption on private and communal land that is formally conserved under different protected area categories. Capacities need to be built amongst landowners and users, to enable them to set up conservation management systems that qualify for this exemption.
- Regulated environmental offset arrangements need to be developed, such as wetland mitigation banking, and urban greenspace offsets, which allow developers to compensate for the impacts of production operations through protection and/or restoration of grassland areas with equivalent conservation value.

(ii) Systemic and Institutional Capacity Weaknesses: While a strong macro-enabling framework is in place, subsidiary regulations, plans, and management guidelines and tools have yet to be developed. The impetus for action by production sectors is being undermined, in part, because awareness amongst key

decision makers of the economic value of grasslands ecosystems is limited. Furthermore, existing data, including of the ecological and economic parameters for grassland management, is not being widely shared. As a consequence, it is difficult to ascertain the acceptable level of tradeoffs needed between development objectives and practices in production sectors, and those for biodiversity conservation. These barriers are compounded by inadequacies in the systems for coordinating conservation management with the regulatory functions of public production sector institutions. Coordination and collaboration between spheres of government responsible for land use planning, decision making, and land management needs to be improved. While the Biodiversity Act gives teeth to Bioregional Plans, helping to ensure that biodiversity management is accommodated in land use planning and regulation, mechanisms to cultivate collaboration between production interests are needed to put them into action.

(iii) Management Tools and Capacity: There has never been a focus on accommodating biodiversity conservation objectives in veld management practices, which tend to be solely production focused. However, existing research shows that win-win options exist, that allow biodiversity conservation needs to be accommodated in grazing management systems. Current mechanisms for supplying this information to land users are inadequate, and the information that is available is too general to accommodate the heterogeneity in ecological conditions at the farm level. Gaps in know-how also affect management interventions in other sectors, including plantation forestry and coal mining. These industries manage large swathes of undeveloped grasslands, which while not necessarily threatened by direct habitat conversion by the companies themselves, are subject to other pressures which remain largely unmitigated. These include invasion by alien species, which out-compete native species, predator control programmes at landscape level, and fragmentation of small habitat plots. Tools are needed to inform enterprises of cost-effective management measures to improve stewardship of these areas, to be accompanied by due recognition through market incentives. These problems can be resolved to some extent through the production of good practice guidelines. However, there are two additional impediments to action, namely, capacity weaknesses at the enterprise level to put these guidelines into effect, and effective ways and means of disseminating information at a mass level. While the industries themselves can play a big role in addressing the gaps, particularly where organized industry associations are in place, there has been little attempt thus far to build institutional capacity and provide support to capitalize on such opportunities.

## **Project Strategy and Impact**

20. The NGBP responds to the critical threats confronting grassland biodiversity by addressing barriers to the attainment of normative solutions to their remediation. There are a number of conservation efforts already underway in the biome, but these, by themselves, will not ensure that biodiversity management objectives are adopted by production sectors. The programme will complement existing grassland biodiversity conservation initiatives by seeking to mainstream conservation objectives into the production strategies and operational practices of the agriculture, forestry, urban development, and coal mining sectors. Success will depend to a large extent on the leadership and ownership exemplified by the different production sector institutions involved in implementation which in itself will depend on the ability to forge a consensus on tradeoffs between production and conservation objectives and strategies.

21. The GEF-supported element of the programme will be the core catalyst around which the rest of the programme will form. The NGBP is conceptualised as a ten year programme and adopts a phased approach comprising a suite of carefully designed and targeted interventions split into two phases of five years. During the first phase (2007-2012), GEF supported activities will be focussed on building South Africa's capacity to absorb and sustain investments designed to secure grassland biodiversity. At national level, GEF resources will be dedicated towards building capacity at the systemic, institutional and individual scales to plan, execute and monitor activities. The funding is intended to improve the enabling environment, an endeavour towards which other funding has been leveraged. At the same time, local level activities will demonstrate how production practices in the different production sectors can be adapted in



order to address biodiversity management objectives. The second phase (2012 – 2017) will focus on leveraging investments to consolidate progress from phase 1, scaling up best practices which have been identified during the first phase and advancing measures to adapt to anticipated long-term climatic changes. GEF funding for phase 2 would be dependent upon the successful attainment of agreed outcomes in phase 1, which will be subject to independent validation. Phase 1 is designed to ensure that global environmental benefits will continue to be delivered, irrespective of further GEF investment. The programme will be continued beyond the GEF intervention, building on the measurable results it fosters.

22. The programme is designed to secure key biodiversity values in the grasslands biome, and thus to contribute to the achievement of national biodiversity conservation targets (protection of a representative sample of biodiversity). The programme has developed specific strategies to maximize the impacts of activities, and is designed to have a catalytic effect across the landscape. The principal global environmental benefit of the programme derives from the added security provided for grassland ecosystems and constituent flora and fauna through effective mainstreaming of grassland biodiversity conservation objectives into production sector practices. In addition, the stewardship element embedded within the mainstreaming approach will result in innovative formal protection of refugia representative of biodiversity within the agricultural, forestry and urban sectors. One important global benefit will be the protection in situ of the wild races of many hybrid flowers important to commerce, such as the arum lilies, watsonias, and gladioli. National benefits include securing economic values of grassland ecosystems. These include direct consumptive values (e.g. medicinal plants, meat); direct non-consumptive use values (e.g. heritage, recreational); indirect use values/ecological functions (e.g. watershed protection, nutrient recycling) and non-use values (e.g. premium placed on maintaining biodiversity for future use). Initial work carried out to attach values to various ecosystem services from the grasslands biome using existing information, estimates that the value of the flow of ecosystem services in grasslands to be in the order of R9.7billion per annum, or R29,005 per km<sup>2</sup>. (See section 2.5 Expected Global and National Benefits paragraphs 132 to 135 and Table 13 Logical Framework Analysis in the Programme Document.)

### **Project Objectives, Outcomes, and Outputs/Activities**

23. The Goal of the NGBP is: The biodiversity and associated ecosystem services of the grasslands biome are sustained and secured for the benefit of current and future generations. The Objective is: Major production sectors are directly contributing to the achievement of biodiversity conservation priorities within the grasslands biome. Five Outcomes are specified. A description of the Outcomes and Outputs is provided below. (Further information on planned outputs is provided in the Programme Document, Section 1, Part 2.)

**Table 2: Project Objectives and Outcomes**

<p><b>OUTCOME 1: Enabling environment for biodiversity conservation in production landscapes is strengthened</b></p> <p><b>1.1. <u>The enabling policy and regulatory framework is deepened:</u></b> Bioregional plans for the grasslands biome will be gazetted at the appropriate level, and incorporated into provincial and local government planning systems. Multilayer GIS maps at both the grasslands biome wide level and fine scale level will be produced, providing decision makers with a mechanism for multi criteria analysis. The NGBP will engender the informed use of economic valuation for the management of the grasslands working with the National Statistical Service, which has started to develop a national resource accounts system.</p> <p><b>1.2. <u>Knowledge management system for the umbrella NGBP is developed.</u></b> A knowledge management system will be developed that will facilitate information sharing within and across the public, private, and civil society sectors. An effective programme-level communications system will be put into place and managed on a continual basis. A robust M&amp;E system and reporting process will be designed whereby all affiliated institutions will be responsible for performance monitoring.</p> <p><b>1.3. <u>Increased capacity of stakeholder institutions to engage effectively in mainstreaming biodiversity management into production practices.</u></b> Processes and protocols will be put in place for facilitating the engagement of a range of institutions and stakeholders whose core business is not biodiversity management. These will a) allow for formal institutional affiliation with the NGBP, b) put in place MoUs that set out the roles and responsibilities of the different implementing parties, and c)</p>
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allow for a peer review system of the implementation process. The capacity of these institutions to mainstream biodiversity management effectively across various divisions will be strengthened. This will include: establishing a coordination hub for the Programme within SANBI; and supporting targeted training programs for individuals in the implementing agencies.

## **OUTCOME 2: Grassland biodiversity conservation objectives mainstreamed into agriculture**

**2.1. Improved rangeland management systems piloted that incorporate biodiversity management objectives:** The NGBP will work with groups of landholders in discrete areas to test ways and means of accommodating biodiversity needs in production practices, building on the strength of existing research. A matrix of land uses will be promoted, which include set asides and legally binding contract nature reserves, eligible for tax exemption in terms of the Local Government Municipal Property Rates Act. The NGBP will support two field demonstrations aimed at testing and adapting rangeland management

**2.2. Biodiversity-friendly livestock/game production systems promoted through certification scheme:** Working in collaboration with the retail sector and livestock industry associations, the NGBP will facilitate development of a domestic certification system for range- fed beef, mutton and/or game, with a view to recognising good environmental management practice.

**2.3. Land use allocation decision making processes reflect biodiversity conservation priorities:** The NGBP will engage with the land use planners in Provincial Departments and with the National Department of Agriculture to ensure that new cultivation developments do not compromise biodiversity value (for example ploughing virgin grassland) and are appropriately located. This will be facilitated through the use of the gazetted Bioregional Plans, and the utilisation of data at appropriate scale to facilitate robust multi-criteria analyses accommodating economic, operational and conservation needs.

## **OUTCOME 3: The forestry sector directly contributes to biodiversity conservation objectives in the grasslands biome**

**3.1. Improved management of existing unplanted forestry owned land:** The NGBP will work with forest companies to improve the management of unplanted lands within the forest estate. Specific outputs include the development of site management plans, improved management of wetlands and riparian zones, and clearance of alien invasive species.

**3.2. Conservation Stewardship Arrangements operationalised:** A number of companies have indicated that they are interested in designating unplanted lands containing natural grassland as nature reserves, managed by the enterprise. The Programme will work with companies in designated areas to develop plans and operating procedures and to engineer proclamation.

**3.3. Certification Systems strengthened:** The NGBP will provide support to further integrate Grassland biodiversity management into industry-led certification systems and standards, and to integrate small growers into the certification system. This is critical as future expansion of plantations is expected to be predominately small grower based.

**3.4. Appropriate expansion of new forestry plantations in terms of location** The NGBP will work with government regulatory authorities for the forestry sector and the industry to ensure that future forest plantation expansion does not occur within areas designated as high priorities for biodiversity conservation. Water permit allocations would be varied by location depending on the impact on ecosystem services and external impacts on wetlands, thus regulating plantation expansion.

## **OUTCOME 4: Grassland biodiversity management objectives mainstreamed into urban economy in Gauteng**

**4.1. Biodiversity toolkit (policy, guidelines, decision-support tools) developed for use by province and municipalities within urban areas:** A biodiversity toolkit for use by provincial and municipal government, and private sector associations such as environmental impact assessors, estate agents etc will be developed. The toolkit will strengthen the Record of Decision processes and instructions issued by planning authorities on development applications to address biodiversity priorities.

**4.2. Strengthening Capacity through Targeted Awareness, Communication and Training:** Increasing the understanding of the importance of biodiversity and ecosystem services within the urban economy will be of the essence, if conservation objectives are to be realised. The capacity of provincial and municipal authorities responsible for town and country planning and regulatory enforcement to address biodiversity planning needs will be enhanced through targeted training programmes.

**4.3. Secure Priority Areas as Biodiversity Refugia:** The NGBP will work with the Gauteng provincial authorities, settler associations and developers to designate refugia representative of biodiversity as set asides, to be part financed through a greenspace biodiversity offset scheme (that will be facilitated through the record of decision making process). Forty-three sites have been identified, with twelve prioritised for site action. These areas will be subject to different management arrangements, with some sites classified as formal protected areas, and other sites managed through conservation easements, which circumscribe the types of physical development that may be permissible in future. A range of management options

will be pursued, vesting management rights to local municipalities, NGOs or citizens groups or groups of developers.

#### **OUTCOME 5: Biodiversity management secured in coal mining sector**

**5.1. A Biodiversity Offset Scheme is developed:** the NGBP will work with DWAF, the Working for Wetlands Programme, the Water Research Commission and provincial authorities to establish a wetland mitigation banking scheme. The Working for Wetlands Programme has started to pilot wetland offsite mitigation with coal mining companies but the initiative is nascent. The NGBP will support this initiative by funding capacity building that will play a catalytic role in demonstrating application of the concept through strengthening the institutional framework, learning and disseminating lessons and then making the appropriate policy interventions. The NGBP will ensure that due process is followed and that mitigation does not override the need to accurately assess impacts and ensure that they do not constitute a fatal flaw i.e. unacceptable loss of biodiversity. Key issues that will be addressed include: a) Mitigation Ratios – in the case of functional wetland a greater area of wetland will be rehabilitated than lost b) Maintaining Catchment Integrity; c) The need to mitigate with Type for Type.

**5.2. Coal mine expansion planned using biodiversity information:** The NGBP will work with mining companies, the DME, and the provincial authorities responsible for EIA decision making and conservation to identify areas marked for coal mine expansion that overlap with biodiversity priority areas and to develop mitigation measures, including offsite mitigation.

### **Innovation**

24. The innovation of the project is to engage production sectors as central agents in the conservation of grassland biodiversity. As projected areas alone are insufficient to meet grassland conservation targets, this project will work to mainstream biodiversity conservation into production sectors that have either a high impact on or a high compatibility with grassland biodiversity. The project is engaging stakeholders in these sectors in the design and implementation of measures that will provide incentive to industry to conserve grassland biodiversity as part of their operations. In other words, mechanisms facilitated through the project will ensure that the conservation of grassland biodiversity will make good business sense. The approach of the project is thus to facilitate an attitude change in the private sector, driven by a profit motive, which recognises that conserving the natural resource base and grassland biodiversity has long term benefits for business and the broader society. Innovative market mechanisms – such as wetland mitigation banking, and conservation approaches based on incentives – such as conservation stewardship with the private sector as a means to formally protect refugia representative of grassland biodiversity – will be tested in practice. Certain innovative indicators – such as the Biodiversity Intactness Index and the Institutional Mainstreaming Effectiveness Scorecard – will be used to measure impact. (See Part 2 Strategy, Table 7 Incentive Framework and Table 19 in Annexes called Rationale for Selection of Indicators in the Programme Document). An additional element of innovation adopted in the project approach is to involve as many stakeholders as possible, ranging from academia, local and national government, investors in the agricultural, forestry, coal mining and urban development sectors, as early as possible in the design phase. This has ensured widespread support and buy-in for the implementation of project activities and through building capacity in implementation partners located outside the core project team, will ensure long term sustainability of interventions beyond the lifespan of the project.

#### **c) KEY INDICATORS, ASSUMPTIONS, AND RISKS**

25. A number of performance indicators have been defined. The Log Frame (Annex 1) provides the full list of indicators, baselines and targets, while a justification for their selection is provided in the M&E plan. The GEF Mainstreaming Tracking Tool has been completed, and will be used to measure performance.

##### **A sample of the indicators selected:**

- *Biodiversity Intactness Index: an indicator developed for the Southern Africa Millennium Ecosystem Assessment. The Index measures the state of biological diversity within a given geographic area.*

- *Institutional Effectiveness Index: a measure of institutional effectiveness in engendering mainstreaming*
- *Area of terrestrial and marine ecosystems under improved management or heightened conservation status including conservation areas.*
- *Increase in investments from production sectors in collaborative conservation management models*
- *Existence of incentives framework*

26. The Table below summarises the planned changes in Production Practices that will be engineered through the programme in order to enhance the conservation compatibility of production systems.

**Table 3: Planned Changes in Production Practices**

Sector	Behavioral Change
<b>Agriculture/ Livestock</b>	Agricultural expansion will be occurring in areas of low biodiversity significance (i.e. using land use planning restrictions and streamflow permitting system) Biodiversity management toolbox provides information to farmers on cost effective measures for adapting rangeland management to optimize productivity and biodiversity management. Conservation stewardship schemes (where farmers make formal commitment to protect biodiversity by creating set asides, reducing stock density and farming appropriate species) in place, and underpinned by incentives (rates rebates/ red beef certification for niche domestic market)
<b>Plantation Forestry</b>	Expansion of the forest industry factors biodiversity value into decision making. Improved grassland biodiversity management is being promoted by certification system and industry led voluntary code of conduct Conservation stewardship (formal conservation areas) secures key grassland biodiversity on unplanted lands
<b>Urban Development</b>	Grassland conservation values are being factored into cost- benefit calculus for development. Priority sites for biodiversity conservation are included in urban greenspace network.
<b>Coal Mining</b>	Piloted wetland mitigation banking system provides market mechanism to address biodiversity externalities

27. The table below details risks and the risk mitigation measures that will be instituted to abate risk.

**Table 4: Risk and Mitigation Measures**

Risk	Rating	Risk Mitigation Measures
1. Significant increase in external development pressures beyond projected scenario - Major economic changes to production sectors, with consequent impacts on biodiversity, could result from potential macro-economic changes	M	- Activities have been designed based on a thorough analysis of threats including a strategic economic assessment - The M&E system will provide early warning of threats, allowing mitigation measures to be proactively instituted - Economic fundamentals are strong in South Africa
2. Difficulties in attaining mutual consensus between biodiversity sector and production sectors on biodiversity needs and production imperative	M	- Demonstrate benefits of real tradeoffs - Programme places major emphasis on voluntary led schemes championed by industry - Carefully monitor and disseminate conservation gains from programme
3. Delays in instituting appropriate incentives that trigger mainstreaming in targeted production sectors	M	- Emphasis to be placed on supporting cabinet approval of the Treasury policy framework for fiscal incentive - Winnable specific fiscal incentives for agriculture that comply with the above framework are already in place - Tax incentives for stewardship in the Property Rates Act, translated into practice on the ground, serve as strong illustration of benefits to farmers - Achievable certification scheme supported by strong marketing campaign to stimulate market demand for certified products
4. Institutional commitment for mainstreaming outside conservation division remain shallow and do not percolate across other divisions such as operations etc	S	- Identification and building of champions for biodiversity at the decision-maker level - Influencing attitude change towards a better appreciation of the role of biodiversity and ecosystem services by the appropriate

Risk	Rating	Risk Mitigation Measures
		pitching of the importance of ecosystem services to underpinning economic growth and development - Demonstration projects show the beneficial link between biodiversity conservation and socio-economic benefits for the poor and the local municipality
5. Governance by regulatory authorities weakens resulting in increased lack of compliance	M	- Development of partnerships between institutions involved in the programme resulting in shared knowledge and skills - Effective capacity building - Continued engagement with decision-makers at national, provincial and local levels to raise concerns - The M&E system will provide early warning of threats, allowing mitigation measures to be proactively instituted

\*Risk rating – H (High Risk), S (Substantial Risk), M (Modest Risk), and L (Low Risk).

## 2. COUNTRY OWNERSHIP

### a) COUNTRY ELIGIBILITY

28. The Government of South Africa is a recipient of UNDP assistance and meets the eligibility criteria for GEF Funding. South Africa ratified the UNCBD in 1992. The NGBP will fulfil the following provisions of the CBD: Article 6, General Measures for Conservation and Sustainable Use, Article 7, Identification and Monitoring, Article 8, In Situ conservation, Article 10, Sustainable Use Management, Article 11, Incentive Measures, and Article 12, Capacity Building. The NGBP will play a critical role in achieving the 2010 Biodiversity Goals. The programme will address elements in the proposed thematic work programme on 'Mountain Ecosystems' and has relevance to the cross-cutting 'work by the CBD on Incentive Measures' as well as 'Sustainable Use of Biodiversity', 'Indicators' and 'Impact Assessment'.

### b) COUNTRY DRIVENNESS

29. The South African Government has a strong commitment to conservation. The Constitution of provides for the right to a healthy environment and environmental protection while promoting justifiable economic and social development. A strong regulatory framework for environmental management, including biodiversity protection, has been established, including strong new biodiversity legislation, and strengthened environment impact assessment regulations. The grasslands biome has been identified as a strategic priority for conservation actions in the recent National Spatial Biodiversity Assessment (2005). The extent of government support for the NGBP is illustrated by the fact that formal letters of commitment and co-finance contributions have been pledged by all three spheres of government – national, provincial and local. Total Government co-financing for the NGBP will be \$27.34 million.

## 3. PROGRAM AND POLICY CONFORMITY

### a) FIT TO GEF OPERATIONAL PROGRAM AND STRATEGIC PRIORITY

30. The programme is consistent with the GEF Operational Strategy and Operational Programme (OP) 4 for the 'Biodiversity' Focal Area: Mountain Ecosystems, while contributing to OP2: Freshwater Ecosystems, through the protection of important wetlands. The following key elements of the Strategy are addressed: i) Removal of the specific causes of, or threats to, biodiversity loss; (ii) Incorporation of biodiversity protection into the main production sectors of the economy (iii) promotion of sustainable land use practices; and (iv) strengthening institutional and individual capacities for biodiversity

conservation. The programme satisfies the eligibility criteria specified for GEF Strategic Priority 2 (BD2): “Mainstream biodiversity in production landscapes and sectors. The Programme adopts STAP guidance to the GEF Council (GEF/C.24/Inf.11) by: (i) Addressing barriers to the uptake of biodiversity friendly production systems in key production sectors, in particular by strengthening management capacities at the systemic and institutional levels; (ii) Strengthening the policy support framework to accommodate biodiversity management needs in production sector activities; (iii) Integrating biodiversity conservation objectives into planning systems; (iv) Establishing/ strengthening certification schemes to recognize good management practices; and (v) Demonstrating and replicating good production practices.

## **b) SUSTAINABILITY (INCLUDING FINANCIAL SUSTAINABILITY)**

31. The Programme Document provides an analysis of the different facets of sustainability, analyzed sectorally for each of the outcomes of the programme (see Part 2.9) as well as for climate risks. The programme has been designed to optimize prospects for achieving sustainability of the outcomes. The strategy is designed to ensure that production sector institutions, including regulatory bodies and industry associations and leading companies, are capacitated with the necessary skills to protect biodiversity in the course of business operations. In other words, the production sectors themselves will become key vehicles for spearheading conservation initiatives in the grasslands. It is acknowledged that this result cannot be accomplished without attitudinal change. The intention is to work with champions in each sector to demonstrate win-win management schemes, which through industry recognition, market mechanisms, and knowledge management services will be self promoting within each of the target industries at large. A major outreach programme has been undertaken during the process of programme preparation, focused on production sector institutions including regulatory bodies, industry associations, and private enterprises. This has helped build confidence between these sector institutions and the conservation fraternity, a relationship that has in some sectors been marked historically by a mutual distrust. Such relationship building will be key to ensuring the continued commitment of production interests. A key element, cutting across all targeted sectors will be the roll out of a holistic incentive framework (see table below).

**Table 5: Incentive options**

<b>Incentive options</b>	<b>Application / example</b>	<b>Sectors</b>
<i>Regulatory</i>		
Rates exclusion for protected areas through Property Rates Act	Rates exclusions for protected areas, applies to all formally conserved land	All
Enforcing the conditions and regulations of environmental legislation to mitigate and control impacts	EIA process, conditions attached in development authorizations	All
Environmental fiscal reform	Tax rebates, removal of perverse incentives	All
<i>Voluntary</i>		
Marketing opportunities	Access to niche markets, increased marketability of environment good practice	All
Certification	Price premiums secured for good biodiversity practice (e.g. Forest Stewardship Council)	Agriculture, forestry
Development of compatible nature-based tourism enterprises	Eco-tourism activities linked to stewardship initiatives	Agriculture, forestry, urban
Biodiversity offsets	Equivalent biodiversity secured to offset loss of biodiversity due to production	All
Recognition award system	An awards system that recognises best practice will implemented by the Grasslands Programme. Existing award systems managed by other bioregional programmes and in production sectors will be considered and adapted for use	All

Incentive options	Application / example	Sectors
<i>Negotiable with government</i>		
Technical and land management planning support from conservation agencies, incl. management of critical habitats	This can include support for alien weed management, fire management, advanced extension service, access to game animals	Agriculture, forestry, urban
Financial support from public works and donor funding	Poverty relief funding for conservation-related infrastructure, donor funding for biodiversity management activities	All

### c) REPLICABILITY

32. The programme has been designed on a detailed identification and analysis of barriers to grassland biodiversity conservation and the opportunities for conservation. It is built on lessons from similar initiatives across the world and incorporates good management practices, while proposing further innovations (see Table 7 in the Programme Document). The NGBP has developed specific strategies to maximize the impacts of activities, and is designed to have a catalytic effect. Because of the scale of the grasslands biome, interventions are needed at both macro and meso levels to inform policy, strategies and activities. A feedback loop will be created between macro level biome-wide interventions focused on creating the enabling environment, management tools and incentives, and demonstration interventions aimed at applying these at a site level. A replication plan is provided in the Programme Document (Table 8).

### d) STAKEHOLDER INVOLVEMENT

33. A Stakeholder Involvement Plan has been developed (see Annex VI of the Programme Document) and specifies goals and objectives for stakeholder engagement, identifies key stakeholders/partners and delineates their interests relative to the project, and describes how stakeholders will be involved in implementation. The Plan was designed based on a stakeholder assessment and engagement process that was carried out over a period of one year. This included engagement through face to face meetings with individual organizations by the project team across the forestry, agriculture, mining and urban development sectors. Sector specific stakeholder workshops and broader grassland forum meetings were conducted as an adjunct to this exercise. The face-to-face meetings and workshops allowed for the informed identification of actors and possible programme champions. The institutional arrangements for implementation have been determined through this process. The stakeholders and their representative task teams were instrumental in identifying the focus of the NGBP, as well as designing coordination mechanisms.

### e) MONITORING AND EVALUATION

34. Programme monitoring and evaluation will be conducted in accordance with established UNDP and GEF procedures. The Logical Framework Matrix in Section II provides impact indicators for programme implementation along with their corresponding means of verification. The Monitoring and Evaluation Plan is appended to the Programme Document (Annex V). This provides: (i) a detailed explanation of the monitoring and reporting system for the programme; (ii) a presentation of the evaluation system; and (iii) a work plan and the budget for M&E. The Programme Management Unit will be responsible for day-to-day monitoring of project activities, and for taking measures to strengthen performance.

## 4. FINANCING

35. Total Programme financing amounts to US\$ 45,911,764. Of this, the GEF will finance US\$ 8,300,000, in addition to PDF funds of US\$ 350,000. The co-financing amounts to US\$ 37,261,764.

#### a) PROJECT COSTS

**Table 6: Project Costs per outcome area**

Project Components/Outcomes	Co-financing (\$)	GEF (\$)	Total (\$)
1. Enabling Environment	8,632,347	1,267,329	9,899,676
2. Agriculture	9,214,760	4,012,971	13,227,731
3. Forestry	10,064,555	1,061,733	11,126,288
4. Urban	5,119,648	727,110	584,6758
5. Coal Mining	2,039,050	500,389	2,539,439
6. Project management budget/cost*	2,191,404	730,468	2,921,872
<b>Total project costs</b>	<b>37,261,765</b>	<b>8,300,000</b>	<b>45,561,764</b>

\* This item is the aggregate cost of project management; breakdown of the aggregate amount should be presented in the table below:

#### b) PROJECT MANAGEMENT BUDGET/COST

**Table 7: Project Management Costs**

Component	Estimated Consultant weeks	GEF(\$)	Other Sources (\$)	Project Total (\$)
Locally recruited consultants*	578	<b>620,187</b>	<b>826,250</b>	1,446,437
Internationally recruited consultants*	0	<b>0</b>	0	0
Office facilities, equipment, vehicles and communications	<b>60 months</b>	<b>0</b>	1,231,969	1,231,969
Travel		80,126	82,625	162,751
Miscellaneous		30,155	50,560	80,715
<b>Total project management cost</b>		<b>730,468</b>	<b>2,191,404</b>	<b>2,921,872</b>

\* Local consultants in this table are those who are hired for functions related to the management of project. For those consultants who are hired to do a special task, they would be referred to as consultants providing technical assistance. For these consultants, details are provided in c) below.

All standard UNDP oversight costs are covered through the IA Fee and are not charged to the project budget.

#### c) CONSULTANTS WORKING FOR TECHNICAL ASSISTANCE COMPONENTS

**Table 8: Cost of technical assistance from Consultants**

Component	Estimated weeks	GEF(\$)	Other Sources (\$)	Project Total (\$)
Personnel	660	0	1,656,054	1,656,054
Local consultants	2800	1,857,177	4,606,913	6,464,090
International consultants	17	100,000	0	100,000
<b>Total</b>		<b>1,957,177</b>	<b>6,262,967</b>	<b>8,220,144</b>

\*In accordance with both UNDP and GEF policies no GEF project resources will be used to pay any government, agency, or NGO staff or personnel.



**d) CO-FINANCING SOURCES****Table 9: Co-Financing sources**

<b>Name of Co-financier (source)</b>	<b>Classification</b>	<b>Type</b>	<b>Amount (\$)</b>	<b>Status</b>
SANBI	Government	In cash through strengthening the environmental system for grassland conservation and provision of some staff for the grassland programme. In kind through provision of office facilities, communications, venues and time of existing staff	1,803,532	Confirmed. Letter of commitment attached
GDACE	Government	In cash through fine scale mapping of conservation values in Gauteng, work of GDACE staff in grassland biome and administrative assistance. In kind through provision of office facilities, communications, venue	5,453,629	Confirmed. Letter of commitment attached
Greening the Nation (SANBI)	Government	In cash through greening projects in the grasslands biome.	5,356,068	Confirmed. Letter of commitment attached
Ezemvelo KZN Wildlife	Government	In cash through the implementation of grassland conservation projects In kind through provision of office facilities, administrative support for stewardship offices and through staff time associated with the programme (for example participating in programme structures)	868,633	Confirmed. Letter of commitment attached
DWAF	Government	In cash through activities related to riparian zone clearing and wetland rehabilitation. In kind through staff time associated with the programme (for example participating in programme structures)	2,113,473	Confirmed. Letter of commitment attached
Department of Agriculture	Government	In cash through agricultural programmes aimed at improving veld management, including landcare, emerging farmer settlement support and resource auditing. In kind through staff time associated with the programme (for example participating in programme structures)	7,947,351	Letter of in-principle support attached
Working for Wetlands	Government	In cash through wetland intervention projects across the country that link in with grassland inland ecosystems. In kind through staff time associated with the programme (for example participating in wetland mitigation banking)	3,801,239	Confirmed. Letter of commitment attached
EWT	ENGO	In cash through urban, forestry and agricultural related projects and toward keeping a watching brief on urban development and grassland conservation. In kind through staff time associated with the programme (for example participating in programme structures)	356,992	Confirmed. Letter of commitment attached
WWF	ENGO	In cash through meeting some staff costs and through the provision of technical expertise. In kind through staff time associated with the programme (for example participating in programme structures and contributions through the national working group dealing with certification standards)	503,704	Confirmed. Letter of commitment attached

Name of Co-financier (source)	Classification	Type	Amount (\$)	Status
BotSoc	ENGO	In kind through staff time in creative stewardship approaches in conserving biodiversity in the threatened high altitude moist grasslands.	40,444	Confirmed. Letter of commitment attached
Forestry SA	Private Sector	In cash through the development of several certification systems (small grower/SLIMF, national and FSC), work on improving fire management, and on clearing planted forests from important wetland and riparian areas. In kind through provision of office facilities and administrative support for forestry component and through staff time associated with the programme (for example participating in programme structures)	7,034,667	Confirmed. Letter of commitment attached
Working for Wetlands (Coal Mining)	Private Sector	In cash through a pilot on wetland rehabilitation involving the coal mining sector	1,982,031	Confirmed. Letter of commitment attached
Total Co-financing			37,261,764	

**e) ESTIMATED TIMEFRAME:**

**Table 10: Estimated Timeframe**

	Starting Date	Completion Date
Preparation	May 2005	April 2007
Implementation	May 2007	April 2012

36. **Cost effectiveness:** Production activities that take little or no cognisance of biodiversity conservation in relevant or cross-sectoral plans, programmes and policies pose a risk to the ecological integrity of the grasslands. This is likely to impose high economic costs by undermining environmental service provisioning capacities. In contrast, the costs of preventing ecological degradation from occurring in the first place are more modest. The NGBP will spearhead the precautionary principle in advancing interventions. Economic assessments will help inform the appropriate level of tradeoffs needed to secure environmental well being, while allowing for the pursuit of development objectives. This is expected to result in a more optimum employment of resources, and improve the chances that conservation initiatives are sustainable. This Grasslands programme seeks to engage directly with production sectors in order to change attitudes and instil an appreciation of the dependence of the different sectors on biodiversity and ecosystem services. It is recognised that command-and-control systems are costly to implement at a large scale, and that where highly prescriptive, they can also impose high financial costs on production activities. The NGBP has been designed to allow production interests to weigh the costs and benefits of different mitigation options in assuring compliance with conservation statutes. This will include the option of off site impact offset arrangements. This is designed to improve the uptake and efficacy of conservation management within production processes. To ensure that environmental management objectives are not compromised in the process, attention will be paid in developing the regulatory frameworks to ensure that the conservation value of offsets is greater than or at least equal to the value of the lands cleared for production. This approach is expected to be cost effective in the long run by shifting the costs of biodiversity conservation from government to the custodians of land and water resources in the biome.

## **5. INSTITUTIONAL COORDINATION AND SUPPORT**

### **a) CORE COMMITMENTS AND LINKAGES**

37. The programme will contribute to meeting the objectives as set out in the UNDP Country Programme 2007-2010 for South Africa (CP 2007-2010). The programme falls under Objective B of the Country Programme 'Promoting Equitable Growth, Poverty Reduction and Sustainable Development'. The programme will contribute to Service Line 3.5 'Conservation and Sustainable Use of Biodiversity', under Goal 3 'Managing Energy and Environment for Sustainable Development', of the Multi-Year Funding Framework 2004-2007 (MYFF 2004-2007). Furthermore, the programme is in line with the major development challenges identified in the United Nation's Common Country Assessment (CA) of development needs, prepared by the Government of South Africa in 2005. The CA underlines the role of biodiversity in providing for sustainable development. The NGBP meets the development challenge by strengthening the capacities of stakeholders to mainstream biodiversity in productive landscapes and sectors with a view to promoting environmental protection, economic development and sustainable livelihoods. The NGBP will also foster dynamic partnerships between public, private and civil society institutions.

### **b) CONSULTATION, COORDINATION AND COLLABORATION BETWEEN IAS, AND IAS AND EXAS**

38. The NGBP complements a number of GEF-funded biodiversity projects. The programme team has worked in close collaboration with other project teams to avoid any duplication between the initiatives, and to optimise synergies. Other GEF Biodiversity initiatives are all focused on conservation efforts in other Major Habitat Types, address different conservation needs, and employ different strategies. None of the other GEF-sponsored projects are geared specifically towards mainstreaming conservation objectives into agriculture, forestry, urban development and coal mining sectors, as proposed under this programme. The project thus provides significant added value in terms of the contribution of the GEF to South Africa's national conservation agenda. The NGBP will liaise closely with the "World Bank/UNDP-GEF CAPE Action for People and the Environment Project", which aims to ensure the long-term conservation of the Cape Floristic Region. The CAPE is also designed as an umbrella programme, which includes a strategy to mainstream biodiversity in production landscapes. CAPE does not, however, specifically address mainstreaming objectives at vertical level within production sectors, focusing on mainstreaming biodiversity in cross sectoral development plans. The NGBP is also working with the "World Bank-GEF supported Maloti-Drakensberg Conservation and Development Project (MDTP)" which is a collaborative initiative between South Africa and the Kingdom of Lesotho to protect the biodiversity of the Drakensberg and Maloti mountains through conservation, sustainable resource use, and land-use and development planning. This project focuses on protected areas and tourism planning in the highest mountain areas while NGBP focuses on mainstreaming biodiversity into major production sectors across all of the grasslands biome. MDTP staff has provided technical inputs into the design of the NGBP.

39. Taken collectively, the GEF portfolio in South Africa makes a significant and highly strategic contribution towards strengthening the national framework for biodiversity conservation. SANBI has been mandated under the biodiversity legislation with providing co-ordination services for bioregional programmes. This provides a mechanism for assuring cross-project synergy, and sharing lessons between projects. UNDP will continue to liaise closely with the World Bank and other relevant implementing agencies and partners in spearheading GEF activities in South Africa, with the aim of assuring synergies.

### **c) PROJECT IMPLEMENTATION ARRANGEMENTS**

40. The NGBP will be executed over a five year period by SANBI, following UNDP implementation guidelines. As the Executing Agency, SANBI will sign the grant agreement with UNDP and will be

accountable to UNDP for the disbursement of funds and the achievement of the programme objective and outcomes according to the approved work plan. As the objective of the programme is to mainstream grassland biodiversity conservation objectives into production sector activities, a high level of involvement of these sectors is essential. For this reason, the forestry outcome will be implemented through the industry association Forestry SA and the urban outcome will be implemented through the Gauteng Provincial Governments Department of Agriculture, Conservation and Environment, which is responsible for land use planning. Due to the diversity and complexity of the agricultural sector, where there are many institutions representing different commodities, it is not feasible to have one implementing agent. SANBI will house an agricultural programme manager who will contract various institutions for implementation. Implementation of the coal mining outcome will be outsourced through an open tender process to an environmental institution active in the mining sector and with the necessary competencies.

41. The NGBP programme management arrangements comprises the following structures:
- The Grasslands Forum: an open meeting of private, public, civil society, and academic institutions and individuals who are committed to the vision of the NGBP.
  - The Grasslands Steering Committee (GSC): the GSC provides strategic direction and advice, and oversees and facilitates the design and implementation of the NGBP. It consists of the following institutions: DWAF, DEAT, DoA, AgriSA, Forestry South Africa, GDACE, UNDP/GEF, WWF-South Africa and SANBI. It meets approximately three times a year. It is chaired by SANBI.
  - The Grasslands Coordination Unit (GrassCo), responsible for programme coordination
  - Sector Task teams, to coordinate sector engagement (functions are detailed in the Project Document).

## **ANNEX A: Incremental Cost Analysis**

1. **National Development Objectives:** Despite the substantial social and economic gains that South Africa has achieved over the past 12 years, it is still faced with high levels of poverty and unemployment in the formal sector. The Government of South Africa is presently placing emphasis on fostering growth and expanding employment opportunities. The Medium Term Expenditure Framework places a high emphasis on increasing investment and capital spending on economic infrastructure and social services. In addition, the Accelerated Growth Initiative (ASGISA) focuses on lifting barriers to economic growth. This centres attention on, among other issues, improving environmental governance and institutional effectiveness so as to ensure that necessary efforts to protect the environment are spearheaded effectively and do not create false inefficiencies. The Government is committed to environmental management as part of its social charter, and recognizes that ecological services make a huge contribution to development (though unquantified in the national accounts). The Government is, accordingly, seeking to balance the need for development on the one hand, with environmental management.

2. **Global Environmental Objectives:** South Africa is one of 17 megadiversity countries in the World, assessed on the strength of its floral diversity and endemism. South Africa's plant diversity is estimated at 23,420 species, representing 9% of the world total. The grasslands in South Africa are a very old, complex and slowly-evolved system of diverse plant communities. The area is exceptionally rich in floristic diversity and harbours a very high diversity of indigenous species, second only to the Cape Floristic Region. The magnitude of South Africa's conservation challenge is amplified by its extraordinary species richness, and high beta and gamma diversity. There are a large number of priorities for conservation management, covering seven biomes and numerous habitats. While the Grasslands biome comprises such a conservation priority, the Government, acting unilaterally, is unable to wholly underwrite the high initial start up costs of conservation management in the immediate term. Only 2.8% of the biome is currently within the protected area estate. The high costs of land purchase to create protected areas, coupled with the biological heterogeneity of the grasslands implies that most species and habitats will continue to lie outside of protected areas, in production landscapes, and will need to be protected in situ therein. The project will establish the capacities needed to engender biodiversity conservation by creating new partnerships between conservation authorities, production sector bodies and the private sector to mainstream biodiversity management into production sector operations. The resultant prevention of increased rates of species extirpation and habitat fragmentation will yield high global environmental benefits.

3. **Baseline Scenario:** The threats to grasslands biodiversity, and their root causes are presented in Annex 1. A total investment of some US\$143 million will be provided by different national, provincial and local stakeholders over the next five years to address the multi-faceted threats facing grassland biodiversity in South Africa. The baseline is made up of diverse interventions being undertaken in the forestry, urban, agriculture and coal mining production sectors. A large part of the investment is based on conventional environmental management approaches and these investments are largely uncoordinated. The baseline investment is also geared towards underwriting biodiversity conservation efforts that will deliver certain domestic benefits<sup>3</sup>. It is not adequate to provide for the scale of conservation needed to protect biodiversity widely across the grasslands landscape, and thus to secure global environmental benefits. Nevertheless, the baseline forms an essential base upon which to pursue biodiversity mainstreaming objectives. The baseline is summarized below for each Programme Outcome<sup>4</sup>.

<sup>3</sup> These include recreational benefits, micro watershed management. Many- although not all of these measures-- are being undertaken to meet national regulatory standards. Accordingly they have tended to be applied at an enterprise scale, and left uncoordinated with similar conservation management initiatives.

<sup>4</sup> The systems boundary is set by the activities of production sectors in the grasslands biome. The spatial boundary for the baseline assessment, therefore, differs for each sector, depending on the amount of sector production land. However, the total spatial boundary for all sectors covers the biome in its entirety with the exception of the urban

- i. Enabling Environment: Conservation Planning: The total baseline investment under this component is estimated at US\$13 million. This includes spending by government on SANBI's biodiversity planning responsibilities, including spatial planning undertakings and related capacity building, and associated spending by provincial authorities on conservation planning. The baseline includes funding allocated under the SANBI Working for Wetlands project to plan and negotiate measures for rehabilitating wetlands in the grasslands biome.
- ii. Agriculture: The total baseline investment under this component is estimated at US\$56.49 million. This includes investments of some US\$55.19 million by the National Department of Agriculture for programmes aimed at improving veld management, including landcare, emerging farmer settlement support and resource auditing. Included in the total baseline is a contribution by ENGO's worth US\$1.29 million, of which part is from the Botanical Society's Ekangala project located within the grasslands biome. This is earmarked as support for the national biodiversity stewardship programme and a sustainable sugar production initiative. The Ekangala Project will be one of the critical partners in implementing the NGBP. They are facilitating the process of involving farmers using creative stewardship approaches in conserving biodiversity in the threatened high altitude moist grasslands.
- iii. Forestry: The total baseline investment under this component is estimated at US\$19.14 million. This includes investments through the forestry association and by government to carry on conservation work in the forestry sector. A total investment of about US\$11.75 million from Forestry SA is the private sector's contribution in the development of several certification systems (small grower/SLIMF, national and FSC), work on improving fire management, and on clearing planted forests from important wetland and riparian areas. The investment demonstrates the strong commitment of the sector to addressing conservation issues. The NGO contribution is around US\$1.35 million, of which part is an input geared at facilitating WWF's participation on the national working group dealing with certification standards. The baseline excludes the general costs of health, safety and environment initiatives undertaken by forestry firms that have no associated dividend for grasslands biodiversity.
- iv. Biodiversity Conservation in an Urban Environment (Gauteng Province): The total baseline investment under this component is estimated at US\$55.13 million—the high sum reflecting the high costs of environment management in an urban setting. This includes investments through Gauteng's Provincial Department of Agriculture, Conservation and Environment of about US\$49.77 million for environmental assessments, EMF studies, resource protection permits and resource mapping. The baseline also includes an investment by Municipalities in the management of several small municipal protected areas. The baseline excludes the costs of general environment management in the urban environment, including waste management, sewage and sanitation services and health and safety management initiatives.
- v. Mining: The total baseline investment under this component is estimated at US\$4.2 million. This includes investments through private sector donations to a public works programme of about US\$4 million in the form of wetland rehabilitation projects. However, this investment does not directly accommodate biodiversity conservation needs, and is focused mainly on water management. The NGO sector has also earmarked about US\$175,707 for engaging with the mining sector with a view to promoting conservation stewardship. The baseline excludes the costs of on site environmental management and mine rehabilitation, which are pursued as general environment management measures, and not with the intent of protecting biological diversity.

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component, where investments outside of conservation hotspots have not been counted. Also excluded from the analysis are expenditures on protected areas outside the production landscape.

4. Alternative Strategy: The baseline investment in biodiversity conservation, while significant, will not be adequate to ensure that biodiversity conservation objectives are taken care of as an integral part of day-to-day production activities across the agriculture, forestry, urban and coal mining sectors. Apart from the typical pressures associated with urbanisation and investment, experienced in industrializing countries across the world, South Africa has further challenges stemming from the high inequalities and incidence of poverty. Expansion is therefore proposed in most production sectors, and this will, if left unattended pose a significant threat to grasslands biodiversity. The GEF Alternative aims at making a paradigm shift in conservation methods, moving beyond treating biodiversity conservation as an add-on activity to development towards actively engaging production sectors with a view towards accommodating biodiversity management in sector production practices. The GEF investment is aimed at creating a positive enabling environment to facilitate this shift in approach. The GEF contribution will contribute to the creation of capacity and coordination systems that will allow benefits from national investments in biodiversity conservation to be optimized. It is focused on acting as a catalyst at a strategic level in a context where a sound base already exists. The total incremental cost of the Alternative Strategy is US\$45.56 million exclusive of preparatory assistance, for which GEF assistance of US\$8.3 million is requested<sup>5</sup>.

i. Enabling environment for biodiversity conservation in production landscapes in the grasslands biome is strengthened: The incremental cost for this component is US\$12.82 million with requested GEF funding amounting to US\$1.99 million to ensure the mainstreaming of biodiversity management concerns into development planning processes, in particular through support for economic evaluations as an input in decision making processes. The government will commit an amount of US\$10.62 million toward strengthening the environmental governance system for grasslands conservation. Important elements of this will be the establishment of biodiversity indicators and accompanying monitoring and evaluation system. NGOs will provide some US\$207,966 to undertake biodiversity assessments, and undertake targeted advocacy work with production interests. The costs include spending on programme coordination within the Grassland Coordinating Unit (GCU).

ii. Mainstream grassland biodiversity conservation objectives in agriculture in grasslands biome: The total incremental costs for this component are US\$13.23 million, of which the GEF will contribute US\$4 million. The National Department of Agriculture will contribute US\$8.82 million to policy activities focusing on strengthening veld management programmes, to specifically accommodate biodiversity concerns. The GEF will provide funding to demonstrate the usefulness of conservation stewardship approaches in agriculture. Findings will feed into the development of market incentives for biodiversity conservation in agriculture. GEF funding will also help to spatially delimit areas of high biodiversity value which will need to be 'ring-fenced' when plans are drawn up for future agriculture sector investments.

iii. The forestry sector directly contributes to biodiversity conservation objectives in the grasslands biome: The total incremental cost for this component is US\$11.13 million with requested GEF funding amounting to US\$1.1 million. The Government will fund activities related to riparian zone clearing and wetland rehabilitation in forest areas. This work is important in terms of assuring stream flow integrity, and thus improving the conservation status of several important wetlands. The private sector will set aside approximately US\$7 million for strengthening the national forestry certification system and associated industry standards. This initiative links in closely with the project's key mainstreaming principles—specifically that of regulating production activities through market incentives. Environmental NGOs will provide some US\$201,345 to engage with the national certification system working group and perform advocacy functions to protect certain ecologically sensitive areas. The GEF contribution will be applied

<sup>5</sup> The GEF has invested US\$350,000 in preparatory assistance.

towards improving fiscal and market incentives within the sector for biodiversity friendly production and conservation efforts. In addition, the GEF will also provide technical assistance to help regulatory authorities; municipalities and forest companies enter into compacts for the permanent conservation of unplanted forestry land.

iv. Grassland biodiversity management objectives mainstreamed into urban economy in Gauteng: The total incremental cost for this component is US\$5.85 million with requested GEF funding of US\$727,110. The Government of South Africa will contribute US\$5.1 million for fine scale mapping of conservation values in the Province, and the establishment of protected zones. The GEF will help build the capacity of provincial and local authorities to coordinate conservation measures, and strengthen regulatory oversight in sensitive green spaces. The GEF will specifically fund the process of formally securing priority sites that have been identified within the urban areas. This will be achieved through an admixture of regulatory instruments and green space offsets, facilitated through planning applications.

v. Grassland biodiversity management secured in coal mining sector: The total incremental cost for this component is US\$2.54 million with requested GEF funding of US\$500,389. The GEF will fund a barriers to establishing a pilot wetland mitigation banking system, including by establishing norms and standards for qualifying investments, strengthening planning systems and regulatory oversight and helping broker investments into the system by the private sector,. The GEF will also provide funds for technical assistance, provided to the Ministry of Mines to ensure that future expansion plans address biodiversity needs. The NGO sector will invest approximately US\$57,000 in keeping a watching brief on coal mining expansion in ecologically sensitive areas of Mpumalanga province. A contribution worth US\$1.98 million is planned by the private sector for the pilot wetland mitigation banking system<sup>6</sup>.

5. Incremental Cost and Benefits: The incremental costs of the NGBP are the costs associated with lifting barriers towards mainstreaming biodiversity in four production sectors operating in the grasslands biome. Although the broader enabling environment is in place, barriers to mainstreaming biodiversity in production practices stem from market failure, whereby the benefits of biodiversity are not internalised in production prices, weak institutional capacities across the public and private sectors, and limited know how, regarding the specific manner in which production needs to be adapted to address biodiversity needs. South Africa would capture a portion of the benefits of conservation and has consequently agreed to co-finance a part of the incremental costs of the project in addition to absorbing the baseline. Incremental costs have thus been partitioned between the GEF and non-GEF sources. The GEF will fund activities with largely intangible benefits over the short term, such as capacity building, coordinating stakeholder activities to ensure better congruence in efforts, demonstrating new conservation approaches, including market based approaches, strengthening communications, and strengthening the information system. Investment heavy activities will be co-financed.

6. The baseline cost, incurred irrespective of the GEF support and which is undertaken primarily to produce domestic benefits and investments amounts to US\$143 million. The cost of the additional activities required to achieve the programme outcomes is estimated at US\$45.56 million of which the GEF would finance US\$8.3 million and co-financiers (local and international) would finance US\$37.26 million. PDF B project preparation costs amounted to US\$705,500 with US\$350,000 from GEF. The total cost of the Alternative Strategy, comprising of the total project costs and the baseline, excluding preparatory assistance is US\$189,011,907. The GEF contribution is a modest 4.4% of this aggregate.

<sup>6</sup> This captures the amount leveraged in managing the pilot offsets initiative, covering an area of 4000 hectares. The total expected investment by the private sector in offsets should the pilot prove successful is expected to be significant. However, as the investment is predicated on the results of the NGBP, and will be catalysed during implementation—it has been omitted from the scope of the incremental cost assessment.



7. The total cost of Monitoring and Evaluation, as outlined in Table 18 in Annex V of the Programme Document is US\$325,000. This excludes staff time of the programme team and includes activities ranging from an inception workshop and report, measurement of indicators, regular steering committee meetings, preparation of reports (status, technical and terminal), a mid term and final external evaluation, field site visits, a review of lessons learned as well as an audit.

**Table 11: Incremental Cost Matrix**

				National Benefits	Global Benefits
Outcome	Cost	Cost ('000 USD)			
Outcome 1: Enabling environment for biodiversity conservation in production landscapes is strengthened	Baseline	GoSA	12,817,288	- Improved environmental governance capacities (policies, legislation and institutional set up)	- Integrated policy, legal and market foundations for biodiversity conservation creates a better enabling environment for conservation
		ENGO's	303,704		
		Total	13,120,992		
	Increment	GEF	1,997,797		
		GoSA	10,615,785		
		ENGO's	207,966		
		Total	12,821,548		
	Alternative	Total	25,942,540	- Integration of biodiversity management tools in sectoral planning and development improves the efficacy and cost efficiency of biodiversity conservation - Markets for ecological services cultivated, and provide incentives for compliance with environmental legislation and pursuit of good environmental practices by production sectors.	-Biodiversity hot spots of global importance have an improved status - Regular biological, social and economic assessment enables management to be adapted to maximise impact
Outcome 2: Mainstream grassland biodiversity conservation objectives into agriculture	Baseline			Agricultural extension services geared to optimizing land productivity.	Certain production impacts mitigated, such as the use of pesticides
		GoSA	55,196,823		
		ENGO's	1,294,586		
		Total	56,491,409		
	Increment	GEF	4,012,971		
		GoSA	8,815,984		
		ENGO's	398,776		
		Total	13,227,731		

Outcome	Cost	Cost ('000 USD)		National Benefits	Global Benefits
				- Improved biodiversity conservation capacities safeguards ecosystem services vital to agriculture	- Integrated environmental governance system provides a foundation for adaptive land management to reduce BD loss in priority areas - High biodiversity areas 'ring fenced' from future sector expansion.
	<b>Alternative</b>	<b>Total</b>	<b>69,719,140</b>		
Outcome 3: The forestry sector directly contributes to biodiversity conservation objectives in the grasslands biome	Baseline	GoSA	6,046,878	- Enhanced environmental governance capacities for forest sector planning and management	- Improved policy foundations for forestry management create an enabling environment for integrating BD- friendly practices into production processes.
		Private Sector	11,752,593		
		ENGO's	1,350,477		
		<b>Total</b>	<b>19,149,947</b>		
	Increment	GEF	1,061,733		
		GoSA	2,828,543		
		Private Sector	7,034,667		
		ENGO's	201,345		
		<b>Total</b>	<b>11,126,288</b>		
	<b>Alternative</b>	<b>Total</b>	<b>30,276,235</b>	- Shared management of hot spot areas reduces the costs of management to the state - Improved fiscal and market incentives for biodiversity friendly production and conservation increases areas under effective conservation management	- Total area of ecologically sensitive areas under effective and sustained conservation management increased - Biodiversity conservation objectives integrated cost-effectively in production activities of the forestry sector - Improved markets for biodiversity friendly produced goods
Outcome 4: Grassland biodiversity management objectives mainstreamed into urban economy in Gauteng		GoSA	49,770,497	- Enhanced environmental governance capacities for urban planning and management	- Integrated and efficient policy, legal and market foundations for environment management provides stronger baseline for pursuit of global BD imperatives
		ENGO's	360,340		
		<b>Total</b>	<b>50,130,836</b>		
	Increment	GEF	727,110		
		GoSA	5,083,614		
		ENGO's	36,034		
		<b>Total</b>	<b>5,846,758</b>		

Outcome	Cost	Cost ('000 USD)		National Benefits	Global Benefits
				<ul style="list-style-type: none"> <li>- Conservation of ecologically sensitive areas within the built environment included in land use planning processes and adopted by developers and urban authorities</li> <li>- Improved and aligned governance systems guided by provincial and local conservation plans</li> <li>- Monetary value of grassland ecosystems and biodiversity seen as part of the urban economy and used for planning</li> </ul>	<ul style="list-style-type: none"> <li>- Improved conservation status of ecologically sensitive area</li> <li>- Biodiversity conservation is integrated in urban development and management</li> <li>- Increased conservation status of endangered species</li> </ul>
	<b>Alternative</b>	<b>Total</b>	<b>55,977,594</b>		
Outcome 5: Biodiversity management secured in coal mining sector		ENGO's	175,707	<ul style="list-style-type: none"> <li>- Enhanced environmental governance capacities for coal mining planning and management</li> </ul>	<ul style="list-style-type: none"> <li>- Good environmental standards and receptive industry provide fertile grounds for testing innovative new conservation methods</li> </ul>
		Private Sector	4,031,252		
		<b>Total</b>	<b>4,206,959</b>		
	Increment	GEF	500,389		
		ENGO's	57,020		
		Private Sector	1,982,030		
		<b>Total</b>	<b>2,539,439</b>		
	<b>Alternative</b>	<b>Total</b>	<b>6,746,398</b>	<ul style="list-style-type: none"> <li>- Improved fiscal and market incentives for biodiversity conservation increases areas under effective conservation management</li> <li>- Adaptive regulatory framework providing impetus for coal mining to integrate biodiversity imperatives in their operations and future expansion</li> </ul>	<ul style="list-style-type: none"> <li>- Regulations reduce the impacts on globally important biodiversity from pollution and habit loss</li> <li>- Off site impacts on biodiversity reduced through offsets arrangements</li> <li>- Biodiversity concerns addressed by coal mining industry in future expansion</li> </ul>

Table 12: Summary Incremental Cost Matrix US\$

<b>Grand Totals</b>	Baseline	All Stakeholders	143,100,143
	Increment	GEF	8,300,000
		Non GEF	37,261,764
	Preparation	PDF B	350,000
		<b>Alternative</b>	<b>189,011,907</b>

## **Annex B: Logical Framework Analysis**

The Logical Framework is presented in the next table, which describes the Goal, Objective and Outcome + Indicators + Risks & Assumptions. It will be used as the basis for project monitoring.

Programme Strategy	Objectively verifiable indicators					
	Indicator	Baseline	Mid-term Target	End of Programme Target	Sources of verification	Risks and Assumptions
<b>Goal:</b> The biodiversity and associated ecosystem services of the grasslands biome are sustained and secured for the benefit of current and future generation						
<b>Programme Objective:</b> Major production sectors are directly contributing to the achievement of biodiversity conservation priorities	Contribution of NGBP towards achievement of biodiversity target for grasslands biome. The target is 22% of vegetation types within natural areas in the grasslands biome	1.9%	2.5%	4%	Annual reports of SANBI and implementing agencies in the NGBP	Political stability, law and order are maintained; There is relative stability in South Africa's economic position
	Biodiversity Intactness Index <sup>7</sup>	65	No less than 1% of decline from baseline	No less than 2% of decline from baseline	NGBP M&E reports based on: - Biodiversity Intactness Index - Remote sensing and national land cover data - Site based monitoring in biodiversity priority areas	External pressures on grasslands biome remain within projected threat profile including the impact of human induced climate change
	Degradation indicator – percentage of biome degraded	11 – 20% based on expert opinion	Timeframe too short to have mid-term indicator	No major increase in degradation		The increase in the morbidity and mortality from the HIV/AIDS pandemic does not outpace the response capacity of healthcare services and institutions

<sup>7</sup> The BII developed for use in the Southern Africa Millennium Ecosystem Assessment is an indicator of the state of biological diversity within a geographic area. It uses spatial data on species richness and land use activities per ecosystem type to weight estimates, provided by taxon experts, of the reduction in abundance of all well known species under a range of land uses. Work done to date will be adapted through inputting new data on degradation levels and land use impacts within the grasslands biome.

Programme Strategy	Objectively verifiable indicators					
	Indicator	Baseline	Mid-term Target	End of Programme Target	Sources of verification	Risks and Assumptions
<b>Outcome 1:</b> Enabling environment for biodiversity conservation in production landscapes in the grasslands biome is strengthened	1.1 Bioregional plans for grasslands biome gazetted at appropriate levels	0%	15% of biome covered	45% of biome	Gazetted bioregional plans	Enabling legal and policy framework continues to support effective cross sectoral institutional collaboration
	1.2 Number of key affiliated private and public sector organisations that have entered into MoU with NGBP contributing towards conservation targets <sup>8</sup>	0	10 institutions	21 institutions	M&E reports	
	1.3 Institutional mainstreaming effectiveness scorecard  SANBI GDACE Forestry SA	Mainstreaming effectiveness scorecard has been developed  29% 28% 29%	  51% 43% 46%	  76% 72% 66%	Institutional effectiveness reports	Implementing agencies and other key stakeholders continue to maintain a cooperative, collaborative working relationship that results in information sharing and knowledge management  No undue delay in bioregional plans being gazetted
<b>Outcome 2:</b> Mainstream grassland biodiversity conservation objectives into agriculture	2.1 Agricultural laws, policies and guidelines incorporate biodiversity management objectives	Laws, policies and guidelines focus on production	Veld management guidelines for biodiversity on rangeland	Sustainable Land Use Management Act passed  DWAF's SFRA includes some agricultural activities	Government gazette  Agricultural policies and guidelines  DWAF's SFRA list	Economic drivers of agriculture remain within projected scenario  Predictable and measured roll out of land reform
	2.2 Certification system and marketing programme in place for environmentally appropriately farmed red meat	None	Certification system approved by industry	Industry led marketing scheme for certified produce in place	Industry approved certification scheme	Conflicts in demonstration areas

<sup>8</sup> In forestry sector key institutions are DWAF, FSA; in agricultural sector key institutions are AgriSA, NAFU, RPO, NERPO & W.R.S.A.; in urban sector key institutions are GDACE, Jo'burg Tshwane & Ekurhuleni Metros; in coal sector key institutions are Chamber of Mines & specific company involved in off-set; for enabling environment key institutions are DEAT, MPB, KZN Wildlife, EC DEAET, NW DEAT, WESSA, EWT, Botanical Society, GSSA

Programme Strategy	Objectively verifiable indicators					
	Indicator	Baseline	Mid-term Target	End of Programme Target	Sources of verification	Risks and Assumptions
	<p>2.3 Amount of agricultural land in the grasslands biome where agricultural planning, decision making and extension incorporates biodiversity management objectives</p> <p>2.3.1 Amount of land in demonstration districts where biodiversity management good practice (BMGP) is being implemented by farmers</p> <p>2.3.2 Amount of land in demonstration districts within biodiversity priority areas where stewardship has secured land for biodiversity conservation</p>	0 hectares	<p>Amount of agricultural land in demonstration districts where:</p> <p>1. BMGP is being implemented by farmers: 60 000</p> <p>2. Stewardship has secured biodiversity: 9 000</p>	<p>Amount of agricultural land in demonstration districts where:</p> <p>1. BMGP is being implemented by farmers: 180 000</p> <p>2. Stewardship has secured biodiversity: 22 000</p>	<p>M&amp;E reports</p> <ul style="list-style-type: none"> <li>- Remote sensing and national land cover data</li> <li>- Site based monitoring in biodiversity priority areas</li> </ul>	<p>effectively managed and stakeholder social relations conducive to effective action</p> <p>Continued growth in demand for certified agricultural produce</p> <p>Regulatory authorities within the forestry sector govern effectively</p>
<p><b>Outcome 3:</b></p> <p>The forestry sector directly contributes to biodiversity conservation objectives in the grasslands biome</p>	<p>3.1 Amount of forestry estate in grasslands biome under</p> <p>3.1.1 Plantation</p> <p>3.1.2 Options areas, i.e. existing unplanted forestry company owned land that is better managed</p> <p>3.1.3 Formal conservation areas</p>	<p>Area of existing forestry estate in South Africa under</p> <p>1. Plantation: 1.15 million ha</p> <p>2. Basic management as unplanted land: 532,780 hectares</p> <p>3. Formal conservation: 0 ha</p>	<p>Amount of forestry estate in South Africa under</p> <p>1. Plantation: 10 000ha expansion; 5 000ha where clearing of riparian zones decreases size of plantation</p> <p>2. Better management as unplanted land: 133,195 hectares</p> <p>3. Formal conservation: 15,000 hectares</p>	<p>Amount of forestry estate in South Africa under</p> <p>1. Plantation: 20 000ha expansion; 10 000ha where clearing of riparian zones decreases size of plantation</p> <p>2. Better management as unplanted land: 426,224 hectares</p> <p>3. Formal conservation: 35,000 hectares</p>	<p>NGBP M&amp;E reports based on:</p> <ul style="list-style-type: none"> <li>- Remote sensing and national land cover data</li> <li>- Site based monitoring in biodiversity priority areas</li> </ul> <p>Industry reports</p> <p>National Protected Area Register</p>	<p>Continued profitability of forestry industry is assured</p> <p>Continued growth in international market demand for environmentally certified forest products</p> <p>No material breakdown in the institutional relation between the key stakeholder groups (small growers, FSA, DWAF, EIA authorities)</p>
	3.2 No new plantation development in biodiversity priority areas within the grasslands biome	No formal definition of priority areas	Priority areas designated	No new plantations in designated priority areas	SANBI and DWAF GIS maps	Regulatory authorities within the forestry sector continue to govern effectively

Programme Strategy	Objectively verifiable indicators					
	Indicator	Baseline	Mid-term Target	End of Programme Target	Sources of verification	Risks and Assumptions
	3.3 Industry certification system and standards better incorporate grassland biodiversity objectives	National FSC compliant Standard not yet set  Grassland biodiversity not adequately reflected in FSC Principles & Criteria  No small grower certification system successfully implemented	National FSC compliant Standard exist  FSC Principles & Criteria incorporate grassland biodiversity objectives  Sustainable forestry management system for small growers piloted	Small grower certification system implemented	FSC certification reports  M&E reports	
<b>Outcome 4:</b> Grassland biodiversity management objectives mainstreamed into urban economy in Gauteng	4.1 Biodiversity priorities accommodated in municipal open space frameworks and spatial development frameworks	Overlap between c-plan and existing municipal SDFs and EMFs estimated at 40%	10% increase in overlap	20% increase in overlap	Gauteng conservation plan  Municipal SDFs and EMFs	Continued buy-in to address biodiversity concerns in urban domain by political decision makers and private sector
	4.2 Conservation areas give legal protection to refugia representative of grassland biodiversity	0	12 000ha	30 000ha	Legal documents	Programme builds and maintains effective coordination between

Programme Strategy	Objectively verifiable indicators					
	Indicator	Baseline	Mid-term Target	End of Programme Target	Sources of verification	Risks and Assumptions
	4.3 Institutional mainstreaming effectiveness of GDACE, Tshwane MC, Ekurhuleni MC, Jo'burg MC, Mogale LM, West Rand DM, Sedibeng DM and Lesedi LM	Mainstreaming effectiveness scorecard has been developed and score will be determined before project implementation starts	12% increase in score – being determined	30% increase in score – being determined	Institutional effectiveness report	departments and spheres of government  Restructuring of local government does not result in a significant loss of institutional memory  Regulatory authorities within the urban sector continue to govern effectively
<b>Outcome 5:</b> Biodiversity management secured in coal mining sector	5.1 Amount of land where wetlands protected through wetland mitigation and/or banking offsets	0 ha of protected wetlands	800ha of wetlands protected through offsets	2 000ha of wetlands protected through offsets	Mining company reports	Extent of coal mining expansion remains within projected threat profile
	5.2 Biodiversity planning information used by mining companies and regulatory authorities to plan new coal mines	MBCP <sup>9</sup> not yet adopted by provincial cabinet	MBCP used by Mp DME & 3 companies	MBCP used by Mp DME & all big companies	Maps showing location of coal mines has taken biodiversity priority sites into account	Pressures on government for delivery of economic growth amongst small growers does not result in environmental short cuts  Environmental risks and liabilities provide driver for industry investment in environmental management

<sup>9</sup> MBCP = Mpumalanga Biodiversity Conservation Plan



## **ANNEX C: Response to Project Reviews**

### **a) STAP Technical Review of Project Proposal**

**National Grasslands Biodiversity Programme (NGBP)**  
**Dr Panta Kasoma**

**7 September 2006**

#### **Scientific and technical soundness of the project**

8. There is clear evidence of a strong **natural science** basis for the proposed project. This is partly due to the fact that South Africa has completed its National Biodiversity Strategy and Action Planning process which has led to the identification of key areas requiring conservation action. The Grassland Biodiversity Profile and Spatial Biodiversity Priority Assessment that was undertaken during the preparation of this proposal also applied a rigorous analytical process to identify threats to the grassland biome. The proposal alludes to the high gamma diversity characteristic of the biome. Whereas this gives a measure of overall diversity within the region, it would be equally important to highlight Beta diversity, which essentially compares diversity between ecosystems. For example, it would be interesting to know how the 80 different vegetation types recognized relate to each other in terms of species composition. That may be useful in prioritizing areas for conservation.
9. The project proponents also discuss the socio-economic setting in which the proposed project will take place. However, it would have been more informative for the **Social science** issues regarding the black community and how it relates to the grassland ecosystem were more clearly elucidated. For example, it is not clear whether the 13% of the land surface currently occupied is wholly within the grassland biome and how much of this will be affected by the proposed reform programme targeting 30% of the land surface by 2014. This would highlight the need for capacity building within the black community. I am also not sure whether the “black community” is homogeneous in terms of culture and livelihood strategies. This often determines what interventions government or other agencies may undertake. With the exception of this reservation, there is sufficient ecological and technical information for a sound project.
10. The fact that the South African grassland biome harbors such a wide variety of activities from subsistence and commercial agriculture through forestry and mining to urban development implies a lot of human pressures. This limits the potential of protected areas to cater for all the biodiversity conservation needs of such a landscape. The **threats** to the grassland biome are clearly pointed out and the idea of mainstreaming biodiversity conservation in productive activities is indeed an idea that would have greater impact than mere PAs.
11. The South African grassland biome covers a large part of the country over wide altitudinal and climatic ranges. Like elsewhere in the world where focus is on forest, this biome is poorly represented in protected area systems and consequently has been a center of economic activities. This has contributed to its threatened status. The diversity of economic activities implies a fragmented approach to natural resources management because of the differing mandates of the various sectoral agencies responsible for various activities. If acceptable representative ecosystems within the biome are to be conserved, it is necessary to enlist the support of all stakeholders within this production landscape. This proposal suggests bringing on board a variety of stakeholders ranging from civil society organizations, government and

- private sector in the proper management of the area to enhance biodiversity conservation objectives while enhancing economic productivity. This relatively novel approach to **ecosystem management** to enhance conservation objectives regards the production landscape as a holistic unit where economic activities could be integrated with biodiversity conservation to maintain biome integrity as well as the environmental services it provides. The proper functioning of such a system can only be maintained or enhanced when the different stakeholders involved in its use and management are all brought on board.
12. The major outcomes of the proposed project are based on the five major threats (or main economic activities in) to grasslands. The proponents developed a comprehensive set of **indicators** for each of the outcomes and the means to verify the indicators. They went further to explain the rationale for selecting the indicators. The log frame developed also mentions the associated assumptions and risks that could influence the achievement of the outcomes. This will enable a determination of how the project is succeeding in meeting its objectives.
  13. A comprehensive project **monitoring** framework, which will ensure that project objectives are met in a transparent and credible manner, has been developed. It includes a variety of institutions as well as programme staff and, where appropriate, consultants who will monitor project progress within a timeframe ranging from daily through monthly, quarterly, annually and beyond. Since the aim is to complement existing conservation initiatives by mainstreaming biodiversity conservation into selected major economic activities, a broad range of institutions will inevitably be involved in assessing impact and performance indicators so as to gauge the progress of the project. The anticipated capacity building initiatives proposed in the project should facilitate this monitoring process.
  14. The thrust of the proposal is to mainstream conservation objectives into the agriculture, forestry, urban development and coal mining sectors. These same activities were identified as posing significant threat to the grassland biome, if not brought on board. There is already an excellent enabling policy and legal framework for this to happen. What this proposal will attempt to do is to improve implementation of the policies and laws through the use of various approaches including, closer coordination and use of economic instruments to promote biodiversity conservation. The private sector, by its nature, is known to respond more readily to economic than other instruments. The **approaches** adopted in the project proposal will therefore enhance biodiversity conservation. Entrepreneurs in the various sectors will now see it as beneficial to conserve biodiversity. Is there room for including some sort of periodic award scheme for best performing private sector players, as an incentive for better performance? It could be a certificate of recognition, a trophy or something similar.
  15. Certain **risks** or **constraints** were identified as being likely to affect the achievement of project objectives, if they were not mitigated. These range from possible significant increase in external development pressures beyond project scenario to reduction in effective governance within regulatory authorities resulting in increased lack of compliance. However, most of these risks are modest, with only one categorized as substantial and mechanisms to minimize them are outlined.
  16. With the exception of a few minor typos and the social science gap alluded to above (No.2), this project proposal is very well conceived and written and I see no significant **weaknesses or gaps**.

17. The only **controversial aspects** about the project that I can see are those to do with private sector freedom to use its land and they form the essence of the proposal. Support of the proposal would therefore result in a resolution of those potential controversies.
18. The design of the project does not introduce any incentives that could lead to over harvesting of resources. Instead there is a proposal to streamline the existing favorable but disjointed policy and legal framework as well as introducing incentives for conservation.
19. The project does not intend to have the private sector stakeholders lose revenue. Instead it would like to pilot win-win approaches to land use that will result in a net benefit to all stakeholders.
20. The idea of mainstreaming conservation into economic activities such as agriculture, commercial forestry, coal mining as well as urban development; activities that are generally regarded as detrimental to conservation is indeed **innovative** because many biodiversity projects focus on conservation areas and management agencies with little regard for the private and other sectors. If this project works out as expected, it would be a tremendous learning experience for conservation elsewhere in Africa and the rest of the world.
21. The proposed model is likely to be highly successful in South Africa because of the relatively advanced private sector, by continental standards, existing familiarity with certification systems in some sectors as well as the improving policy and legal framework.
22. The government of South Africa is a recipient of UNDP assistance and this particular project is eligible under the CBD COP guidelines including the Second Strategic Priority of the Biodiversity Focal Area: Mainstreaming Biodiversity in Production Landscapes and Sectors and eligible for GEF financing. Furthermore, the project, if funded, will fulfill a number of other CBD provisions, including Articles 6, 7, 8, 10, 11 and 12.

#### **Identification of global environmental benefits and fit within the context of the goals of GEF**

23. There is increasing concern globally about the rate at which grassland ecosystems are being converted. This is because they have been the main focus for agricultural development. At the same time, focus has mainly been on forest ecosystems yet grasslands also have tremendous conservation value. In the case of the South African grasslands biome, conservation would have substantial global benefits. This proposal highlights the uniqueness of the biome which at the same time forms habitat for a large number of species, a significant number of which is globally threatened to various extents. Factors such as endemism and restricted range among many species underlie the importance of this biome. Existing programmes will not ensure conservation of these species without the incremental costs being met by GEF. Such GEF support will not only ensure global biodiversity benefits but will enhance local livelihood benefits.
24. The proposal clearly outlines the global importance of the grassland biome biodiversity, in terms of ecosystems and key species, some of which are endemic or threatened to various degrees. The threats to this biodiversity are also well articulated. Although there are several other donor initiatives for the area, none are geared specifically focused towards conservation of this biodiversity by mainstreaming it into productive activities. Three of the priority areas for GEF intervention in the Second Strategic Priority of the Biodiversity Focal Area: *Mainstreaming Biodiversity in Production Landscapes and Sectors* are :

- Strengthening capacity at the Systemic level
- Establishing markets for environmental goods and services
- Improving production practice

This project proposes to tackle various aspects of those priority areas.

### *Regional Context*

25. Although the project does not propose to develop any trans-boundary interventions, activities that would promote wetland conservation have a regional context in that the hydrological ecosystem services provided benefit several trans-boundary river basins.

### Replicability of the project

26. The proponents have clearly outlined how various elements of the programme could be replicated beyond the programme scope at national level through numerous avenues including knowledge management systems, exchange programmes, lessons learning seminars, sharing of toolkits and an effective communication strategy. It is worth pointing out that the outcomes of this project would be of great interest to other countries in Africa and elsewhere, which are grappling with the challenge of conserving biodiversity in the face of increasing developmental needs. Any positive outcomes of this project would contribute to the biodiversity conservation agenda at continental and even global level.

### Sustainability of the project

27. The project proposal recognizes **sustainability** as a key element for the long term conservation objective. Environmental, institutional, financial and social sustainability are embedded in the proposal in view of the economic realities of the country. The strategy adopted is to ensure that regulatory agencies as well as production sector institutions in the areas of agriculture, forestry, urban development and coal mining integrate conservation in the course of running their businesses. Once that is achieved, conservation would have become integral to the running of those businesses. Despite the numerous challenges such as the requisite attitudinal change among many players, there is no better means of sustainability than this.

The table below shows some of the incentives that will be made available to different sectors to promote sustainability (it is suggested that such a table be included in the project document for easy reference). Such incentives are meant to promote behavioral change within private sector enterprises without necessarily jeopardizing profitability. Once those incentives become widely known and applied, they will ensure continued conservation of key areas of the grassland biome. The forestry and coal mining have already had a head start over the other sectors in terms of their responsiveness to environmental issues.

<b>Agriculture</b>	<b>Forestry</b>	<b>Urban Development</b>	<b>Coal Mining</b>
Certification schemes e.g. certified red meat	Improved FSC certification system and industry standards	Biodiversity offsets e.g. urban greenspace offsets	Biodiversity offsets e.g. wetlands Mitigation

			Banking
Rates rebates for stewardship programs	Tax exemption on “conservation” land		Tax exemption on “conservation” land
	Incentives associated with the stream flow reduction system		

Another piece of evidence for sustainability is the considerable amount of resources that have been pledged by various arms of the South African government, the private sector as well as NGOs. This shows serious commitment to conservation mainstreaming.

## Secondary Issues

### Linkage to other focal areas

28. The programme has been carefully designed to ensure that there is no conflict with other GEF Focal areas.
29. Outcomes such as No.1 which aims at deepening the enabling policy and regulatory framework, No.2 which aims at mainstreaming grassland biodiversity conservation into agriculture, 3 which focuses on forestry and 5 which addresses coal mining would certainly address the cross-cutting land degradation aspects. Any policy and legal reviews would not ignore the need to reduce land degradation.

### Linkage to other programmes and action plans at the regional or subregional level

30. The proposal makes specific mention of the fact that “*The programme will contribute to meeting the objectives as set out in the UNDP Country Programme 2007-2010 for South Africa*”. It is also in line with the major development challenges identified in the United Nation’s common Country Assessment of development needs prepared by South Africa as well as the *Millennium Development Goals*.
31. There is clear evidence that the proposed project will link with other ongoing and planned GEF-funded activities which are focussing on other parts of the country and using different strategies to achieve their objectives. Great care has been taken to avoid duplication and enhance synergies.

### Other beneficial or damaging environmental effects

32. The current and potential threats to biodiversity in the grassland biome as well the barriers to the conservation of this biodiversity are well articulated. The various interventions proposed that will lead to mainstreaming of biodiversity conservation into productive activities such as agriculture and forestry will not only maintain the key ecological services function of the biome but its direct consumptive and non-consumptive values. No damaging environmental effects are anticipated.

### Degree of involvement of stakeholders in the project

33. The proponents, during the development of this project, involved a wide spectrum of stakeholders, through various means including face to face discussions and workshops; reflecting the diversity of productive activities that are conducted in the grassland biome. In this way, it was possible to establish who direct and indirect beneficiaries of the proposed programme are. Such consultations were necessary to enlist institutional support for the programme as well as lay the foundation for sustainability after the programme ends. Such **stakeholder involvement** is crucial to a project such as this that hopes to deal with such complex productive activities as agriculture and urban development. The proposal clearly outlines how the different stakeholders will participate and their specific roles. What I find missing is the grassroots CBOs or other community institutions. Isn't there any role for them? The larger NGOs may be assumed to represent some of the community interests but this is not always the case. One could argue that the nature of the programme is such that stakeholder involvement is at a higher level but experience has shown that it is always productive to involve, in some way, lower level institutions; even for information sharing!

#### Capacity building aspects

34. This project is about improving the policy and legal framework to enable it facilitate action on the ground. It is also about removing barriers to biodiversity conservation such as market failure, systemic and institutional capacity weaknesses as well as management know-how within production sector institutions. This implies that **capacity building** is a core activity of this project. The intention is to build capacity at various levels from regulatory agencies and other national institutions to private sector players and NGOs. The programme strategy requires improved exchange of information, development of toolkits and demos, mainstreaming of conservation within sectors that have not previously considered it as their responsibility. Success of the programme will require attitudinal and behavioral change at individual and institutional levels. Capacity building targeted at different individuals and institutions is therefore necessary as proposed.
35. At local government and regulatory agency levels capacity for conservation planning and management will be enhanced while other government and private sector institutions will have some of their staff trained in various ways, to build their capacity to implement and sustain project activities. These will all form the core of the human resource that should continue the biodiversity conservation mainstreaming agenda even after programme closure.

#### Innovativeness of the project

36. Conservation of biodiversity has always been the preserve of biologists and ecologists. However, analysis of trends in biodiversity loss suggests that its conservation needs to involve more than the "traditional" stakeholders because most of the losses are caused by interests beyond the control of those stakeholders; especially economic interests. Much has been written about the need to involve a broad spectrum of stakeholders just as a lot is written about the importance of the use of economic instruments and other incentive measures to enhance conservation. However there are few actual cases on the ground to demonstrate that these "new" approaches work. This project would therefore be breaking new ground in the country and indeed the continent in getting the private sector, driven by a profit motive, to recognize that conserving the natural resource base, particularly biodiversity, has long term benefits for the sector and the rest of society. The approach of this project to involve as many stakeholders as possible, ranging from academia, local and national government, investors in the agricultural, forestry, coal mining and urban development sectors is indeed **innovative**.

STAP Comment	Clarification/ Response	Reference in Pro DOC
The Grassland Biodiversity Profile and Spatial Biodiversity Priority Assessment that was undertaken during the preparation of this proposal also applied a rigorous analytical process to identify threats to the grassland biome. The proposal alludes to the high gamma diversity characteristic of the biome. Whereas this gives a measure of overall diversity within the region, it would be equally important to highlight Beta diversity, which essentially compares diversity between ecosystems. For example, it would be interesting to know how the 80 different vegetation types recognized relate to each other in terms of species composition. That may be useful in prioritizing areas for conservation.	Agreed. A table of the vegetation types and accompanying information has been added to Annex 11 of the Pro DOC. In addition four paragraphs have been added to the document giving an expanded explanation of the diversity and species turnover across the biome. The detailed spatial assessment took into account the vegetation types and the biodiversity targets set for each of these (based on species area curves).	Para 8, 11 to 13 Annex 11 – Vegetation types of the grasslands biome
The project proponents also discuss the socio-economic setting in which the proposed project will take place. However, it would have been more informative for the <b>Social science</b> issues regarding the black community and how it relates to the grassland ecosystem were more clearly elucidated. For example, it is not clear whether the 13% of the land surface currently occupied is wholly within the grassland biome and how much of this will be affected by the proposed reform programme targeting 30% of the land surface by 2014. This would highlight the need for capacity building within the black community. I am also not sure whether the “black community” is homogeneous in terms of culture and livelihood strategies. This often determines what interventions government or other agencies may undertake. With the exception of this reservation, there is sufficient ecological and technical information for a sound project.	Information on the diverse population groups found in South Africa, that was lacking, has been provided. More information on land ownership patterns and land reform is provided so as to address the questions regarding the 13% and 30%. Business in South Africa are required to comply with equity provisions underwritten in the Law. Companies, in the forest sector and coal mining industry as well as construction are increasing representation of previously disadvantaged groups in management, and negotiating finance equity deals with the Black community. The NGBP will work with industry associations that represent each sector more broadly, as well as black owned business specifically.	Para 19 and 20 Stakeholder Participation Plan
Is there room for including some sort of periodic award scheme for best performing private sector players, as an incentive for better performance? It could be a certificate of recognition, a trophy or something similar.	Yes, an awards system is used in other bioregional programme in SA and has important value in recognizing good practice.	Table 7 Incentive Framework
Elaborate the incentives that will be made available to trigger changes in production practices in each target sector.	A range of incentives have been specified divided into three categories – regulatory; optional and negotiable.	Table 7 Incentive Framework
The proponents, during the development of this project,	Agreed. The role of local stakeholders is	Para 116, 122, 126

STAP Comment	Clarification/ Response	Reference in Pro DOC
<p>involved a wide spectrum of stakeholders, through various means including face to face discussions and workshops; reflecting the diversity of productive activities that are conducted in the grassland biome. In this way, it was possible to establish who direct and indirect beneficiaries of the proposed programme are. Such consultations were necessary to enlist institutional support for the programme as well as lay the foundation for sustainability after the programme ends. Such <b>stakeholder involvement</b> is crucial to a project such as this that hopes to deal with such complex productive activities as agriculture and urban development. The proposal clearly outlines how the different stakeholders will participate and their specific roles. What I find missing is the grassroots CBOs or other community institutions. Isn't there any role for them? The larger NGOs may be assumed to represent some of the community interests but this is not always the case. One could argue that the nature of the programme is such that stakeholder involvement is at a higher level but experience has shown that it is always productive to involve, in some way, lower level institutions; even for information sharing!</p>	<p>important and it intended that local stakeholders will be fully engaged. Within three of the components – urban, forestry and agriculture – local stakeholders will be critical to the success of the local demonstrations. In the urban component protection of biodiversity refugia cannot occur without direct action by local civic organisations who are organised and keen to be involved. In the forestry component the work area dealing with support to develop an appropriate small grower certification mechanism will involve directly small grower organisations. In the agricultural component direct involvement of farmers is a pre-requisite for conservation stewardship. Local stakeholders will also be involved in the development and management of Wetland Mitigation Banks.</p>	<p>Table 15 Stakeholders and their functions Table 17 Stakeholder roles per outcome</p>



**b) GEF Secretariat and other Agencies' Comments and IA/ExA Response**

<b>GEF SEC Comment</b>	<b>IA/ExA Response</b>	<b>Reference in Ex Summ.</b>
Timeframe: please indicate the start and ending dates for project preparation and implementation.	The project has a duration of 5 years with implementation set to commence in May 2007 and conclude in April 2012.	See section 4(e)
Expected impact: please indicate the kind of impact that the project will bring at the level of global environment and any other significant impact.	The programme will secure key biodiversity values in the grasslands biome in South Africa through integrating biodiversity management objectives into the production decisions and operations of the major production sectors in the biome. This will contribute to the achievement of grassland biodiversity conservation targets.	Section 1(b) para 20-22
Innovation: please identify if the project has any innovative measures in its design or implementation.	The innovation of the project is to engage production sectors as central agents in the conservation of grassland biodiversity. The project is engaging stakeholders in these sectors in the design and implementation of measures that will incentivise industry to conserve grassland biodiversity as part of their operations. In other words, mechanisms facilitated through the project will ensure that the conservation of grassland biodiversity will make good business sense.	Section 1(b) para 24
Please explain the meaning of "optional" and "negotiable" incentive options in table 7 (Incentive Framework)	Optional refer to voluntary measures, while negotiable refers to the suite of options that may be negotiated with Government as part of permit conditions.	See Table 5 (Incentive Options)
Executive summary to the tables and annexes that seem to be mistaken (the same applies to the stakeholder involvement section and the M&E section).	This has been corrected.	Referenced in the Ex Summ throughout document.
Please indicate the total cost of M&E.	US\$325,000 The M&E Budget is provided in the Annexes to the Project Document—See Annex V.	Annex A, para 7.
Please specify if co-financing is in-cash or in-kind and provide the tables on project costs, project management budget/cost, consultants and cofinancing sources, using the updated Project Executive Summary Template.	The tables on project costs, project management budget/cost budgets and co-financing costs have been added to the EX SUMM as per the revised template.	Section 4 (Financing, Tables 6, 7, 8, 9
Letters of cofinancing are not provided.	These were provided, with the submission.	The letters have been re-attached

GEF SEC Comment	IA/ExA Response	Reference in Ex Summ.
<p><b>PROJECT REVIEW SHEET DATED 9 April 2007</b></p> <p>Costs per staff week for local consultants seem very high (\$6,575 per week); please explain.</p> <p>Consultants working for technical assistance: costs per staff week are very high.</p>	<p>The cost of local consultants in South Africa varies depending on the expertise required and on the strength of the South African Rand as local consultants are paid in local currency. The daily rates for consultants with average experience and a post graduate degree is R3000–R3500 (\$445-\$520). Consultants with more specialized skills or a higher level of experience can charge rates between R3500 – R4500 (\$520-\$667), depending on their field.</p> <p>The implementation approach adopted by the Grasslands Programme is one where a small core team of long term consultants is appointed to provide technical input and coordinate/manage the implementation of the Programme. However, given the scope of the Programme and the innovative and specialized nature of some of the interventions, the use of short term consultants is essential to ensure that the Programme delivers on its outcomes. The contribution of co-finance by the project implementation partners to cover these expenses has enabled us to prioritize the GEF funds allocated for consultancies specifically for catalytic interventions that will be replicated or implemented by other agencies.</p>	<p>Section 4(c), table 8</p>
<p>Project management budget table shows 60 months under office facilities, equipment, vehicles and communications. Please clarify.</p>	<p>This line item is 100% co-financed and represents 3% of the overall total budget (co-finance and GEF funds). The project duration is 60 months or 5 years. Over this period, the co-finance provided by many of the implementation partners (including government agencies, NGOs and private sector partners) covers costs related to operational aspects of the project. For example, office facilities, equipment, vehicles and communications are part of the co-financing commitments of SANBI, GDACE, Ezemvelo KZN Wildlife, Forestry SA. These are essential contributions towards the implementation of the Grasslands Programme.</p>	<p>Section 4(b), table 7</p>

GEF SEC Comment	IA/ExA Response	Reference in Ex Summ.
<p>In addition, cost of personnel consultants is higher than local and international consultants. Please clarify.</p>	<p>This item is 100% co-financed and represents 3% of the total budget (co-finance and GEF funds).</p> <p>In addition to covering operational costs, much of the co-finance raised by the Grasslands Programme covers the staff time or personnel costs of employees within our partner agencies who will be working on activities that contribute towards the outcomes of the Grasslands Programme. These are important contributions that indicate the high degree of commitment by stakeholders towards the Grasslands Programme. These costs are usually high because they include agency loaded costs (pension, etc) and a percentage of agency internal oversight costs as required under South African Law. However, having closely examined and recalculated these figures, it appears that an error was made in the calculations. This has been amended in the table and the estimated number of weeks now brings the figure in line with acceptable rates in South African terms.</p>	<p>Section 4(c), table 8</p>