

Preliminary findings and recommendations of the consultants (PPT)

Project on Poverty-oriented Support to Community Conservation in Namibia

Feasibility Study

Preliminary report based on field mission in Namibia
22 January to 3 February 2018

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Introduction

- Background and scope of project
- Mission Work Schedule



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Background

- KfW and the Namibian GRN agreement is for a Euro 5 Million grant
- To be provided as a sinking investment grant in the CCFN provided it has the capability to act as Project executing Agency

Scope

- Feasibility of a HWC Management Window within the CCFN
- Not a poverty alleviation project but pro poor HWC measures included



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Mission Work schedule

- Briefing workshop in Windhoek with KfW, MET and concerned other stakeholders (January 22, 2018)
- Field visits to Kunene and Zambezi (January 22-28, 2018)
- Consultation meetings with stakeholders (January 23- 31, 2018)
- Presentation of findings and recommendations in CCFN Board Meeting, February 1, 2018
- Wrap up meeting, February 2, 2018 - Consolidation of work in Namibia with KfW and WWF, MET, February 3, 2018



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Findings

- Intensity and perception of HWC
- Financial Governance
- Off-setting / self-reliance scheme / sustainability
- Current conflict prevention measures and effectiveness
- Assessment of Project Executing Agency



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Intensity and perception of HWC

- The single species that accounts for the highest number of recorded incidences is elephants
- The challenges related to elephants change along the rainfall gradient
- The highest financial losses relate to livestock predation
- Although lions attract the most attention, other species such as hyaena, cheetah and leopard actually account for higher financial losses
- The diversity of “problem” species in the north east is higher – including buffalo, crocodile and hippopotamus



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Average Loss over the past 3 years (2014 – 2016)

- Estimated loss of N\$ 8 million from 5,842 livestock deaths.
- Estimated loss of N\$ 600,000 from 1,544 incidents of damaged crops.
- Estimated loss of N\$ 400,000 from 211 incidents in community infrastructure.
- On average 15 incidents of loss of life and injury from wildlife which at N\$ 100,000 per incident would mean claims payment totalling N\$ 1,5 million.

Source: Richard Diggle



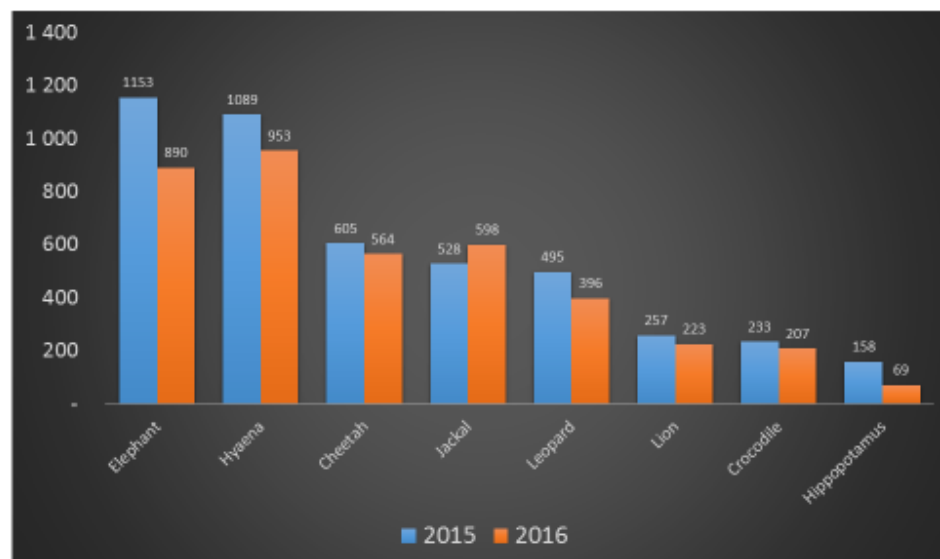
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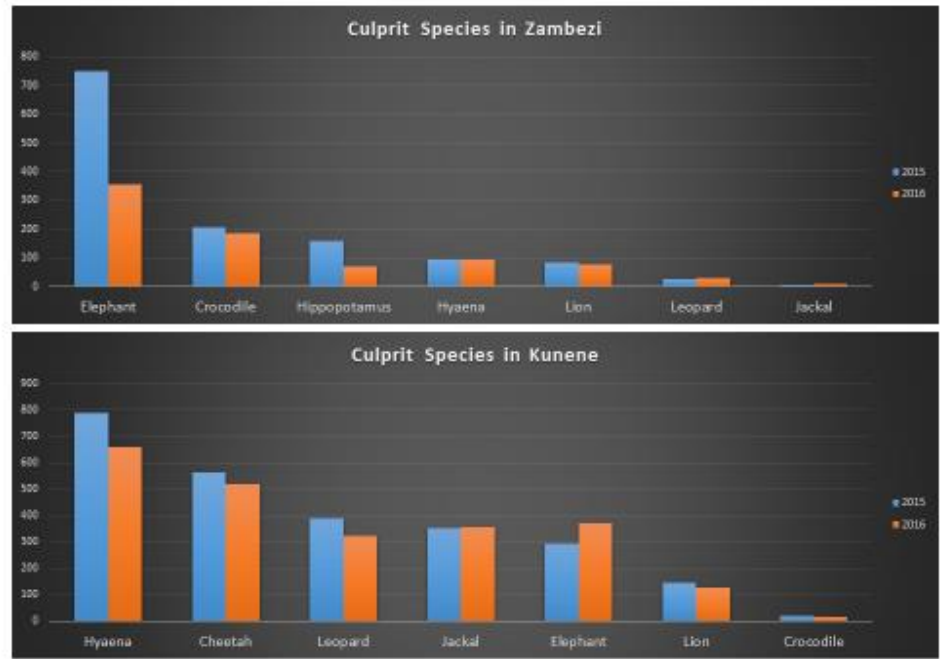
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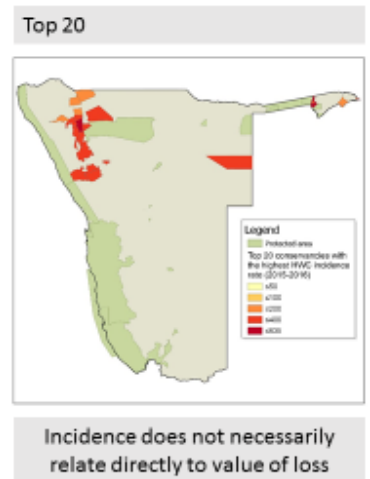
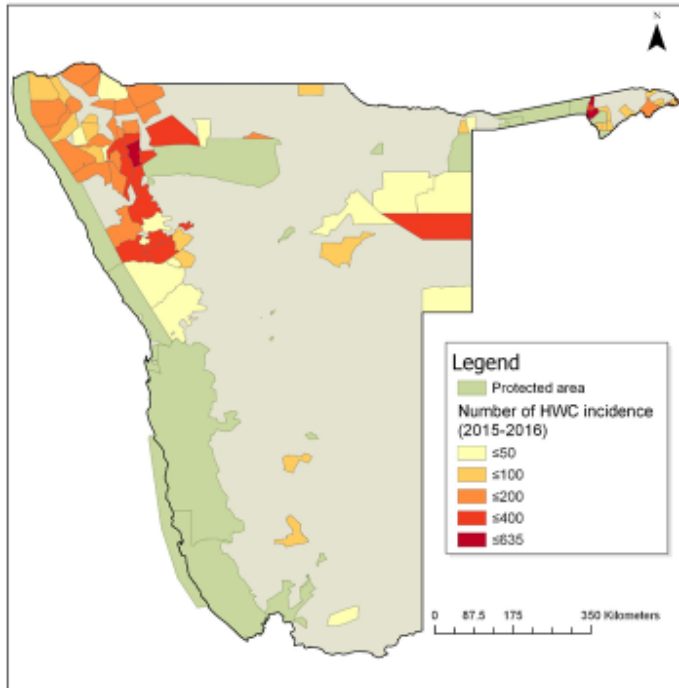
Wildlife incidents reported by all the Conservancies



Source: Richard Diggle

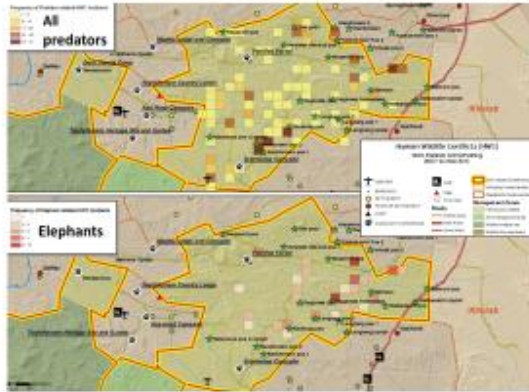


Source: Richard Diggle

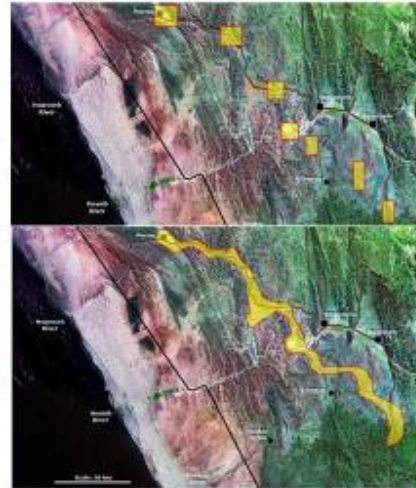


Source: Katharina Dierkes

Hot spots



Source: Chris Brown



Source: NW Human-Lion conflict Management Plan

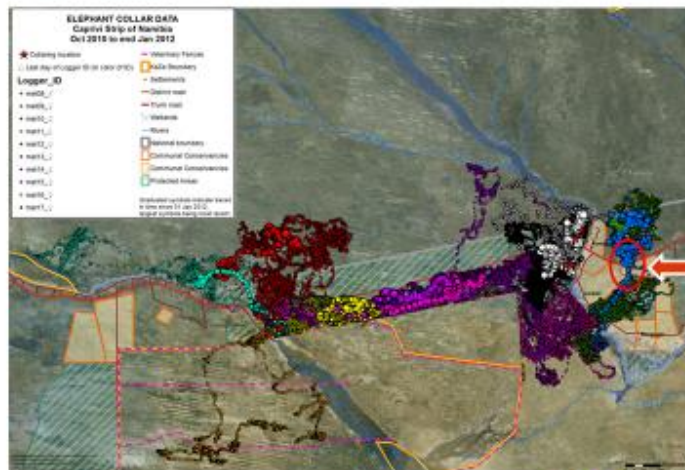
Figure 24. The locations of ten "hotspots" where lions are regularly attracted to settlements and livestock in the Purras, Sesfontein, Anobeb and Terra Conservancies



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Maintaining wildlife movement corridors



WWF Namibia Managing of corridors



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Financial governance

- Incidents of theft and misuse of resources have been recorded
- Good governance relates to the ability to quickly pick up problems, and to take appropriate action
- The principle to use KfW financing to leverage good governance was supported by a number of stakeholders interviewed
- Good financial management also includes managing funds to best advantage (including investing)



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Off-setting / self-reliance scheme / sustainability

- Conservancies receive money from MET through the Game Products Trust Fund in tranches of N\$ 60 000
- Most commented that the off-set amounts are insufficient and do not cover all losses (eg crop loss by buffalo)
- No conservancy visited indicated that they had paid members more than the stipulated amounts for losses
- The degree to which match funding is provided by conservancies is voluntary and variable



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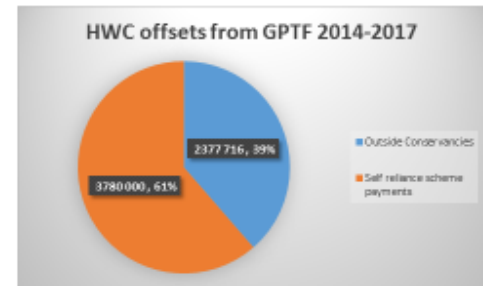


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Game Products Trust Fund

- Over the past three years, the GPTF has contributed N\$ 6.2 million towards the off-set of HWC losses.
- Of this, N\$ 3.8 million went towards the Conservancy Self-Reliance Scheme, with the remainder paying offsets for losses outside conservancies



Unsustainable →

	Total	2012/2013	2013/2014	2014/2015	2016/2016
Revenue	58 788 165	8 654 712	10 971 108	23 616 933	15 545 412
Expenses	70 846 370	3 029 167	23 987 473	29 963 853	13 865 877
Balance	-12 058 205	5 625 545	-13 016 365	-6 346 920	1 679 535

Source: GPTF 2012-2016 Report



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Current conflict prevention measures and effectiveness

A number of prevention measures have been implemented and tested through previous / current projects:

- Lions
 - Lion proof kraals used at night - *effective*
 - Herding – *effective*
 - Herd dogs (small stock) – *probably not effective against lions*
 - Early warning system – *being tested – depends on collared animals and technology*
 - Lion rangers - *being tested*
- Hyaenas
 - Similar to lions – no specific measures noted



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Current conflict prevention measures and effectiveness

- Elephants
 - Infrastructure damage*
 - Elephant proof walls around water installations - *effective*
 - Alternative water for elephants at a distance from – *effective as long as there is water – but this costs conservancies money for diesel*
 - Elephant friendly water points with storage tanks and solar pumps – with overflow going to communities – *effective and added advantage of providing free water to communities*
 - Crop damage*
 - Wire with tins around crop fields – *partially effective – to be used in combination with other methods*
 - Chilli bombs - *effective – but supply of sufficient chillies is a problem and it is intensive as bombs only effective when elephants close by*
 - Electric fencing – *effective but high cost – with chance of elephants becoming acclimatized*
 - Traditional methods – drums, whips, loud noises – *effective but relies on crop guards*
 - Night guards (solar flashing lights) – *effective – but with chance of elephants becoming acclimatized*



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Current conflict prevention measures and effectiveness

- Crocodiles
 - Crocodile fences – effective - if maintained and used – placement in priority hot-spot
 - Alternative water for people and animals away from river – effective – but animals also vulnerable when they graze close to river
- Buffalo
 - No measures in place and those used for elephants do not work for buffalo



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Assessment of Project Executing Agency

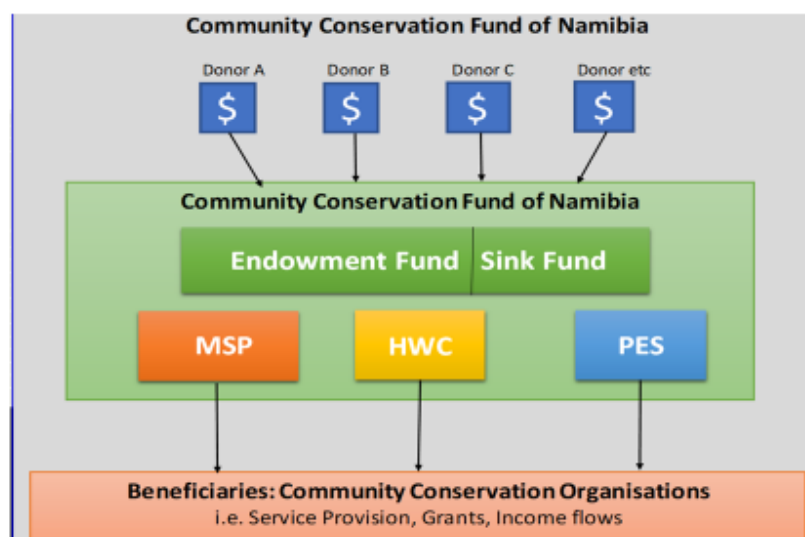
Community Conservation Fund Namibia (CCFN)

- Founder: WWF and partners
- Fund purpose: Generate sustained funding for Namibia's conservancies and parallel conservation initiatives
- Focal areas: provide value to the wildlife and people of Namibia by:
 - Support services
 - Human- Wildlife conflict management (HWCM)
 - Payment for ecosystem services program (PES)



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CCFN Governance and management structure

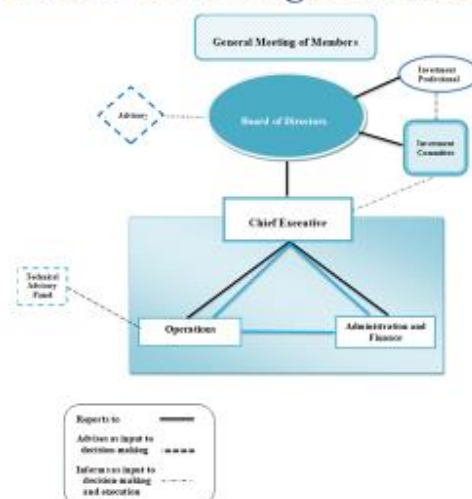
- A Not-for-profit Association incorporated under Section 21 of Namibia's Companies Act of 2004.
- Companies Act: Well-defined and robust regulatory framework
- Members: Oversight function; must meet annually as a General Assembly (Eligible to become member, current members?)
- Board of Directors: responsible for overall management.
- Procedures: how various types of decisions must be taken and financial statements and annual audits obligatory.



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Governance and Management Structures



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Road map for development of the CCFN

- Draft investment policy and guidelines – Process begun November 2017
- Approve draft by-laws for Board operation – February 2018
- Recruit Executive Director – March 2018
- Finalize operations manual – March 2018
- Obtain tax exemption:
 - In Namibia – October 2017
 - In jurisdiction where funds will be invested – February 2018
- Select Asset Manager – May 2018
- Prepare and implement communications and fundraising strategies – May 2018
- Develop strategic framework for grants – June 2018



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Assessment

- Since no staff has been recruited yet, the capacity of staff cannot be assessed. However, the job description of the CEO suggests a high profile environmental trust fund manager will be in place; appointment to be completed soon
- WWF together with trust fund experts are developing the CCNF in a very professional way
- The KfW grant will be the first grant; but a sum has already been secured for covering initial operational costs and for implementation along the road map outlined above
- The exclusive focus on HWC management, and high profile board directors and dedicated support by WWF to incorporate its long lasting experience in developing such a trust suggests that the CCNF is a very appropriate PEA.



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KfW Grant Window



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KfW Grant Window



Synopsis and core problem to be addressed by the Project

- Problem synopsis
- Core problem to be addressed
- Helping MET to reduce the costs of claims



Problem synopsis

- With the success of conservancies in wildlife conservation the social and economic burden of living with wildlife has increased and cost and benefits is not equally distributed among conservancies and within the conservancies and groups of people whose livelihood is affected by HWC hot spots;
- Recurrent drought worsens the conflict between people, livestock and wildlife over scarce natural resources, and climate change models have projected worsening drought scenarios in Namibia;
- The public and political perception of the intensity of the HWC has increased with many having concerns that not enough is being done to assist communities in sharing the burden of living with wildlife; while in many conservancies despite stable or increased wildlife the intensity of HWC has remained reasonably stable;
- The current offsetting payments (HWSRS) is clearly insufficient. Yet continuation of payments are currently unsustainable; the increase of the offsetting values in the new HWC policy will make this worse;
- Landscape and conservancy HWC management plans for problematic species are outdated or not available; with new information on hot-spots and mitigation measures not being used or integrated.
- All resulting in escalating socio and economic costs for peoples livelihoods, support agencies and government which if not addressed will threaten the viability of what has become an extremely successful conservation and rural empowerment programme.



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Core problems to be addressed

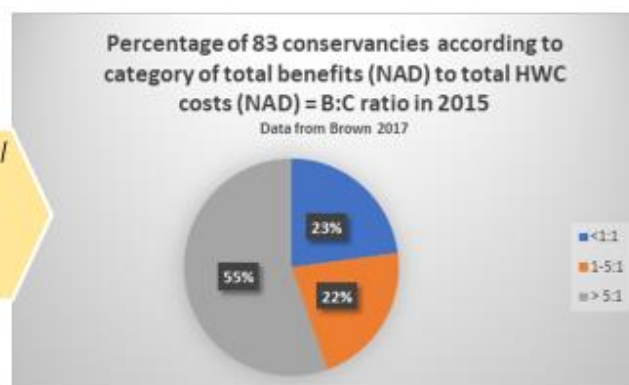
- The Project will address the core problems by focusing on :
 - Reduce level of conflict – expanding on the rich expertise in best practices (procedure, technologies) and experienced supporting staff.
 - Establish sustainable financing – exploring mechanisms to sustainably finance offsets for the (reduced) losses from wildlife conflict.
 - Improve conservancy governance – supporting and leveraging improved compliance and governance at conservancy level.



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Only 23% (19) of communal conservancies have costs from HWC that are higher than the accrued total benefits.



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Helping MET to reduce the costs of the claims

The Mission proposes that the Project will pilot a new system of support in financing HWC risk management which will reduce the public sector costs for claim payment in conservancies by:

- High earning CCs will be expected to match all forms of risk management being supported by the project, including offsetting, mitigation measures and reward payments:
- Pilot innovative sustainable financing of offsetting in livestock losses (90% of the costs): drought cum wildlife damage micro insurance?
- Since the offset claim is guaranteed in the HWC policy for all communal areas of Namibia, the piloting of the new scheme needs to be agreed in a participatory HWC management planning in the conservancies.
- HWC new policy request to incorporate HWC management in **disaster risk management**
 - **Proposed actions:** E.g. Combine climate cum wildlife damage perils in one insurance package



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Helping MET to reduce the costs of the claims

Type of impact	Value	% of total value	Remark
Livestock	8 000 000	75%	5,842 livestock deaths
Crop	600 000	6%	1,544 incidents of damaged crops?
Community infrastructure	400 000	4%	211 incidents
Loss of life and injury	1 500 000	14%	15 incidents of loss of life and injury, assume NAD 100,000
Total	10 500 000	100%	
Total without life and injury	9 000 000	89%	

Data from Digga 2017

Current scenario: Estimated annual financial value loss from wildlife (business like usual)

Type of impact	Value	% of total value	Remark
Livestock	4,000,000	38%	Drought cum HWC insurance with public contribution
Crop	180,000	2%	
Community infrastructure	400,000	0%	Covered by premium of insurance (policy holder and may be innovative insurance trust fund)
Loss of life and injury	-	0%	
Total	4,580,000	44%	
Total without life and injury	4,580,000	87%	

Out of which livestock is
Assume: 58 % reduction in livestock and 38% of crop loss

After upscaling of pilot project of the project: Estimated financial value loss from wildlife



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Scenarios

Current Scenario: Government Costs based on current offsetting values in the HWC Policy

GPIF Figures	Over 3 years (2015-2017)	Annual Average
Total Payment to HWSRS Claims	6 200 000	2 066 667
Approximate 60% to Conservancies	3 720 000	1 240 000

Note: Amounts should most certainly be more, but Review Panel Meetings to assess claims not always taking place in timely manner

Future Scenario 1: Government Costs based on new offsetting values in the HWC Policy

GPIF	Over 3 years (2019-2021)	Annual Average
Approximate Offsets Payments to outside conservancies	4 900 000	1 633 333
Approximate Offset Payments to Conservancies	7 350 000	2 450 000
Approximate Offset Payments for Life and Injury	3 750 000	1 250 000
Total Approximate Payments	16 000 000	5 333 333

New policy

Future Scenario 3: Government Costs based on new offsetting values in the HWC Policy, outsourcing the insurance and matches 1/3 of offset claims in Conservancies

GPIF	Over 3 years (2019-2021)	Annual Average
Approximate Offsets Payments to outside conservancies	4 900 000	1 633 333
Approximate Offset Payments to Conservancies	1 225 000	408 333
Approximate Insurance Payments	4 125 000	1 375 000
Total Projected Exposure	10 250 000	3 416 667

Future Scenario 2: Government Costs based on new offsetting values in the HWC Policy, outsourcing the life and injury insurance and matching 1/2 of offset claims in Conservancies

GPIF	Over 3 years (2019-2021)	Annual Average
Approximate Offsets Payments to outside conservancies	4 900 000	1 633 333
Approximate Offset Payments to Conservancies	3 890 000	1 296 667
Approximate Insurance Payments	4 687 500	1 562 500
Total Projected Exposure	13 277 500	4 425 833

Outsource life and injury

% offset match funding from conservancies

Outsource life and injury

1/3 offset match funding from conservancies



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Paradigm shift

Project to support a paradigm shift:



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Recommendations



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Project design

- Project Principles
- Project objective and results
- Measures (activities)
- Project implementation arrangement
- Project implementation schedule
- Cost and Financing



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Project Principles

- Emphasis on [biodiversity conservation](#) towards achieving National Biodiversity Targets (NBTs);
- Support the implementation of the new [HWC policy](#) (not yet approved) with a focus on innovative and sustainable solutions to [reduce the incidence of HWC incidents](#), and associated risks;
- Alignment to specific [HWC management plans](#) in place at regional and conservancy level
- Strengthening the implementation of the [Guidelines for the Management of Conservancies and Standard Operating Procedures](#).



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Planning principles

- **Conservancy ownership** - transparency and accountability;
- **Open module approach** which means that any physical targets shall be considered as tentative; actual figures can only be determined after the completion of participatory micro plans (Community action plan for HWC management);
- **Cost efficiency and relevance** of project investments with long-term sustainability mechanisms to ensure the maintenance of the project investments;
- **Strict quantity and quality control** of project implementation activities by a project monitoring system;
- **Cooperation** - Focus on HWC requires alignment to existing plans ((e.g. "Human-lion conflict management plan for north west Namibia), and cooperation with other initiatives (eg Lion rangers project, early-warning systems);
- Poverty oriented project measures especially targeting poor households.



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Principles of Human Wildlife Conflict Risk Management

1. Integration of Conservancy HWC management into the wider landscape to create room for corridors and buffer areas (regional species plans)
2. HWC focus: Start with the principle of avoiding development in known conservancy areas of conflict (hot spots). If this is impossible, then consider options that minimize the potential for conflict, mitigate the conflict and finally, offset for any loss. The project will only match wildlife damage offsetting of conservancies.



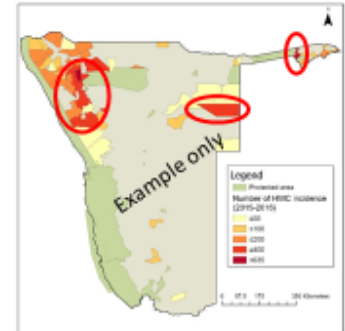
Selection criteria of targeted conservancies

Physical criteria

- Registered Communal Conservancy (clusters where appropriate)
- High frequency of conflicts / conflicting wildlife movements (risk zones / hot spots)

Essential criteria

- Conservancies meeting the MET compliance requirements (i.e. good Governance).
- Conservancies must have an updated HWC Management Plan that they are implementing.
- Conservancies that can afford to do so are matching the HWC mitigation measures (including offset payments).
- Certified book keeping support



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Objectives

Program objective

- Improvement of governance and management of community conservation in conservancies in Namibia

Module (Project) objective

- Enhancement and sustaining wildlife conservation performance and reduction of the burden of the costs to conservancy members affected by HWC



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Module objective indicators (MOI) – still to be refined

- MOI 1: The financial cost of HWC loss in participating conservancies is declining over time (trend over 3 years)
 - Target value: x % reduction compared to baseline (trend of three years)
 - Baseline: The baseline will be determined as the average loss over the three years preceding Year 1 of the project. Both number of incidents and value of losses will be measured – per species.
 - Issue MOI 1: the time frame of a four year project is very short; and impact of droughts might change the scenario. This related to targeted wildlife populations are maintained between lower and upper thresholds in: Maintaining numbers above the lower threshold ensures that the species can recover from external impacts such as drought, disease, predation, utilization; As wildlife recovers from initial low densities to higher, more stable levels, conservancy management efforts focus on maintaining populations between lower and upper thresholds.
- MOI 2: Acceptance of living with wildlife increased in targeted conservancies
 - Target value: Knowledge, Attitude and Practice (KAP) values are higher than baseline;
 - Baseline: Positive attitude towards co-existence and HWC risk management (Baseline survey)



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Module objective indicators (MOI) – still to be refined

- MOI 3: Improved performance of wildlife and habitat management
 - Target value: 80% of implementation measured achieved as defined in the HWC Management Conservancy Action Plan
 - Baseline: No Plan
- MOI 4: The HWC risk management and rewarding conservation performance fund window of the CCFN is run cost-efficiently with a robust financing and increase of investment funds.
 - Target value: Cost efficient fund widow operating and mobilizing sufficient funds (cost efficiency means cost benefit of administration of the fund (< xx % of investment funds) (need more re-thinking later)
 - Baseline: No grant fund window



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Project results (outputs)

- **Result 1.** Improvement of HWC management planning, monitoring and communication and use of monitoring results for decision making onsite and for HWC risk management schemes
- **Result 2:** Improvement of HWC risk management (mitigation and prevention) and wildlife conservation performance measures in targeted landscapes
- **Result 3:** Conservancy pilot project mechanism for sustainable inclusive fair and cost-efficient financing of HWC risk insurance management cum wildlife conservation performance rewarding ready for upscaling and mainstreaming
- **Result 4:** Strengthening capacity of key project stakeholders in HWC risk management and wildlife performance measures in targeted landscapes



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Activities

- HWC Planning and monitoring
- HWC risk management
- Sustainable financing of HWC risk insurance management
- Capacity building in HWC risk management and wildlife performance measures



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Result 1: HWC Planning and monitoring

1. Support to special HWC management plan: Species (Lion, Elephant, Crocodile, etc.) and integration of HWC hot spots into landscape connectivity / wildlife corridor plans;
2. Monitoring and special studies: Integrated baseline, project impact study, special studies;
3. HWC database centre: Creation, and structuring of a HWC database to analyse and interpret for HWR risk management and impact monitoring of HWC management investments, interface with CONInfo; MET-HWC Claim data centre, and other info systems;
4. Early wildlife satellite warning system and standardize high-quality HWC communication systems: develop, install satellite early warning system for lions, and Namibia Rangeland Monitoring and Early Warning System
5. Community Action Planning for HWC management: Update MP and HWC Plan, re-zoning



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Result 2: HWC risk management and wildlife conservation performance measures

1. HWC reduction and mitigation investments: Preventive and mitigation measures
2. Support implementation of special species plans: Lion, elephant (like collaring, early warning, lion ranger project, rapid response units etc)
3. Complementary pro-poor HWC investment: (e.g. conservation farming, livestock dev.)
4. Piloting Integrated rangeland and wildlife planning and implementation with early warning system: including testing reliability of rangeland early warning system



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Result 3: Sustainable financing of HWC risk insurance management cum wildlife conservation performance rewarding

1. Develop implementation concept of innovative sustainable financing, building on best practices like Wildlife Credit and other PEA, pilot schemes
2. New HWCM insurance product design and development (life, and livestock insurance)



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Insurance

Financial insurance inclusion

- Making financial insurance services accessible at affordable costs to all
- Addressing appropriate solutions to the constraints that exclude poor people from participating in the insurance sector
- Principles of insurance: Essential is risk pooling
- Law of large numbers: When many people face a low-probability event, the proportion experiencing the event will be close to the expected proportion



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Challenge of sustained public sector contribution to premium

- If there is no solution for cost-sharing the insurance premium, government might be not able to absorb the premium costs in the long-run.
- Mechanism to cost-share with government for the premium.
- CCFN: Some form of endowment in the long-run
- Minimum, co-funding on top of government (from a major GEF intervention, to the GPTF, the EIF, the CCFN, the AfDB, wildlife credits, etc.)



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Climate insurance - Livestock index insurance in Kenya against drought

Success factors:	<p>UN's pilot success has been supported by CCFN's pilot phase with an endowment used for risk, and partnership with development NGOs in the area such as care for kenya and CARE which focus on consumer education on insurance.</p> <p>CCFN's role was to set up and manage the pilot phase.</p>	<p>CCFN's role was to set up and manage the pilot phase.</p>
Challenges:	<p>The pilot was successful and 45000 of Northern Kenya are very difficult to reach in high altitude and there is disruptive fighting in many districts. Distribution channels are insufficient. CCFN is working with local stakeholders to set up the pilot in areas where financial institutions in the area do not have presence in the village. The pilot is also a model for insurance in the region. CCFN is also working with local stakeholders to set up the pilot in areas where financial institutions in the area do not have presence in the village.</p>	<p>CCFN is also working with local stakeholders to set up the pilot in areas where financial institutions in the area do not have presence in the village.</p>
Opportunities:	<p>CCFN is expanding its work to other districts in Northern Kenya, including Isiolo and Wajir, as well as Southern Shaba. CCFN is also working with local stakeholders to set up the pilot in areas where financial institutions in the area do not have presence in the village.</p>	<p>CCFN is also working with local stakeholders to set up the pilot in areas where financial institutions in the area do not have presence in the village.</p>

Item	Kenya	Proposed for 2010: Best Management in Project State of
Beneficiaries	400 pastoralists (cumulative - real time)	How many pastoralists 400? NE Kenya alone
Partners:	<p>Insurers: APA Insurance (Kenya)</p> <p>Reinsurers: Africa Re, Swiss Re</p> <p>Delivery Channels: Community leaders</p>	<p>Insurer?</p> <p>Reinsurer?</p> <p>Conservation or relief scheme?</p>
Products	Livestock index insurance (cattle, goats, sheep)	Livestock index insurance (cattle, goats, sheep) - 2 year index damage
Insured Period	Drought	Drought plus Livestock damage
Total Insurance Portfolio	USD 1.63 million (cumulative)	9999
Assessment method	Index-based livestock insurance is designed to cater for pastoral communities in the arid and semi-arid lands of Northern Kenya.	Index-based rangeland status monitoring (see project proposal), and event-based
Target clients	Individual pastoralists, both large and small scale.	Livestock owners in conservation areas (goats to include also livestock owners outside where livestock feed exclusively on rangeland)
Project Description:	<p>Since the pastoral livestock depend on the pasture as the only source of food, an index-based livestock insurance that monitors the forage availability through satellites and releases this to livestock owners as the best option.</p>	The same in conservation (no supplementary feeding??)
Insurance Premiums	334 000 (cumulative)	
Average Cost of Insurance	Average: 3.25% - 5.5% / yr	???
Development Impact	<p>A recent annual survey of 925 households randomly selected in Isiolo district that households that purchased insurance had:</p> <ul style="list-style-type: none"> • 33% drop in household employment hunger strategies (which have severe long-term consequences) • 93% drop in distress sales of assets • 33% drop in food aid reliance (aid dependence) 	CCFN covers 40% of premium in pilot phase?



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The Wildlife Damage Compensation Program - SASCROP one example only
 Saskatchewan Crop Insurance Corporation - <http://www.saskcropinsurance.com/>

Items	SASCROP
Compensation paid	<ul style="list-style-type: none"> • Up to 100 per cent compensation on damage caused by defined wildlife • Wildlife damage compensation on claims \$150 and over • Initial payments: 75% of crop prices determined by a survey conducted in September. Final compensation values are set based on a six-month average price survey conducted from September to February. The crop grade at harvest is used to determine compensation rates. • For Crop Insurance customers, wildlife losses do not affect long-term individual yields. A customer's yield before wildlife damage will be used to calculate their long-term yield.
Compensation not paid on:	<ul style="list-style-type: none"> • Crops planted too late in the season to produce a normal yield • Crops seeded on land considered unsuitable for crop production • Crops left out where harvest was generally completed in the area
Eligible crops	<ul style="list-style-type: none"> • All seeded commercial crops • Crops used for alternative feeding systems • Market gardens, tree nurseries, sod farms, honey and leaf cutter bees, including their structures • Compensation is not retroactive; it is paid from the date damage is reported
Producer obligations	<p>To qualify for crop loss compensation, producers are required to allow hunters reasonable access to farmland where wildlife damage occurs. Situations where it is reasonable to restrict access include:</p> <ul style="list-style-type: none"> • Protecting persons, buildings or property • Protecting livestock in a manner consistent with normal livestock operations • Controlling and/or restricting vehicle travel • Managing or limiting the number of hunters
To control and limit wildlife damage, producers must implement reasonable prevention measures	<ul style="list-style-type: none"> • Working with SCIC to protect stacked feed,ilage, sod farms, market gardens and bales from big game animals • Working with the rural municipality to eliminate the beaver problem • Using scare cannons to control waterfowl damage



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Status wildlife damage insurance

- Wildlife damage insurance common in many countries
- Saskropinsurance: Game damage scheme
<http://www.saskropinsurance.com/wildlife/>



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Status wildlife damage insurance

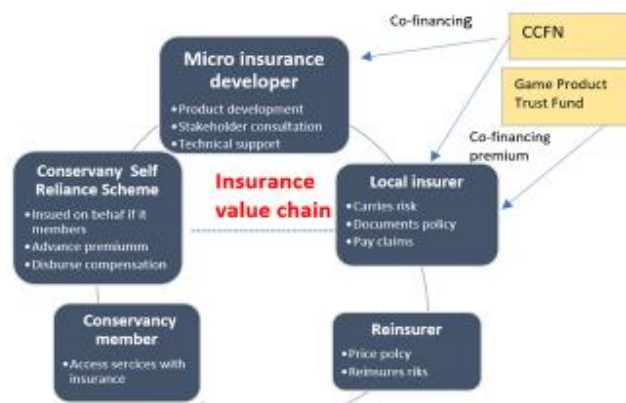
- **Developing countries**
 - Very few voluntary self-help insurance schemes
 - Private insurance not yet really developed
 - Experience with micro insurance especially climate resilience insurance in development cooperation is growing very fast
 - New initiatives, e.g. elephant damage insurance scheme in Sri Lanka
- **KfW InsuResilience Solutions Fund (ISF) new KfW facility) Sep 2017)**
 - Grant funding and advice: climate risk insurance solutions from concept to implementation stage.
- **Financial insurance products**
 - Insurance cover
 - Offset payments
 - Reward incentives (which does not need to be always financial).
- **Perils:**
 - Wildlife damage cum climate change /drought insurance for farmers.
 - Life, injury and mass loss of livestock (and possibly also crops).



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Insurance value chain one option of many options



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Insurance approaches – direct and indirect

Direct insurance Micro-level approach



Indirect insurance Meso- & Macro-level approaches



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Proposed two step project approach

Step 1: Feasibility study - Complementary KFW FS on feasibility of HWC risk management insurance

- Review which insurance products and insurance value change are available and can be considered in the development to include wildlife damage peril into it?
- What the arrangement could be?
- How can the risks/exposure be reduced and how the premiums can be financed?

If development of new insurance products is promising during the inception phase of the Project, it is proposed to proceed to step 2.

Step 2: HWC risk management insurance scheme – grants for design and testing in conservancies

- The new HWC management policy of Namibia (not yet approved) calls for testing innovative wildlife damage insurance.
- The focus of the proposal is test a new insurance product, i.e. for HWC and Drought, but should also include offsets and rewards.



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Tentative proposed core eligibility criteria

Tested product in the field must have prospect for **upscaling**;

- Grant ceiling: ????
- Grant applicants: NGOs, insurance companies, specialized international consulting firms or inclusive insurance networks with significant proven results in designing micro insurance products and distribution channels to benefit stakeholders throughout insurance value chains applicable to the context of HWC in targeted conservancies; a consortium of different partners is an asset;
- Perils: HWC risk management (life and insurance); wildlife crop and livestock damage, climate cum wildlife damage insurance with options to include premium, rewards and offsetting;
- Focus: Micro insurance including rewarding performance conservation and preventive risk management investments for community and HH facilities; and using the conservancies as the main distribution channel;
- Inclusive risk management including poor and vulnerable households through:
 - Directly: through micro-level solutions, or
 - Indirectly: through meso-level solutions;
- Risk-taking partner, generally willing to underwrite the risk covered by the product, is part of partnership;
- Business plan for the development phase (cost, time and working plan);
- Private insurance company: **50% of development cost** of the new products;



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Result 4: Capacity building in HWC risk management and wildlife performance measures

1. CCFN and MET staff training
2. HWC Environmental education (EE) - Outdoor Conservancy nature experience and HWC (schools, youth groups)
3. Development of local SME for wildlife safety facilities service: Contracted services (e.g. lion-proof kraal construction and maintenance service)
4. HWC conservancy risk management (MET, cc committee and staff)
5. HWC publicity and dissemination: HWC window visual identity, HWC media production, dissemination - put out good information on HWC to all concerned – the general public, politicians, conservancy members, and the media.



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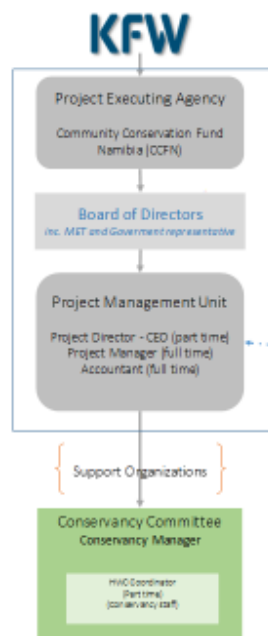


Project implementation arrangement

- Project Execution Agency – CCFN
- Project management costs
- Financial management of the CCFN
- KfW Grant
- Flow of funds
- Auditing
- Project implementation schedule

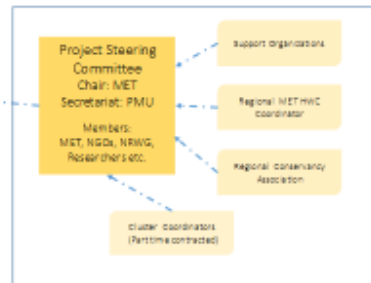


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Project Executing Agency

The CCFN has been identified by MET as the Project Executing Agency



Responsibilities

PEA Project Executing Agency <i>Institutional coordination</i>	PSC Project Steering Committee <i>Technical coordination</i>	PIA Project Implementing Agencies <i>Implementation</i>	MET Ministry of Environment and Tourism <i>Steering / Operational</i>
<ul style="list-style-type: none"> Overall coordination of project implementation with all implementing partners; Assure implementation of adequate administrative, management and financial and procurement procedures and regulations for the guidance of PMU and PIA staff during project implementation; Supervise the progress and quality of the project, evaluate results and "lessons learned", and resolve any problems and difficulties of the Project within the scope of the PEA; Disbursement of funds to PIA and other service providers, not covered under the direct disbursement procedure to the PEA; Submit bi-annual progress reports to KfW (as outlined in the Separate Agreement), based on the reports received from the implementation partners and the project monitoring system. 	<ul style="list-style-type: none"> Develop annual activity plans and budgets – submitted to PEA for approval; Supervise the overall progress of the Project; Co-ordinate the relationships between the agencies and donors to ensure smooth project implementation 	<ul style="list-style-type: none"> Action activities according to implementation agreement. Accountable for managing financial resources in compliance with project guidelines and providing financial reports Submit progress reports as outlined in the agreement 	<ul style="list-style-type: none"> Responsible for overall steering and coordination at national and regional level; Will provide project liaison staff at both Head Quarter and Regional level; Ensure the timely and in-full supply of counterpart funds and adequate staffing of MET staff (HQ and regional level) <p>For discussion:</p> <ul style="list-style-type: none"> Option 1: Overall steering and coordination at national level, i.e. through the PSC. Option 2: Overall steering and coordination at regional level, then requires a Regional Project Steering Committee chaired by the Dept or Chief Control Warden. The Mission favours more option 1.

Project management costs

- Staffing costs of Project Management Unit (PMU) will be paid based on the estimated time for each position working exclusively for the Project;
- Transport costs can be covered by direct disbursement or included into the project management fee; later would be more easy to administer;
- The management fee of 8% as applied by the Environmental Investment Fund of Namibia for similar international grants is in line with environmental Trust Funds and seems a good reference



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Financial management of the CCFN

- Principles of procurement rules for acquisition of goods, works and services (own use);
- Special procedures or changes to the standard procedures possible → Project financial management and procurement guidelines for KfW Window
- Enterprise resource planning software:
 - “Cost centers” for each business line of the CCFN with the ability to track funds from a given source. (KfW Grant Window)
- Plan of Operations (PoO):
 - Formulated on the provisions of the Grant Agreement and project documents.
 - KfW principle = “open project”, involving the active and voluntary participation of project stakeholders
 - → The detailed operational planning adjusted during project implementation.



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KfW Grant

- Sinking trust fund = KfW Window for HWC Management
- Disposition fund: replenished every six months or a shorter period
- Guidelines:
 - Project guidelines, PoO, annual work and budget plans.
 - Approval by CCFN Trust Board
 - Non-objection by KfW
 - Change in PoO; agreement by PEA (CEO or Board) and KfW



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Flow of funds



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Auditing

- Registration conditionality to engage an auditor
- Grant Thornton Neuhas; letter of engagement signed on August 18, 2017
- The scope and components of the audit of the KfW Window will be defined in the Terms of Reference according to KfW requirement; KfW standard is to request three quotes. Decision in KfW Project Appraisal Mission



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Project implementation schedule

- It is proposed that the project should run over four years as it can build on a wealth of existing experience and support staff and organizations are already in place.
- The PEA is already in the process of recruiting the key PEA staff, and can commence the process of recruiting PMU staff in advance of the commencement of the project.



Project duration and phases

Phases	Period
Preparation and piloting – including inception phase of 3 months	12 months
Implementation of targeted interventions	30 months
Consolidation / upscaling	06 months
Total	48 months



Cost and financing

- PMU staff salary costs (4 years) by position
- Budget overview



PMU staff salary costs (4 years) by position

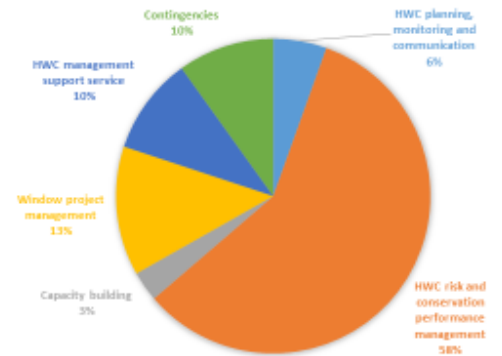
Position	Project time	Total PM
Accountant (young professional)	100%	48
Project Manager	100%	48
Project director (CEO of CCNF)	10%	5
Total		101



Breakdown of cost - tentative proposed project budget

#	Description	Total cost		
		Total		% of tot. Cost
		NAD	EUR	
1	HWC planning, monitoring and communication	4.125.000	275.000	5.5%
2	HWC risk and conservation performance management	43.635.000	2.909.000	58.2%
3	Capacity building	2.325.000	155.000	3.1%
4	Window project management	9.970.000	664.667	13.3%
5	HWC management support service	7.500.000	500.000	10.0%
6	Basic cost 1 (1-5)	67.555.000	4.503.667	90.1%
7	Contingencies	7.445.000	496.333	9.9%
II	Grand total (6-7)	75.000.000	5.000.000	100.0%

1 Euro equivalent to 15 NAD



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Next steps

- Submission of draft final report to KfW, MET, CCFN and WWF by March 8, 2018;
- Feedback on draft final report by recipients: April 08, 2018;
- Submission of final report by May 08, 2018;
- KfW Appraisal Mission End of May or beginning of June 2018



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