



German Financial Cooperation with Namibia
Community Conservation Fund Namibia



**Project on Poverty-oriented
Support to Community Conservation
in Namibia**



Feasibility Study

***By Dr Guido Kuchelmeister and
Dr Pauline M. Lindeque***

BMZ ID 209919598

Illertissen, Germany and Windhoek, Namibia

May 2018



Kuchelmeister Consult
Natural Resource Management
in Development Cooperation



TABLE OF CONTENT

Table of Content.....	i
List of Tables.....	iv
List of Figures.....	iv
List of Annexes	v
Abbreviations and Acronyms.....	vii
Currencies.....	viii
Executive Summary.....	ix
1. Introduction.....	1
2. Problem and potential analysis	3
2.1 Sector analysis	3
2.1.1 Wildlife and biodiversity conservation in Namibia	3
2.1.2 Climate change, natural resource management and wildlife conservation in Namibia	3
2.1.3 Threats, bottlenecks, underlying causes of problems, and justification for community based NRM.....	5
2.2 Communal Conservancies.....	6
2.2.1 Evolution, status and achievements	6
2.2.2 Conservancy nature conservation funding and ecosystem service potential.....	6
2.2.3 Conservation performance payment	7
2.2.4 Financial governance	9
2.3 Human-Wildlife Conflict Management in Namibia.....	9
2.3.1 HWC intensity, trends and costs.....	9
2.3.2 National policies	13
2.3.2.1 National policy on human-wildlife conflict management.....	13
2.3.2.2 Species-specific management and human wildlife conflict plans	14
2.3.2.3 Regional human wildlife conflict plans	14
2.3.2.4 Conservancy level HWC plans	14
2.3.3 Legal framework of wildlife ownership and damage claims	15
2.3.4 Current framework and challenges and prospects of financing wildlife damage claims.....	16
2.3.5 Insurance-based approach against wildlife related losses and damages.....	17
2.3.6 Current conflict prevention measures and effectiveness	18
2.3.7 Major issues of HWC management	19
2.4 Monitoring and database management	22
2.5 The Game Products Trust Fund (GPTF)	22
2.6 The Community Conservation Fund Namibia (CCFN).....	23
2.6.1 CCFN Governance and management structure	24
2.6.2 Road map for development of the CCFN	25
2.6.3 Assessment	25
2.7 Project stakeholder analysis	26

2.7.1	Ministry of Environment and Tourism.....	26
2.7.2	Conservancies	27
2.7.3	Traditional Authorities.....	27
2.7.4	World Wildlife Fund (WWF).....	27
2.7.5	Namibian Association of CBNRM Support Organization (NACSO).....	27
2.7.6	Integrated Rural Development and Nature Conservation (IRDNC)	28
2.7.7	Namibia Nature Foundation (NNF).....	28
2.7.8	Joint Venture Partners and Concessionaires.....	28
2.8	Target group analysis	29
2.9	Problem synopsis.....	36
3.	Project design	38
3.1	Program principles, objective, module objective and results	38
3.1.1	The project design is guided by following planning principles:	38
3.1.2	Module objective indicators	39
3.2	Description of project measures (results).....	40
3.2.1	HWC management planning and monitoring and communication (Result 1)	40
3.2.1.1	Result Indicators.....	41
3.2.1.2	Principles of Human Wildlife Conflict Risk Management	42
3.2.1.3	Conservancies' selection criteria.....	42
3.2.1.4	HWC risk data base and early warning and communication system	44
3.2.1.5	Evidence based standardized monitoring and reporting system on human wildlife conflicts.....	44
3.2.1.6	Support in HWC planning	45
3.2.1.7	Conservancy Action Plan	46
3.2.1.8	Activities 47	
3.2.2	Human wildlife safety management and wildlife conservation (Result 2)	47
3.2.2.1	Result indicators.....	47
3.2.2.2	Water point development and protection for wildlife and people	48
3.2.2.3	High risk predator buffer zone	49
3.2.2.4	Logger early warning system.....	49
3.2.2.5	Predator proof kraals	50
3.2.2.6	Predator proof living fences	50
3.2.2.7	Mobile bomas and conservation farming.....	51
3.2.2.8	Integrated rangeland and wildlife management including testing reliability of rangeland early warning system.....	51
3.2.2.9	Major project activities are:	52
3.2.3	Sustainable financing of Human-Wildlife Safety Management and wildlife conservation performance rewarding (Result 3)	52
3.2.3.1	Result indicators.....	52
3.2.3.2	Conservation performance payment.....	53
3.2.3.3	Wildlife offsetting product development and insurance approach	56
3.2.3.4	Products for financing.....	57

3.2.3.5	Major project activities are:	58
3.2.4	Capacity building in HWC risk management and wildlife conservation performance (Result 4)	58
3.2.4.1	Result indicators.....	58
3.2.4.2	Training module	59
3.2.4.3	People-predator safety service development	61
3.2.4.4	Major project activities are:	63
3.3	Project arrangement and responsibilities	63
3.4	Project implementation (duration and phases).....	67
3.5	Procurement, tender and contracting system.....	69
3.6	Technical assistance and minimum service support	72
3.6.1	Technical assistance	72
3.6.2	Minimum support Service (MSS)	73
3.7	Project monitoring and evaluation	75
3.8	Cooperation and networking	75
4.	Project costs and financing, and disbursement procedure	76
4.1	Tentative Cost and Financing Plan.....	76
4.1.1	Financial contributions	76
4.1.2	Cost & Financing Plan	77
4.2	Project fund flow and disbursement procedure.....	78
4.2.1	Disbursement procedure	78
4.2.2	Flow of funds.....	78
4.3	Financial auditing.....	79
4.4	Project flow of funds projections	79
4.5	Special implementation agreements.....	80
5.	Impacts and Risks of the Module	81
5.1	Impacts.....	81
5.1.1	Financial viability and return to investment.....	84
5.1.2	Nexus of climate change, wildlife and livelihood.....	84
5.1.3	Development contribution	85
5.2	Risks.....	88

LIST OF TABLES

TABLE 2-1 NUMBER OF CONSERVANCIES AND PERCENTAGE IN EACH CATEGORY OF TOTAL BENEFITS (N\$) TO TOTAL HWC COSTS (N\$) (2015 DATA – SOURCE CHRIS BROWN).....	13
TABLE 2-2 TYPES OF PREVENTION MEASURES ALREADY BEING USED OR TESTED, AND INDICATION OF THEIR EFFECTIVENESS	20
TABLE 2-3 OFFSET PAYMENTS FOR HWC LOSSES PAID BY THE GPTF OVER A THREE YEAR PERIOD.....	23
TABLE 2-4 OVERVIEW OF SOME POPULATION ANALYSIS FOR THE MAIN REGIONS OF NAMIBIA WITH COMMUNAL CONSERVANCIES..	31
TABLE 2-5 A DESCRIPTION OF THE SOURCE OF LIVELIHOODS FOR THE VARIOUS STAKEHOLDERS INVOLVED IN THE PROJECT	34
TABLE 3-1 SAMPLE CONSERVANCY ACTION PLAN FOR HUMAN-WILDLIFE-SAFETY MANAGEMENT INVESTMENT	46
TABLE 3-2 PROPOSED TRAINING TOPICS FOR TRAINING MODULE ON HUMAN-WILDLIFE SAFETY AND CO-EXISTENCE OF PEOPLE AND WILDLIFE	60
TABLE 3-3 PERFORMANCE INDICATORS FOR LION RANGER PROGRAM.....	62
TABLE 3-4 RESPONSIBILITIES OF PROJECT PARTNERS	64
TABLE 3-5 PMU STAFF SALARY COSTS (4 YEARS) BY POSITION.....	65
TABLE 3-6: PROJECT DURATION AND PHASES	67
TABLE 3-7: PHASED IMPLEMENTATION	69
TABLE 3-8 PROPOSED PROJECT PROCEDURE AND THRESHOLDS (TO BE DECIDED WITH KFW).....	70
TABLE 3-9 PROPOSED DEPLOYMENT SCHEDULE IN PERSON MONTHS OF PROJECT MANAGEMENT CONSULTANT.....	73
TABLE 3-10 PROPOSED MINIMUM SERVICE SUPPORT FOR TARGETED CONSERVANCIES.....	74
TABLE 4-1 SOURCE OF FINANCING	76
TABLE 4-2 SUMMARY OF COST AND FINANCING	77
TABLE 5-1: OVERVIEW OF THE IMPACTS OF THE PROPOSED INTERVENTIONS OF THE PROJECT.....	81
TABLE 5-2: RISK AND COUNTERACTION	88

LIST OF FIGURES

FIGURE 2-1 COMMUNAL CONSERVANCY VALUE OF NATURAL ECOSYSTEM SERVICES	8
FIGURE 2-2 AVERAGE INCIDENCE OF CROP, LIVESTOCK AND OTHER WILDLIFE DAMAGE PER CONSERVANCY BETWEEN 2003 – 2016 (NACSO 2016).....	10
FIGURE 2-3 NUMBER OF CONFLICT INCIDENCES BY SPECIES IN COMMUNAL CONSERVANCIES, FOR YEARS 2015 AND 2016	10
FIGURE 2-4 FIGURES SHOWING THE DISTRIBUTION AND FREQUENCY OF INCIDENCE OF HWC BY PREDATORS AND ELEPHANTS IN THE DORO-NAWAS CONSERVANCY	11
FIGURE 2-5 FIGURES SHOWING THE HOT-SPOT AREAS AND BAND OF HIGH CONFLICT WITH LIONS IN NORTH WESTERN NAMIBIA	12

FIGURE 2-6 FIGURE SHOWING ELEPHANT COLLAR DATA FROM TEN DIFFERENT ANIMALS, WITH THE RED CIRCLE SHOWING AN EXISTING CONRICTED CORRIDOR.....	12
FIGURE 2-7 FUNDING AND PROGRAMME STRUCTURE FOR THE COMMUNITY CONSERVATION FUND OF NAMIBIA.....	24
FIGURE 2-8 GOVERNANCE AND MANAGEMENT STRUCTURES OF THE CCFN.....	24
FIGURE 2-9 SCHEMATIC REPRESENTATION OF THE COMPONENTS OF THE KfW GRANT.....	26
FIGURE 2-10 PERCENTAGE OF POPULATION LIVING BELOW THE POVERTY LINE OF N\$4 536 PER ANNUM (2011 HEADCOUNT), WITH AN OVERLAY OF THE REGISTERED COMMUNAL CONSERVANCIES	30
FIGURE 2-11 MAP OF NORTHERN NAMIBIA SHOWING THE COMMUNAL CONSERVANCIES IN RELATION TO THE REGIONS OF NAMIBIA.	30
FIGURE 2-12 MAP OF NORTHERN NAMIBIA INDICATING THE GENERAL AREAS WHERE PEOPLE FROM THE RECOGNIZED MARGINALIZED COMMUNITIES OF NAMIBIA RESIDE.....	34
FIGURE 3-1 HUMAN-WILDLIFE CONFLICT RISK MANAGEMENT CYCLE.....	42
FIGURE 3-2: PROPOSED SELECTION CRITERIA FOR PROJECT CONSERVANCIES.....	43
FIGURE 3-4 PROPOSED SUSTAINABLE FINANCING MECHANISM ON INCENTIVE PAYMENT FOR CO-EXISTENCE OF PEOPLE AND WILDLIFE ON INCENTIVE COOPERATION AGREEMENT AREA.....	56
FIGURE 3-5: PROJECT ORGANOGRAM	63
FIGURE 4-1 FLOW OF FUNDS.....	79
FIGURE 4-2 CASH FLOW PROJECTIONS	80

LIST OF ANNEXES

Annex 1 – Feasibility study terms of reference
Annex 2 – Mission schedule and persons met
Annex 3 – Conservancy statistics
Annex 4 – Assessment of key impacts of project investments on target group
Annex 5 – Stakeholder analysis
Annex 6 – Financial management of the KfW grant
Annex 7 – People-predator safety service development
Annex 8 – Insurance TORs
Annex 9 – TOR Financial Management Support
Annex 10 – Proposed key project investments for human safety management
Annex 11 – Preliminary findings and recommendations of the consultants (PPT)
Annex 12 – Implementation schedule

Annex 13 – Tentative cost and financing plan

Annex 14 – HWC planning and monitoring, and data management

Annex 15 – Result Matrix and Responsibility Matrix

Annex 16 – References

Annex 17 – Maps

Annex 18 – Social safeguarding issues

ABBREVIATIONS AND ACRONYMS

ACC	Areas of Connectivity Conservation
BMZ	Bundesministerium für Wirtschaftliche Zusammenarbeit und Entwicklung (German Federal Ministry for Economic Cooperation and Development)
CAP	Conservancy Action Plan
CBD	Convention on Biological Diversity
CBNRM	Community Based Natural Resource Management
CC	Communal conservancy
CCA	Community conservation areas or Community Conserved Area
CCFN	Community Conservation Fund of Namibia
CEDAW	Convention on the Elimination of All forms of Discrimination against Women
CERD	Convention on the Elimination of All forms of Racial Discrimination
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
ESMF	Environmental and Social Management Framework
ESS	Ecosystem Services (s)
EU	European Union
GDP	Gross Domestic Product
GFC	German Financial Contribution
GIS	Geographical Information System
GIZ	German International Cooperation Deutsche Gesellschaft für Internationale Zusammenarbeit
GPS	Global Positioning System
GPTF	Game Products Trust Fund
HH	Household
HWC	Human Wildlife Conflict
HWSRS	Human Wildlife Self Reliance Scheme
ICB	International Competitive Bidding
IRDNC	Integrated Rural Development and Nature Conservation
IRR	Internal Rate of Return
KfW	Kreditanstalt fuer Wiederaufbau
MCA	Millennium Challenge Account
MET	Ministry of Environment and Tourism (Namibia)
MOI	Module Objective Indicator
MSP	Minimum Support Package
MSS	Minimum Support Service
NACSO	Namibian Association of Community Based Natural Resource Management Support Organisations
NAD	Namibian Dollar

Nam	Namibia
NCB	National Competitive Bidding
NGO	Non-governmental Organisation
NNF	Namibia Nature Foundation
No	Number
NRM	Natural Resource Management
NW Lion Plan	Human-Lion Conflict Management Plan for North West Namibia
PEA	Project Executing Agency
PES	Payments for Ecosystem Services
PES	Payment for Ecosystem Services
PIA	Project Implementation Agency
PSC	Project Steering Committee
RBI	Reserve Bank of India
REDD +	Reducing Emissions from Deforestation and Forest Degradation
SWOT	Strength, Weakness, Opportunities and Threats
TEEB	The Economics of Ecosystems and Biodiversity
TOSCO	Tourism Supporting Conservation Trust
UNDP	United Nations Development Programme
VAT	Value added tax
WWF	World Wildlife Fund

CURRENCIES

Exchange Rate

Euro 1 = NAD 15 As Applied in the Study, if not otherwise indicated

USD 1 = NAD 12

human-wildlife conflict. Although at first sight the project would not seem directly related to poverty alleviation, human wildlife conflict undoubtedly impacts on peoples' livelihoods, and has become a significant barrier to unleashing the full biodiversity based economic potential in the otherwise most marginalized areas of Namibia. If long term sustainable solutions cannot be found for the issue of HWC, then the entire communal conservancy programme of Namibia could be at risk, and with it, the livelihoods of almost 200 000 people (or almost 15% of the entire population).

The Project thus aims to address the following challenges:

- i. With the success of communal conservancies in wildlife conservation the social and economic burden of living with wildlife has increased and cost and benefits are not equally distributed among conservancies and within the conservancies and groups of people whose livelihood is affected by HWC hot spots. Therefore, social safeguarding mechanisms are required (Annex 18 outlines major issues to be tackled);
- ii. Ethnic, tribal and intra-tribal tensions could be a challenge in some of the project sites. The project will therefore need to build into the project design a special social safeguarding to avoid increasing any conflicts, and to ensure the full active participation of marginalized people.
- iii. 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.
- iv. 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.
- v. The current offset payment / self-assurance scheme (HWSRS) is clearly insufficient. Yet continuation of payments are currently unsustainable, and the increase of the offsetting values in the new HWC policy will make this worse. The potential for conservation performance payments (ie. Payment of ecosystem services) for wildlife and related ecosystem service delivery has only touched the tip of the iceberg and there is scope for PES in conservancies through further increase of income from Eco Lodge Joint venture (JV) arrangements and channelling income from other beneficiaries such as tourists, Namibians and globally (Donors), provided the appropriate incentive packages and channels of funds are in place.
- vi. 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.

The **core problem** the project will address is that that without reduction of the socio and economic costs and burden for people's livelihoods living with wildlife in conservancies and the required related cost of support agencies and government to ensuring the safety of people, their assets and wildlife and its habitats, the viability of what has become an extremely successful conservation and rural empowerment programme will be at high risk of stagnation or even regression.

The Project will address the core problem by focusing on: (i) reducing the level of conflict – expanding on the rich expertise in best practices (procedures, technologies) and experienced supporting staff; (ii) establishing sustainable financing – exploring mechanisms to sustainably finance offsets for the (reduced) losses from wildlife conflict;

and iii) improving conservancy governance – supporting and leveraging improved compliance and governance at conservancy level.

Proposed project

Project area: The project area consists of all communal conservancies, with focus on those most affected by HWC (which coincides with the conservancies in the northern part of the country where megafauna occurs in highest numbers).

Target groups: The target groups will be a subset of the 82 registered communal conservancies (and in particular the people living within them) who are negatively impacted by Human Wildlife Conflict. Two regions stand out as most affected – namely Kunene and Zambezi regions. Kunene is the most sparsely populated, with the lowest literacy rate and the second highest poverty headcount. Zambezi, on the other hand, has the highest poverty headcount, the highest numbers of wildlife, and is situated at the heart of the Kavango Zambezi transfrontier conservation area. In order not to contribute but to mitigate ethnic, tribal and intra-tribal tensions the Project will build into the project design specific social safeguarding mechanisms to avoid increasing any conflicts, and to ensure the full active participation of marginalized people.

Conservancies' selection criteria: There are about 20 conservancies with high incidents of HWC. It is assumed that the Project will work in up to 40 conservancies out of which 20% are classified as poor conservancies (i.e. low revenue:HWC ratio). To manage the Project, the project area should ideally be as compact as possible, preferably on conservancy cluster level. However, wildlife lives without administrative boundaries and some of the conservancies might not have a significant overall financial burden due to wildlife, but one small area might be in a risk corridor. Hence the inclusion of conservancies will be based on identified high risk corridors and recurrent HWC hot spots² and wildlife corridors. Essential non-negotiable criteria to be qualified as a beneficiary conservancy are: commitment to meeting the MET compliance requirements for conservancies and address governance issues; develop or update a HWC management framework and CAP; pay wildlife damage offsets to community members affected by HWC conflicts to be matched by project and other sources; contract an external certified bookkeeper for improving financial governance and proper project fund management.

The level of poverty is not a selection criteria *per se*, but in poor conservancies the matching for wildlife damage will be higher, and the project beneficiary contribution for HWC reduction and mitigating project measures will be significantly less for HWC affected, resource poor conservancy members.

Module objective (outcome) of the project is: Contribution to biodiversity conservation and rural development through establishment of a sustainable safety management system for people, their assets, wildlife and habitats, as well as rewarding conservation performance in communal conservancies in Namibia.

Tentative indicators for measuring this module objective (outcome level) are:

² Rich food patches for predators like lions are referred to as “hotspots” when predators regularly return to them to search for prey.

MOI 1: The incidence of, and financial cost of wildlife damage in participating conservancies is declining over time, and benefits from wildlife are increasing. The measure is the ratio of benefits gained from wildlife against losses from wildlife

- Target value: benefit cost ratio at least x times more than baseline for conservancies; e.g. target for mature conservancies at least 20:1 and for conservancy members significantly affected by HWC hotspots to be defined;
- Baseline: Be determined as the average benefit: cost ratios of the three years preceding project Year 1 for the whole conservancy and level of conservancy members significantly (i.e. x percentage of livelihood) affected by wildlife damages in hot spots or risk zones

MOI 2: The number of new strategic preventative measures put in place in order to reduce HWC incidences involving elephant, lion, hippo, crocodile and buffalo.

- Target value: Altogether 30 Measures must be put into place at a rate of 6 measures implemented annually.
- Baseline: 0

MOI 3: Acceptance / tolerance of living with wildlife increased in targeted project conservancies

- Target value: Acceptance /tolerance level of living with wildlife is higher than baseline;
- Baseline: Level of acceptance / tolerance towards living with wildlife of representative conservancy groups (Baseline survey)

MOI 4: Targeted wildlife populations are maintained between lower and upper thresholds in project conservancies.

- Target value: Populations maintained within defined lower and upper thresholds;
- Baseline: to be determined per species per conservancy/landscape based on historic data and best knowledge (thresholds can be adapted / fine-tuned over time).

The module objectives will be achieved through the following four 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:** Demonstration of best practice human wildlife safety management practices package in targeted landscapes ;
- **Result 3:** Successful piloting of innovative payment of conservation performance cum offsetting in targeted landscapes;
- **Result 4:** Strengthening capacity of key project stakeholders in HWC risk management and wildlife performance measures in targeted landscapes.

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. Major proposed **project activities** are to: (i) Develop and approve a concept design for HWC monitoring, data management and communication; including standardized evidence-based monitoring system on human wildlife conflict incidences and effective of counteractions; (ii) Tender HWC risk data base centre development, install, test and run the system; (iii) Install an early wildlife and rangeland satellite early warning platform system and develop a protocol for a standardized high-quality HWC communication systems; (iv) Review existing HWC related plans of identified hot-spots and high-risk zones, and support if required to further develop or amend special HWC management plans; (v) Develop guidelines for Conservancy Action Plans for Human-Wildlife-Safety Management; (vi) Select priority project conservancies at HWC risk zone and landscape level; and (vii) Prepare and approve Conservancy Action Plans for Human-Wildlife-Safety Management.

Result 2: Demonstration of best practice human wildlife safety management practices package in targeted landscapes: Major project activities are: (i) Implement practices to increase human wildlife safety and conservation of targeted wildlife species through water point development for wildlife, elephant proof walls to protect water infrastructure, predator-proof kraals, field level early warning system and other practices to be agreed during project implementation; (ii) Implement specific practices designed for high risk HWC buffer zones; (iii) Pilot Integrated rangeland and wildlife planning and implementation with early warning system: including testing reliability of rangeland early warning system; (iv) Pilot targeted pro-poor human wildlife safety measures in poor conservancies.

Result 3: Successful piloting of innovative payment of conservation performance cum offsetting in targeted landscapes: Major activities are: (i) Review the progress with self-reliance scheme, wildlife credit scheme and similar payments for conservation performance; (ii) Refine the sustainable financing concept in the inception phase of the Project; (iii) Assist in developing local wildlife credit funds and test channelling funds via CCFN based on community action plan on wildlife conflict and game management plans, etc.; (iv) Based on the recommendations of the planned insurance scoping study develop a system to optimize the modalities of disbursement of claims and tackle the risk of extreme events and commercial insurance products affordable for poor conservancies and households (if feasible).

Result 4: Strengthening capacity of key project stakeholders in HWC risk management and wildlife performance measures in targeted landscapes. Major activities are: (i) Prepare an overall capacity building program; (ii) Tender training module on training on human-wildlife safety and co-existence of people and wildlife, develop and test module; (iii) Support the lion ranger program to develop a modern predator safety professional service, and support other emerging programs like elephant rangers; and (iv) Produce and disseminate public and environmental awareness media.

Institutional set-up and implementation aspects

Project Executing Agency is the Community Conservation Fund of Namibia (CCFN). A **Project Management Unit** (PMU) will be set up within the CCFN for managing the CCFN for Window One, i.e. KfW sinking fund grant. The PEA is a financial institution and as such will be not directly involved in field implementation. The function of MET in project steering still have to be agreed with KfW. **Project implementing agencies (PIA)** will be Namibian NGOs

with long term experience in implementing projects with communal conservancies, such as Integrated Rural Development and Nature Conservation (IRDNC) and Namibia Nature Foundation (NNF). They will oversee the support the project implementation working directly with the conservancies and their parallel agencies like regional associations. The CCFN is an evolving financial institution and will not be directly involved in field implementation. Therefore, a distinction is made between: To render technical Assistance to the CCFN through consultants; and minimum Support Service (MSS) at field level for project implementation for targeted conservancies and landscapes by the Project Implementation Agencies. In view of the absence of experience with financial and project management procedures of KfW, substantial support and assistance of the PEA is required through a consultant recruited from the market (See Section 3.6).

Conservancy Committees project related tasks will include to cooperate with other conservancies and partners in the agreed wildlife incentive areas; Develop with assistance of PIA conservancy action plans for Human-Wildlife-Safety Management Investment and implement according to the plans, and guide conservancy and member communities to deliver agreed local outputs as per conservancy action plan in respective conservancy, Partners of the Local Wildlife Credit Funds will be the level of the conservation incentive area i.e. either conservancies, or other landscape arrangements with iconic wildlife. Partners are the members of the trust fund agreements (conservancies, or conservancy associations, lodges and hunting concessions) and other partners.

The project duration is four years (2019-2022). The project will have three distinct phases -Preparation and piloting; Implementation of targeted interventions; and Consolidation / upscaling - with an overlapping of phases.

Two stages of implementation are planned in the conservancy cluster landscapes. It is expected that the project will work in up to 40 conservancies with a focus on 20 conservancies identified with the highest HWC incidences and 10 poor conservancies or emerging conservancies. The final selection of conservancies in the inception phase will be based on the willingness of the conservancy to agree to participate and comply with the essential criteria (i.e. not negotiable) of the project principles.

The total project cost is estimated is at approximately EUR 6.42 million of which EUR 5.0 million (~78%) will be financed by the German Financial Contribution, based on an exchange rate of 15 NAD equivalent one Euro. The German financial contribution is a sinking trust Window for HWC Management. The Public Namibian Fund is assumed³ at NAD 8.3 million (8.6%) to be contributed by MET in cash or in kind. In addition, beneficiaries' contribution will comprise between 4 % and 50% (labour and local material) of wildlife safety investments. This has not been included into project budget, but beneficiary contribution will be less in poor conservancies and targeting poor households. Specific guiding principles will be agreed with MET and the PEA and KfW in the inception phase of the Project.

Impacts

Table 5-1 provides an overview of the impacts of the proposed interventions of the Project. Preliminary assessment of financial and social impacts of key proposed human wildlife safety investment suggests that proposed

³ The Mission did not get a formal reconfirmation during the study preparation on commitment of MET.

investments are financially viable and socially acceptable for poor conservancies provided the proposed incentive packages for wildlife safety investments and rewarding conservation performance maintaining the wildlife infrastructure are channelled to the most affected HWC hotspot areas and people. Financial analysis also suggests that wildlife is a viable alternative land use in areas receiving below 800 mm of rain per annum, compared to conventional rain fed farming. The Project will be enhancing the value and tolerance of wildlife conservation by conservancy rewarding and safety investment in HWC hot spots

Enhancement of wildlife conservation and management by the project at the same time will protect resilience of the most important Namibian habitats and most vulnerable ecosystems outside but connected to national parks; hence the adaptive capacity of the natural resource dependent communities about climate change and other disaster risks will be greatly improved.

Human Wildlife Conflict management: The sustainable non-consumptive and consumptive use of wildlife resources is the foundation for revenues earned by communal conservancies and offers the diversification of revenues needed to help mitigate the impacts of climate change. The project is designed to exactly resolve these challenges by the multifaceted approach that specifically focusses on: Reducing the level of conflict – and thus the impact on people’s livelihoods. Establishing sustainable financing – ensuring that those negatively impacted receive offset financing and increasing the overall value of wildlife to communities in the areas impacted by Human Wildlife Conflict; and Improving conservancy governance – supporting and leveraging improved compliance and governance at conservancy level, which in turn will translate to increased benefits to the conservancy members.

Relevance and need for a paradigm shift in HWC policy framework: The project will assist MET to realize a paradigm shift in the new HWC policy from unsustainable and not easy to cover by public sector wildlife conflict offsetting, to making the co-existence of people, their assets, wildlife and its habitat safe as far as possible; testing an insurance-based business approach in reducing the residual risk of living with wildlife; rewarding wildlife conservation performance with the dual purpose to improve the livelihood of local people, especially the poor segment, through wildlife conservation and management.

The professionalization of financial governance and wildlife safety services will contribute to raise the conservancy ecosystem governance to a higher level of professional competence. With the upscaling and mainstreaming of the proposed project approach and investment, it is anticipated that the current annual wildlife damage estimated at more than 10 million per year could be reduced by up to 80%, and sufficient funds mobilized for rewarding conservation performance. Thus, people living with wildlife will not only be desirable, but feasible for the benefit of both people and wildlife.

Risks

The summary of risks and counteractions were considered (Table 6-2), concluding that the project risks are manageable with the proposed project design and counteractions.

1. INTRODUCTION

Community-based Natural Resource Management (CBNRM) in Namibia has been implemented for more than two decades and is regarded as one of the most successful conservation initiatives in the world. It is a leading example of rural community empowerment through the devolution of rights and responsibilities over wildlife and forest resources. Communities forming 83 wildlife conservancies (expected to increase to 100 by 2020) and 32 community forests cumulatively cover almost 20% of Namibia's land and engage almost 10% of Namibia's population as conservation stewards. In 2016 conservancies generated a total cash income and in kind benefits of NAD 112 million (EUR 7.48 Mio). The programme focusses on benefit generation and creating opportunities for livelihoods for the poorest population in the country and therefore contributes to poverty reduction. However, the required long term financial and technical support needs for CBNRM exceeds by far the current available funding from government and other sources. Hence, it is imperative to assure the sustainability of the programme, with further improvement of capacities of local communities to manage and derive economic benefit from their natural resources. Furthermore, because of successful conservation efforts an increase of Human-Wildlife-Conflict was recorded over the last years. As a result, the support for the CBNRM approach is eroding, particularly where poor farmers are affected, and in Conservancies where HWC costs are exceeding revenues and other benefits obtained from CBNRM. To ensure independence from donor funds and the longevity of the CBNRM programme, the Ministry of Environment and Tourism, WWF and partners registered the Community Conservation Fund of Namibia (CCFN) as a non-profit Association in 2017. The Funds' purpose is to generate sustained funding for Namibia's conservancies and parallel conservation initiatives. The first focal area is to provide value to the wildlife and people of Namibia by support services; human-wildlife conflict management (HWCM) and payment for ecosystem services program (PES). A Board of Directors is in place and guiding the further development; a by-law (trust deed) and operation manual have been drafted; and preparations are underway to become operational.

In the Government Negotiation in September 2017 KfW and the Government of the Republic of Namibia (GRN) agreed that a Euro 5 Million grant be allocated to ensure the sustainability of the CBNRM programme. In a further KfW Project Preparation Mission (31.10. – 10.11.2017) it was agreed with MET that:

- The German Contribution will be allocated as a sinking investment window in the CCFN to enhance the efficiency of the trust fund and its visibility and potentially to attract other funding opportunities;
- CCFN will act as the Project Executing Agency provided it will develop its capability quickly;
- The project interventions will be restricted to Human Wildlife Conflict Management and rewarding conservation performance;
- A feasibility study be commissioned in preparation for the KfW Project Appraisal Mission scheduled for March 2018.

From January 21 to February 03, 2018, the KfW Feasibility Study Mission consisting of Dr Guido Kuchelmeister (Mission Leader) and Dr Pauline Lindeque, National Consultant (hereafter: the 'Mission') conducted the mission for the proposed Project entitled "Project on Poverty-oriented Support to Community Conservation in Namibia" (The Project). The mission was backstopped by Kathy Mikitin (trust fund development) and Ms Olga Mursajew (insurance).

The objectives of the Mission were:

1. To support the Ministry of Environment and Tourism (MET) in developing a feasible concept and design for the envisaged Financial Cooperation (FC) Programme, and to provide all information required for the KfW appraisal.
2. To identify the most appropriate structure for Programme management.
3. To elaborate how provided funds can be used for mechanisms regarding payments for environmental services; as well as for supporting a sustainable financing system for mitigating HWC in close alignment with the CCFN.

Work was undertaken in close cooperation with the MET and the WWF and other project partners: The detailed ToRs are provided in [Annex 1](#).

The schedule of the mission was:

- 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 (February 3, 2018);
- Elaboration of draft final report (March 2018);
- Debriefing of Mission Leader in KfW Headquarters and incorporating feedback of project stakeholders (April, May 2018).

The full list of persons consulted is provided in [Annex 2](#).

Feedback on the findings and recommendations as presented in a PPT to the Trust Board Meeting was further refined based on the feedback of the Board of Directors and presented in the wrap-up meeting ([Annex 14](#)). MET and other participants agreed with the project design. Two options on how best to involve the MET in project implementation were discussed.

The Mission would like to express its gratitude to all the stakeholders at national and field levels for the excellent arrangement of meetings and field visits, and hospitality extended to the mission during the visits. Special thanks go to Mr. Colgar Sikopo and Bennett Kahuure, MET; Richard Diggle, WWF and Maxi Louis, NASCO. The Mission appreciates the open and very constructive discussions as well as the consensus reached. The findings of the mission are summarized below.

The Mission reiterates that all the statements and recommendations made in this document represent the Mission's opinion only and that all understandings reached are subject to review and approval by the management of KfW and the German Government. Likewise, statements of the Namibian side are subject to approval by the Government of Namibia.

2. PROBLEM AND POTENTIAL ANALYSIS

2.1 Sector analysis

2.1.1 Wildlife and biodiversity conservation in Namibia

Namibia is globally recognised for her sustained wildlife and conservation achievements. Combining the National Parks, and gazetted Communal Conservancies and Community Forests, over 44% of the country's landscapes and biodiversity is under some form of protection. The basis for this success has been the ability for biodiversity to create value, through both non-consumptive and consumptive activities. The sustainable use of natural resources is embedded in Namibia's Constitution, and is a philosophy that has underpinned the successful recovery of wildlife populations on communal land outside protected areas.

The Nature Conservation Ordinance (Ordinance 4 of 1975) with amendments and the related regulations, form the legal framework for wildlife management and use. It was this Ordinance that in 1975 granted the rights of utilization of wildlife to free-hold farmers (according to a set of defined criteria and a permitting system), and which lead to the dramatic recovery of wildlife populations on private land. An amendment to this legislation in 1996 laid the foundation for granting similar rights of utilization of wildlife on communal land to legally-recognized community conservation organizations (Communal Conservancies).

Thus, whereas in many parts of the world wildlife populations are declining due to range and habitat loss, in Namibia the range available to a variety of indigenous species is expanding and populations are increasing, particularly outside of the formal Protected Area network. This includes charismatic species which are considered as threatened globally – such as rhino, lions (and the entire suite of large carnivores) and elephants.

Nonetheless, the success also comes with some challenges, most notably the interface and coexistence of people and wildlife.

2.1.2 Climate change, natural resource management and wildlife conservation in Namibia

The climate⁴ of Namibia is characterised by hot arid deserts (BWh) and steppe (BSh). The rainfall exhibits a strong seasonality with generally dry winters and a rainy season in summer. Mean annual precipitation ranges from less than 20 mm/yr in the Namib Desert to more than 600 mm/yr in the northeast. An extreme rainfall event in the Namib Desert during late summer 2006 caused 102 mm of rainfall (recorded at the coastal station of Lüderitz), which is about six times the annual average rainfall. Annual mean maximum temperature reaches up to 31°C in the north. The climate in the coastal area is dominated by the cold Benguela current, which leads to very low precipitation, frequent dense fog, and overall lower temperatures than in the rest of the country.

⁴ KfW 2015: Fact sheets Updated version 2015: The Climate-Fact-Sheets have been developed in 2011 jointly by the KfW Development Bank and the Climate Service Centre Germany (GERICS) to present projected climate change in a condensed manner. Now an update of the Climate-Fact-Sheets has been made.

Mean annual temperature has significantly increased at a rate of about 0.11°C per decade over the last 30 years.

Past trends: For the annual total precipitation amounts, a tendency towards an increase was observed over the last 30 years, although the region is characterised by a strong decadal rainfall variability.

Info Box – Projections: For the future, projections from global climate models suggest

- A medium-strong **increase in temperature**. For the end of the century, a warming in the range of 1.2 to 5.9°C (compared to the reference period from 1971 to 2000) is likely. Furthermore, a strong increase in the duration of heat waves as well as a strong reduction in cold spell length is projected.
- Project a tendency towards a **decrease in annual total precipitation**. For the end of the century, a change in annual total precipitation in the range of -19 to -1 percent (compared to the reference period from 1971 to 2000) is likely. Furthermore, projections suggest a tendency towards more intense heavy rainfall events as well as an increase in the duration of dry spells, whereas no clear trend is projected for the frequency of heavy rainfall events.
- Climatic **water balance, no clear trend** is projected for the future. Regarding solar irradiance, projections show a tendency towards an increase, whereas for annual mean wind speed the projections suggest no clear trend over the 21st century. However, the skill of the global models in reproducing mean wind speed and solar irradiance is limited.

KfW 2018. Factsheet

Climate change is likely to exacerbate the dry conditions already experienced in Namibia and greater variability and intensity of rainfall leading to erosion and flood damage. Research in Namibia suggests that over 20 years, annual losses to the Namibian economy could be up to 6 per cent of GDP due to the impact that climate change will have on its natural resources alone. This will affect the poor most, with resulting constraints on employment opportunities and declining wages, especially for unskilled labour.

Rain-fed farming in Namibia is extremely sensitive to climatic conditions especially for the over two-thirds of Namibians practicing subsistence cropping and pastoralism, mostly on communally owned land. Much land used for agricultural purposes is already marginal, and changes in rainfall variability will make rain fed farming no longer viable. Financial analysis suggests that wildlife and tourism can out-perform farming by a factor of at least two. Trophy hunting coupled with high-end tourism is the most lucrative of natural resource uses. Hence

Info Box – Tourism Potential

In Namibia the tourism sector has the potential to expand as a substitute to production in climate sensitive sectors, provided the political situation remains stable. Shifting from livestock production to wildlife conservation is a prospect climate change adaptation. Climate change could also result in a need of shifting of habitats of fauna and flora. A larger, connected wildlife corridor will provide better chances of adaptation and reducing human-wildlife conflict.

it is very likely that in Namibia the tourism sector has potential to expand as a substitute to production in climate sensitive sectors (Reid *et al* 2007).

Impacts on biodiversity and wildlife: Projected rising temperatures and decreases in total precipitation and recurrent droughts will have serious impacts on biodiversity and wildlife. Problems exacerbated by drought (such as fewer antelopes, lower meat distribution; hungry predators, thirsty elephants) and increased poaching will increase human wildlife conflict.

Sustainable hunting and recurrent droughts: The Conservancy game management and quota system is in line with international standards for hunting. The current quota setting process already takes into account the drought considerations using remote sensing to determine the drought status in conservancies, followed by assessing the wildlife stocking (population) situation using the population status scoring system. Depending on the stocking level - with high stocking the system increases the quota to destock in a drought; and with low stocking rate - the system decreases the quota, particularly of rare and threatened populations, to avoid negative impacts from offtakes during a drought period as this is when breeding success is at its lowest (Stuart-Hill *pers comm.* 2018). Currently an early warning drought system for forage availability for both livestock and wildlife in one conservancy in Zambezi has been tested with scope for upscaling, and thus enhancing the quota system at field level, allowing conservancies to be better prepared for disaster management and hence having a tool to become more proactive for managing human wildlife conflicts.

2.1.3 Threats, bottlenecks, underlying causes of problems, and justification for community based NRM

Biodiversity conservation is an important area of environmental policy, and increasingly recognized to be connected to the socioeconomic well-being of local communities. Those most vulnerable to the deterioration of natural systems are typically rural populations of the developing world, who commonly lack a minimum standard of living. The strong dependence of these populations on natural resources for their livelihoods leads to a complex relationship between conservation and human development. Research is repeatedly re-affirming that the future of biodiversity conservation and the socioeconomic needs of rural communities are intricately connected, with biodiversity providing for human well-being through food security, health improvements, income generation, and reduced vulnerability to climate and resource changes, ecosystem services, and cultural value.

In the early to mid-part of the 1900's, Namibia experienced high hunting and poaching pressures which, in combination with disenfranchisement, civil war, and drought, led to a decrease in populations of many large wildlife species and large-scale animal migrations in the 1970s and 1980s⁵. At Independence in 1990, wildlife populations were recovering in the commercial farmlands, but populations on communal land were depleted, displaced by alternative subsistence farming activities. As communities had no ability to legally utilize the natural resources, these were not regarded as a resource to protect, and were thus unsustainably used as people tried to survive under harsh environmental conditions.

⁵ Riehl B, Zerriffi H, Naidoo R (2015) Effects of Community-Based Natural Resource Management on Household Welfare in Namibia. PLoS ONE 10(5): e0125531. <https://doi.org/10.1371/journal.pone.0125531>

Partially in response to these threats to biodiversity, the Nature Conservation Act was passed in 1996, allowing for the formation of communal conservancies, i.e., areas of customary land tenure in which rights to benefits derived from natural resources are devolved to local communities. Various community-based conservation activities had begun in 1991, but the passing of this legislation was the official beginning of Namibia's CBNRM program.

2.2 Communal Conservancies

2.2.1 Evolution, status and achievements

Community Based Natural Resource Management (CBNRM) is based on the understanding that if natural resources have sufficient value to rural communities, the appropriate incentives are created for people to look after the resources and use them sustainably. The recovery of wildlife on freehold land in Namibia, following the introduction of rights of utilization through the Nature Conservation Ordinance 4 of 1975, was proof of this principle. Nonetheless, on communal land wildlife resources remained the sole property of the State until 1996, when the Ministry of Environment and Tourism (MET) introduced legislation that gave conditional use rights over wildlife and natural resources to communities in Namibia's communal areas, through management units referred to as a 'communal conservancy'. Communal conservancies are self-governing, democratic entities, run by their members, with fixed boundaries that are agreed with adjacent conservancies, communities or land owners. Communal conservancies are obliged to have game management plans, to conduct annual general meetings, and to prepare financial reports. They are managed under committees elected by their members, provided a number of pre-conditions are met, which include a definition of the boundaries of the area; a list of conservancy members; a constitution; and a management plan (NACSO website).

The conservancy approach has proven effective as a conservation strategy, as demonstrated by the increase in wildlife numbers in many of the communal conservancies, and the increase in revenue generated from this wildlife through primarily conservation hunting and tourism. In addition to increased revenue, additional advantages have been the creation of new jobs; developing new skills and expertise; and access to meat, amongst others.

There are currently 82 registered conservancies and one community conservation association in a national park (Kyaramacan Association – managed like a conservancy). Conservancies manage 162 030 km² which represents 19.66 % of Namibia, and over 50 % of all communal land, with an estimated 195 258 residents (NACSO, 2016). During 2016, community conservation generated over N\$ 111 million in returns for local communities, and the programme catalysed the creation of 5 147 jobs.

2.2.2 Conservancy nature conservation funding and ecosystem service potential

Despite the impressive revenues and benefits achieved by some conservancies, the sustainability of biodiversity conservation through communal conservancies is far from being ensured. The gap analysis for the Minimum Support Package (MSP) or Minimum Service Support required was the impetus for the creation of the Community Conservation Fund in Namibia (CCFN). The Minimum Support Service (MSS) is defined as the min-

imum cost of providing essential support services necessary to sustain the Namibian CBNRM programme; focusing on the establishment of and support to conservancies in Namibia, also with the aim of the conservancies becoming financially and technically self-sufficient over time.

Cost of minimum support services:

- The current annual costs are estimated at NAD 73 million of which NAD 25 million is for conservancies in a development stage.
- The costs are expected to taper off as more conservancies mature to the maintenance stage, until it stabilizes at NAD 64 million per annum (Boonzaaier, W. 2015).

2.2.3 Conservation performance payment

Conservation performance payment is a form of payment for ecosystem services (PES). The difference to traditional forms of wildlife damage insurance is that the contracts are written against well-defined evidence-based conservation performances. Performance payments can include an existence value and performance payment for services or rights, such as hunting and tourism

The Tourism Lodge Joint Venture (JV) initiatives' steady increase in turnover is linked to iconic wildlife. This is already the case for several lodges that have rhino, but in many cases the increase in revenue is not yet directly attributed to the wildlife resources, but more likely to general increase in tourism and to more favourable exchange rates. The increase in turnover to tourism ventures still does not translate directly into benefits to community households from the success of local conservation efforts, and hence the Project will develop a new scheme which is able to give direct recognition to the presence (and increase) of iconic species, independent of other income streams.

A currently ongoing study⁶ to explore opportunities for payments for ecosystem services (PES) to conservancies (in exchange for managing their land to provide ecosystem services) preliminary concluded that the potential for payment of ecosystem services has only scratched the tip of the iceberg and there is much scope for PES In conservancies through further increase of income from Eco Lodge Joint Venture (JV) arrangements, and channelling income from other beneficiaries such as tourists, Namibians, Rest of World (Donors) (Figure 2-1).

⁶ Results of the TEEB COUNTRY phase 2 STUDY will become available in March 2018⁶. The study includes the economic valuation of prioritised ecosystem services, including the contribution of ecosystem services to national priority sectors and the costs of overuse and depletion through economic activities. One target area are represented community conservancies in which the payments for ecosystem services (PES) scheme should be tested. The study is quantifying for these some ecosystem services like wildlife viewing, trophy hunting, fire management and others and include a Willingness to Pay (contingency method) for ecosystem services. The result of the study will provide further valuable information in refining of the proposed concept. (Interim results see Anchor Environmental Consultants and Namibia Nature Foundation. 2018).

Communal conservancy Ecosystem services			
Value of natural systems	Locals	Namibians	Rest of world
Provision of harvested resources	Local value	-	-
Agricultural and fishery support services	Local value	-	-
Refugia	-	Significant to surrounding conservation areas	
Groundwater recharge	Local value	Value in longer term	-
Wildlife & unspoilt landscapes	N\$102 million - damages	N\$1.8bn + national WTP	Visitors' consumer surplus + global WTP
Carbon storage	N\$3.8m	N\$18.9m	N\$1071bn

Figure 2-1 Communal conservancy value of natural Ecosystem Services⁷

⁷ Source: Anchor Environmental Consultants and Namibia Nature Foundation. 2018.

2.2.4 Financial governance

Conservancies are in most cases managing their own finances. Incidents of theft and misuse of resources have been recorded, and growing conservancy financial mismanagement is mentioned among the biggest challenges in the 2016 annual report. Good financial management also includes managing funds to best advantage (including investing). As some of the conservancies are now handling significant funds, it is advisable that they start to use the services of professionals for their book-keeping and investments. In the Zambezi region, IRDNC's regional coordinator provides regular support to conservancies with their financial management.

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

2.3 Human-Wildlife Conflict Management in Namibia

2.3.1 HWC intensity, trends and costs

As with other success stories, this one is not free from challenges. With an increase in wildlife numbers within communal conservancies, the incidence of human wildlife conflict is perceived to have increased. Statistics provided in the State of Community Conservation in Namibia annual report 2016 (NACSO 2016) however suggest that in as far as the number of incidents within conservancies has increased from 3 019 incidents in 2003 to 6 331 in 2016, this is due to the increase in the number of conservancies over the same period from 29 to 82. In fact, over this time, the average number of incidents per conservancy have remained reasonably stable in the case of livestock attacks, and has slightly declined over time in the case crop damage and other damage (Figure 2-2). Nonetheless, incidence of losses due to wildlife are not evenly spread, and therefore the cost of these losses fall on those living in conflict hot-spot areas.

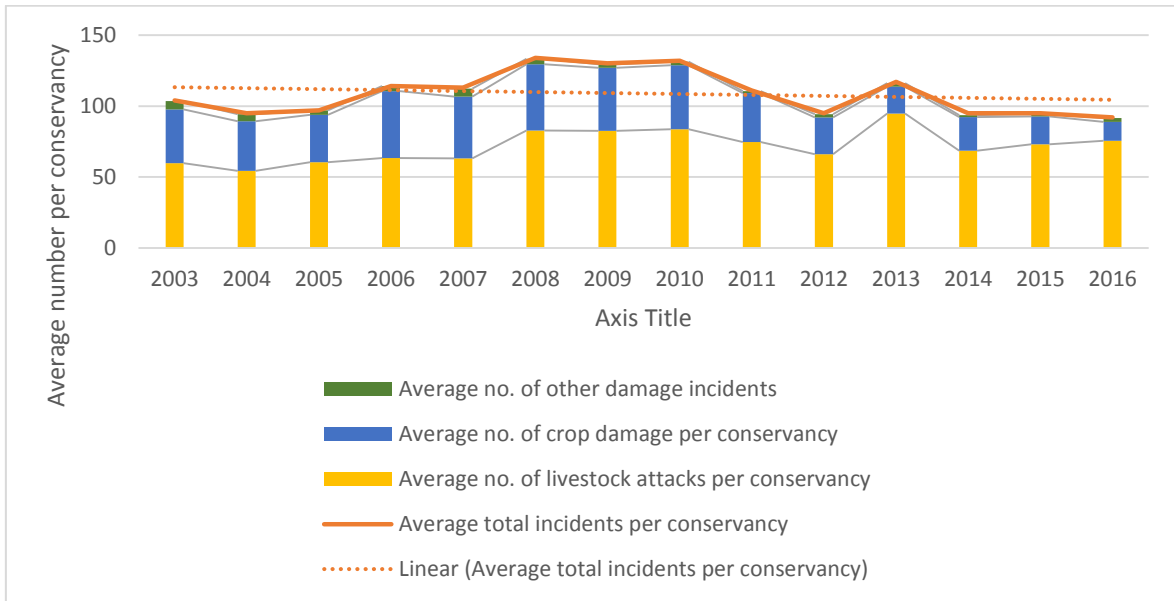


Figure 2-2 Average incidence of crop, livestock and other wildlife damage per conservancy between 2003 – 2016 (NACSO 2016)

The single species that accounts for the highest number of recorded incidences is elephants (Figure 2-3), which in the north west of the country are responsible primarily for water infrastructure damage, whilst in the north east of the country, the primary damage is to crops. The highest financial losses however relate to livestock predation, caused by the cumulative effects of a number of large predators. Although lions attract the most attention, other species such as hyaena, cheetah, jackal and leopard actually account for higher financial losses. As would be expected, the diversity of “problem” species in the wetter north east is higher – including buffalo, crocodile and hippopotamus.

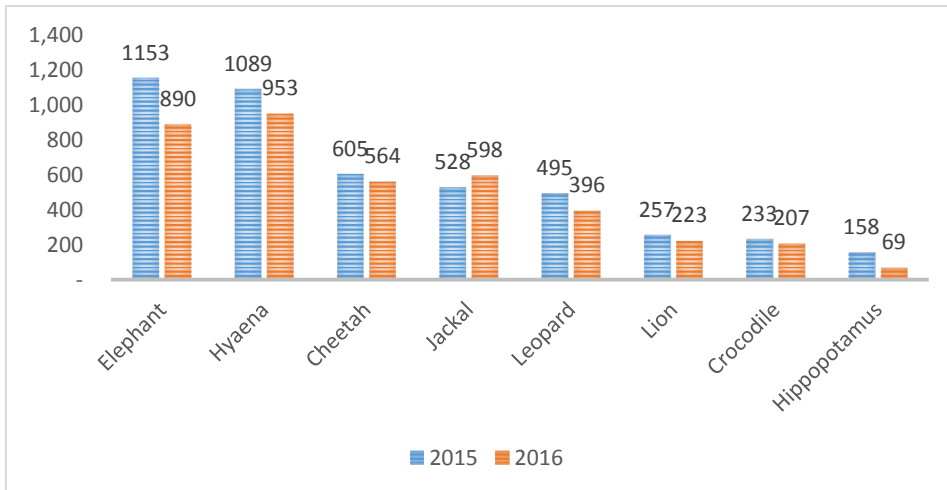


Figure 2-3 Number of conflict incidences by species in communal conservancies, for years 2015 and 2016

The estimated average value of losses over the 2014-2016 three year period amounts to N\$ 8 million from 5,842 livestock deaths; N\$ 600,000 from 1,544 incidents of damaged crops; and N\$ 400,000 from 211 incidents in community infrastructure. On average there were 15 incidents of loss of life each year (R. Diggle, *pers. Comm*).

From the point of view of rural communities, the focus is on reducing points of ‘conflict’ – in other words, retaining the safety for people and animals alike. From the perspective of some of the wildlife species, notably migratory species such as elephant, buffalo and zebra, there is also the question of finding ways to maintain critical movement corridors.

Through the event book monitoring system used at conservancy level, as well as a number of research projects, there is already good information on conflict hot-spots, as well as wildlife movements, even though there is no central data base or source for the various bits of information. As an example, Figure 2-4 and Figure 2-5 show examples of data on hot-spots of human-wildlife conflict, whilst Figure 2-6 shows an example of elephant movement data demonstrating an existing movement bottleneck (critical wildlife corridor).

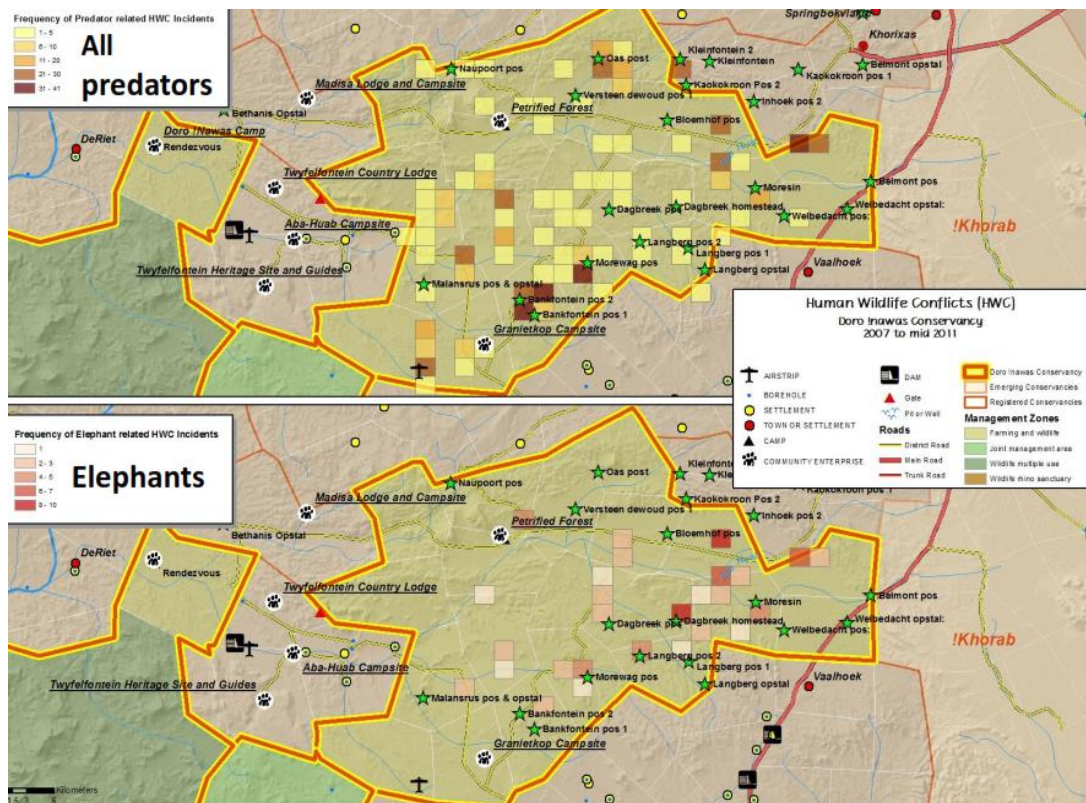


Figure 2-4 Figures showing the distribution and frequency of incidence of HWC by predators and elephants in the Doro-Nawas Conservancy

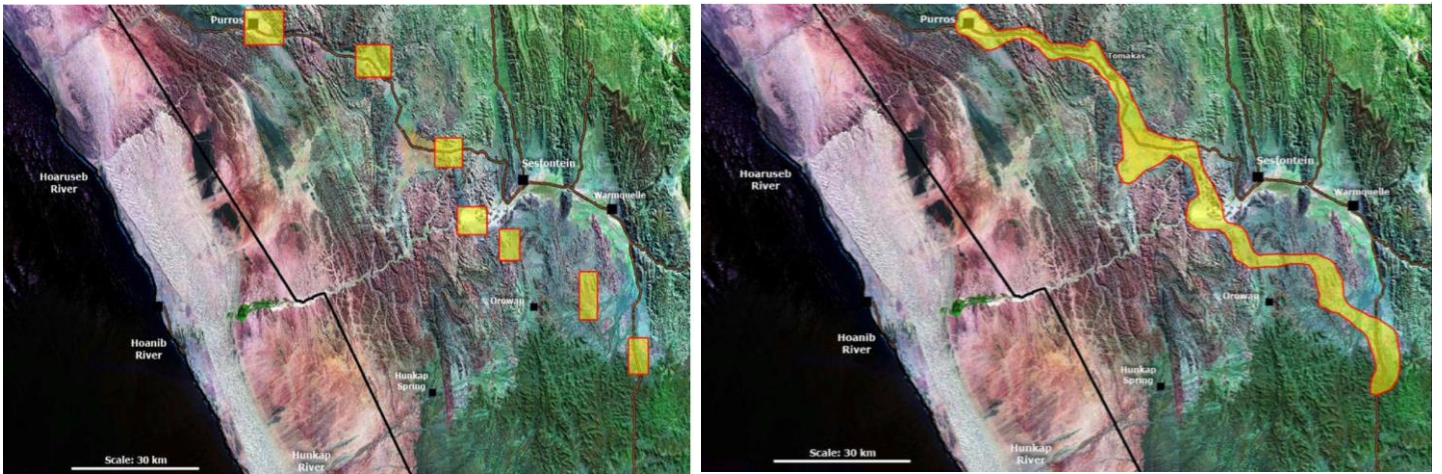


Figure 2-5 Figures showing the hot-spot areas and band of high conflict with lions in north western Namibia

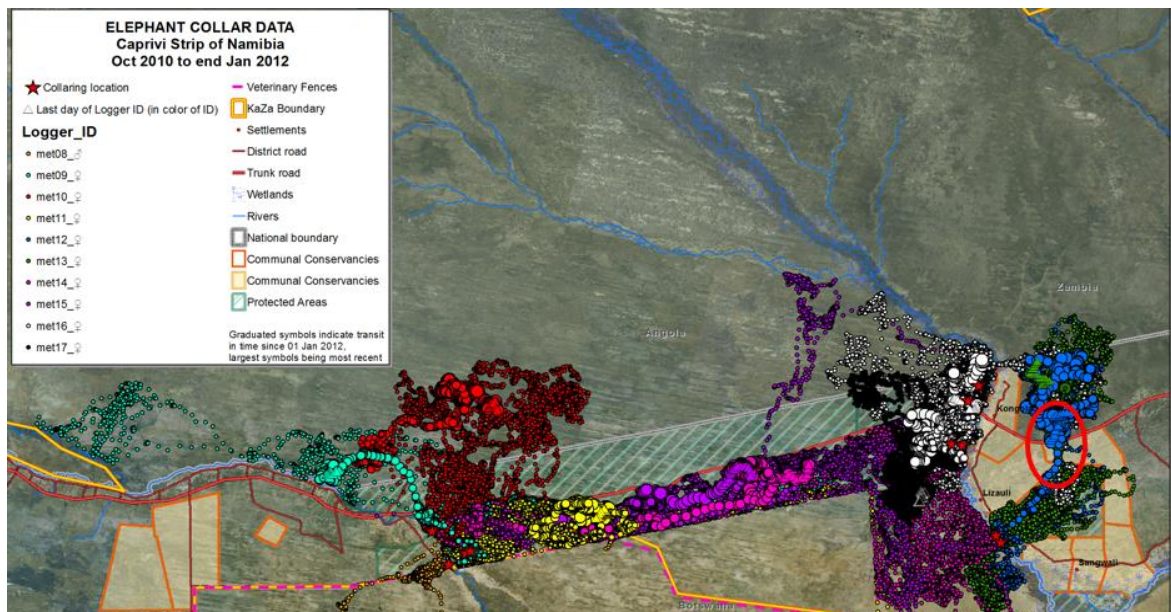


Figure 2-6 Figure showing elephant collar data from ten different animals, with the red circle showing an existing constricted corridor

A key consideration when looking at the value of wildlife induced losses at conservancy level is the ratio of losses to benefits gained from wildlife. The overall ratio of total benefits to HWC costs across all conservancies in 2015 was 11.6 to 1 (for every N\$11.60 earned by conservancies, N\$1 was lost to HWC). When analysed by conservancy, 19 conservancies (23%) are incurring losses which are higher than the benefits, and another 32% have benefits less than 20 times the loss (Table 2-1). In contrast, there are conservancies with benefit: cost ratios exceeding 50:1. A suggested target would be to exceed a ratio of 20:1 (C. Brown, *pers. comm.*)

Table 2-1 Number of conservancies and percentage in each category of total benefits (N\$) to total HWC costs (N\$) (2015 data – source Chris Brown).

Category*	Number of conservancies	Percentage of conservancies
<1:1	19	23%
1-5:1	18	22%
5-10:1	3	4%
10-20:1	5	6%
20-35:1	7	8%
35-50:1	7	8%
>50:1	16	19%
Total	83	

2.3.2 National policies

2.3.2.1 National policy on human-wildlife conflict management

In 2009, the Ministry of Environment and Tourism developed a detailed “National policy on human-wildlife conflict management”. This policy set out to introduce practical approaches and methodologies to reduce the impacts of HWC, and to “*manage human wildlife conflict in a way that recognizes the rights and development needs of local communities while at the same time recognizing the need to promote biodiversity conservation*” (foreword by Minister N. Nandi-Ndaitwah). The policy outlines a number of strategies, including land use planning, integrated measures to avoid HWC, CBNRM, devolution of decision-making authority to appropriate institutions, developing and implementing appropriate technical solutions for mitigating HWC, monitoring, evaluation and research, protected areas, removal of problem-causing animals, and application of revenues from problem-causing animals to avoid future conflict and to address the losses of affected persons. Most importantly, the document makes it clear that it is not Government policy to provide compensation for losses due to wild animals, but the policy introduced the concept of the “Human Wildlife Self Reliance Scheme”, as a means of off-setting the losses of communities and individual farmers. The policy defines the amounts that would be paid, and the procedures to verify the claim before such payment could be made. The policy also provides the framework for providing funeral expenses to the deceased’s family in the case of death caused by a wild animal.

This policy is currently under review, and the new policy is expected to be approved in the near future (by end February 2018). Notable additions / changes in the revised policy draft includes:

- An increase in the values of the off-set unit cost
- HWC management plan as a prerequisite for claims
- Disaster management and reduction (link to disaster law and fund)
- Investigate and develop wildlife damage insurance
- HWC data base in MET

2.3.2.2 Species-specific management and human wildlife conflict plans

In the past it has been general practice for MET to develop National species-specific management plans (eg for rhinos, elephants, lions, crocodiles), which are reviewed on a five-year basis. Whilst some parts of these plans might deal with HWC, the activities have not been specific enough to deal with issues at a local level.

2.3.2.3 Regional human wildlife conflict plans

In 2017, the MET developed the North West Human-Lion Management Plan which now serves as the basis for the interventions in Kunene to address the HWC. These interventions are very site specific and outline the type and methods of mitigation. Plans are underway to expand the number of regional species-specific plans into other regions and species (K. /Uiseb, *pers. comm.*). The existing North West human-lion conflict plan provides an excellent foundation on which to develop specific interventions to mitigate and reduce conflict, providing sufficient insight and scientific information on which to base decisions. Developing similar regional plans for lions in other areas, and for other loss causing species is considered key to addressing the HWC issue.

In this respect, the MET is in the process of hiring an experienced consultant to review the 2007 Elephant Management Plan. The objective is to update and validate the current situation on the ground. The plan will also address site specific issues and outline site specific intervention measures.

2.3.2.4 Conservancy level HWC plans

All conservancies are required to have management plans, but these currently do not necessarily include a component on Human-Wildlife conflict. The Mission understood from interactions with stakeholders that many conservancies have specific HWC management plans, but in all cases these are outdated, and not obviously being followed, even though some of the activities may have become part of the routine for the conservancy game guards.

It is proposed that HWC Management Plans should form part of every conservancy management plan (as a distinct sub-management plan). Some 7 years ago several HWC management plans were developed by conservancies either on a conservancy or cluster level, although in most cases they have not been used as a major planning document for managing the HWC.

The existing plans nonetheless provide a good basis from which build on, and the process followed can inform the way forward (**see info box**)

Info Box – HWC Conservancy Planning

The plans were developed by bringing together clusters of conservancies and (a) providing HWC management training, (b) doing a regional and then conservancy level analysis of the priority problems, (c) discussing solutions, (d) identifying key actions, (e) writing this up in a HWC management plan, (f) respective support NGOs with MET taking the draft plans back to the conservancies for review and completion (time frame, responsible people to implement, etc) and then (g) adopting and implementing

(C. Brown 2018 *pers. comm.*).

2.3.3 Legal framework of wildlife ownership and damage claims

Wildlife in Namibia is generally considered as *res nullius*, i.e. nobody owns wildlife. Nonetheless, current legislation (Ordinance 4 of 1975) prescribes the conditions under which wildlife can be utilized, and except for some exceptions, most utilization of wildlife takes place under a permit issued by the Ministry of Environment and Tourism. Under this context, in Namibia the state is perceived in the Act to “own” the game. Whether the term of ownership is used or not, it seems the extent of state ownership only goes as far as rights of use and rights of benefits but not responsibility for damages.

A farmer on freehold land is deemed to have a form of ownership of the wildlife (as determined in the Nature Conservation Act 1975) if he has a game proof fence and keeps the wildlife on his land. Once the wildlife leaves the property, unless there is proof to show otherwise (exotic animal, proof of purchase), he would not be able to claim it as his, which also means he is not responsible for losses in other nearby farms. However, if a game farmer has bought elephants and predators that escape and cause damage elsewhere he “might” be held responsible for the damage if it could be proved it was his elephant or lion.

A freehold farmer without a game proof fence and with a livestock fence and a certain size of land has notional “ownership” of hunnable game when it is on his land (again defined under the Nature Conservation Act), i.e. he is allowed to hunt it for own use without getting a permit, but it is no longer his when it leaves his land. Any other form of use would be subject to a permit issued by MET. The word “ownership” here might just be a legal mechanism to alienate the animal from the state so someone else can use it without the permission of the government.

On communal lands, the State is responsible for the use of wildlife which can be delegated to the communities / conservancies (as determined in the Nature Conservation Act amended in 1996). This is only for when the animal is within the conservancy boundary, but not when it leaves the conservancy, and it seems, not for when wildlife causes damages.

There is no legal basis for the state being held liable for damage by wildlife, thus the payments that are made according to the HWC policy is considered a contribution to losses, funerals, etc, done on their terms and not because they are legally required to.

2.3.4 Current framework and challenges and prospects of financing wildlife damage claims

It is Namibian Government policy not to compensate for losses caused by wildlife, due to experience elsewhere where such schemes are difficult to manage and open to abuse. Nonetheless, the National Policy on Human-Wildlife Conflict Management of 2009 included the Human Wildlife Self Reliance scheme as a mechanism to directly offset losses to an individual farmer and reduce the socio-economic impact of HWC. This scheme built on experience gained in some conservancies with self-insurance schemes. Under the Self-Reliance scheme, payments at determined rates which do not cover the full value of the animal or crop loss, are paid to the affected farmer, provided certain conditions are met (most community members commented that the off-set amounts are insufficient and do not cover all losses (eg crop loss by buffalo, life loss by hippos and crocodiles)).

The policy covers communal areas both within and outside of conservancies – and states that the MET will, when issuing quotas for trophy hunting in conservancies “*make provision that the quota allows for funds to pay for the livestock and crop damages to members of such conservancies*”. Where there are no registered conservancies (and presumably in conservancies without trophy hunting concessions) – the source of funding would be a contribution from trophy hunting concessions on State land outside registered conservancies, trophy hunting of problem-causing animals, tourism concessions and permit fees from trophy hunting through the Game Products Trust Fund. Contributions from donors as approved by Government can also form part of the payment.

The implication of the policy as interpreted by the Mission is that conservancies with their own trophy hunting concessions would finance the off-set amounts from the concession fee of their trophy hunting concessions, and that Government would then pay the off-set values for communal area outside conservancies, and in conservancies with no trophy hunting concessions, using the stipulated sources of financing. As far as the Mission could determine, however, the current practice provides financing to all conservancies. The contribution started as a lump sum payment of N\$ 60 000 to each registered conservancy, to be put in a special account for the self-reliance scheme, and which is replenished with a further N\$ 60 000 once the conservancy has reported back on the use of the first tranche. Mention was made of voluntary contributions by conservancies, although it is unclear how these are managed.

In order to be considered for off-set payments, losses need to be reported within 24 hours, and verified by MET or a conservancy game guard, who then complete the claim form and report. Claims are considered by a review panel, which in the case of conservancies consist of five members, including representatives of the conservancy committee, of MET and where appropriate, the supporting NGO.

2.3.5 Insurance-based approach against wildlife related losses and damages

The review by the Mission of insurance-based approaches to wildlife damage demonstrated that there are limited examples worldwide. A few - mainly voluntary self-help wildlife damage insurance schemes - could be identified. Private wildlife-damage insurance is not yet really developed in Africa. Although experience with micro-insurance, especially climate risk insurance in development cooperation is growing fast, no study has been found which analyses the linkage between the change of climatic patterns and an increase of HWC.

Insurance sector: In Namibia the micro-insurance sector is not well developed (insurance penetration, i.e. total premium/ GDP is 0.14 %; compared to the average of 3.5% in Africa⁸). The Mission assumes that there would be scope for making financial insurance services accessible at affordable costs for: (i) life and injury for all residents in communal lands; and (ii) cattle and crops in conservancies.

Around 200,000 people are members of 83 conservancy entities with well-established institutional set-ups, which could potentially collectively negotiate with the industry sector for a wildlife damage insurance scheme. Conservancies already have game guards in place who have for many years recorded HWC incidences in the event book (verified in annual audit by a committee), and, more specifically, a system for recording damage claims under the Human Wildlife Conflict Self Reliance Scheme. This last system could assist with the initial verification of damage, with further verification by a third-party auditing. It will be important to distinguish between incidences and actual losses.

1. The Mission was unable to find an example of any existing **wildlife damage insurance scheme in Namibia**, possibly due to an assumption that it will be too expensive. One proposal made at a brainstorming meeting in Namibia proposed that to achieve the necessary funding, sustainability, and scale, as well as conservation impact, insurance should be combined with a Conservation and Wildlife Rewards Fund and the Poverty to Prosperity Plan (Stephen Wormald, 2017). A few insurance related agencies such as Cardno Development have also been approached to explore options (see Discussion note with WWF Namibia).
2. The **new HWC management policy** of Namibia (not yet approved) calls for testing innovative wildlife damage insurance and linking HWC management with disaster management and reduction. The assessment process can be a contentious one, and it would be beneficial to MET to have this done by an independent, impartial and professional body, to keep the process at arms-length from Government.
3. The legal **framework** as to who must pay for wildlife damage from wildlife in conservancies seems to still be a grey legal area in Namibia, and it is not like in other countries that the hunting concessionaire must offset the wildlife damage claims to crops and livestock.

⁸ http://www.microinsurancenet.org/sites/default/files/Namibia_Country%20Profile.pdf

4. The **Human Wildlife Conflict Self Reliance Scheme** (HWCSRS) is currently treated as a government support, initiated with a payment of NAD 60,000 to each conservancy. The policy and mechanism for reporting of claimable incidents, the verification process and a review panel are already in place and any new insurance scheme could potentially build on this mechanism.
5. **Perils:** The following perils will need further investigation: wildlife damage cum climate change /drought insurance for farmers; life, injury and mass loss of livestock (and possibly also crops).
6. **Data base on HWC.** There is an extensive conservancy data base and some special studies which could be mined, collated and interpreted by risk management specialists. The event book, managed by the conservancy game guards, whilst recording incidents does not include specific information on losses and their value. Hence it is not a good basis to build an insurance scheme. The Conservancy Compliance Monitoring System for MET - currently developed with support of GIZ and expected to be operational very soon, will digitalize the whole claim procedure and documentation and as such could become an important element to channel public sector contribution to an insurance system.
7. **Sustained public-sector contribution to premium:** Key project stakeholders underlined that if there is no solution for cost-sharing the insurance premium, the government of Namibia might not be able to absorb the premium costs in the long-run. Mechanisms to cost-share with government for the premium might include CCFN (planned endowment fund in the long run): minimum, co-funding on top of government (from a major GEF intervention, to the GPTF, the Namibian Environmental Investment Fund (EIF), the AfDB), and/or payments for ecosystem services such as the wildlife credits scheme.

The Mission identified the following insurance based approaches which should be further assessed as major references in developing an insurance-based project component climate risk insurance: Community self-help insurance scheme; Crop Depredations Insurance (crop insurance covering also the peril from elephant damage) and Game damage compensation fund (Wildschadenausgleichskasse) (Game insurance Hunter civil liability insurance for hunting for personal injury and material damage). It was agreed with MET that a further feasibility study will be conducted ([Annex 8](#)). The study will provide a proposal for the design of one or more feasible implementation options including organizational setup, terms and conditions for a concrete and cost-efficient mechanism/ insurance approach financing damages/losses due to wildlife incidents. This proposal and respective recommendations would then serve as basis for the decision of KfW whether or not such a project measure will be executed.

2.3.6 Current conflict prevention measures and effectiveness

A number of prevention measures have been developed and tested through previous / current projects. Some of them are technically effective (such as chilli bombs to deter elephants), but not applied without project support. Others are still in a testing phase, such as the mobile kraals, which have low uptake due to fear of livestock owners.

Table 2-2 summarizes the preventative measures already being used or tested.

2.3.7 Major issues of HWC management

Although there are existing effective measures against many of the HWC challenges, according to the findings of the Mission, it appears that conservancies and their members have not taken ownership and responsibility for rolling these out. Examples of lion proof bomas, crocodile fences and protection of water infrastructure against elephants all appear to date back to one or other donor funded project (even though in some cases communities have provided inputs in-kind, such as labour). In some cases, not even the maintenance of the existing structures has been undertaken.

The major challenge in working towards sustainability will therefore be to instil a sense of ownership and self-reliance within the Conservancy structures. This can be achieved by moving towards a more business-based approach in both conservancies and in the support services (such as building and maintenance of HWC-related infrastructure). By creating a micro-economy around the issue of HWC, and demonstrating the economic returns related to reduced conflict (and improved productivity) – it is the hope of the Mission that Conservancies with revenue streams linked to their wildlife resources will start to take on more responsibility for managing their human / wildlife interface.

Table 2-2 Types of prevention measures already being used or tested, and indication of their effectiveness

Problem animal/s	Type of damage	Prevention measure	Effectiveness	Comments
Lions / hyaena	Cattle predation	Lion proof kraals used at night	High	Kraals must be of suitable standard and maintained
		Mobile kraals	?	Still being tested. Not well accepted by cattle owners who fear livestock will break out of the kraals
		Herding	High	Dependent on reliable herders – but herders are paid low wages, often foreign
		Early warning system		System is being tested – depends on collared animals and technology
		Lion rangers		System being tested
Lions/ hyaena/ leopard/ cheetah/ jackal	Small stock predation	Herd dogs (small stock)	High	Availability of suitable dogs a problem – only worked when there was a project.
		Lion proof kraals used at night	High	Kraals must be of suitable standard and maintained
Crocodiles	Livestock predation and threat to human life	Crocodile fences	High	Need to be suitable and maintained. Correct placement (in hot spots / drinking spots) is a priority so that they are used – and there need to be more for it to be practical.
		Alternative water for people and animals away from river	High	Livestock may still be vulnerable when they graze close to river
Buffalo	Crop damage	No prevention measure used		Communities in the buffalo area consider them a big problem for crops (and human life)

Problem animal/s	Type of damage	Prevention measure	Effectiveness	Comments
Elephant	Water infrastructure damage	Elephant proof walls around water installations	High	Alternative water needs to be available for the elephants otherwise they will find a way to get water
		Alternative water for elephants at a distance from – effective	Medium	Only effective as long as there is water, but it costs conservancies money for diesel to keep the pumps going
		Elephant friendly water points with storage tanks and solar pumps – with overflow going to communities	High	Has added advantage of providing free water to communities
		Tracking of herds, individual identification	Medium	This is done where elephant populations are low and herds quite distinct – and with the help of volunteers – eg EHRA project
	Crop damage	Wire with tins around crop fields	Partially	Needs to be used in combination with other methods.
		Chilli bombs	High	Supply of sufficient chillies is a problem and it is intensive as bombs only effective when elephants close by, so it means that fields must be attended
		Fencing (electric / cable fencing)	High	Effective but high cost – with chance of elephants becoming acclimatized to electric fencing
		Traditional methods – drums, whips, loud noises	High	Effective but relies on crop guards being present
		Night guards (solar flashing lights)	Medium	Not yet widely tested - chance of elephants becoming acclimatized

2.4 Monitoring and database management

There are a number of excellent data sets that have emerged from the CBNRM program. The event book system (which is paper based) is used to record information captured at conservancy level on a variety of aspects, including wildlife numbers/sightings, poaching, offtakes, and incidence of conflict. This data is captured at central level onto digital format and forms part of the annual conservancy audits.

Many research projects are collecting movement data on collared animals, in particular lions, hyaena, elephants, zebra and buffalo.

In addition, NACSO (with support from WWF) has supported the ConInfo (Conservancy Information system), as well as a comprehensive GIS based set of conservancy data.

The main challenges:

- these data sets are not centrally available (and some are not accessible at all);
- data flow structures are not in place, meaning that not all data (in particular the GIS data) is updated. There is no mechanism that ensures that changes on the ground are communicated to the GIS platform manager;
- Internet connectivity in many areas of Namibia is still limited or not available.

Annex 14 outlines the concept for monitoring and database management proposed. The Project might not take the lead in developing such a data management centre, but complement it by ensuring the data generated and used by the Project for decision making.

2.5 The Game Products Trust Fund (GPTF)

The Game Products Trust Fund (GPTF) was established through an Act of Parliament (Act 7 of 1997) to support conservation, the management of wildlife resources and rural development in Namibia (GPTF information brochure). In 2014 a management agreement was entered into with the Environmental Investment Fund to offer management services to the GPTF, and as a result the GPTF Management Office is situated at EIF, and manned by the GPTF Fund Manager. The fund is overseen by a Board chaired by MET, and a Technical Advisory Group comprising staff members of MET provide the technical guidance.

The main sources of funding into the Game Products Trust Fund are from trophy hunting concessions on State land outside registered conservancies, trophy hunting of problem-causing animals, tourism concessions and sale of wildlife. Table 2-3 provides a breakdown of the offset payments made by the GPTF over a three year period, averaging N\$ 2 052 572 per year.

Table 2-3 Offset payments for HWC losses paid by the GPTF over a three year period

	Outside Conservancies		Inside Conservancies		Total offset payments
	No of payments	Value of claims	No of payments	Value of claims	
2014/15	217	524 811.65	3	180 000.00	704 811.65
2015/16	486	1 004 904.00	39	2 340 000.00	3 344 904.00
2016/17	499	848 000.00	25	1 260 000.00	2 108 000.00
TOTAL	1202	2 377 715.65	67	3 780 000.00	6 157 715.65

2.6 The Community Conservation Fund Namibia (CCFN)

The Community Conservation Fund of Namibia was founded by WWF and partners for the purpose of generating sustained funding for Namibia's conservancies and parallel conservation initiatives. The objects of the fund are to promote sustainable development of communal conservancies, community forests and related natural resource management entities with a similar legal mandate that contributes to:

- a) Conservation, protection and improvement of the natural environment and biodiversity, including the sustainable use of natural resources; and
- b) Relief of poverty and the improvement of livelihoods for the benefit of the members of communal conservancies and community forests.

It aims to achieve this through three focal areas/pillars (Figure 2-7):

- Minimum support services⁹
- Human- Wildlife conflict management (HWCM)
- Payment for ecosystem services program (PES)

⁹ Refer section 2.2.3

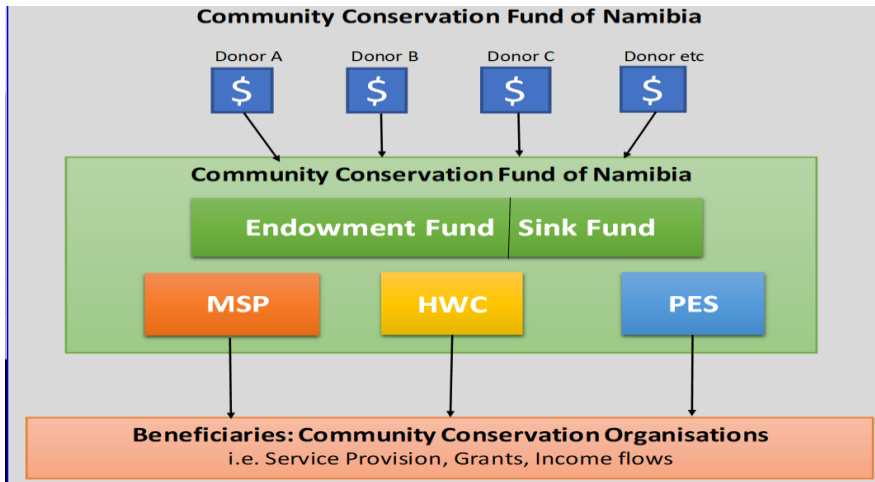


Figure 2-7 Funding and programme structure for the Community Conservation Fund of Namibia

2.6.1 CCFN Governance and management structure

The CCFN is a not-for-profit Association incorporated under Section 21 of Namibia's Companies Act of 2004. The Articles of Association provide a well-defined and robust regulatory framework, where the members of the Fund provide an oversight function, and must meet annually at a General Assembly. The Board of Directors is responsible for overall management, and reports to the general meeting of members (Figure 2-8).

Governance and Management Structures

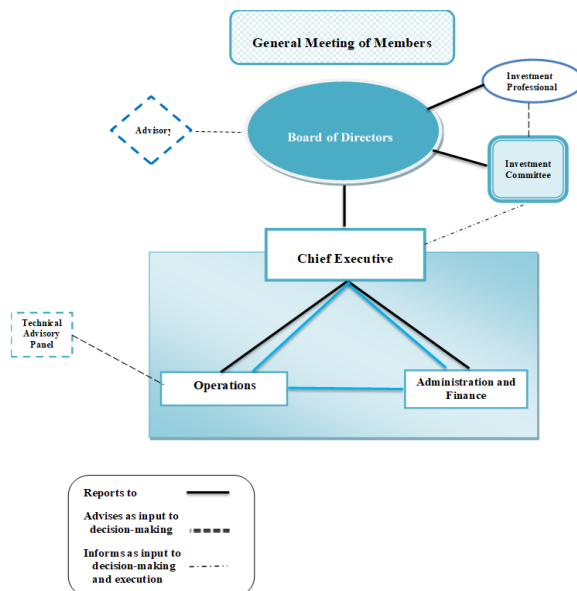


Figure 2-8 Governance and management structures of the CCFN

2.6.2 Road map for development of the CCFN

The CCFN has a clearly defined “roadmap” for the next few months which includes:

- Draft investment policy and guidelines – process begun in 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

2.6.3 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; with the appointment to be completed soon (already advertised). WWF together with trust fund experts are developing the CCFN in a very professional way, and WWF has already committed some funds for covering initial operational costs and for implementation along the road map outlined above. The KfW grant would be the first grant.

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 CCFN is a very appropriate PEA.

The direction of the project design was agreed at the Board of Directors meeting for which a discussion note focusing on financial management of the KfW grant was prepared ([Annex 6](#)). The Mission understands that the CCFN Operations Manual - which has been drafted - will provide provision that the standards and guidelines of any donor will be fully respected. This would also apply for social safeguarding mechanism.

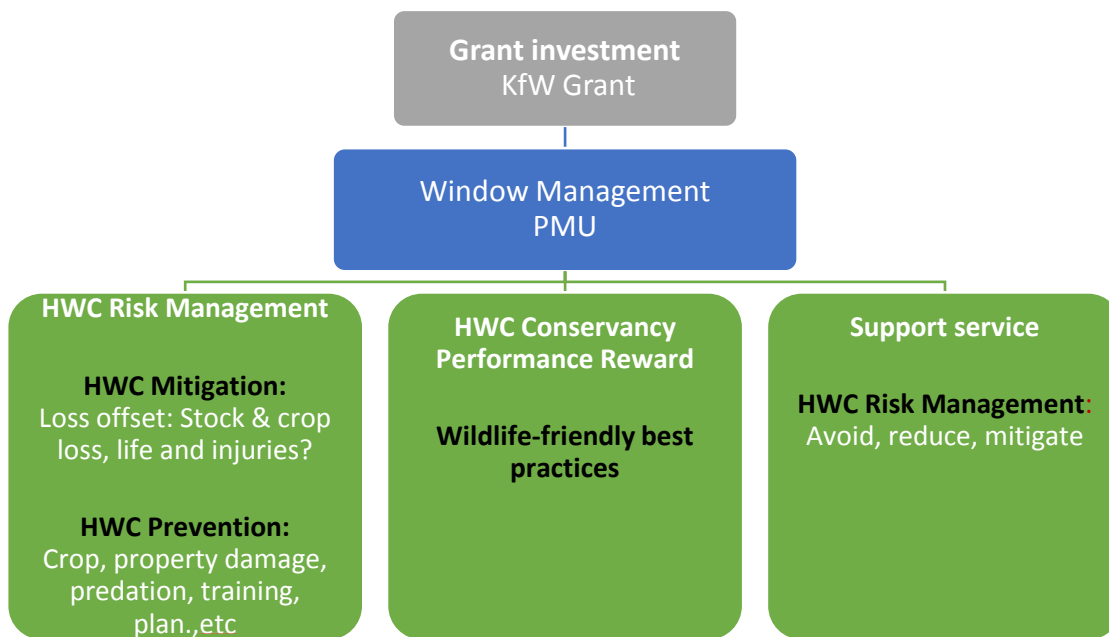


Figure 2-9 Schematic representation of the components of the KfW grant

2.7 Project stakeholder analysis

Summary of SWOT see [Annex 5](#).

2.7.1 Ministry of Environment and Tourism

The Ministry of Environment and Tourism (MET), primarily through the Department of Natural Resources, Parks and Regional Services is tasked with the major conservation mandate within state protected areas, as well as the management of the national Community-based Natural Resources Management (CBNRM) programme. Part of this mandate includes the management of human wildlife conflict throughout the country. The Directorate of Wildlife and National Parks (DWNP) is the main Directorate involved in this activity and is comprised of seven divisions responsible for the implementation of the MET mandate in different geographical and thematic areas. At the head of each of these Divisions is a Deputy Director to enable decision-making to take place at a regional level.

The issue of human wildlife conflict has become a high profile topic both in the media and at political level, and the MET is therefore under tremendous pressure to find ways of minimizing the incidences. In addition, even though the offset approach for losses caused by wildlife does not cover the full value of the losses, the amounts paid per year are substantial, and diverted from funds that could be used for other conservation priorities. The proposed increase in values in the new policy will significantly increase these values, making the program financially unsustainable unless the level of incidences can be dramatically reduced, and alternative financing mechanisms found.

2.7.2 Conservancies

Despite rapid urbanisation, Namibia is still mostly rural, with about four in ten people living in urban areas. The percentage of the population residing in urban areas has increased steadily over the last two decades, from 28% in 1991 to 43% in 2011 (MOHSS, 2014). This still means that more than half of Namibia's population resides in rural areas, mostly within the State-owned communal areas.

Although Namibia is classified as a middle-income country, the income gap between rich and poor remains amongst the highest in the world. According to the results for the 2015/16 financial year, Namibia's Gini coefficient stood at 0.572, which was a slight improvement over the figure of 0.597 recorded in the 2009/10 financial year. This income disparity is generally a reflection of the low incomes of people surviving on a subsistence life-style in rural areas.

Although human wildlife conflict also affects communities outside of conservancies, this project focusses on the issue within communal conservancies. Registered conservancies now account for about 52.9% of all communal land, and are home to an estimated 195 258 residents (NACSO 2016). These are the primary beneficiaries of the project, with focus on those conservancies whose members are most affected by losses caused by wildlife.

2.7.3 Traditional Authorities

Many if not most conservancy boundaries originate from the boundaries of the original Traditional Authorities, and the Traditional Authority (TA) still has a role to play within Conservancies. In at least some cases, the TA is represented in the conservancy committee.

2.7.4 World Wildlife Fund (WWF)

The World Wildlife Fund (WWF) has been instrumental in conceptualizing and supporting the Communal Conservancy programme since its inception working alongside the government and local NGO partners to give birth to the conservancy program. Namibia was the first African country to incorporate protection of the environment into its constitution, and with WWF's help, the government has reinforced this conservation philosophy by empowering its communities with rights to manage and benefit from the wildlife on their lands through communal conservancies.

WWF has been the major financing partner, working hand-in-hand with other Namibian partners, to assist communities to set up conservancies and help to foster the knowledge, skills and capacity required to successfully govern their conservancies and manage their wildlife resources. WWF also supports maximizing benefits to communities by facilitating the creation of partnerships between their conservancies and the tourism sector.

WWF houses the NACSO Secretariat and specifically supports the Natural Resources Working Group, dealing with the sustainable use of natural resources, and all monitoring and offtake activities.

2.7.5 Namibian Association of CBNRM Support Organization (NACSO)

Since the inception of the Communal Conservancy programme, NGOs and donors have played an instrumental role in supporting communal conservancies to become registered, and to operate and benefit from their natural

resources. These organizations are collectively represented through NACSO, the Namibian Association of CBNRM Support Organization (<http://www.nacso.org.na>), with 16 full members, and a number of funding, hunting and tourism partners. The NACSO Secretariat although politically highly recognized and appreciated, has limited capacity, consisting of only a small core team of people. Currently it is dependent on WWF for funding coordination of CBNRM support. The Secretariat becomes over-extended through demands at the expense of losing focus. It will nonetheless be a key project stakeholder in terms of facilitating project work and access to its expertise and documents.

2.7.6 Integrated Rural Development and Nature Conservation (IRDNC)

IRDNC is particularly active in the conservancies in the Kunene north and Zambezi Regions, and has a core of excellent field staff including senior rangers and area coordinators. The capacity is generally good at community level, and includes in the Zambezi region support to conservancies on corporate governance and financial management compliance. IRDNC is driving the conservancy lion ranger programme in Conservancies in the Kunene region.

2.7.7 Namibia Nature Foundation (NNF)

The NNF support to conservancies focusses on the Kunene South and Erongo Region. NNF field teams work in close support of regional MET staff and remain flexible in terms of work plans to allow them to address pressing needs identified by MET and other partners. Focus is given to wildlife utilization as well as support towards good governance and human wildlife conflict. As an example, the NNF supports the NACSO event book and institutional audits in the areas of focus. They are also involved in providing Joint Venture support, working closely with most lodge partners in the regions, particularly on issues around HWC, and linking more lodge partners to the Wildlife Credits scheme.

2.7.8 Joint Venture Partners and Concessionaires

Businesses operating within conservancies (through tourism joint venture partnerships and hunting concessions) are important stakeholders for this project, as it is in their direct interest that wildlife populations are sustained and the environment protected. These operators must be encouraged to become actively involved in supporting measures to reduce HWC as far as possible, and to increase benefits to communities through wildlife. The Wildlife Credit Scheme, and efforts of TOSCO (Tourism Supporting Conservation) are good examples of how the sectors can engage. TOSCO Trust is a non-profit organization linking the tourism industry to local people, conservation organizations and research. By supporting conservation projects and local people who share their land with wildlife, TOSCO Trust contributes to safeguarding Namibia's natural assets. TOSCO promotes the Wildlife Credit Scheme in particular, and similar initiatives involving the payment of additional contributions by tourists to incentivise good conservation practices. TOSCO's mission is to contribute to ensuring that visiting Namibia's wild places is as enjoyable in the future as it is now. Therefore, TOSCO also engages in promoting responsible tourism in Namibia.

2.8 Target group analysis

The direct target group of the programme are the registered communal conservancies (and in particular the people living within them) who are negatively impacted by Human Wildlife Conflict.

Highest income discrepancy: Namibia is categorized as a 'Middle Income Country', but this notwithstanding, it is the country with the **greatest income inequality in the world** according to the 2015 UNDP Human Development Report. While a small proportion of the population, usually based in the urban areas, enjoys considerable wealth, poverty rates are high in the rural communal areas, and in particular in those areas with the highest wildlife densities. As a result, it is the poorest people in Namibia that are most impacted by the effects of human-wildlife conflict.

Demographic trends and migration urbanization: The population density is generally low, and concentrated in the northern communal areas, although there is increasing migration to urban areas. It is thus assumed that within the next decade many of the youth will have emigrated out of the rural areas in search of jobs – unless more attractive job opportunities can be found in the communal areas. The large sparsely populated areas of north western Namibia provide high potential for wildlife conservation and tourism.

Farming systems: The target groups for this project are farmers in conservancies who are generally small-scale subsistence farmers, using open grazing for livestock (cattle and goats), and in the eastern areas, dryland cropping of primarily sorghum and maize for subsistence consumption, and supplementing incomes from non-farming activities. These groups also depend on natural resource production using indigenous fauna and flora, and landscapes.

Poverty analysis showed:

- The population of a conservancy in one of the **poorest regions** either formed a significant part of the constituency population in which it is located; or that
- The percentage of the constituency population living below the poverty line and in severe poverty in a constituency was so high that conservancy participants are highly likely to fall into that group even if the conservancy population is not a significant portion of the constituency population.

Poverty: The Project focus will be in the northern conservancies hence there is a great certainty that the benefits being generated by the conservancies are reaching persons living below the poverty line or even in severe poverty. Figure 2-10

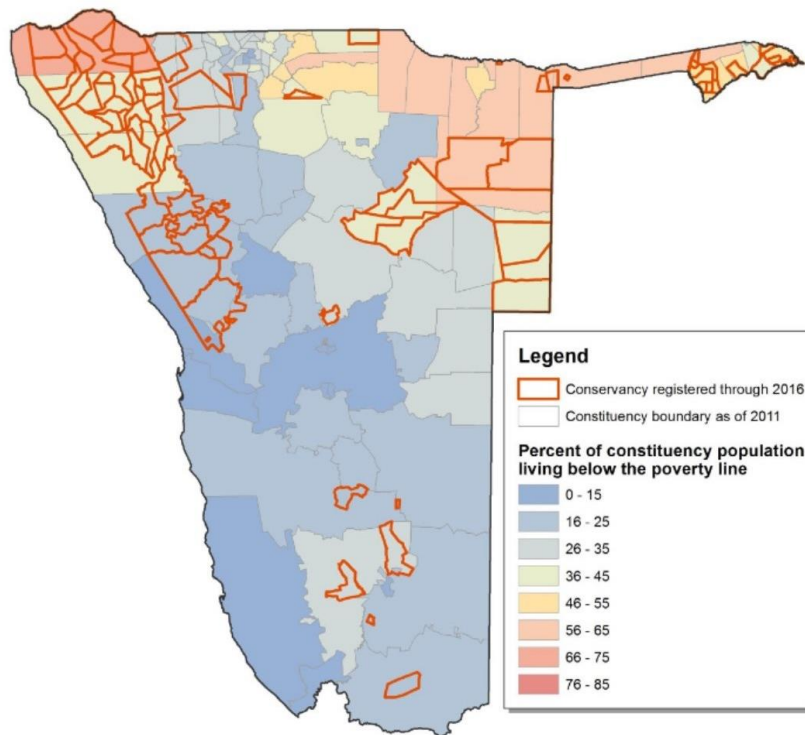


Figure 2-10 Percentage of Population living below the poverty line of N\$4 536 per annum (2011 headcount), with an overlay of the registered communal conservancies

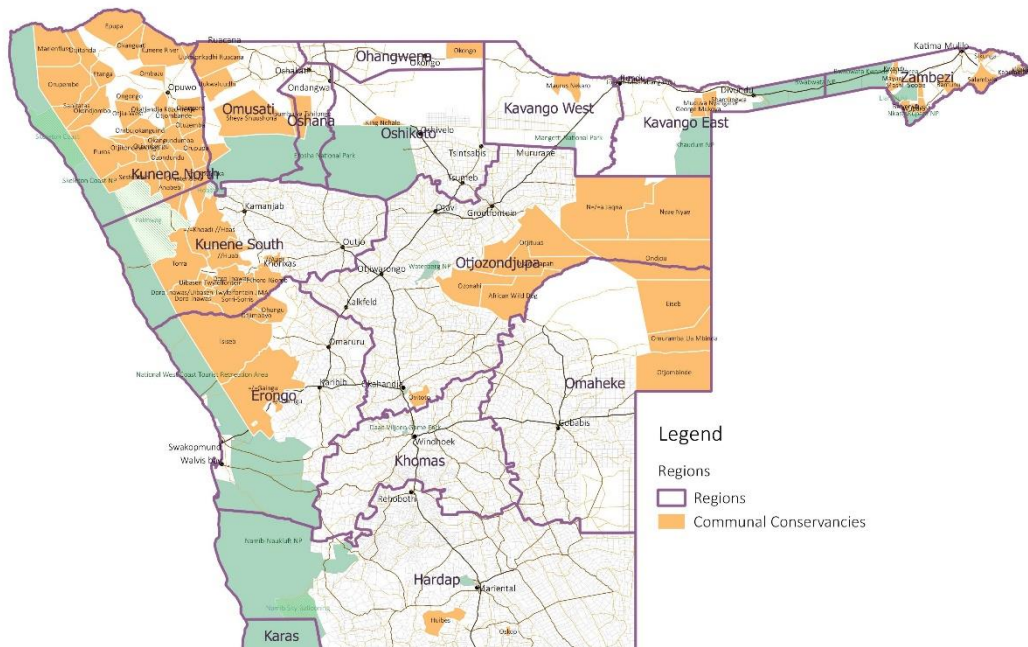


Figure 2-11 Map of northern Namibia showing the communal conservancies in relation to the regions of Namibia.

Priority conservancies: With the proposed project funds and project period and to have a more compact project area the project will focus on up to 40 conservancies including 20 conservancies identified as the ones mostly affected by HWC. The challenge comes in comparing conservancies due to the different sizes and different populations. Table A4-1 (Annex 4) provides the list of 2016 conservancies, with the total number of incidences of conflict, and the value – sorted in descending order of value of loss. Loss has then been divided by the number of members, to get an average loss per member, and ranked accordingly. When comparing the ranking, it can be seen that such ranking method results in a different selection of “top 40” conservancies, with some overlap. The final selection of conservancies will therefore ultimately depend on the agreement reached with conservancies and wider cluster landscape to participate in the project. The mission has concluded that Kunene region offers the best opportunity for quick implementation of the project focusing on flagship desert adapted lion, elephant and rhino. This is proposed because of an existing well-designed project lion ranger program, with experienced rangers already in place. This area represents the arid and semi-arid desert climate. The second focus will be Zambezi, especially in the Mudumu complex where IRDNC and WWF have accumulated vast experience.

Table 2-4 provides an overview of a number of parameters for the various regions of Namibia with most communal conservancies (which correlates with those most affected by human-wildlife conflict). The Kunene region is the most sparsely populated, with the lowest literacy rate, and the second highest poverty headcount (after the Zambezi). Out of the total 83 conservancies with an estimated population of 186 923, the southern conservancies were excluded from the analysis since they did not record major (if any) human wildlife conflict. The target population of the sum of the 69 northern conservancies outlined in Table 2-4 thus represents 90.5 % of all members of conservancies.

Table 2-4 Overview of some population analysis for the main regions of Namibia with Communal Conservancies

Criteria	Erongo	Kunene	Omusati	Oshana	Otjozondjup ^a	Kavango	Zambezi	TOTAL / AVERAGE
No of inhabitants	150 809	86 856	243 166	176 674	143 903	223 352	90 596	1 115 356
% of national population	7.1%	4.1%	11.5%	8.4%	6.8%	11%	4.3%	53.2%
Population growth 2001-2011	3.4%	2.3%	0.6%	0.9%	0.6%	1.0%	0%	1.25%
Persons per square km	2.4	0.8	9.2	20.4	1.4	4.6	6.2	
% living in rural areas	13%	74%	95%	54%	46%	71%	69%	60%
Poverty headcount	6.3%	39.0%	28.6%	21.0%	30.4%	53.0%	39.2%	31.1%
Literacy rate	97%	65%	88%	96%	83%	79%	84%	84.5%
Economically active	79%	67%	49%	61%	72%	61%	61%	64%
Of which unemployed	30%	36%	42%	37%	37%	50%	38%	39%
Conservancy data								
Number of conservancies	4	36	3	1	7	2	16	69
Population in conservancies	6 639	50 455	37 568	2 296	32 618	2 724	36 908	169 208
% of region population in conservancies	4.5%	58%	15.5%	1.3%	22.7%	1.2%	40.7%	15.2%

The Nature Conservation Amendment Act gave Namibia's communal area communities the same legal rights over wildlife and tourism as freehold farmers, provided they form and register Conservancies, as the legal entity. In order to become a recognised legal entity and access the benefits from wildlife and tourism activities, conservancy institutions are required to:

- Define the conservancy boundaries in negotiation with neighbours
- Develop a constitution
- Elect a representative committee to manage natural resources and other resources such as staff, equipment and income
- Develop and implement a wildlife management plan
- Equitably distribute income derived from tourism and hunting.

Conservancies have the responsibility to manage and protect their wildlife resources, and avoid biodiversity loss and rangeland degradation. In return, they are able to derive income from natural resource-based activities in their areas. Total cash income and in-kind benefits in conservancies have increased from an estimated NAD 662 278 in 1998 to NAD 111 million in 2016. The key categories of income are sustainable wildlife use (revenue from game harvesting, trophy hunting, etc.) and joint venture tourism contributing (concession fees, tourism salaries, etc.).

Participation of marginalized communities

At independence the government of Namibia inherited numerous challenges and skewed socio-economic status with a huge gap between its people. Ethnic, tribal and intra-tribal tensions could be a challenge in some of the project sites. The project will therefore need to build into the project design a special social safeguarding to avoid increasing any conflicts, and to ensure the full active participation of marginalized people.

Recent documented incidences of disputes in the project region of ethnic, tribal and intra-tribal tensions include:

- The dispute in the North-East Ondonga tribal area between the Ndonga and the Kwanyama tribes – over grazing area and land;
- Hambukushu and San people; San people - no traditional authority equals no land and access to its resources;
- Zambezi Region: Fue vs. Subia
- Omaheke Region: Hereros vs Tswana;
- Berseba conflict intra-tribal;
- Damara vs. Herero – dispute over the teaching of Otjiherero language at a certain school disadvantaged the Damara speaking community member.

ZAIRE & UNDEN 2013

The government of the Republic of Namibia is committed to address development challenges being faced by the San people of Namibia through a special and focused socio-economic programme known as the **San Development Programme** in the Office of the Prime Minister. In addition, in 2007, Cabinet directed the Office of the Prime Minister to resettle the Ovatue and Ovatjimba communities in the Kunene region, Epupa constituency. These communities were successfully resettled in various villages in Kunene region.

In order to address and reverse the plight on the marginalized communities, the National Planning Commission (following a directive from H.E. the President of Namibia), has now developed a sustainable strategy on how to mainstream the marginalized communities in the country. The strategy is premised on a main principle to ensure that marginalized communities acquire status and characteristics at par to other communities in Namibia. The aim is to ensure that at some point, Namibia should not have communities that are peculiarly disadvantaged and unable to enjoy and take advantage of prospects available to all inhabitants. Three strategic objectives have been identified as the main pillars that the strategy will be based. These are: to ensure sustainable livelihood of the marginalized communities, to restore community organization of the marginalized communities and to ensure education and training for the marginalized communities.

Approximately 879 households of the San, Ovatie and Ovatjimba communities have been resettled on communal lands and government farms and provided with post-resettlement support and services such as housing, clean drinking water, medical facilities, schools and livestock. In addition, many learners are being supported by the Office of the Prime Minister to attend school at various institutions.

Namibia ratified the United Nations Declaration of the Rights of Indigenous Peoples in 2008. Namibia is also a signatory member to the UN Convention on the Elimination of All forms of Racial Discrimination (CERD) and the Convention on the Elimination of All forms of Discrimination against Women (CEDAW).

Groups that are regarded as the marginalized are the San (!Xun, Ju/'hoansi, Khwedam, Naro and Hei//om), and the Otjihimba (Ovatie, Ovatjimba and Ovazemba). These communities predominantly live in the northern and north eastern part of the country, and there is significant overlap between their distribution and the network of communal conservancies, as shown in Figure 2-12. Thus, marginalized communities form an integral component of beneficiaries of this project. Special safe guarding assessment and mechanism for social protection and active participation will be incorporated into the project design. Some issues to be considered are summarized in Annex 18¹⁰.

¹⁰ Neither the ToRs of this study nor the time available allowed an in-depth application of Environmental and Social Management Framework ((ESMF). Hence only some key issues have been summarized.

Description	Livelihoods
CCFN	The CCFN will be dependent on raising financing from donors in order to fulfil its responsibilities, and support the CBNRM programme. A major activity of the CCFN will be fund raising
NACSO	NACSO receives its money from membership fees as well as grants and management fees from donors.
JV tourism enterprises	Joint venture tourism enterprises have developed between private individuals or companies and conservancies who have the tourism rights. These enterprises vary from low cost campsites and self-catering accommodation to expensive, exclusive lodges.
Hunting concessionaires	Hunting concessions are awarded to operators for a 5 year period. The operators market the allocated quotas to international guests. The income from these concessions goes to conservancies
Government employees	Earn salaries and are provided with housing and benefits.
Supporting NGO's	Raise financing through donors and grants and provide support services directly to conservancies

The Project intends to involve the target groups directly and through Project Implementing Agencies in the efforts to address HWC. The project is being used as leverage towards good governance at Conservancy level, and in this respect considerable focus will be given to compliance according to MET's requirements as a pre-requisite to benefit. There is also focus on getting conservancies and local community members to take ownership and responsibility for a number of the interventions over time, in order to guarantee the long-term financial sustainability of the CBNRM approach.

A risk with regard to the target group is the occasional involvement of individuals of the communities in fraudulent activities.

Impact of the Programme on Local Community Members

The most important positive effect and the programme's overarching aim is to reduce the losses from wildlife to communities living in conservancies, and by doing so, to protect wildlife as an important component of the natural resource base of Namibia as a whole and the targeted communal areas in particular. This will build on the achievements of the CBNRM programme, contributing towards protecting what has already been achieved, and setting the stage for further improvements in poverty eradication.

Through indirectly strengthening the CBNRM framework, which is based on democratic principles, the proposed programme also contributes to political empowerment of the target groups. It also strives to empower ethnic minorities of which some are living in the targeted areas and it contributes to gender equality as women can benefit from cash incomes in the tourism sector.

2.9 Problem synopsis

The following are problems to be addressed by the Project:

1. With the success of conservancies in wildlife conservation the social and economic burden of living with wildlife has increased and cost and benefits are not equally distributed among conservancies and within the conservancies and groups of people whose livelihood is affected by HWC hot spots; Therefore, social safeguarding mechanism are required (Annex 18 outlines major issues to be tackled);
2. Ethnic, tribal and intra-tribal tensions could be a challenge in some of the project sites. The project will therefore need to build into the project design a special social safeguarding to avoid increasing any conflicts, and to ensure the full active participation of marginalized people.
3. 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;
4. 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;
5. The current offset payment / self-assurance scheme (HWSRS) is clearly insufficient. Yet continuation of payments are currently unsustainable, and the increase of the offsetting values in the new HWC policy will make this worse. The potential for conservation performance payments (ie. Payment of ecosystem services) for wildlife and related ecosystem service delivery has only scratched the tip of the iceberg and there is scope for PES in conservancies through further increase of income from Eco Lodge Joint venture (JV) arrangements and channelling income from other beneficiaries such as tourists, Namibians and globally (Donors), provided the appropriate incentive packages and channels of funds are in place.
6. 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.

The **core problem** the project will address is that without reducing a) the socio and economic costs for people's livelihoods living with wildlife in conservancies; and b) the related cost of support agencies and government to ensuring the safety of people, their assets, wildlife and its habitat - the viability of what has become an extremely successful conservation and rural empowerment programme will be at high risk of failure.

The Project will address the core problem by focusing on:

- Reducing the level of conflict – expanding on the rich expertise in best practices (procedure, technologies) and experienced supporting staff.
- Establishing sustainable financing – exploring mechanisms to sustainably finance offsets for the (reduced) losses from wildlife conflict.
- Improving conservancy governance – supporting and leveraging improved compliance and governance at conservancy level.

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

3. PROJECT DESIGN

3.1 Program principles, objective, module objective and results

The project¹¹ entitled “Project on Poverty-oriented Support to Community Conservation in Namibia” (hereafter called the Project) is part of the Namibian-German cooperation in the focal area of natural resources management and complies with the Namibian Government policies to achieving National Biodiversity Targets (NBTs) and implementation of Vision 2030 and the fifth National Development Plan (NDP5 2017 - 2022). The Project will support the implementation of the new HWC policy¹² with a focus on innovative and sustainable solutions to reduce the HWC incidents, and associated risks; alignment to specific HWC management plans in place at regional and conservancy level; and strengthening the implementation of the Guidelines for the Management of Conservancies and Standard Operating Procedures.

3.1.1 The project design is guided by following planning principles:

- Compliance with international standards for social safeguarding;
- **Conservancy ownership** - transparency and accountability; .i.e. Active participation of conservancy members and fair benefit sharing and shouldering the cost of wildlife damage;
- **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 (e.g. Lion rangers project, early-warning systems);
- **Poverty oriented** project measures especially targeting poor households.

The **Programme objective** of the Namibian-German cooperation in the focal area of natural resources management: is “A fair access to natural resources and its sustainable management contributes to the protection of biodiversity, functioning ecosystems and improvement of rural income”.

¹¹ Project is used synonymous with module in this document. The term module has replaced the more common term project in German Financial Cooperation.

¹² Scheduled is expected to be approved soon.

Module objective:

Contribution to biodiversity conservation and rural development through establishment of a sustainable safety management system for people, their assets, wildlife and habitats, as well as rewarding conservation performance in communal conservancies in Namibia

The Project will contribute to develop a human wildlife safety culture for all concerned and affected stakeholders: i.e. make co-existence safe for people and their assets, but also safe for wildlife and the ecosystem they depend on. This is a more focused objective than the IUCN definition adopted also in the HWC policy of Namibia (2009), which defines HWC when wildlife requirements encroach on those of human populations, with costs both to residents and wild animals.

3.1.2 Module objective indicators

Tentative indicators for measuring this module objective (outcome level) are:

MOI 1: The incidence of, and financial cost of wildlife damage in participating conservancies is declining over time, and benefits from wildlife are increasing. The measure is the ratio of benefits gained from wildlife against losses from wildlife

- Target value: benefit cost ratio at least x times more than baseline for conservancies; e.g. target for mature conservancies at least 20:1 and for conservancy members significantly affected by HWC hotspots to be defined;
- Baseline: Be determined as the average benefit: cost ratios of the three years preceding project Year 1 for the whole conservancy and level of conservancy members significantly (i.e. x percentage of livelihood) affected by wildlife damages in hot spots or risk zones

Note: 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: The number of new strategic preventative measures put in place in order to reduce HWC incidences involving elephant, lion, hippo, crocodile and buffalo.

- Base value: 0
- Target value: Altogether 30 Measures must be put into place at a rate of 6 measures implemented annually.

MOI 3: Acceptance / tolerance of living with wildlife increased in targeted project conservancies

- Target value: Acceptance /tolerance level of living with wildlife is higher than baseline;;

- Baseline: Level of acceptance / tolerance towards living with wildlife of representative conservancy groups (Baseline survey)

Note: Other surveys on change in attitude might be proposed in project implementation.

MOI 4: Targeted wildlife populations are maintained between lower and upper thresholds in project conservancies.

- Target value: Populations maintained within defined lower and upper thresholds;
- Baseline: to be determined per species per conservancy/landscape based on historic data and best knowledge (thresholds can be adapted / fine-tuned over time)..

Note: impact of droughts might change the scenario. Targeted wildlife populations are maintained between lower and upper thresholds: Maintaining numbers above the lower threshold ensures that the species can recover from external impacts such as drought, disease, predation and 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 to ensure ecosystem balance (i.e. avoid allowing one species to negatively impact others).

The module objectives will be achieved through following four 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:** Demonstration of best practice human wildlife safety management practices package in targeted landscapes ;
- **Result 3:** Successful piloting of innovative payment of conservation performance cum offsetting in targeted landscapes;
- **Result 4:** Strengthening capacity of key project stakeholders in HWC risk management and wildlife performance measures in targeted landscapes.

The Result Matrix is shown in [Annex 15](#). Responsibilities are indicated in [Annex 12](#).

3.2 Description of project measures (results)

3.2.1 HWC management planning and monitoring and communication (Result 1)

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,

3.2.1.1 Result Indicators¹³

Base value:

- R1.1 - Guidelines for HW safety monitoring, data management and communication prepared and approved by KfW (0%).

Target value:

- R1.1 - Guidelines for HW safety monitoring, data management and communication prepared and approved by KfW (100% in project year 1).

Base value:

- R1.2 - HW safety management system (0%) and early wildlife and rangeland warning system and a standardized high-quality HWC communication systems on field level is in place in selected pilot sites (0%, or rudimentary).

Target value:

- R1.2 - HW safety data base management system is established and the application of the early wildlife and rangeland warning system is developed (end of project year 1) and tested in at least one cluster of conservancies, and a standardized high-quality HW safety communication systems on field level is in place in selected pilot sites (schedule and time to be defined in project inception phase).

Base value:

- R1.3 - Guidelines for Conservancy Action Planning for Human-Wildlife-Safety Management Investments are elaborated and approved by KfW and MET (0%) and Conservancy Action Plans (CAP) are elaborated (0%).

Target value:

- R1.3 - Guidelines for Conservancy Action Planning for Human-Wildlife-Safety Management Investments including social safeguarding are elaborated and approved by KfW and MET; Conservancy Action Plans for Human-Wildlife-Safety Management Investments (CAP) are elaborated (tentative target: up to 20 plans by end of project year 1 and up to 40 by project year 2).

¹³ To be used for reporting purposes of project implementation.

3.2.1.2 Principles of Human Wildlife Conflict Risk Management

The Project will adhere to following principles:

- Integration of Conservancy HWC management into the wider landscape to create room for corridors and buffer areas (regional species plans);
- 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, i.e conservancies that can afford to do so, match the investments and offsets received.

Figure 3-1 illustrates the proposed HWC risk management cycle.

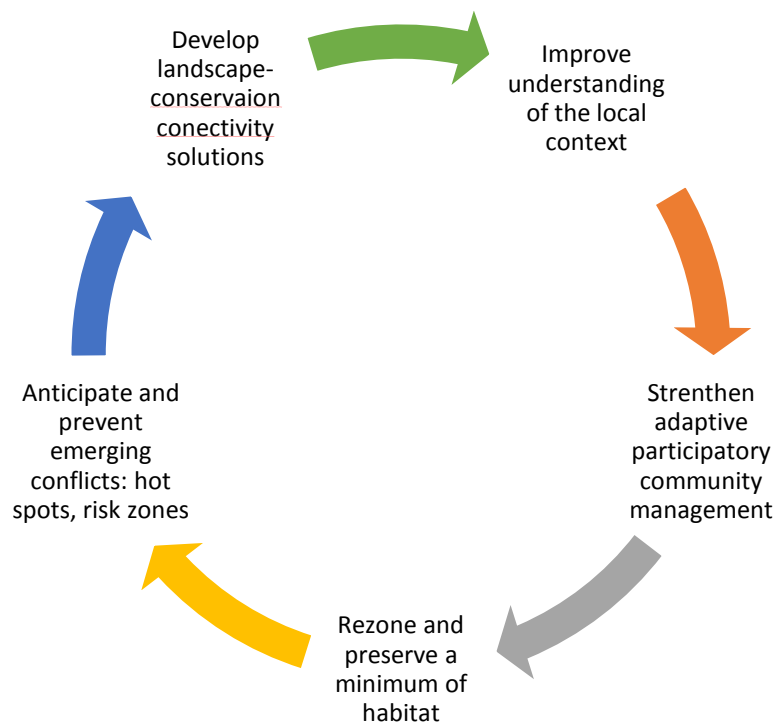


Figure 3-1 Human-Wildlife Conflict Risk Management cycle

3.2.1.3 Conservancies' selection criteria

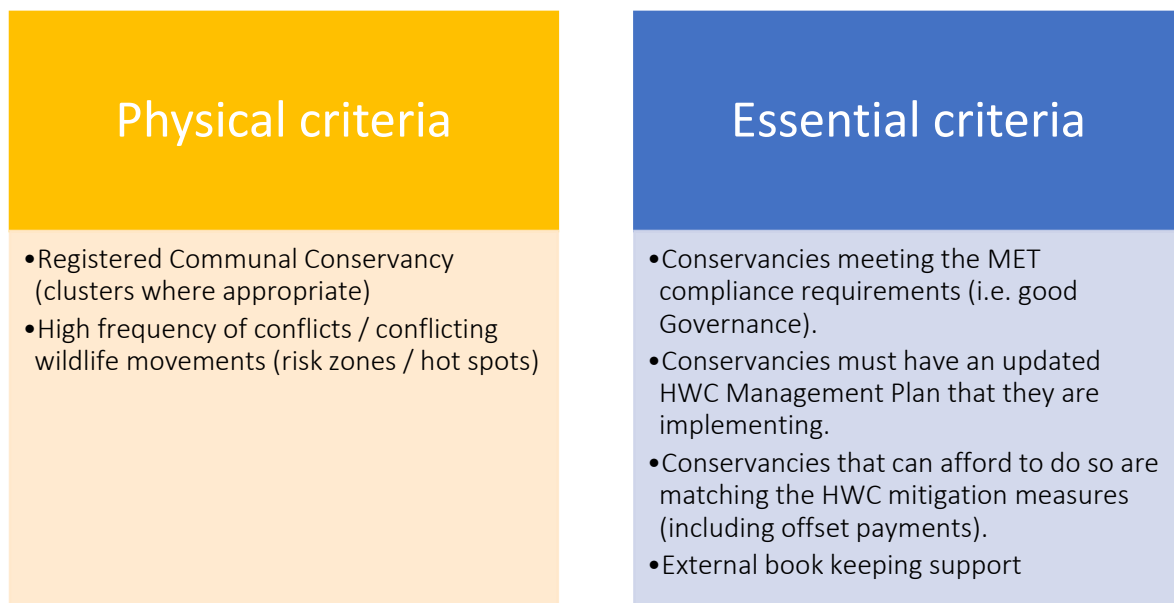
It is assumed that the Project could work in up to 40 conservancies out of which 20% are classified as poor conservancies (i.e. low revenue HWC ratio). Ideally to manage the Project, the project area should be as compact as

possible, preferably on conservancy cluster level. However, wildlife lives without administrative boundaries and some of the conservancies might not have a significant overall financial burden due to wildlife, but one small area might be in a risk corridor. Hence the inclusion of conservancies will be based on identified high risk corridors and recurrent HWC hot spots¹⁴ and wildlife corridors. Final selection of beneficiary conservancies will only be undertaken in the first phase of the project, applying pre-determined criteria, as outlined below.

Essential non-negotiable criteria to be qualified as a beneficiary conservancy are: commitment to meeting the MET compliance requirements for conservancies and address governance issues; develop or update a HWC management framework and CAP; pay wildlife damage offsets to community members affected by HWC conflicts to be matched by project and other sources; agreement to contract an external professional bookkeeper¹⁵ for improving financial governance and proper project fund management.

Poverty is not a selection criteria *per se*, i.e. to become eligible for project participation high incidence of poverty alone would not justify the participation of a conservancy, however in poor conservancies the project matching will be higher and the project contribution for support of implementation of project measures will be higher, than in more wealthy conservancies.

Figure 3-2: Proposed selection criteria for project conservancies



¹⁴ Rich food patches for predators like lions are referred to as “hotspots” when predators regularly return to them to search for prey.

¹⁵ Book keepers are those which are trained and certified according to government regulations.

3.2.1.4 HWC risk data base and early warning and communication system

The new HWC policy requires that MET should establish a HWC management data base system. The Project will support this initiative by improving the existing HWC data base system or through cooperation with the MET development to ensure that proper analyses and interpretation of HWC risk management and impact monitoring of HWC management investments¹⁶.

The Project will develop **early warning system platform** (s) (direct field level systems like Lion logger and drought warning for rangelands are further described under investments in Result 2) and a standardized high-quality HWC communication systems at field level in selected pilot sites. The communication system will have built on the existing communication channels used to warn about wildlife hazards and incorporate the most advanced IT technology. In the framework of the proposed rangeland (see under result 2) links to drought early warning systems will be further tested.

3.2.1.5 Evidence based standardized monitoring and reporting system on human wildlife conflicts

The project will work with all stakeholders involved to refine standardized data gathering and monitoring systems that are: simple and cost-effective to implement; disseminate data in appropriate forms to all stakeholders; build capacity of stakeholders in collection recording and using data and ensuring that there is systematic and consistent data recording in terms of level of effort and across temporal, spatial and numerical scales. And develop various forms of “Early Warning Systems” to provide communities and farmers with sufficient and timely information in order to take appropriate measures to prevent livestock losses. The early warning system should provide information on a real-time basis.

The Project will use the game guard monitoring system and where required improve to implement an evidence-based standardized monitoring and reporting system on HWC that captures the most relevant data for use by all stakeholders.

¹⁶ Annex 14 outlines a fully-fledged proposal to develop a HWC data base centre in case no other initiatives would develop such a data base system.

Evidence-based standardized monitoring and reporting system on HWC: The project will use the game guard monitoring system and where required improve to implement an evidence-based standardized monitoring and reporting system on HWC that captures the most relevant data for use by all stakeholders. To monitor the effectiveness of different HWC preventive and mitigation methods and to disseminate findings to all stakeholders;

To determine the social and ecological carrying capacity for key wildlife;

Record data from each reported HWC incident capturing: Numbers, age and sex structure of key species; location of incident; date & time when incident occurred; damage caused; who was affected; action taken; was any mitigation in place (e.g. were animals in a corral?, etc.); who recorded the data; sex and age structure of the animal; and any other information which may be appropriately done by game guards.

Provide data on the economic impact of HWC on households – this provides a better indication of the costs than simply recording the cost of damage as it takes into account the economic status of the household bearing the loss and other factors

Provide data on the effectiveness of HWC mitigation methods including type of method, features of the method (e.g. detailed description of the infrastructure, components, ingredients, position in relation to other important features such as other water points, houses, etc), aim of the method, extent to which the method has achieved its aims, reasons for success or failure, length of time over which monitoring has taken place, description of monitoring methodology, provide comparative data to improve our understanding of the factors influencing patterns of HWC, and designed to detect possible duplication of data¹⁷.

3.2.1.6 Support in HWC planning

As the species involved in HWC generally move across landscapes and conservancies, and the problems experienced are not unique to a conservancy, it is imperative that action plans for investing in human wildlife security management be aligned and coordinated. Ideally there would be a hierarchy of plans (species, medium term HWC management framework, a shorter action plan) each informing the lower level. It is assumed that at project start regional species specific HWC plans are in place and MET has identified further areas with chronic problems as HWC zones and other stakeholders. The Project will provide support to further refine these plans if required.

¹⁷ This is in line with the proposed monitoring system as outlined in the Lion-Conflict Management Plan of the NW of Namibia.

3.2.1.7 Conservancy Action Plan

HWC management guidelines: The new HWC policy calls for an integrated HWC Management Plan. The Project will work closely with MET to develop HWC related guidelines which are focused on conservancy actions in investment on Human Wildlife Safety¹⁸. This plan will involve specific actions to address the prevalent HWC in an area (planning unit: conservancies; taking aggregated on conservation connectivity landscape level of hot spots or risk corridors into due consideration). The plans will be based on information about the local HWC context (species, methods) and need to include a combination of counteractions to deal with different species or group of species (e.g. predators) and different problems at different seasons. Each plan will have a clearly defined responsible agency to oversee the implementation, even if distinct activities on the action plan are to be actioned by different persons / organizations. Each plan will also include a social safeguarding dimension to ensure the social protection of people affected from any restriction due to the implementation of the plan.

Where there is a significant overlap between their distribution and the network of communal conservancies, and resettlement areas of marginalized communities of San, the Project will include a more in-depth social safeguarding mechanism in cooperation with the San **Development Programme (see 2.8) to ensure efforts of sustainable livelihood of the marginalized communities is not negatively affected, and that their participation in conservation committees is fully ensured.**

The **result** will be conservancy action plans, approved by the conservancy committee and negotiated in an implementation agreement (Memorandum Understanding) with PIA and other support stakeholders.

To become **eligible for project support** it is proposed that each participating conservancy will develop a Conservancy Action Plan for Human-Wildlife-Safety Management Investment for a period of three years, summarizing the planned activities by species, group of species (like predators) and / or themes, the location of the hot spots, the target and estimated budget for each project investment; the matching of funds and estimated project beneficiaries including percentage of female. **Following template might be used.**

Table 3-1 Sample Conservancy Action Plan for Human-Wildlife-Safety Management Investment

Conservancy Action Plan for Human-Wildlife-Safety Management Investment in conservancy (name) for year 1-3

No	Activities by species or groups of species and themes	Detailed Actions	Locations of hotspot	Unit	Invest. Quantity per unit				Total estimated Cost	Matching of costs						Beneficiary			
					To-tal	Yr 1	Yr2	Yr3		CC	CCFN	MET	NGO	Pr. beneficiary		To-tal	Fe-male		
														Cash	Kind			No	No
									NAD	NAD	NAD	NAD	NAD		Cash	Kind	No	No	
1																			
2																			

¹⁸ The Mission proposes to move from using the terminology of conflict, to one that underlines safety – ie safe for people and their assets, wildlife, and habitat including conservation performance measures.

3.2.1.8 Activities

Major proposed **project activities** are:

- Develop and approve guidelines for HWC monitoring, data management and communication; including standardized evidence-based monitoring system on human wildlife conflict incidences and effective of counteractions;
- Install and run HW safety data base system
- Install an early wildlife and rangeland satellite early warning platform system in the agency assigned and develop a protocol for a standardized high-quality HWC communication systems
Review existing HWC related plans of identified hot-spots and high-risk zones, and support if required to further develop or amend special HWC management plans
- Develop guidelines for Conservancy Action Plans for Human-Wildlife-Safety Management
- Select priority project conservancies at HWC risk zone and landscape level;
- Prepare and approve Conservancy Action Plans for Human-Wildlife-Safety Management

3.2.2 Human wildlife safety management and wildlife conservation (Result 2)

Result 2: Demonstration of best practice human wildlife safety management practices package in targeted landscapes

3.2.2.1 Result indicators

Base value:

- R2.1 - Implementation measures achieved as defined in the Conservancy Action Plan (CAP) for Human-Wildlife-Safety Management Investments (0%)

Target value:

- R2.1 - 80% of implementation of human-wildlife-safety management investments achieved as defined in the Conservancy Action Plan in at least xx no conservancies and xx no landscapes

Base value:

- R2.2 - xx No high risk buffer zone implementation; baseline is HWC area before buffer zone development

Target value:

- R2.2 - 90% of human-wildlife conflicts (in terms of financial wildlife damage) reduced in xx no high risk buffer zones due to effectiveness of project wildlife safety management

Base value:

- R2.3 - Special pro-poor human wildlife safety measures like predator-proof living fences, mobile bomas and conservation farming, or development of water points for elephant cum domestic use (none) have been tested, and those which are socially accepted are ready for upscaling

Target value:

- R2.3 – At least two special pro-poor human wildlife safety measures in xx no of poor conservancies (like predator-proof living fences; mobile bomas and conservation farming, development of water points for elephant cum domestic use, etc.) are socially accepted and ready for upscaling

Base value:

- R2.4. - Piloting Integrated rangeland and wildlife management including testing reliability of rangeland early warning system in a conservancy cluster in Zambezi (only one conservancy test has been implemented in 2017)

Target value:

- R2.4 - Piloting Integrated rangeland and wildlife management including testing reliability of rangeland early warning system in a conservancy cluster in Zambezi and preparation of proposal for upscaling the system.

The Project will support a paradigm shift in Namibia from HWC management to wildlife safety management to create a situation which is safe for people and their assets, wildlife, and habitat. Hence safety management and wildlife conservation go hand in hand.

There is no single blue print practice and approach; only a mix of practices will be successful to avoid or reduce the HWC. Deterrents like chilli bombs for elephants and firecrackers for lions are partially successful, but have not been applied without project support. Herder and herding dogs also proved to be important measures. Where in place, the Project will support the implementation of area-based human-local species conflict management plans, such as the one developed for lion in the NW. It is anticipated that at project start, decentralized elephant management plans and even crocodile plans will be available for which, in the inception phase, more specific investment opportunities can be identified and aligned. At the present stage only indicative physical targets can be assumed, since there will also be support by other initiatives until project start in 2019, and the final targets can only be defined in the proposed participatory conservancy action planning process (see Result 1). Details of key eligible proposed project practices identified in the FS are summarized in [Annex 10](#). Integrated measures such as the development of rapid response schemes are described under Result 4.

3.2.2.2 Water point development and protection for wildlife and people

Wildlife water points: The sustainable presence of increasing populations of elephants and other wildlife depends increasingly on water points. At the peak of the dry season (September to October) there is significant stress among wildlife competing for limited water, and if not protected, elephants will destroy communal water infrastructure. Climate change related droughts will accentuate the problem. The Project will support the construction and/or modification of special water points and troughs and reservoirs which are especially suitable for elephants to avoid conflicts between elephants and other animals like antelopes at water points. There is sufficient hydro-geological and design expertise available to assess the sustainable yield of boreholes and construct the most durable designs. The project will review the identified hot spots and wildlife corridors with high elephant density and movement. Technical design principles for water points include: (i) Setting-up optimal size of pumps and solar

panels; (ii) Design troughs which are strong that elephants cannot destroy; and (iii) Separating elevated troughs for elephants.

Elephant cum domestic water supply: Poor villagers who are suffering from water shortage might reject the development of water points for elephants close to villages living near HWC hot spots. An innovative model the Project will further test is to supply free-of-charge water for domestic water use from water points developed for elephants. The model is basically the same as the elephant trough with the difference that instead of a reservoir, a series of water tanks are installed at the highest elevation point to which the water is pumped by solar powered pump. The excess water not used by elephants is conveyed by gravity through an underground pipe to a communal water facility.

Elephant proof wall around water infrastructure: Depletion of the natural water table with increasing human use has led to less available surface water for consumption. Therefore, man-made water points located close to the riverbeds have become the target for elephants in their quest for fresh water. Elephants also routinely damage borehole infrastructure to access fresh water, even when water is available to them in man-made drinking pools immediately adjacent. The Project will support protection of wind and solar pumps, and domestic water facilities on sites with frequent seasonal elephant movement in settlements the number of elephant, using elephant proof walls according to already tested prototypes.

3.2.2.3 High risk predator buffer zone¹⁹

Keeping domestic animals during the nights in predator protective kraals is often not practiced by livestock owners in areas with low rainfall and insufficient grazing resources. On the other hand, without free-roaming livestock at night, lions would not identify the areas as providing easy prey (creating conflict “hotspots”). Other methods of deterring lions from an area would be more effective and lions more likely to vacate an area, where livestock is not readily available.

Research has shown that it is possible to identify and define the **high-risk lion corridor** and thus it is possible to restrict the need to herd livestock and place them inside kraals at night to this zone only. The Project will assist in implementation of such “high-risk lion corridor” as a buffer zone that will deter lions from leaving the safety of their known home ranges.

3.2.2.4 Logger early warning system

The logger early warning system is a direct field-level early warning system which has been tested and will be up scaled by the Project in human settlements where regular problems with lions are a recurrent issue. The ‘early warning logger’ will be installed at key kraal locations. The Logger continuously transmits Radio Frequency Identification (RFID) signals to probe for any RFID Tags (fitted to lion GPS collars) that may be nearby. Preliminary results indicate that the Logger can detect the lion collars from 2 – 3 km. As soon as any marked lion is detected, the system provides a warning to villagers, who can then take appropriate measures to protect themselves and

¹⁹ Similar buffer zones for wildlife corridors for elephants and other wildlife will be supported in project implementation.

their livestock. When lions reach 200 meters from the settlement a powerful siren is triggered to deter the lions from approaching.

3.2.2.5 Predator proof kraals

Traditional kraals made from poles and branches are not always effective in keeping lions and other predators out, and thus farmers can still experience livestock losses. More sturdy modified lion-proof kraals have been shown to be effective in protecting livestock at night. These kraals not only prevent lions and other predators from killing livestock, but also prevent the escalation of human-lion-conflict problems in the area, as predators will seek prey elsewhere. Prototype kraals have already been tested through existing projects, and the proposal is to use the Project to upscale these prototype predator-proof kraal systems:

- **Kunene type:** In the arid areas (where access to wooden poles is limited) lion-proof kraals are made from metal poles, wire mesh and other commercially available materials. The structure consists of short posts 2.5 m apart, 1.8 m high with an over-hang to the outside, mesh wire and shade netting surrounding the whole structure. An improved version proposed for project implementation needs two gates at opposite corners, thus allowing livestock managers to erect their own internal fencing. This will avoid any issues around mixing of animals.
- **Zambezi type:** For the more temperate areas (where wooden poles can be harvested) two types have been successfully tested: (i) For upland areas, wooden poles are used to provide the structure for the mesh wire; (ii) In the flood plains, kraals are constructed using metal poles with cement and stones due to the flooding conditions.

The predator-proof kraal size is based on an average area required per head including calves (estimated at 5.5 m² in the Mudumu-South Complex Zambezi and expected to be similar in other areas) rather than a standard size as previously promoted. Due to the travelling challenges the kraals in the flood plains of Zambezi are designed to be as maintenance free as possible, to reduce the need for repairs due to water damage.

An annual **maintenance check** is required on all kraals so that they do not deteriorate making them ineffective. A kraal team needs to visit each kraal during the wet season and check the fence, the gate, etc. to be kept up to standard. The Project will stipulate that a new service for this maintenance will be in place (see Result 4).

3.2.2.6 Predator proof living fences

Stock proof living fences “living wall” kraals have been used traditionally; however no functional ones were observed by the Mission. IRDNC is currently piloting a trial with “living wall” kraals using Commiphora cuttings to avoid depletion of resources and the need for permits from the Directorate of Forestry. Predator-proof living fences would only become effective after at least two years. It is therefore proposed that the living fence tests be done around the built predator proof kraals, which could in the long run replace the non-living fence. Experience from similar regions in Africa suggests this is a new promising innovative low-tech solution. If cuttings are planted properly, then the Commiphora cuttings will develop sprouted twigs and tender young leaves to seal the gaps. As the trees continue to grow, their interlocked crowns create an impenetrable barrier, which, unlike chain link alone, cannot be scaled by leopard and small lion, and their root system prevents hyenas from tunnelling in from

below. The living walls will last a very long time and cannot be breached. Hence the Project will allocate significant funds to boost the trials scheme of this type of predator proof living fences.

3.2.2.7 Mobile bomas and conservation farming

Stationary predator proof kraals are not likely to be accepted under drought conditions when livestock needs to graze for extended periods of time to maximize grazing opportunities and minimize the energy required for them to walk to and from their kraals every day. Work of IRDNC and other NGOs suggest that interest by the community is driven by food security with cattle protection being a lower priority. To tackle this issue IRDNC and partners have recently piloted conservation farming through mobile kraaling of livestock. Mobile bomas²⁰ are constructed using PVC canvas sheets and are erected on fields where crops are grown. Cattle housed in mobile kraals during the night trample dung into the substrate. This results in the field being fertilized contributing to improved crop yields. Mobile bomas in mosaic landscapes contribute to conservation as well as human livelihoods. However, there is still fear among villagers that lions might enter the mobile kraal and changing traditional farming patterns will take time, hence this practice is only recommended for further testing prior to upscaling.

The proposed method of making predator proof kraals is expensive for pastoralist families, therefore the Project will support their establishment through a cost-sharing program by subsidising a maintenance service contract for three years.

3.2.2.8 Integrated rangeland and wildlife management including testing reliability of rangeland early warning system

In communal conservancies, serious conflict often occurs between livestock grazing, tourism development, the presence of predators in wildlife areas and the allocation of exclusive wildlife zones. As the human population in general increases in conservancies, communities continue to spread out to practice agriculture and find pasture for their livestock. The pressures to secure customary land rights for both present and future access to land and the resources thereon put further pressure on a region already characterized by its multiple competing land uses. As a result, there is increased tension for human settlement, cropping and livestock grazing to come into conflict with wildlife-based land uses.

This scheme will demonstrate the reduction of the human-wildlife conflict through introduction of rangeland management in up to 12 conservancies in a cluster in Zambezi region as tested in one conservancy in one cluster. Real time information via high resolution satellite images will be obtained in short intervals. The spatial information provided not only serves as an early warning system tool for livestock and wildlife production systems, but can be used to predict areas of increased HWC, and also for index-based drought insurance. The novelty of the system is that it does not only take into account the feeding needs for domestic livestock but also considers the feeding needs of wildlife simultaneously. It is proposed that the Project will only cover the HWC measures, to be matched by a livestock development project. It is assumed the issue of the current difficulties in marketing of livestock in Zambezi will have been resolved before the Project commences.

²⁰ Livestock enclosure are called bomas in Southern Africa and other African countries.

The Project will significantly contribute to enhanced informed decision-making of communities in conservancies to reduce the occurrence of fodder shortages or droughts. The main project activities are: (i) Conducting on-going ground verification to ensure improved quality and reliability of rangeland early warning products (maps); (ii) Producing rangeland condition index maps of conservancies every 10 days between October and May each year and making the maps available at conservancy level for all grazing groups; (iii) Producing herbaceous fodder availability map for each conservancy at the end of April/May each year; and (vi) Producing and providing an overview of rangeland condition indices for all conservancies at the end of the growing season (May). After further testing the reliability of this rangeland early warning system in one or two conservancy cluster it has the potential to be up-scaled in all conservancies with a significant livestock population.

3.2.2.9 Major project activities are:

- Implement practices to increase human wildlife safety and conservation of targeted wildlife species through water point development for wildlife, elephant proof walls to protect water infrastructure, predator-proof kraals, field level early warning system and other practices to be agreed during project implementation;
- Implement specific practices designed for high risk HWC buffer zones;
- Pilot Integrated rangeland and wildlife planning and implementation with early warning system: including testing reliability of rangeland early warning system;
- Pilot targeted pro-poor human wildlife safety measures in poor conservancies.

3.2.3 Sustainable financing of Human-Wildlife Safety Management and wildlife conservation performance rewarding (Result 3)

Result 3: Successful piloting of innovative payment of conservation performance cum offsetting in targeted landscapes.

Safety management means safe for people, their assets, wildlife and habitat

3.2.3.1 Result indicators

Base value:

- R3.1 – Payment of conservation performance on agreed ecosystem services to groups or households in conservancies after third party verification of performance. Model of matching offset wildlife damage payment with payment of conservation performance tested (0)

Target value:

- R3.1 Channelling of offset and performance payment to affected conservancies households in HWC hot spots

- Model one: via Human Wildlife Self Reliance Scheme special account for GPTF (x percentage of total project conservancies)
- Model two: via a newly established local wildlife credit funds account managed by incentive area agreement partners: at least 5 agreements

Base value:

- R3.2 - Insurance based elements

Target value:

- R3.2 - Based on the recommendations of the planned special insurance study a system to optimize the modalities of disbursement of claims and tackle the risk of extreme events and commercial insurance products affordable for poor conservancies and households has been tested.

The Project will explore and pilot sustainable financing mechanisms for human and wildlife conflict with a focus on safety management and conservation performance in conservancies, which will be up scaled and mainstreamed at the end of the project to ensure the sustainability of the management of co-existence related investments.

3.2.3.2 Conservation performance payment

The conservation incentive packages will be designed and managed to attract permanent and affordable funding that does not drain resources of government and communities. Tourism Lodge Joint venture (JV) arrangements already provide 'incentives', and to some extent the steady increase in turnover can be linked to iconic wildlife. But in many cases increases in turnover are currently closer related to improved security and favourable exchange rates, with the cause/effect between wildlife and tourism revenue being less clear. There is therefore a need to create a closer connection to conservation efforts, and the Project will develop a new scheme which is able to give direct recognition to the presence (and increase) of iconic species.

The need and opportunity to overcome institutional barriers at landscape level still exists, and addressing these must include HWC affected households. The Mission identified significant scope in exploring alternative income streams from other stakeholders, both in Namibia (eg corporates) and the global community (Donors) for paying wildlife related ecosystem services. This will discourage encroachment into areas set aside for wildlife, burning and excessive harvesting and illegal hunting (poaching). PES as a direct payment to conservancies will overcome the tragedy of the commons, since it is envisaged that a substantial portion would be invested in conservation measures by conservancies.

Conservation performance payment is a form of payment for ecosystem services (PES). The difference to traditional forms of wildlife damage insurance is that the contracts are written against well-defined evidence-based conservation performances. It goes beyond only an existence value, and includes performance payment for services or rights such as hunting and tourism.

The Wildlife Credit Fund mechanism is currently in its infancy and therefore the Project will deploy two models:

- Model 1: Via the existing mechanism of offset payment through the Human Wildlife Self Reliance Scheme (HWCSRS);
- Model 2: Testing local Wildlife Credit Funds,

Model 1 will be the predominant model in the initial phase of the Project, in which the matching of claims or agreed performance pay will be transferred to the special account of each conservancy which is required to receive the offsetting payments of the wildlife damage claims from the GPTF. The new HWC policy highlights that conservancies with hunting quotas are already receiving revenues in which provisions for dealing with off-set payments are included. If operationalized as such, this could change the mode of operation of the GPTF

Through ensuring good financial governance it will be ensured that the funds will be received by the conservancy members most affected by wildlife damage.

Model 2: The proposed channelling will be Local Wildlife Credit Funds which will be created at the level of the conservation **incentive area** i.e. either conservancies, or other landscape arrangements with iconic wildlife.

Key principles of the design and further testing are:

- Tap into the “existence value” of iconic & problematic species;
- Direct payment from payer to the wildlife custodians;
- Payment related to conservation on performance;
- Keep the performance criteria and verification simple;
- Quick payment of credits to the wildlife custodians;
- Mechanisms to ensure that positive impacts are realized at household level;
- Gearing of financing, i.e. local, national and international sources.

Objective of the Wildlife Credits is to foster co-existence between wildlife and people living together in the incentive agreement area.

Partners are therefore lodges, conservancies and other third party stakeholders that provide independent monitoring of the conservation performance.

Each scheme would have its annual review panel to verify the performance, similar to the annual conservancy audit. In the case of wildlife damage claims via GTFP or any other claim system, an arbitration committee might be required in the event of disputes. This could consist of traditional leaders and NACSO (who has ample experience in facilitating and resolving local conservancy related ecosystem governance issues, including human wildlife conflicts).

Financing channels are:

- **Internal funds**, i.e. within the incentive place are paid by a local stakeholder (example Lodge Operator, Conservancy lodges and visitors) based on actual wildlife sightings recorded by guided tours.
- **External funds**, i.e. outside the incentive place are paid by three sources: CCFN, Namibia Public Funds such as GPTF, and other donations like the African Wildlife Credits. Payment of ecosystem services will comprise actual wildlife sighting and other defined related ecosystem service delivery which can and will be verified by agreed procedures and agencies.

In addition to the achievement of performance the local payments should further incentivise the gearing of payments from national and international stakeholders including payers of international biodiversity rewards (PES).

Financial fund management and auditing: The funds need to be managed professionally, being transparent to avoid any kind of fraudulent activities. The project is addressing the issue of financial governance through the need to have a certified book keeper to be assigned to manage the accounting system of the fund. The outsourced book keeper could be the same as the one proposed for internal book keeping of conservancies. It is acknowledged that initially the balances in the account may be low, but it is considered imperative that Conservancies are encouraged to function as business entities, and in a business it is best practice to have financials audited, as an important business tool. This is even more important when finances are coming from different sources. Thus it is the recommendation of the Mission that conservancies be encouraged and supported to adopt a more “business oriented” management approach.

The direct payment of CCFN based on request from a conservancy to a conservation project, with funds generated from the performance payment, will need to be in line with the project financial management guidelines. Whether an annual audit by an independent specialized auditing agency is required will ultimately be decided by KfW.

Eligible **Wildlife incentive field actions** will focus on, but are not restricted to:

- Wildlife management & conservation;
- Wildlife monitoring;
- Household and community wildlife damage (assets, livestock, crops) off setting;
- Wildlife friendly safety management (result 2).

For poor communities, areas of unoccupied land for wildlife conservation or small but critical conservation corridors could be achieved by mobilizing international donor funds to pay “existence services”. As examples, this

Info Box – Wildlife Credits Scheme

The innovative Wildlife Credits Scheme will raise funding with a multiplier effect. Lodges participating in the scheme currently pay a minimum of NAD 25 (Euro 1.6) per sighting of a rare or endangered species. These are the iconic animals that tourists come to see, such as free-ranging black rhino or desert lions. This money will be matched by other interested sponsors, for example financial or business institutions in Namibia, and by international institutions or donors. The revenue generated will be paid directly to conservancies to mitigate human-wildlife damage by, for example, building lion-proof kraals, and to compensate farmers for stock and crop losses. The funds may also be used by conservancies to protect wildlife (NACSO 2016).

could include elephant protection / management corridors; the proposed Floodplain Zebra Sanctuary; or landscape Conservation for large landscapes with Rhinos and desert adaptive elephants in the north-eastern and eastern regions.

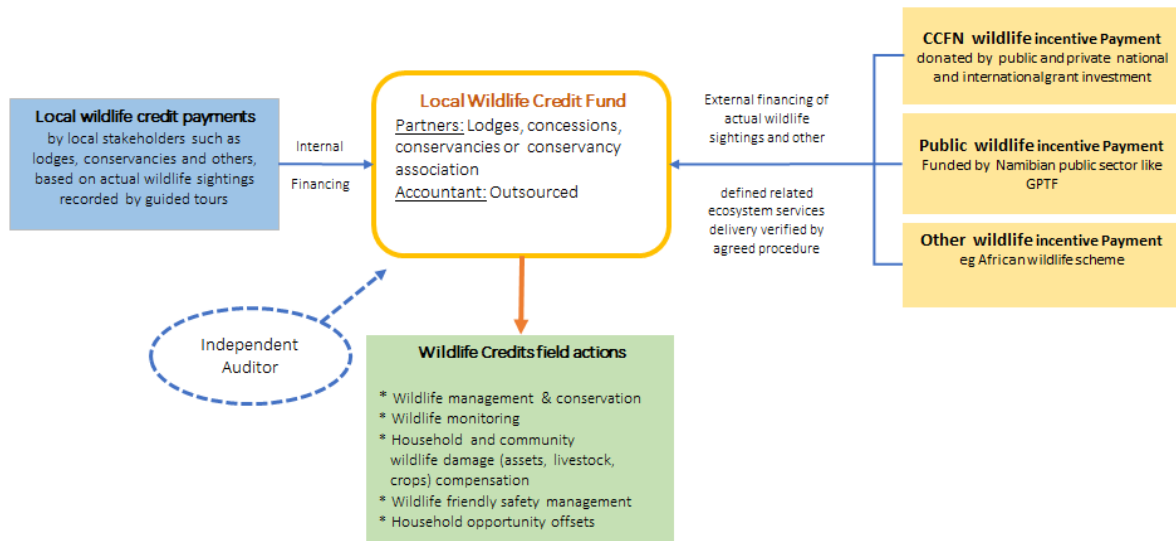


Figure 3-3 Proposed sustainable financing mechanism on incentive payment for co-existence of people and wildlife on incentive cooperation agreement area

3.2.3.3 Wildlife offsetting product development and insurance approach

Offsetting and insurance are two separate approaches / products being considered as ways of addressing losses caused by wildlife. Offsetting refers to direct “partial compensation” to farmers / conservancy members for losses incurred, which should be done at conservancy level, and matched at national level based on agreed procedures. Insurance on the other hand is generally provided by a professional company, based on premiums paid on a regular basis, and would generally cover an agreed amount per type of loss. Self-insurance schemes are run by communities directly, and involve pooling of payments received by members, and then used to cover costs of losses at agreed levels, to individuals of the pool.

The preliminary assessment of the Mission concerning traditional insurance highlighted the need for a special study with a focus that includes most importantly the optimization of assessment and disbursement modalities for claims (to distance the process from Government), and to assess if it makes sense for any component of the claims (such as human life and injury, or extreme events) would be appropriate for re-insurance. The recommendations will consider following aspects:

- Solidarity Fund approach analogous to the German example (game damage compensation fund) versus a commercial product; or a combination of both incorporated into the proposed local wildlife incentive trust fund;

- Make suggestions on what a new insurance product could be i.e. a mobile insurance scheme to help small-scale farmers ensure their agricultural produce against drought and other natural disasters;
- Development of new insurance products (including recommendations on specific types of products) vs. adjusting existing schemes to cover losses/damages due to wildlife incidents.

3.2.3.4 Products for financing

The insurance feasibility study will assess the different payment requirements or products (i.e. insurance premium, performance payments, behaviour payments, etc), and will recommend where and for what payments to be made. Based on the recommendations of the study the Project Fund Window of the CCFN will work out how to package the product to the donors / payers. The aim is to test the optimal combination of approaches that will result in a long term sustainable financing mechanism that ensures the willingness of communities to co-exist with wildlife.

Tentative proposed core eligibility criteria for the tender for insurance product in project implementation are:

- Tested products in the field must have prospect for upscaling;
- Grant ceiling: 75,000 Euro from GFC;
- 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.

For complete ToRs please refer to [Annex 8](#).

Proposed financial management of the local Wildlife Credit Fund. It is proposed that the Project will contribute to Local Wildlife Credit Funds as a sinking fund window for each fund. The actual amount will depend on the Community Action Plan for Human Wildlife Safety or the HWC Management plan, for a period of three to five years. The principles of the project contribution will be detailed in the operational manual of Wildlife Credit Funds to be elaborated in the inception phase of the Project with assistance of an international financial management consultant. This pre-determined amount will be deposited in the local trust account (or the already existing HS account until the trust is functioning). Trustees can make annual withdrawals up to 5 years, even after completion of the Project, only if compliant with the agreed activities and regulations, to be confirmed by the compliance

monitoring and auditing process. Payments will be strictly released based on the agreed performance, criteria and indicators which will be audited by a third-party monitoring entity before being released. (See Chapter 4 for more on financial management).

3.2.3.5 Major project activities are:

Major activities to achieve for Result 3 are:

1. Review the progress with wildlife credit scheme and similar payments for conservation performance; and refine the sustainable financing concept in the inception phase of the Project;
2. Implement models of channelling offsetting, payment of conservation performance, and re-ward/incentive payments for reducing HWC.
3. Based on the recommendations of the planned special insurance study develop a system optimize the modalities of disbursement of claims and tackle the risk of extreme events and commercial insurance products affordable for poor conservancies and households.

3.2.4 Capacity building in HWC risk management and wildlife conservation performance (Result 4)

Result 4: Strengthening capacity of key project stakeholders in HWC risk management and wildlife performance measures in targeted landscapes

3.2.4.1 Result indicators

Base value:

- R4.1 - PMU established, and project documents prepared (0)

Target value:

- R4.1 - PMU staff recruited (3) and project documents - project financial and procurement guidelines (1) Plan of Operation (1), annual work and budget plans (4), and progress reports are submitted on schedule as agreed in the Separate Agreement

Base value:

- R4.2 - Capacity building program partially available

Target value:

- R4.2 - Capacity building program developed, documented and agreed [100% by year 2]

Base value:

- R4.3 - Training module on human wildlife safety management and co-existence of people developed and tested

Target value:

- R4.3 - Training module on human wildlife safety management and co-existence of people developed and tested with at least three categories of project stakeholders (1)

Base value:

- R4.4 - Professional wildlife safety service is developed and requested by affected stakeholders (0)

Target value:

- R4.4 - Professional wildlife safety service is developed, and evidence-based monitoring proves that in conservancies where these services are used the safety infrastructure (like lion proof kraals) are maintained according to standard compared to conservancies which do not have such service contracts

A world in which people and wildlife can coexist is desirable, possible, and necessary in Namibia. The Project will strengthen the capacity of key project stakeholders in human wildlife safety management and co-existence in targeted landscapes through building capacity of the CCFN Project Grant Window. To this end the Project will organize training events for CCFN, MET staff and other key project stakeholders in innovative HWC projects related to planning, monitoring, management through workshops and other training events. The Project will also develop different media (printed to audio-visual) for further awareness creation of human wildlife conflict related issues and dissemination of project achievements.

3.2.4.2 Training module

Over the past 15 years under the Namibian CBNRM Program many training materials have been developed and compiled in a series of training modules with support of the Namibian Millennium Challenge Account (MCA), including one training unit on Human Wildlife Conflict (HWC) Management for conservancies. A review suggests the need to amend this module by incorporating emerging topics and a realistic assessment of methods which are widely accepted, new methods of training and special modules for different training groups. The Project will support an amendment of the module with a focus on enhancement of human-wildlife safety and coexistence of people and wildlife. Specific training modules would be elaborated and tested with different training groups, including policy decision makers, conservancies (committees, game guards), teachers and school children. Methods for field level trainees would build on nature experience pedagogy, i.e. learning with all senses in natural environment (Table 3-2).

Table 3-2 Proposed training topics for training module on human-wildlife safety and co-existence of people and wildlife

Topics (T)*	Proposed amendment
The national HWC policy/policy implementation (T1)	Legal framework and implementation of new HWC policy 2018
How to develop a HWC Management Plan (T2)	Priorities of management planning; of human wildlife safety; risk zoning planning and community action planning
Principles and implementation of the Human Wildlife Conflict Self Reliance Scheme (HWCSRS) (T3)	Sustainable financing of human wildlife safety, risks and rewarding conservation performance
The importance of good information for addressing HWC (T4)	Rapid response teams, early warning system and standardized communication on HWC
Prevention of predation on livestock, killing of livestock by elephant, prevention of damage to crops, protection of water infrastructure and provision of alternative water points for elephants (T5-T7. T9)	Making Namibia safe for people, their assets, wildlife and habitats - update of best practice
Addressing fear of elephants (T8)	Fostering Human-Wildlife Coexistence techniques and safety skills (example in box)
	Development of people-predator safety service like Lion ranger program etc. including small business development
	Understanding the multi dimensions of HWC and leveraging decision support tools and techniques to assess financial and social costs of HWC
NACSO. NN Training Module 3.6 Human Wildlife Conflict (HWC) Management. Natural resource management supported by MCA Namibia	

Should another initiative develop such training module before the project commences, then the project will restrict its activities to develop a special technical manual on wildlife safety and risk management.

Info Box – Human-Elephant Co-existence

Human-elephant co-existence techniques and safety skills training through street play in India for teachers, children and villagers. Recognizing that most of the human deaths are occurring due to misunderstanding of the elephant's behaviour and its strength, in India in street plays, information is provided for appreciating the species, linked to Indian culture and **do's and don'ts in elephant areas** to protect own life. This program resulted in a high tolerance towards elephants and less casualties.

Source: https://elephantconservation.org/iefImages/2017/03/Hosur_HECx-street-play.pdf

3.2.4.3 People-predator safety service development

The approach of the CBNRM Programme to train conservancy members has failed to create a professional service specialized to make living with wildlife safer. Therefore, the Project will support the development of such professional service teams including training in small enterprise training on how to develop and implement a small business plan.

The Project will support the development of a state-of-the art people-predator safety service. It will build on and support the new lion ranger program, which the mission found one of the most appealing proposals at a mature stage and proposes to amend the program as an opportunity to develop a needed service to make the living with lions and other predators safe for the lion and other predators and its habitat, and safe for the people and its assets.

The new service will be tested in the five most affected conservancies in Kunene together with the sub-regional conservancy association and lodges whose attraction also depends on lion sightseeing. The PIAs will be the IRDNC. It is proposed that the Project will also facilitate that the lion ranger conservancy service provider might merge to a service on regional conservancy association or an independent consulting company in the long run.

Info Box – Lion Ranger Program

The Lion ranger program is the long-term sustainable safety management of human and lions and other predators in Kunene to ensure continued desert lion and other predators' survival and community benefit. It is driven by conservancy and lodge being mostly threatened but also benefiting from lions. The Program has inbuilt evidence-based indicators. The program will support villagers, conserving lions; developing skills and knowledge to life safely with lions through the developing local lion rangers. The positions of lion rangers will become a permanently deployed Lion Rangers within conservancies. Lion Rangers in each of the focal lion-range conservancy will work with routinized responsibilities for well-defined field-based, community-based, and organizational task. Lion Rangers will receive continuous training and mentoring by the Lion Ranger program; by a core of reputed lion ranger specialists. Duties of lion ranger development are oriented around two needs: Monitoring and interceding in lion conflict areas (see Annex 7).

Table 3-3 Performance indicators for lion ranger program

Indicator	Target
1. Reduce livestock losses of all predators in focal lion-range conservancies in Kunene	<ul style="list-style-type: none"> • 50% reduction in livestock losses due to predators (in conjunction with other measures) • 90% reduction in lions lost to human lion conflict retaliation
2. Manage Kunene's lion population as an asset to Kunene residents	<ul style="list-style-type: none"> • Income from lion sightseeing increased by payment of wildlife credits of xx NAD and other spill off effects of lion tourism is contributing to the revenues of the targeted conservancies by xx percentage compared to baseline
3. Standardize high-quality communication of lion ecology, population composition, and movements to conservancy residents	<ul style="list-style-type: none"> • >75% of Human lion incidents responded to within 24 hours • 80% of the population in affected area have developed a higher tolerance and know what to do and not to do • Communicate >95% of relevant lion movements to affected farmers • Quarterly updates to conservancy committees concerning lion movements and ranger deployment. Annual report to all conservancy members
4. Lion safety service in place	<ul style="list-style-type: none"> • Service of rapid predator response teams are requested (fees paid) by lodges, conservancies and other stakeholders impacted by imitate threats of problematic lions, and lion rangers act as technical advisors in prevention and mitigation and assessment of damage and support in claim application by 2021

Major **activities** are: (i) Procurement of basic equipment and set up infrastructure of scheme; (ii) (Re)train and employ Lion Rangers from within Kunene conservancies experiencing high-levels of human-lion conflict; (iii) Permanently deploy Lion Rangers within conservancies as a conduit between Kunene lions, individual farmers and local communities, and monitoring and management activities associated with Lion Ranger program; and (iv) Proactively monitor Kunene lions and intercede in human-lion conflict to manage, mitigate, and prevent conflicts in the conservancies.

3.2.4.4 Major project activities are, therefore:

1. Prepare an overall capacity building program;
2. Tender training module on training module on human-wildlife safety and co-existence of people and wildlife, develop and test module;
3. Support the lion ranger program to develop to a modern predator safety professional service, and support other emerging programs like elephant rangers;
4. Produce and disseminate public and environmental awareness media.

Annex 12 provides the implementation schedule, indicating the time frame and responsible agency. Annex 13 provides the breakdown of the budget allocations.

3.3 Project arrangement and responsibilities

Figure 3-5 outlines the proposed Institutional structure and responsibilities. Support Organisations, Researchers, NACSO working groups and other relevant organizations and individuals would serve as implementation support outside PSC. Table 3-4 summarizes the responsibilities of key project partners.

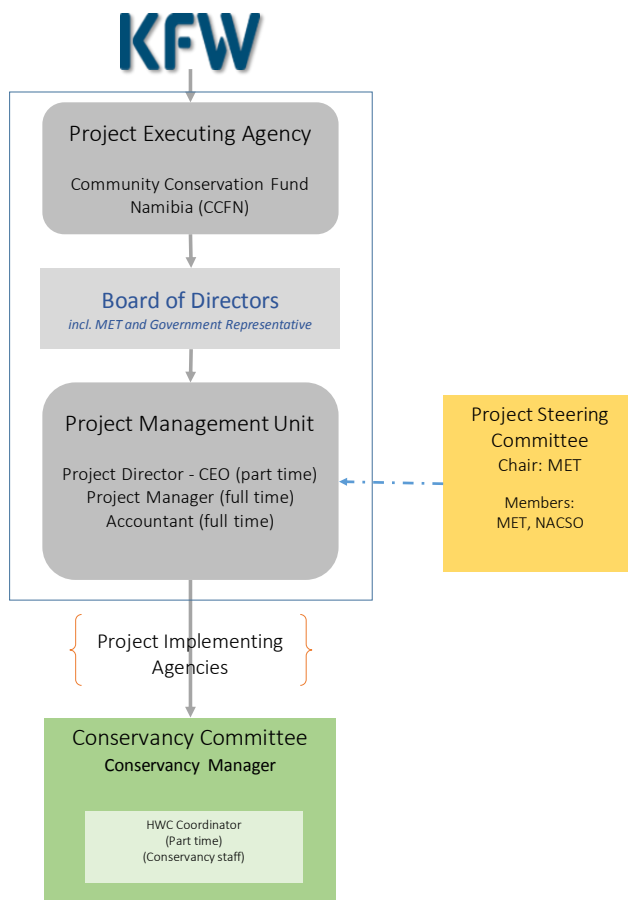


Figure 3-4: Project organogram

Table 3-4 Responsibilities of project partners

Project Executing Agency (PEA) <i>Institutional coordination</i>	Project Steering Committee (PSC) <i>Technical coordination</i>	Project Implementing Agencies (PIA) <i>Implementation</i>	Ministry of Environment and Tourism (MET) <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) • For discussion: • 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 Steering Committee: The proposed Steering Committee is to be chaired by MET, and it is anticipated that this would be the overarching platform to ensure that the project is undertaken in a coordinated and synergized manner. During the Wrap up meeting of the Mission two options were discussed with MET

- Option 1: Overall steering and coordination at national level, i.e. through the PSC;
- Option 2: Overall steering and coordination at regional level, requires a Regional Project Steering Committee chaired by the Department or Chief Control Warden.

The mission recommends the first option. During the KfW Appraisal Mission MET and KfW should decide on the options.

Project Executing Agency is the Community Conservation Fund of Namibia (CCFN). A **Project Management Unit (PMU)** will be set up within the CCFN for managing the CCFN for Window One, i.e. KfW sinking fund grant. The PEA is a financial institution and as such will be not directly involved in field implementation.

It was agreed that the CCFN will recruit a highly qualified project manager with ample experience in grant management and a junior accountant for project financial management. The CEO of the CCFN, also a high-profile expert on managing such an environmental trust fund (currently being recruited) will act as Project Director. Since the KfW Grant Window is the first grant contributing to the CCFN it was estimated that at the beginning the CEO will allocate more time on the project and less time during project implementation. This will sum up to an average of 15% of his time during project implementation.

Table 3-5 PMU staff salary costs (4 years) by position

Position	Unit	Time	Staff no	Total PM	Remark
Accountant	PM	100%	1	48.00	Young professional
Project Manager	PM	100%	1	48.00	GFC Window Grant Management
CEO	PM	10%	1	5.00	Time allocated to project work
Total			3	101.00	

The intent of the CCFN is that it remain a financial institution, with a lean structure, and that the work on the ground would be undertaken by existing organizations/NGOs who already have staff at local level working with the conservancies. Thus, under the context of this project, the NGOs will become Project implementing agencies – focussing on very specific activities and deliverables (ie, funds will not be provided for general running costs of NGOs, but rather for defined activities and outcomes).

Project implementing agencies (PIA): Namibian NGOs with long term experience in implementing projects with communal conservancies, such as Integrated Rural Development and Nature Conservation (IRDNC) and Namibia Nature Foundation (NNF), will oversee the support in project implementation working directly with the conservancies and their parallel agencies like regional associations. Since these PIAs are already working in the project area, their contracted staff, such as rangers and cluster coordinators will be mobilized for project implementation. Job descriptions for these positions will be adjusted to the requirement of the project. It is estimated that the cluster coordinators will work about 30% of their time for project related measures; one coordinator will cover 4 to 5 conservancies to support HWC management, financial governance and pro-poor projects related to HWC livelihood support (see below).

Technical assistance: The CCFN is an evolving financial institution and will not be directly involved in field implementation. Therefore, a distinction is made between:

- To render technical Assistance to the CCFN; through consultants;
- Minimum Support Service (MSS) on field level for project implementation for targeted conservancies and landscapes by the Project Implementation Agencies.

In view of the absence of experience with financial and project management procedures of KfW, substantial support and assistance of the PEA is required through a consultant recruited from the market (See Section 3.6).

Conservancy Committees project related tasks will be:

- Cooperate with other conservancies and partners in the agreed wildlife incentive area;
- Develop with assistance of PIA conservancy action plans for Human-Wildlife-Safety Management Investment and implement according to the plans, and guide conservancy and member communities to deliver agreed local outputs as per conservancy action plan in respective conservancy;
- Negotiate and sign a Memorandum of Understanding with the PEA or PIA confirming to comply with essential principles of the Project, i.e. commitment to meeting the MET compliance requirements for conservancies and address governance issues, develop or update a HWC management framework and CAP, pay wildlife damage offsets to community members affected by HWC conflicts to be matched by project and other sources; contract an external bookkeeper for improving financial governance and proper project fund management;
- Assign special work groups if required for developing the conservancy action plan. To take gender balance into consideration at least 25% of the working group members should be females; where several ethnic groups and tribes are within the conservancies their interest must be ensured by significant number of representatives of those groups;
- Assign a member as a representative to the local Wildlife Credit Funds and play an active role in development and implementation of the local trust fund.

Partners of the Local Wildlife Credit Funds: Conservation performance payment will be channelled through the proposed Local Wildlife Credit Funds which will be created at the level of the conservation **incentive area** i.e. either conservancies, or other landscape arrangements with iconic wildlife. Partners are the members of the trust fund agreements. Partners are conservancies, or conservancy associations, lodges and hunting concessions and other partners (see Result 4 above).

3.4 Project implementation (duration and phases)

The Project duration is four years (2019-2022). Unlike similar natural resource projects, the short period of four years is recommended since the Project can build on a wealth of existing experience and support staff and organizations which 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. The project will have three distinct phases, with an overlapping of phases (Table 3-6). It should be reiterated; these are only figures for rough planning and can be reduced or increased, depending on the willingness of conservancies to participate and other initiatives which might have already implemented some of the proposed project investments.

Table 3-6: 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

Two stages of implementations are planned in the conservancy cluster landscapes. It is expected that the project will work in up to 40 conservancies with a focus on 20 conservancies identified with the highest HWC incidences and 10 poor conservancies or emerging conservancies. The selection of conservancies in the inception phase will be finally based on the willingness of the conservancy to agree to participate and comply with the essential criteria (i.e. not negotiable) of the project principles.

Table 3-7 shows the tentative plan of staged implementation with regards to clusters, and category of conservancies.

Table 3-7: Phased implementation

Planning unit	Stage 1	Stage 2	Total
Support of HWC to integration into landscape plans	5	3	2
Conservancies total	40	20	20
Conservancies with highest HWC incidences	20	10	10
Conservancies Poor (revenues do not cover operation cost)	10	5	5
CC complex or region	5	3	2

In the preparation phase, project guidelines (financial, procurement, monitoring), and Plan of Operation will be elaborated (for performance indicators see Result 4). In the implementation phase most of the project investment will be implemented, and in the consolidation phase the project will prepare an existing or upscaling strategy. The planned local wildlife credit funds disbursement could be extended for year 2 after project closure assuming project contributions for this fund would be up to 5 years, and last fund would be established in project year 2.

3.5 Procurement, tender and contracting system

The draft CCFN Operations Manual²¹ includes procurement rules for acquisition of goods, works and services that the CCFN will procure for its own use. The Manual outlines the principles and processes for carrying out International Competitive Bidding (ICB), National Competitive Bidding (NCB) and local shopping for goods and works as well as the method for selecting individual consultants and firms (international and national). The Manual underlines that **any donor-financed programs may require special procedures** or changes to the standard procedures for the specific program. Based on this, at the Board of Directors (meeting 1 February 2018) it was agreed that specific guidelines for financial management and procurement for the KfW-supported Grant Window could be included to comply to the tender, contract and procurement regulation system of the KfW "Guidelines for the Procurement of Goods". The Project will develop project procurement guidelines containing among others: qualification method, procurement procedures, and responsibilities of project structures, authorization procedures, minimum documentation requirements, standard tender documents and standard contracts for each of the thresholds as specified herein. CCFN will send the procedures manual to KfW (e.g. as part of the overall Project Operational Manual) for non-objection after signing this Separate Agreement. It is proposed that an international financial management Consultant assist the PMU to elaborate the guidelines and training in its application.

²¹ draft reviewed by Board in February 2018, approval planned in March 2018

Award of contracts for goods and other associated services: It is suggested that the contracts for goods and all other associated services such as the one for the Project Implementation Services shall be awarded **by CCFN** in cooperation with the PMU. It is also proposed that the method for the procurement for Goods, Services and Works be selected according to the thresholds as agreed in the Separate Agreement. The thresholds outlined in Table 3-8 are in line with similar projects.

Table 3-8 Proposed project procedure and thresholds (to be decided with KfW)

Procurement Method	Contract Value	Requirement for KfW No-Objection
International Public Competitive Bidding	Above EUR 150,000	KfW non-objections; tender to be advertised in a recognised national, regional and international newspaper as well as on the website of German Trade and Invest (GTAI). CCFN shall provide KfW with the tender documents prior to invitation to tender and the tender evaluation reports for no-objection. Prior to the conclusion of contracts, CCFN shall submit to KfW the negotiated draft contract for no-objection. The same applies to any subsequent contract amendments.
National Competitive Bidding	Equal or above EUR 50,000 but below EUR 150,000	KfW non-objection for the <i>standard</i> tender documents prior to first invitation to tender and <i>standard</i> contracts for this type of procurement. Terms of Reference submitted to KfW for information/ comment prior to start of procurement. The tender shall be advertised in recognized national newspapers in Namibia
Limited Competitive Bidding / Price Quotation (at least 3 qualified bidders)	Equal or above EUR 5,000 but below EUR 50,000	KfW non-objection for the <i>standard</i> tender documents prior to first invitation to tender and standard contracts for this type of procurement. Suitability of the short-listed bidders has to be documented by CCFN
Discretionary Award (= Direct Award)	below EUR 1,000	KfW non-objection for the <i>standard</i> requests for proposal prior to first direct award and <i>standard</i> contracts for this type of procurement. CCFN / PMU documents suitability of the contractor for supplying the required goods and other services as well as the technical and financial appropriateness of the bid

Deviations from above mentioned thresholds are permitted in exceptional cases as specified within KfW's "Guidelines for the Procurement of Goods, Works and associated Services in Financial Cooperation with Partner Countries" (and would need KfW's prior no-objection).

It is proposed that the Separate Agreement make provision for special situations of project design and local situation:

- Project Implementation Agencies such as IRDNC and NNF support the project implementation often more on a geographical than subject matter base;
- The project will stimulate and support locally based emerging small enterprises providing wildlife safety support services; in some cases, as observed in Zambezi, there might be only one professional team at the start of the project.

Discretionary Awards, i.e. Direct Awards might be the most appropriate tender procedure. In the latter case, the tender should be restricted to local service providers (see lesson learnt).

Lesson learnt

Proposal to restrict tender to local providers, e.g. for wildlife safety facilities service providers

A tender for crocodile fencing and kraals was done internationally within the framework of the KAZA project in Zambezi. The tender was awarded to a South African engineering firm, which was not only very costly, but the crocodile fence visited was not maintained. As a lesson learnt the Project will stipulate and provide capacity building for the development of **local SME for wildlife safety facilities service**. It is proposed that conservancies enter a contracted service. e.g. predator proof kraal construction and maintenance checking service for three years. One of these professional teams in Zambezi could construct up to 100 modified kraals per year and check the maintenance for three years. The contract value might exceed 100,000 Euro.

3.6 Technical assistance and minimum service support

The CCFN is an evolving financial institution and will not be directly involved in field implementation. Therefore, a distinction is made between:

- Technical Assistance for the CCFN; and
- Minimum Support Service (MSS) on field level for project implementation for targeted conservancies and landscapes by the Project Implementation Agencies.

3.6.1 Technical assistance

In view of the absence of experience with financial and project management procedures of KfW, substantial support and assistance of the PEA through a Financial Management Consultant very familiar with KfW procedure is proposed with following specific tasks:

- Elaborate project management guidelines for financial management and procurement in compliance with KfW procurement guidelines; and CCFN operational manual;
- Assist in elaboration of Plan of Operation and annual work and budget plans;
- Train in guideline application, and preparation of disbursement of funds to prepare disbursement requests to KfW;
- Develop model contract for various type of service provider.

In addition, a small team of international and national consultants will support the Programme Executing Agency (PEA) and the Project Implementation Agencies (PIAs) about:

- Prepare ToRs for project baseline and impact studies and special studies;
- Advise on wildlife damage offsetting / insurance development;
- Elaborate human wildlife safety investment grant guidelines;
- Elaborate guidelines for HWC conservancy action planning and implementation.

It is expected that a total of 12 expert person-months will be required to provide sufficient support for smooth project implementation. Breakdown per year and position see Table 3-9.

Table 3-9 Proposed deployment schedule in person months of project management consultant

Position	Yr1	Yr2	Yr3	Yr4	Total
International Expert	2.5	2.0	0.5	1.0	6.0
Social safeguarding, financial management / procurement goods and services (project guidelines, training)	2.0	1.0			3.0
Wildlife damage offsetting / insurance development expert (tender, supervision)	0.5	0.5			1.0
Unallocated (including final evaluation)		0.5	0.5	1.0	2.0
National Expert	3.0	1.5	0.5	1.0	6.0
Human wildlife safety investment grant guidelines	1.0				1.0
HWC conservancy action planning and implementation (guidelines, acceptance checking) grants	1.0	1.0	0.5		2.5
Unallocated (including final project evaluation)	1.0	0.5		1.0	2.5
Total	5.5	3.5	1.0	2.0	12.0

3.6.2 Minimum support Service (MSS)

As Governance in conservancies was identified as a concern, the Project was earmarked to leverage good governance practices within beneficiary conservancies. This approach will strengthen the long term sustainability of conservancies, and ensure that inputs and assistance filter down to the lowest level. And the marginalized groups are especially protected by an in-built social safe-guarding mechanism. In this respect, the following priority needs for the Minimum Support Service have been identified:

- **Social safeguarding:** In order to ensure social protection of marginalized groups the Project will ensure that national and international standards of social safeguarding are fully respected. To this end ESMF guidelines will be developed with the assistance of a consultant, and the conservancy action plan will also include an ESMF dimension.
- **Financial governance:** It has been the practice at conservancy level to use a member of the conservancy / committee to manage finances, often without the required skills or background. It is therefore proposed that two financial management experts be assigned to contribute to strengthen the financial governance of targeted project conservancies with a focus on some 20 conservancies with the highest HWC incidences. Specific tasks will be to enhance financial governance of project measures adherent to the Standard Operating Procedure Manual of MET. ToRs are outlined in [Annex 12](#).

- **Conservancy book keeping:** One conditionality to become eligible for project participation is that the conservancies appoint a certified external book keeper. The project will finance this service for two years, after which time the Conservancy should be expected to absorb the cost. It is anticipated that having an independent person managing the finances, including the investing of funds to maximize interest, will ultimately result in benefits that out-weigh the costs of the book keeper (reduction in losses through fraud and increase in revenue from interest)
- **Cluster Coordinators:** The conservancy cluster coordinators are in place and support 4 to 5 conservancies (supported by various NGOs). The job description will be amended to coordinate HWC management, financial governance and related Livelihood activities. It is estimated that this will cover 30 % of a cluster coordinator's time, and will be financed from project funds.

Furthermore, lessons learned from the IRDNC concept of Cluster Coordinators is that whilst from a cost efficiency perspective, it is a good approach, by implication one consultant is hired to deal with a multitude of tasks outside his/her speciality, training and interest. Back-up support in reality is therefore diluted, due to vast distances and weak cell phone coverage in many parts of Namibia. Suggested ways to avoid this would be to ensure a team (more than one consultant) is hired across cross cutting themes while some centralized support is provided when required.

Table 3-10 shows the proposed deployment schedule.

Table 3-10 Proposed minimum service support for targeted conservancies

Position	PM				Staff	
	Yr1	Yr2	Yr3	Yr4	Tot	No
Financial governance	3	6	6	3	18	2
Conservancy book keeping	7	14	7		28	2
Cluster Coordinators	15	28	28	15	86	8
Total	25	48	41	18	132	12

3.7 Project monitoring and evaluation

Three different types of project monitoring are proposed:

- **Progress Monitoring** will be conducted on a regular basis by the PMU (day-to-day monitoring). The PMU will prepare progress reports as agreed in the Separate Agreement and submit to KfW and the Board of Directors of the CCFN. The PIA will conduct quantity and quality control of physical project implementation activities together with the project conservancies and partners joined in the incentive agreement area;
- **Auditing:** Financial external annual audits by a third party assigned for this purpose (Chapter 4);
- **Impact monitoring** will be based on the system to be developed during the inception phase. A specific impact monitoring study shall be commissioned before end of the implementation to determine the outcomes achieved in comparison to the baselines established in the inception phase.

A mid-term evaluation is intended to provide an independent evaluation of project interventions after 2 years of full project implementation. The main objective of the mid-term evaluation is to consolidate project outputs / outcomes and recommend expedient measures for ensuring project sustainability.

Human wildlife conflict field monitoring: The Project will build on the game guard monitoring system and where required improve it as an evidence-based standardized monitoring and reporting system on HWC that captures the most relevant data for use by all concerned stakeholders of the **monitoring systems (see result 1)**.

3.8 Cooperation and networking

The Namibian Communal Conservancy programme already has platforms for cooperation and networking in place that allow conservancies and related stakeholders to streamline and synergize efforts:

- **At National level – the Namibian Association of CBNRM Support Organizations (NACSO):** Through its members, associate members and partners, NACSO already provides a sound platform for cooperation and networking within the CBNRM arena in Namibia. Associate members already include four regional conservancy associations, as well as Tourism Supporting Conservation (TOSCO), which brings in the tourism sector.
- **At Regional level - Regional Conservancy Associations:** the formation of regional conservancy associations has strengthened the opportunity for collaboration and synergies between conservancies in a particular area. They also provide a good platform for MET engagement at local/regional level, and can serve to coordinate specific HWC management plan implementation. So far the following Conservancy Associations exist and are associate members of NACSO:
 - Southern Kunene Regional Association (SKRA);
 - Kavango Regional Conservancy Association (KRCA);
 - Kunene Regional Community Conservancy Association (KCCA);
 - Otjozondjupa Regional Conservancy Association (ORCA).

4. PROJECT COSTS AND FINANCING, AND DISBURSEMENT PROCEDURE

4.1 Tentative Cost and Financing Plan

4.1.1 Financial contributions

Total project costs are calculated at approximately EUR 6.42 million of which EUR 5.0 million (~78%) will be financed by the German Financial Contribution, based on an exchange rate of 15 NAD equivalent one Euro. The German financial contribution is a sinking trust Window for HWC Management.

The Public Namibian Fund is assumed²² at NAD 8.3 million (8.6%) to be contributed by MET in cash or in kind covering MET coordination on national and regional and field level, plus contingencies. In addition, it is estimated that NAD ~12.98 million will be mobilized from other sources, i.e. planned or existing development initiatives and private sector (lodges). In case a wildlife damage insurance product is developed, it is proposed that at least 50 % of the cost for development to be covered by the insurance partner cooperating with the Project. Also, other funds for development of the CCFN have been mobilized by WWF which will cover 10% of the cost of the CEO of the CCFN.

In addition, beneficiaries' contribution will comprise between 4 % and 50% (labour and local material) of wildlife safety investments. This has not been included into project budget, but examples are outlined in [Annex 10](#). Beneficiary contribution will be less in poor conservancies and targeting poor households. Specific guiding principles will be agreed with MET and the PEA and KfW in the inception phase of the Project.

Table 4-1 Source of financing

Type	Euro	NAD	%
GFC Grant	5,000,000	75,000,000	77.9%
Namibia public fund in cash and kind	555,000	8,325,000	8.6%
Other funds	864,800	12,972,000	13.5%
Total	6,419,800	96,297,000	100.0%
15 NAD = 1 Euro			

²² The Mission did not get a formal reconfirmation during the study preparation on commitment of MET.

4.1.2 Cost & Financing Plan

Error! Reference source not found. presents the summary of the proposed tentative Cost & Finance Plan. A tentative summary Cost and Financing Plan is provided in [Annex 13](#). Most funds are allocated for direct investments for reducing human wildlife conflicts. Capacity building on enhancing living of people with wildlife together with technical assistance is 30 %. This is required so that project investments will be managed sustainably.

Table 4-2 Summary of cost and financing

#	Description	Total cost			Financing				
		Total		% of tot. Cost	German Financial Contribution (GFC)			Namibian Funds (NAD)	
		NAD	EUR		NAD	EUR	% of GFC	NPF	Others
1	Human wildlife safety planning and monitoring	2,175,000	145,000	2.3%	2,175,000	145,000	100%		
2	Human wildlife safety management	39,750,000	2,650,000	41.3%	33,750,000	2,250,000	85%	2,700,000	6,000,000
3	Conservation performance pay / offset match	6,750,000	450,000	7.0%	4,275,000	285,000	63%		1,125,000
4	Capacity building	10,950,000	730,000	11.4%	5,250,000	350,000	48%		5,700,000
5	Grant window project management	11,143,500	742,900	11.6%	6,876,000	458,400	62%	4,162,500	105,000
6	Technical assistance & minimum support service	14,550,000	970,000	15.1%	14,550,000	970,000	100%		
7	Basic cost 1 (1-6)	85,318,500	5,687,900	88.6%	66,876,000	4,458,400	78%	8,212,500	12,930,000
8	Contingencies	9,586,500	639,100	10.0%	8,124,000	541,600	85%	1,462,500	
9	Grand total (7-8)	96,255,000	6,417,000	100.0%	75,000,000	5,000,000	78%	8,325,000	12,930,000

1 Euro equivalent to 15 NAD

Project management costs: Staffing costs of the Project Management Unit (PMU) are based on the estimated time for each position working exclusively for the Project. A lump sum for running costs including transportation has been included into the management budget.

Since the PIAs are already working in the project area, it is estimated that the cluster coordinators will work about 30% of their time for support in planning and implementation of project related activities. This is covered by the project budget line minimum service support, while the cost for planning like conservancy action plans excluded the facilitation cost of these coordinators and covers only the support of the conservancies and other respective stakeholders.

The Tax Status report for CCFN indicates that the CCFN will not be required to register for VAT due to the nature of its business.

The wildlife damage claims channelled through the GPTF can be regarded as a Namibian Public Contribution. These funds together with the conservation performance pay will be transferred either through the special HWCSRS Account of the conservancy (model 1) or through a special Local Wildlife Credit Fund at the level of the incentive place (model 2) ; see Chapter 3.3²³

The actual contribution of the project for each conservancy will be based on the budget estimate in the Community Action Plan for Human Wildlife Safety Management and the cost norms agreed in the local conservation

²³ Postscript: The New HWC policy issued after completion of the FS states that the ultimate aim is that conservancies that generate sufficient revenues should take over the offset payments and that the conservancies will receive the money from hunting concessions. This will have further implications and as such the project might only contribute to performance payments.

fund operational fund management guidelines. The investment funds will come from budget lines on human wildlife safety management, while off-set and performance payments are from the respective budget line 3.

The total amount of the project contribution for human wildlife safety investments will be transferred in one tranche. The annual interest rate could be either used to build up the local endowment window or to be withdrawn annually as an extra incentive for the conservancy.

The feasibility of transferring the total amount in one tranche is only possible if a Namibian Bank can legally agree that the annual funds of the total account can only be withdrawn after annual approval by the project auditor and that in case of non-compliance to the correct implementation of the measures the transferred funds can go back to the Project. The Mission did not have time to verify this with the banking sector. However, the conservancies have had to set up a HWCSRS Account, where MET via the GPTF provides funds for contribution to the offsets. The Conservancies can only withdraw the funds if there has been a review panel on the claims and if the Ministry (with the support of the local NGOs) has signed off on the claims. Therefore, the Mission assumes that there is no reason why this cannot be applied in the case of project funds as well.

4.2 Project fund flow and disbursement procedure

4.2.1 Disbursement procedure

KfW has its own regulations but can adapt to World Bank Regulations if advantageous and good arguments apply (e.g. adaption to World Bank guidelines can ease acquisition with other international donors). It was proposed by the Mission and agreed with MET and the CCFN that the German grant will be disbursed as a disposition fund (special account) with an initial deposit (pre-financed by KfW) based on a four-month's forecast of future disbursement requirements. The special account will be replenished after 50% of funds are used, latest after 4 months, based again on a four-month forecast. A longer period (e.g. every 6 months) might be considered. This might be important at the start-up phase of the Project.

4.2.2 Flow of funds

The tranches will be based on the cash forecast for the upcoming request for disbursement. The following procedure for disbursement of German Financial Contribution was agreed with the Board of director of the CCFN:

- KfW → CCFN special forex project account of its commercial bank → change from Euro to NAD in Special NAD Project Account → Bank account of conservancy special project account and accounts of beneficiary groups and project service providers (**Error! Reference source not found.**)

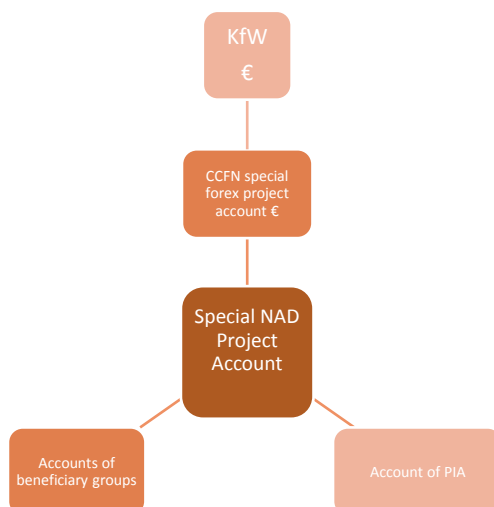


Figure 4-1 Flow of funds

According to KfW requirement, the commercial bank must sign a special Bank confirmation. KfW can provide more details if necessary. There are no restrictions from the Government to open a Forex Bank Account, dependent on the Articles, etc. of the organisation that is opening the account. Once opened and once payment in forex is received, the forex funds can be kept if wanted before converting to the NAD account, for a period (R. Diggle, *pers. Comm.*). There is no reporting requirement to the regulators of the use of forex funds. The only complications would be that the funds cannot be transferred back offshore without permission from the government.

4.3 Financial auditing

The CCFN has assigned Grant Thornton Neuhas as external financial auditor. The auditor has an office in Windhoek. KfW regulations require annual examination (in compliance with KfW Terms of Reference for Auditors) to determine whether the fund has been managed in accordance with financial regulations and the agreements. The audit costs will be paid out of project funds. Whether the already assigned auditor for trust fund also can be directly awarded for auditing of GFC or a public tender is required should be decided in the Project Appraisal Mission.

4.4 Project flow of funds projections

Error! Reference source not found. shows the relative projected fund disbursement required for the whole project implementation period excluding contingencies. Since for this the direct disbursement procedure is proposed.

Due to implementation schedule nearly 40 % of the budget is required for year 1 and one third for year 2. Unlike other German Financial Cooperation project in the natural resource management sector the early disbursement is possible since the Project can take advantage of vast cumulated experience and existing programs and the fact that minimum support services staff are already in place.

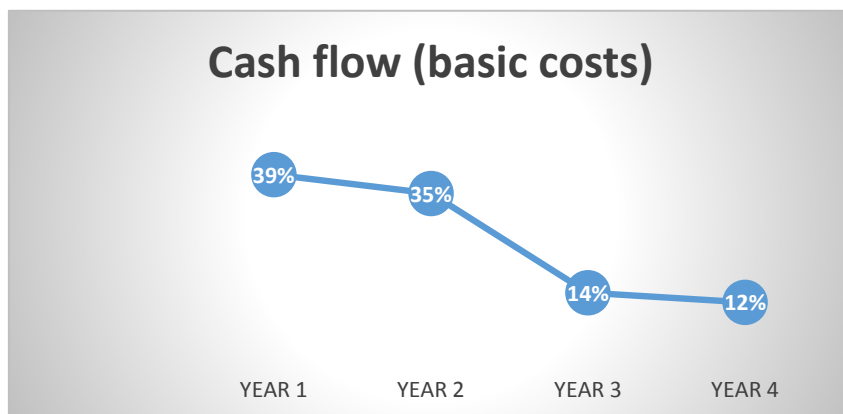


Figure 4-2 Cash flow projections

4.5 Special implementation agreements

To ensure the success of the project, the following activities are of crucial importance and will therefore be preconditions for the disbursement of the GFC. Following special implementation agreements are proposed by the Mission:

1. Special provision must be made either in the operational manual of the CCFN to ensure compliance with international standards of social safeguarding or this must be explicitly included into the grant agreement;
2. The two required full time staff for PMU (Project Manager, and Accountant) are recruited on time, and have the required skills and qualifications; Conservancy cluster coordinator (one for 4 to 5 conservancies) must be assigned by the selected PIA; and job descriptions of cluster coordinators amended to specify the project tasks;
3. Conservancies have signed a project MoU with the PIA or PEA to agree with project principles including to comply to MET conservancy operational compliance requirements (i.e. good Governance); to assign an external certified book keeper and agree that a financial governance consultant will assist with a transparent auditing system for management of project funds, develop or updated HWC Management Plan; and for conservancies whose income is five times the cost of HWC conflicts, must take responsibility for the offset payments due to HWC of affected conservancy members;
4. Project concepts, progress, and impacts will be evaluated during a mid-term review. In the event that one PIA performs below expectation, cancellation of the contract might be considered.

5. IMPACTS AND RISKS OF THE MODULE

5.1 Impacts

Table 5-1 provides an overview of the impacts of the proposed interventions of the Project. A more detailed analysis of the impacts is provided in [Annex 4](#).

Table 5-1: Overview of the impacts of the proposed interventions of the Project

Item	Description	Impact
1	Human wildlife safety planning and monitoring	
1.1	Support to special HWC management plan	Species and landscape connectivity / wildlife corridor plans.
		<ul style="list-style-type: none"> Human Wildlife Conflict interventions are better coordinated between stakeholders at the landscape level, and on the agreed incentive area for which a local wildlife credit fund will be established and managed
1.2	Monitoring and special studies	Database, integrated baseline, project impact study, special studies
		<ul style="list-style-type: none"> Information mined, compiled and analysed related to HWC is readily available and accessible to inform decision making and adaptive management for all stakeholders working together in incentive area
1.3	Community Action Planning for Human wildlife safety management	Elaborated or updated HWC plans, Zoning Plans; meetings, workshops, photo maps, documentations
		<ul style="list-style-type: none"> All target conservancies and other planning units have updated HWC management action plans and have adjusted related planning documents to be in line with the plan
2	Human wildlife safety management	

Item	Description	Impact
2.1	Human wildlife safety management	<p>Description in Annex 10</p> <p>In project intervention area:</p> <ul style="list-style-type: none"> • 90% of human-wildlife conflicts (in terms of financial wildlife damage) reduced in high risk buffer zones due to effectiveness of project wildlife safety management • 50% reduction in livestock losses due to predators (in conjunction with other measures) within target conservancies • 90% reduction in lions lost to human lion conflict retaliation • Income from lion iconic species sightseeing increased by payment of wildlife credits • 50% reduction in crop losses due to elephants (in conjunction with other measures) within target conservancies • Integrated rangeland and wildlife management including testing reliability of rangeland early warning system in a conservancy cluster in Zambezi has been piloted and up scaled.
2.2	Complementary pro-poor HWC investments	<p>Pro-poor human wildlife safety measures reduced the HWC conflicts of poor conservancies and targeted poor members in hot spots through predator-proof living fences; mobile bomas and conservation farming, development of water points for elephant cum domestic use, etc.)</p> <ul style="list-style-type: none"> • Livelihoods of poor conservancies and poor members affected by HWC are improved

Item		Description	Impact
2.3	Sustainable financing of conservation performance and wildlife damage offsetting	Sustainable financing mechanisms are explored and tested to foster co-existence Recommendations of the insurance feasibility study implementation	<ul style="list-style-type: none"> Local wildlife Credit Fund and CCFN mobilize and channel local, national and international funds for Conservation performance rewarding and incentive for improving wildlife safety; and the current self-help offset system is optimized and elements of insurance based approach tested and ready for mainstreaming
3	Capacity building		
3.1	Stakeholder training	CCFN, MET staff and CC members: Planning, monitoring, management, workshops and other training events	<ul style="list-style-type: none"> HWC management will be more focused on wildlife human conflict safety management. A wildlife safety culture with all affected stakeholders is created. Wildlife safety manager in conservancies and wildlife safety management services have better capacity to determine risk, with document on standardised protocols and are equipped to safeguard the safety and reduce the impacts on wildlife populations.
3.2	Human wildlife safety management training module	Module development and testing	
3.3	Human wildlife safety management service development	Annex 7	<ul style="list-style-type: none"> Small enterprises have been developed and are operational to offer safety services for HWC (building kraals, fences, lion rangers etc); see above.
3.4	Publicity and dissemination	Environmental education and awareness media production and dissemination	<ul style="list-style-type: none"> The human wildlife safety concept, achievements of projects and skills to live with and tolerate living with wildlife increases in Namibia

5.1.1 Financial viability and return to investment

In [Annex 4](#) a preliminary assessment of financial and social impacts of key proposed human wildlife safety investment is presented. The financial analysis is only preliminary, given time constraints. Nonetheless, the results provide sufficient evidence that the proposed investments are financially viable and socially acceptable for poor conservancies provided the proposed incentive packages for wildlife safety investments and rewarding conservation performance maintaining the wildlife infrastructure are channelled to the most affected HWC hotspot areas and people.

Wildlife as alternative land use: Financial analysis also suggests that wildlife is a viable alternative land use in areas below the 800 mm rainfall isohyet, compared to conventional rain fed farming. The Project will be enhancing the value and tolerance of wildlife conservation by conservancy rewarding and safety investment in HWC hot spots and risk areas in semi-arid and arid zones. In climate zones above 800 mm annual rainfall farming can usually outperform wildlife management. The Project will contribute to demonstrate compatible, attractive and robust land use of wildlife and livestock by a package of rewarding conservation performance with reduction of cost of wildlife damage and drought related early warning system to prepare and introduce early counteracting measures for disasters such as droughts (see below).

5.1.2 Nexus of climate change, wildlife and livelihood

Projected rising temperatures and decreases in total precipitation and recurrent droughts will have serious impacts on biodiversity and wildlife and people. Problems exacerbated by drought (such as fewer antelopes, lower meat distribution; hungry predators, thirsty elephants) will increase human wildlife conflict in the HWC hotspots and risk corridors. Therefore, the focus of project investments and actions in these spots will result in de-escalating the conflict.

The project will support that In Namibia the nature-based income from the species related tourism sector in conservancies will expand as a substitute to production in climate sensitive sectors. Shifting from livestock production in climate zones below 800 mm to wildlife conservation is a prospect climate change adaption.

In wetter areas such as Zambezi, where potentially serious conflict areas are between livestock grazing, tourism development, the presence of predators in wildlife areas and the allocation of exclusive wildlife zones, the project will not only tackle the issue by support in predator proof kraals, but also take the issue of competition of forage availability for both livestock and wildlife into consideration. The upscaling of a forage calculation tool which can assess the requirement of both livestock and wildlife months ahead of an actual grazing deficit will act as an important early warning system for improving the game quota off-take and destocking of wildlife and livestock and disaster preparation for supply of good animal feed during the drought, in order to counter-balance any financial losses. Hence this project component will contribute to increased household food security; and reduced vulnerability of livestock-based households to severe climate change and climate variability.

Climate change could also result in the need of shifting of habitats of fauna and flora. A larger, connected wildlife corridor will provide better chances of adaptation and reducing human-wildlife conflict. The financing of such large conservation connectivity areas through local, national and international wildlife credits fund

channelled via CCFN to local wildlife credit funds will ensure that such conservation landscapes will be increased and sustainably managed. With a low population density, a high rate of emigration and urbanization, the Project will assist in unleashing greater opportunities for Namibia to further develop and maintain a core of well-trained conservancy staff, including game guards and wardens, with a conservation performance remuneration to sustain the unique landscapes with desert lions, elephant and rhinos.

Enhancement of wildlife conservation and management by the project at the same time will protect resilience of the most important Namibian habitats and most vulnerable ecosystems outside but connected to national parks; hence the adaptive capacity of the natural resource dependent communities from climate change and other disaster risks will be greatly improved.

5.1.3 Development contribution

The goal of Namibia's Vision 2030 is to improve the quality of life of the people of Namibia to the level of their counterparts in the developed world by the year 2030. The Project will support the Vision 2030 to ensure social well-being, support economic development, and to maintain natural habitats. The following indicators are mostly directly linked to the envisaged project: (i) Promoting healthy human environment; (ii) wealth, livelihood and the economy; (iii) Aspects of the legislative/regulatory framework; (vi) Equity: Individuals, Community and the State; and (v) poverty reduction and social safety nets.

The project will contribute to mainstream the concept that livelihood security must also include living safely with wildlife. The Project will also support Vision 2030 in fostering nature-based tourism to contribute to wildlife conservation and biodiversity protection; to alleviate poverty through direct and indirect employment; and improve the earning ability of rural women, whilst enhancing traditional Namibian culture. Land-use for tourism in parts of Namibia, outside protected areas, has extremely high economic potential. Through the CBNRM program, communities in communal areas invest in wildlife and benefit from the resulting tourism development opportunities.

By helping to reduce the conflict and losses due to wildlife in communal areas – and within the Communal Conservancy programme, the Project will contribute to attaining the full economic potential of wildlife to contribute to many the Vision 2030 focus areas, and the overall goal.

Namibia's Second National Biodiversity Strategy and Action Plan (2013 – 2022) highlights that around 70 per cent of Namibia's population is directly dependent on the natural resource base for income; food; medicinal and health needs; fuel and shelter. This situation demands that biodiversity, and the ecosystem services it provides, are maintained and enhanced as far as possible for sustainable development. Namibia recognizes the essential role of National Biodiversity Strategies and Action Plans (NBSAPs) in this regard. The specific goals of the strategy and action plan are:

- Strategic Goal A: Address the underlying causes of biodiversity loss by mainstreaming biodiversity across government and society
- Strategic Goal B: Reduce direct pressures on biodiversity and promote the sustainable use of biological resources
- Strategic Goal C: Improve the status of biodiversity by safeguarding ecosystems, species and genetic diversity

- Strategic Goal D: Enhance the benefits to all from biodiversity and ecosystem services
- Strategic Goal E: Enhance implementation of NBSAP2 through participatory planning, knowledge management and capacity building

The goals of the NBSAP2 are directly aligned to the CBD Strategic Plan goals and targets (i.e. the Aichi targets). The Project is directly relevant to strategic goals B, C and D. Reducing the impact of HWC and creating an environment of good co-existence between humans and wildlife and safeguarding ecosystems, creates the platform for accelerated and sustained economic growth.

Human Wildlife Conflict management has become an emotive issue in Namibia, attracting considerable media coverage, as well as discussion at the highest political level. The losses experienced in many cases affect some of the most marginalized communities and households who cannot easily absorb the impact of the losses. This is exacerbated by the fact that offset payments, whilst not covering the full value of the loss, are often also delayed, leaving households stranded. Whilst Namibia's CBNRM programme is lauded for the successes achieved in conserving natural resources, and bringing benefits to communities through the sustainable use of these resources, HWC threatens to derail the programme if not addressed in a manner that results in a win-win outcome for all stakeholders.

The sustainable non-consumptive and consumptive use of wildlife resources is the foundation for revenues earned by communal conservancies and offers the diversification of revenues needed to help mitigate the impacts of climate change. It is therefore imperative to successfully and dramatically reduce the level of losses from living with wildlife in these areas, and to ensure that the benefits of this wildlife filter down to those households that are impacted. The project is designed to exactly resolve these challenges by the multifaceted approach that specifically focusses on:

- Reducing the level of conflict – and thus the impact on people's livelihoods.
- Establishing sustainable financing – ensuring that those negatively impacted receive offset financing and increasing the overall value of wildlife to communities in the areas impacted by Human Wildlife Conflict.
- Improving conservancy governance – supporting and leveraging improved compliance and governance at conservancy level, which in turn will translate to increased benefits to the conservancy members.

Relevance and need for a paradigm shift in HWC policy framework: The project is very relevant for the government of Namibia. It will assist MET to realize a paradigm shift in the new HWC policy from unsustainable and not-easy-to-cover by public sector wildlife conflict offsetting, to making the co-existence of people, their assets, wildlife, and its habitat safe as far as possible, testing an insurance-based business approach in reducing the residual risk of living with wildlife; rewarding wildlife conservation performance with the purpose of improving the livelihood of local people, especially the poor segment, through wildlife conservation and management. This will also link wildlife offsetting with disaster risk management. Hence a new wildlife-people safety culture can evolve. The Project will demonstrate that instead of giving each conservancy a public-sector lump sum for offsetting wildlife damage it is better to focus on investments in HWC hot-spots and risk corridors with the right mix of prevention, cost efficient reduction and conservation performance and skills training to live safely with wildlife.

Hence the financial burden and political pressure for government and conservancy committees will be reduced. The Project will set a practical model on channelling ecosystem services from photographic sighting to leasing of large habitat and corridors in a transparent and cost-efficient style, by channelling via the CCFN and local wildlife credit funds. In this way it is expected that the local, national and international donor community will be committed to donate to the CCFN and the goal of increasing the endowment window of the CCFN to more than 30 million Euro is likely to be achieved in the medium term. This would cover the minimum support service over the next 5 to 10 years until most of the planned 100 communal conservancies are financially self-reliant. By leasing to the international wildlife conservation donor community large areas of wildlife-dominated landscapes with limited tourist potential, and to reduce the risk of dependence on tourism alone, living with wildlife will not only be desirable but attractive for communal conservancies.

The professionalization of financial governance and wildlife safety services will contribute to raise the conservancy ecosystem governance to a higher level of professional competence.

Upscaling and mainstreaming of the proposed project approach and investment the current annual wildlife damage estimated at more than NAD 10 million per year could be reduced up to 80%, and sufficient funds mobilized for rewarding conservation performance. Thus, living of people with wildlife is not only desirable, but feasible for the benefit of both people and wildlife

5.2 Risks

The summary of risks and counteractions are shown in Table 5-2.

To ensure social safeguarding of conservancy members which might be negatively affected by conservation restrictions in their livelihood opportunities, it is proposed that the ESMF will be incorporated into the project implementation. To this end special guidelines will need to be developed, and the HW safe management action plans will include a social protection dimension. Major issues to be considered are summarized in Annex 18.

Table 5-2: Risk and counteraction

Risks	Issue	Risk counteractions	Ranking	Level of risk influence by project
<i>Degree of risk and counteraction: 4 is high and 1 = low</i>				
Political risks				
Political stability	<p>Political conditions in Namibia and neighbouring countries is relatively stable. Recently there has been some escalation of internal conflicts, and thus BMZ has included into a higher risk group.</p> <p>Tourism is a major source of income for conservancies, and any disruption in political stability can negatively impact tourist arrivals</p>	Diversify income streams at conservancy level to counter any fluctuations in tourism sector	2	1
HWC policy	<p>Recurrent unresolved HWC conflict can increase the tensions between members of conservancies and political decision makers leading to an undermining of the CBNRM programme.</p> <p>The new HWC policy is not a radical shift from previous policy.</p>	Reduce level of losses through good HWC conflict management	3	4
Implementation risks				

Risks	Issue	Risk counteractions	Ranking	Level of risk influence by project
PEA capacity and major support in development by WWF	<p>The development of the CCFN is in its infancy; untested, still in the process of establishment, i.e. operations manuals, hiring of CEO, founding partners are not experienced to manage a huge financial investment program like KfW grants.</p> <p>WWF is good in fund raising and developing environmental trust funds, but in Namibia staff are overloaded; key staff leaving with no succession / replacement in place, then funds might not be forthcoming.</p>	<p>Building up the first grant window quickly through the Project, with focus on most promising human wildlife safety investment is already in advanced planning stage.</p> <p>Recruitment of a high-profile CEO and project manager is underway.</p> <p>Developing and training in compliance with project guidelines.</p> <p>An international financial management consultant will assist ensure that financial management is in line with KfW regulations</p>	2	4
PIA capacity	<p><u>IRDNC</u>: Capacity good at community level, but limited with corporate governance support requirements of conservancies, not so familiar with financial governance</p> <p>NACSO Secretariat - Politically recognized and appreciated, but secretariat has only a small core team, so limited capacity. Currently dependence on WWF for funding coordination of CBNRM support. Secretariat over extends itself through demands and then at risk of losing focus.</p>	<p>Professionalization of ecosystem governance of conservancies by development of professional services for conservancy members, improved financing governance by outsourcing book-keeping and regional financial expert supporting targeted conservancies in financial management</p>	2	3

Risks	Issue	Risk counteractions	Ranking	Level of risk influence by project
Conservancies	<p>Have become dependent on and used to external support; low level of management capacity (low education level, and fluctuation of staff) resulting in deficits in financial governance and increasing net income for the conservancies and its members.</p> <p>The initial success has not lead to higher levels of professionalization or business approach once revenue is increased.</p>	Professionalization of services for its members, by outsourcing e.g. book keeping and assisted in financial governance	4	4
Risk at micro level and risk of long term sustainability of management of project investments				
Poor conservancy members	Poor members whose livelihood depend on the natural resources in HWC hot spots bear disproportionate cost of wildlife danger, but the revenues are not used sufficiently to offset their losses	Targeting all affected members, and pro poor measures and reduced contribution of poor members in investment in prevention and mitigation of HWC	3	4
Livelihood priority	Subsistence oriented wildlife protection not priority of poor – need to improve productivity.	Combine subsistence-oriented needs with predator protection (e.g. dung from mobile kraals used in soil improvement in Zambezi)	2	2
Safety management facilities	Safety management facilities (predator proof kraals are not sufficiently maintained by project beneficiaries)	<p>Development of people safety management service which delivers evidence-based service for affected farmers.</p> <p>Financial rewarding of villagers keeping and managing wildlife on their land.</p>	3	3

Risks	Issue	Risk counteractions	Ranking	Level of risk influence by project
Climate change and disaster	<p>Relationships between impacts of climate changes and effects on biodiversity not within predicted ranges due to deterioration of habitats and biodiversity.</p> <p>Ecological catastrophes (floods; cyclones) in the project area</p>	<p>Adaption and mitigating measures (network of protected areas and conservation corridors)</p> <p>Linking disaster management with HWC management disaster mitigation, e.g. index-based livestock insurance.</p> <p>Livelihood alternatives - shift from livestock to wildlife management in arid zones</p>	3	2
Tolerance to wildlife	The tolerance of conservancy members and other people to co-exist with wildlife will decrease due to perceived increase of human wildlife conflicts	Counteraction information, environmental education, skill training in safety skills to live with wildlife and investment in wildlife safety measures.		
Mobilization of fund for wildlife credits	After use of KfW sinking fund window - insufficient mobilization of other sources	The sustainable financing concept together with result-oriented achievements will encourage donors to donate into the CCFN	2	3
Environmental and social impacts of project interventions (not intended impacts)				
Water resources	Water points developed for wildlife might decrease water table and water points created for wildlife might compete with domestic needs of poor communities	Geo-hydrological studies to ensure sustained water balance of water points, elephant water point development combined with domestic drinking water supply	2	2
Recurrent drought	<p>Competition among wildlife and human over scarce resources</p> <p>Encroachment of wildlife habitat by pastoralists</p>	<p>Grassland reserve</p> <p>Early warning system of forage availability for wildlife and livestock to adjust stocking rates and</p>	3	2

Risks	Issue	Risk counteractions	Ranking	Level of risk influence by project
		other measures to cope with the disaster		
Disease	Foot and mouth disease in Zambezi will impede the development of livestock market	Explore local markets (eg tourism and local consumption) Commodity Based approach to livestock production	2	1
International wild-life policy	International pressure to prohibit trophy hunting (e.g. EU) will result in significant decline of revenue of conservancies	Information sharing on benefits of sustainable use Link between utilization and wild-life resources	3	1
HWC policy	Does not demand that wildlife damage claims must be matched, this is a disincentive of project principle that conservancy pay offset and government and other sources will match	Work with policy decision makers to shift emphasis	3	3
International mafia on poaching	The increase in poaching driven by a high international demand on Ivory and Rhino horn can be controlled	Beyond project scope, needs co-operation with national and international initiatives, or not working in areas where this issue is prevailing	3	
Corruption risks				
Fund misuse	Misuse of project funds by conservancy committee members or staff	Sufficient investment in good financial governance Use of external suppliers (book-keeping and investments)	3	4
Bribe and lobbying	Superimposed resource exploitation interests (mining; infrastructure) will obstruct project implementation	Well informed on planned regional and other plans, avoid project sites with high risk land use will be converted to large scale		

Risks	Issue	Risk counteractions	Ranking	Level of risk influence by project
		project incompatible with project objective		

In conclusion the project risks are considered manageable with the proposed project design and counteractions.