

CEPF FINAL PROJECT COMPLETION REPORT

I. BASIC DATA

Organization Legal Name: Conservation International - South Africa

Project Title (as stated in the grant agreement): *Making Business Part of the Solution: Engaging Corporate Support in Sustaining Conservation in the Succulent Karoo*

Implementation Partners for this Project: De Beers Consolidated Mines, Kamiesberg Municipality, the Eden Project

Project Dates (as stated in the grant agreement): September 1, 2007 – March 31, 2009

Date of Report (month/year): June 2009

II. OPENING REMARKS

Provide any opening remarks that may assist in the review of this report.

This project was an ambitious and pioneering attempt to really engage the corporate sector to integrate conservation considerations into the way they think and do their business. Mindshifts are an essential but long-term process and several delayed timeframes within the project report reflect this difficulty. Additionally, the delay and, in the case of grazing, lack of scientific consensus on what defines 'best practice' has challenged the project. Nevertheless, the project succeeded in establishing a foundation that will need to be sustained for several more years before the true impact and ongoing maintenance of biodiversity concerns is truly embedded into the agricultural and corporate interests present in Namakwaland.

III. ACHIEVEMENT OF PROJECT PURPOSE

Project Purpose: *To increase the participation and investment of South Africa's agriculture, mining, and tourism sectors in promoting formal biodiversity conservation areas and maintaining critical ecosystem function in the priority Namaqualand upland and coastal regions by making formal/legal commitments to the creation of new conservation areas and a new biodiversity-based economic development and the adoption biodiversity conservation compatible means to carry out their economic activities (mining and grazing),*

Planned vs. Actual Performance

Indicator	Actual at Completion
Purpose-level:	

<p><i>1. 100% of farmers in the Namakwa Wilderness Corridor and 50% of the farmers in the total Namakwa Farmers Union are formally signed up to apply best practice guidelines for improve grazing practices, and stewardship in priority areas within 5 years of the end of this project.</i></p>	<p>This project has effectively laid the ground work for rolling out biodiversity best practice guidelines with farmers within the Namaqua Wilderness Corridor. During the project period, the following related outcomes were achieved: (1) CI supported the development of grazing guidelines for Namaqualand (which will be enhanced, rolled out and measured by CI's new Sustainable Livestock Project Manager); (2) CI worked closely with the Cape Leopard Trust (CLT) project, which captured baseline data on fauna in the region – specifically predators – and used it to educate farmers in the region (through workshops and farm visits) about predator-prey relationships and non-lethal predator control methods; (3) effectively fundraised and hired a new project manager to developed a strategy to manage the roll out with farmers and ensure the best practice guidelines are adopted within the corridor within the next five years; and (4) consistently engaged with key stakeholders to develop a multi-stakeholder task team (made up of government, farmers, NGOs & industry) to guide the roll-out the above mentioned strategy.</p>
<p><i>2. Lessons from the Namakwa Farmers Union are utilised by the Good Food Alliance to develop a biodiversity-friendly "Succulent Country Lamb" premium brand through the SKEP Programme by July 2009.</i></p>	<p>A "Succulent Country Lamb" brand was not developed during the project period, but significant head way was made in understanding the realities of developing a premium brand and key pieces were put in place toward developing a brand. First, through desktop assessments and numerous stakeholder engagements (with industry, retailers, farmers & GreenChoice), CI understood the barriers and risks to developing a "premium" label, given that product supply and sustainable market access is a significant challenge for any biodiversity-friendly product.</p> <p>CI learned from this experience that promoting other incentives among farmers – such as the value of ecosystem services to support production and therefore the farmer's bottom line – can lead to the adoption of better and more sustainable production practices. The development of a premium brand should be viewed as an additional bonus, as apposed to the single driving incentive.</p> <p>CI therefore decided to adapt its approach to mainstreaming sustainable livestock production with the Namaqua Farmers Union, the Red Meat Producers Organisation and directly to farmers in the region, by developing stringent but viable guidelines for better production and promote them as a way for farmers to sustain and enhance their production through better ecosystem management, AND possibly gain better market access in the longer term – something CI will continue to investigate and drive. These guidelines with be rolled out by CI's new Sustainable Livestock Project Manager and are designed so they can be developed into an audit scheme, which could be certified for markets in the longer term.</p> <p>Further, at a national level (but in direct support of CI's Namaqualand livestock work), GreenChoice & the Grasslands Bioregional Programme co-hosted a Sustainable Livestock Management Workshop in March 200, which: (1) devised a strategy to roll out holistic livestock (veld & problem animal) at a national enabling</p>

	level across South Africa; and (2) formed a base which may become a national cross-industry standard and assessment structure (which will be used to assist the RPO to develop a national Code of Conduct for all red meat/ livestock producers). These outcomes and the working groups' work going forward, will directly support and learn from CI's work with farmers in Namaqualand.
3. DeBeers and DME have acted upon biodiversity interests by endorsing and creating a new 45000 ha coastal park and regulating that new small-scale prospecting and mining concessions are operating only in the existing northern Namaqua concession areas and are abiding by biodiversity best practices within one year of the end of this project.	The extension of the Namaqua National Park into De Beers land between the Groen and Spoeg Rivers has been contractually concluded between De Beers and SANParks, publically announced, and operationalised in that SANParks has taken over management of the area. The concurrence of the Minister of Minerals is anticipated. Due to the downturn in the diamond mining industry De Beers has not sold on any mining rights in the area and they continue, at a greatly reduced rate, to mine according to their best practice.
4. DeBeers Namakwa Mine has successfully transitioned 50% of its remaining employees to jobs resulting from the creation of a new conservation-centered economic hub on and associated SMMEs the formerly mined landscape in the Namakwa coastal priority area within 3 years of the end of this project.	De Beers has continued to downsize staff – from over 600 to fewer than 300 over the last 4 months alone. CI is moving ahead with planning for the Living Edge of Africa Project (LEAP) and we anticipate that job creating opportunities will begin to be developed within the year. If means can be found to move ahead with mariculture and Seawater Greenhouses, there is every reason to believe that hundreds of jobs may be created within the coming 3 years.

Describe the success of the project in terms of achieving its intended impact objective and performance indicators.

The establishment of the coastal extension of Namaqua National Park after more than 20 years of discussions was a major achievement. Additionally, significant corporate policy shifts by DeBeers indicate a new real commitment to conservation. Finally, farmers are increasingly aware of the process and benefits of applying holistic livestock management practices on their lands.

Were there any unexpected impacts (positive or negative)?

CI's involvement in grazing issues at the national level and the role of the Namaqualand work as a model for mine closure at the national level was not anticipated. Another significant impact occurred through the development of a relationship between CI and a wind energy company operating in the area. Through the engagement in the LEAP process, Third Planet Enterprises is engaged with CI in looking at developing their project to be compliant with the Climate Community and Biodiversity Standards (CCBS) and will look at establishing a 3000 ha Protected Natural Environment as part of their development and an annual contribution to the SKEPPIES fund.

IV. PROJECT OUTPUTS

Project Outputs:

Planned vs. Actual Performance

Indicator	Actual at Completion
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<p>Output 1: The Namaqualand Farmers Association has developed and formally adopted biodiversity best practices for livestock grazing in Namaqualand and is piloting them on a minimum of four farms within the Namaqua uplands and the Namaqua Park buffer by December 2008.</p>	<p>The guidelines will be completed this month and they will be rolled out to farmers under the direction of a newly funded project roll-out manager.</p>
<p><i>1.1. An Industry standard/set of guidelines for biodiversity best practice is developed through a transparent process with specialists and consultants by February 2008</i></p>	<p>The Botanical Society have developed sustainable livestock guidelines (which are due for completion in June 2009). On completion, CI's new Sustainable Livestock Project Manager will lead the implementation of the guidelines, in close partnership with CI's NWI Stewardship Manager and the Cape Leopard Trust (CLT) to ensure consistency. To aid the process and ensure it's effectiveness and credibility, CI has effectively engaged with stakeholders and formed a multi-stakeholder task team, including partners from the local & district Municipalities, DTEC and the red meat producers organisations.</p>
<p><i>1.2. The industry standard/set of guidelines is adopted by the Namaqua Farmers Union by July 2008</i></p>	<p>During the project period, CI's NWI team and the CLT engaged farmers, the Farmer's Union and the Red Meat Producers Organisation (RPO), receiving their commitment to support the roll-out of a pilot phase for farmers to implement non-lethal predator control methods, as part of the NWI sustainable farming/ grazing project. The CLT captured data on predators in the region (which will be used to assist the implementation of a pilot phase with farmers using non-lethal predator methods) and CI, RPO & the CLT co-hosted a farmer's day in Oct 2008, which successfully enhanced awareness amongst Namaqualand farmers about biodiversity & non-lethal predator control methods.</p> <p>At a national level (but in direct support of CI's Namaqua livestock work), GreenChoice & the Grasslands Bioregional Programme co-hosted a Sustainable Livestock Management Workshop in March 2009, which: (1) devised a strategy to roll out holistic livestock (veld & problem animal) at a national enabling level in South Africa; and (2) formed the base which may become a national cross-industry standard and assessment structure (which will be used to assist the RPO to develop a national Code of Conduct for all red meat/ livestock producers). These outcomes and the working groups' work going forward, will directly support and learn from CI's work with the Farmers Union and farmers in Namaqualand.</p>
<p><i>1.3. The best practice guidelines are integrated into at least three stewardship contracts by the NWI stewardship team in the Namakwa Uplands and/or in the Namakwa National Park buffer by Dec 2008.</i></p>	<p>CI has integrated better management practice amongst farmers, as part of the NWI Stewardship Strategy, which aims to ensure 3 commercial farmers and 2 communal villages are signed onto stewardship contracts in 2009.</p>
<p><i>1.4. A lessons learned document is written and shared with the SKEP Anchor Project, Northern Cape Stewardship Forum, and Good Food Alliance Partners by December 2008.</i></p>	<p>Greenchoice is currently developing a lessons learnt document, which will include lessons from Namaqualand relevant to business & biodiversity. This document will also be shared with the Namakwa Biodiversity Forum and agricultural</p>

	forums.
Output 2: Small scale mining concessions resulting from the DeBeers' Namaqua Mine merger with AlexCorp are concentrated in the heavily transformed areas of the Northern extension of Namakwa Mine and include requirements for the application of biodiversity best practice by December 2008 thereby mitigating destructive practices on the more pristine southern sections of the mine.	The merger deal between the two companies never materialized and the back up plan of DBNM to sell the NM onto Transhex also fell through in the face of the international financial crisis and falling demand and prices for diamonds. De Beers has downscaled further but continues to mine using best practice standards at a greatly reduced rate (annual target 50,000 carats versus 1 million during NM's peak) and focus most of its efforts on rehabilitation.
<i>2.1. A conservation and legal study is commissioned to design the optimal conservation arrangement that could potentially result from the downscaling and merger of Namakwa Mine for the SKEP Namakwa Coast and Richtersveld area by October 2007.</i>	The mine merger deal never took place. We have however proposed an institutional management structure for the LEAP area that could serve as a model for the entire coast post mining. DeBeers group has expressed interest in extending the LEAP concepts to the Sperregebiet closure as well.
<i>2.2. CI presents and promotes the results of the study in numerous mine-led forums (including the Chamber of Mines Biodiversity and Mining Forum, and DeBeers/DME negotiation process) between November 2007 and Dec 2008 and presents sensitive areas to be avoided and options for biodiversity best practices.</i>	Throughout the project, CI has carried out significant outreach with the Biodiversity and Mining Forum and stakeholders in the Northern Cape and with De Beers itself but these have focused almost entirely around the park extension and LEAP given that the NM/AlexCorp merger plan fell through.
<i>2.3. If possible, recommendations are provided for integration of all formal/legal documents/agreements resulting from the downscaling/merger process. If not possible by the end of this study, CI will secure additional funds to complete the process as well as prepare a final study and recommendations for the way forward are consolidated and presented to the DeBeers/DME Closure Plan Steering Committee in November 2008.</i>	Given the merger and sales agreements were not achieved this activity was not pursued. The integration of LEAP and the revision of the NM mine closure plan to include innovative mined area reuses including such things as land art, mariculture, algal production and seawater greenhouses is now being pursued with DeBeers and DM.
Output 3: 45,000 hectares of pristine coastal properties between the Groen and the Spoeg are removed from the DeBeers/DME merger deal and transferred to SANParks by February 2008	This has been achieved in November 2008.
<i>3.1. A draft contract is reviewed by CI for support to SanParks and DeBeers by October 2007.</i>	This has been achieved.
<i>3.2. Inputs are submitted to final contract in time for signing by February 2008.</i>	This has been achieved.
<i>3.3. A launch for the new Coastal Park is supported for September 2008 for South African Heritage day.</i>	This has not yet been scheduled as there has been a land claim issued on the Park and we are now awaiting legal procedures to complete.
Output 4: DeBeers and DME have endorsed and secured 30% of the required investment, with the support of the Northern Cape Tourism Department, for implementation of a plan for a conservation-based and sustainable economic hub , "Arid Eden" as part of the Namakwa Mine Closure Plan by December 2008, thereby creating a viable economic alternative to retrenched miners from livestock grazing on the already stressed commonage regions.	De Beers has become completely engaged as a partner and continues to support the development of the Living Edge of Africa Project (LEAP) as it moves through their project development process. A Steering Committee made up of CI and DeBeers meets monthly. CI will present the results of the prefeasibility phase at the end of June 2009 and we anticipate that De Beers will finance the follow on feasibility assessment. There is also significant support at the Municipal and Provincial level including DTEC. We have however failed to obtain the buy-in of DME (now DM) at the national level and we continue to work toward obtaining their critical support.

<p>4.1. CI hosts a successful Arid Eden Charrette that results in a tangible plan for a regional economic development hub that enjoys the support of local communities, government bodies, and the private sector by October 2007</p>	<p>CI hosted the originally conceived Arid Eden charrette in September 2007 – which resulted in the concept for the Living Edge of Africa Project (LEAP) and the LEAP Business Case and followed this up with a De Beers co-financed prefeasibility charrette in February 2009 focused on testing the conceptual ideas technically and financially and which will result in the LEAP Integrated Development Framework (or Prefeasibility Assessment) by the end of June 2009.</p>
<p>4.2. Political sign-off and financial support for the development of the regional economic hub results from regular meetings between DeBeers, CI, and DME between October 2007- December 2008.</p>	<p>De Beers has financially supported the production of the business case and the prefeasibility charrette and is now regularly engaged, participating at a high level with monthly meetings of the LEAP Steering Committee. We have so far failed to achieve political buy-in at the national level DME (now DM). Efforts to achieve this are on-going.</p>
<p>4.3. Required investors are identified and secured through a joint CI/DeBeers Matlafalang investors road show in November/December 2007.</p>	<p>There is strong interest in both mariculture (abalone) and wind farm investment. CI has been approached by investors in both areas who are interested in pursuing businesses opportunities in the LEAP area. We hope to establish an institutional structure which would hold leasing rights to the LEAP area and provide the basis for negotiating agreements with investors.</p>
<p>4.4. An investment strategy and necessary feasibility studies for the implementation of the Arid Eden Project are completed by December 2008.</p>	<p>The LEAP Integrated Development Framework will be presented on 30 June 2009 and will include a pre-feasibility study of all the component businesses and a detailed plan for the way forward.</p>
<p>4.5. Letter of intent from potential investors in the Arid Eden developments are secured by December 2008.</p>	<p>A number of investors are interesting in signing letters of intent but an institutional structure with the authority to enter into such agreements must first be established.</p>

Describe the success of the project in terms of delivering the intended outputs.

All aspects of the project achieved significant successes and all continue to move forward post-CEPF funding with new partnerships and sources of revenue in place.

Were any outputs unrealized? If so, how has this affected the overall impact of the project?

The project has not moved as quickly as was initially envisioned. The challenges of working with the world's largest diamond mining company, De Beers, and the South African Department of Minerals and Energy (DME) (changed in the last month to the Department of Minerals (DM)) were underestimated. Both institutions have entrenched cultures focused solely on mining - to the exclusion of all other options and neither recognizes or rewards innovation or creativity. Additionally the challenges of establishing and operating a premium consumer brand were not fully appreciated, but in both cases means were found to move the initiatives forward despite these challenges.

V. SAFEGUARD POLICY ASSESSMENTS

Provide a summary of the implementation of any required action toward the environmental and social safeguard policies within the project.

VI. LESSONS LEARNED FROM THE PROJECT

Describe any lessons learned during the various phases of the project. Consider lessons both for future projects, as well as for CEPF's future performance.

On the holistic livestock grazing, the development of a multi-stakeholder task team to guide the implementation of best practice guidelines was a very effective step in the project, to ensure buy-in, efficacy and project credibility from all relevant parties.

- Linking the project to a national enabling level sustainable livestock project was valuable in providing two-way learning between implementation and enabling projects.
- Fund-raising for, and hiring a full time project manager - to develop a strategy, build relationship with key stakeholders and roll out the guidelines with farmers - has been essential to ensure the project is rolled out effectively.
- This CEPF catalytic funding has paved a very solid foundation to roll out better practices with farmers in Namaqualand and allowed CI to attract partners and additional funding to continue to effectively implement this project beyond CEPF investments.

On engaging a corporate giant, we came to understand that corporate risk in terms of regulatory compliance was a greater motivator than promises of improved reputational benefits. This approach requires a lot of expertise, legal and ecological, and is something that needs to be budgeted and planned for as part of the project process...corporations need a lot of detail.

Project Design Process: (aspects of the project design that contributed to its success/failure)

Although one can see from the project objectives that we did not anticipate immediate results within the project timeframe, we perhaps did not still realize how difficult shifting corporate and farmer practice is. Detailed information is required and input from experts is expensive!

Project Execution: (aspects of the project execution that contributed to its success/failure)

The project execution was flexible and innovative, it altered the project activities to suit the challenging and changing situation on the ground.

We have operated in a position of weakness throughout this project in relation to DeBeers

VII. ADDITIONAL FUNDING

Provide details of any additional donors who supported this project and any funding secured for the project as a result of the CEPF grant or success of the project.

Donor	Type of Funding*	Amount	Date Received	Notes
British High Commission	A	\$16,197	Jul – Oct 07	Ecotourism work in the Kamiesberg Municipality Contributed to LEAP planning phase
De Beers Consolidated Mines	A	\$45,000	May 08 and Feb 09	2 contracts to produce LEAP business case and pre-feasibility report
Sarah Redlich	A	\$10,000	Jul 07–Mar 08	Operations and salaries for project personnel

Cape Leopard Trust	B	\$110,000	Mar 08–Feb 09	Collaborative project focused on non-lethal predator management
Conservation Stewards Program	A	\$79,463	Jul 07-Jun 08	Funded parallel aspects of the grazing aspects of the project, including staff salaries and operational support
		\$72,622	Jul 08-Mar 09	
Citigroup Foundation	A	\$50,000	Apr 08	Supported technical assistance and consultant support for the grazing aspect of the project

***Additional funding should be reported using the following categories:**

- A** *Project co-financing (Other donors contribute to the direct costs of this CEPF project)*
- B** *Complementary funding (Other donors contribute to partner organizations that are working on a project linked with this CEPF project)*
- C** *Grantee and Partner leveraging (Other donors contribute to your organization or a partner organization as a direct result of successes with this CEPF project.)*
- D** *Regional/Portfolio leveraging (Other donors make large investments in a region because of CEPF investment or successes related to this project.)*

Provide details of whether this project will continue in the future and if so, how any additional funding already secured or fundraising plans will help ensure its sustainability.

Both aspects of this project will continue in the foreseeable future. De Beers appears prepared to fund a follow-on feasibility study in the next few months and CI/SA has secured core funding to cover salaries of critical staff for the coming 6 months. We also anticipate additional funding from other sources including the British Arts Council.

In the last month we received new funding (Vogelheim Family Trust \$ 56,000.00) to cover a position to roll out the grazing best practice standards with Namaqualand farmers. Related aspects of both projects are covered by the wide range of donor's listed above.

VIII. ADDITIONAL COMMENTS AND RECOMMENDATIONS

VIII. INFORMATION SHARING

CEPF is committed to transparent operations and to helping civil society groups share experiences, lessons learned and results. One way we do this is by making programmatic project documents available on our Web site, www.cepf.net, and by marketing these in our newsletter and other communications.

These documents are accessed frequently by other CEPF grantees, potential partners, and the wider conservation community.

Please include your full contact details below:

Name: Charles Hutchinson

Organization name: Conservation International – South African Hotspots Programme

Mailing address: Private Bag X7,

Tel: 027 21 7998655

Fax: 027 21 7615462

E-mail: c.hutchinson@conservation.org