

CEPF FINAL PROJECT COMPLETION REPORT

Organization Legal Name:	Eco-Pulse Consulting
Project Title:	Exploring the Opportunity to Pilot Mitigation Banking in the eThekweni Municipality
Date of Report:	30 October 2015
Report Author and Contact Information	Douglas Macfarlane. Eco-Pulse Environmental Consulting Services

CEPF Region: Maputaland – Pondoland – Albany

Strategic Direction: 2. Conservation and land use in 22 KBAs

Grant Amount: \$25,000.00

Project Dates: September 2013 – September 2015

Implementation Partners for this Project (please explain the level of involvement for each partner):

Forest Trends (Business & Biodiversity Offsets Programme): Amrei von Hase played a critical role as part of the project team in leading the international review of conservation banking systems. She also provided input into other project tasks including undertaking a review of the other project deliverables. She will remain involved in the next phase of this project which is being funded by eThekweni Municipality.

eThekweni Municipality: Members of the Environmental Planning and Climate Protection Department have been intimately involved with this project. This has included the provision of information, attendance at workshops and providing input into relevant project tasks.

Ezemvelo KZN Wildlife: This organization has played a supporting role by making documentation available and through formal and informal interactions regarding offset planning and implementation in the region.

SANBI: Project team members have discussed progress and challenges with this project with a group of biodiversity offset practitioners during regular "Offset Think Tank" discussions which is hosted by SANBI.

Conservation Impacts

Please explain/describe how your project has contributed to the implementation of the CEPF ecosystem profile.

One of the key strategic directions of the CEPF is to expand conservation areas and improve land use in 19 key biodiversity areas through innovative approaches, particularly for habitats underrepresented in the current protected area network (Investment Priority 2.1). The focal area of this project is the eThekweni Municipal area, located in the centre of the Maputaland-Pondoland-Albany Region. In the assessment of key biodiversity areas undertaken, eThekweni South ranked third, due to its biodiversity importance, very high threats and opportunity for investment.

Conservation banking, is a novel and innovative approach which, though well applied in countries such as the USA is still in its infancy in South Africa. By linking such an approach to a strategic assessment of biodiversity priorities, key opportunities for conservation banking have been identified. Whilst the project has only been exploratory by nature, good potential for piloting this conservation banking approach have been

identified. It is hoped that work undertaken will lead to further conservation of critically important areas within a landscape characterized by high levels of transformation and future development threat.

Please summarize the overall results/impact of your project.

Project activities have served to build an understanding of conservation banking amongst key local stakeholders. The review of the local situation has revealed that existing drivers for offsets and a conservation banking system remain poorly developed but that good potential does exist to increase demand through appropriate policy formulation. The high threat posed by future development also suggests that there is likely to be a demand for offsets in the future, particularly linked to wetlands and grassland ecosystems. Key priority areas for conservation bank establishment have been identified as a stepping stone towards future bank establishment.

Planned Long-term Impacts - 3+ years (as stated in the approved proposal):

It is hoped that this project will pave the way for the implementation of suitable conservation banking schemes (in line with existing and emerging provincial and national biodiversity offset guidelines) in the eThekweni Municipality which will (i) help to reduce the rate of transformation of threatened biodiversity and (ii) help to secure critical biodiversity areas within the Maputaland-Pondoland-Albany Region.

Learnings from this project are important in anticipation of wider implementation of emerging biodiversity offset guidelines and thus is also likely to have more far wider -reaching application and will hopefully inform the development of additional conservation banks regionally and nationally.

Actual Progress Toward Long-term Impacts at Completion:

Project activities have served to **clarify-highlight** the potential role that conservation banking can play in reducing the rate of transformation and in helping to secure critical biodiversity areas as part of a suite of conservation options in the Municipality¹. Interactions with other people involved in the sector have also served to raise awareness on conservation banking as a legitimate option for offset implementation.

Planned Short-term Impacts - 1 to 3 years (as stated in the approved proposal):

The project will have a number of short-term impacts including:

- 1) Building capacity and knowledge within the local municipality and broader stakeholder group about biodiversity offsets in the context of the mitigation hierarchy as well as about and conservation banking within the local municipality and broader stakeholder group;
- 2) Establishing a way forward for pilot implementation;
- 3) Raising awareness of the value of biodiversity.

¹Deliverable 2: Section 3.4. Potential for a conservation banking scheme to complement existing initiatives.

Based on this review, it is clear that the EPCPD is being pro-active in terms of its conservation efforts on a range of fronts and is already using a range of vehicles at their disposal to reduce the risk of habitat transformation, particularly of critically important areas. This is supported by sound environmental data and control layers that are used to respond to development applications. However, existing capacity including staff and funding is insufficient to manage existing conservation assets under Municipal ownership, let alone support the effective management of key biodiversity areas under other forms of protection. Thus whilst making some inroads into curbing the loss of key conservation areas, capacity constraints are likely to hamper future conservation efforts which will need to increasingly address effective management of existing sites. Given these constraints and the pressure of transformation for project development in the Municipality, it is clear that any vehicles that can support existing efforts would add meaningfully to conservation efforts. The implementation of a conservation banking scheme therefore may hold promise for complementing existing conservation initiatives.

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Actual Progress Toward Short-term Impacts at Completion:

1) Some progress has been made in building capacity amongst key stakeholders. Further efforts will however be required to address practical implementation issues, particularly regarding institutional roles and responsibilities. It is hoped that this will be addressed further during the next phase of this project.

Organizations reached through workshops and one-on-one discussions through this project include:

- eThekweni Municipality: Environmental Planning and Climate Protection Department;
- Msunduzi Municipality;
- Ezemvelo KZN Wildlife;
- Wildlands Conservation Trust;
- KZN DEDTEA;
- DAFF;
- DWS;
- SANBI;
- Consultants working in the offset planning arena;
- Dube TradePort Corporation;
- Tongaat Hulett Developments.

4)

2) A range of options for piloting implementation have been identified. These have been discussed in "Deliverable 2: Review of local context and associated constraints and opportunities for piloting a conservation banking scheme". An overview of the key opportunities identified in the Municipality are included in the table below:

<u>Opportunity</u>	<u>Overview</u>	<u>Priority</u>
<u>Establishment of a wetland mitigation bank in the eThekweni North planning area</u>	<u>This assessment indicates that proposed developments centered around the King Shaka International Airport will give rise to considerable wetland offset obligations. Preliminary work has suggested that it should be achievable to meet obligations through the rehabilitation and protection of priority wetlands linked with the Tongati, Mdloti and Mhlanga estuaries. Whilst there is in-principle support for the development of composite wetland offsets, the relevance and feasibility of establishing a formal wetland mitigation banking system needs to be investigated further.</u>	<u>1</u>
<u>Establishment of conservation banks to address impacts from the proposed SIP freight routes (and associated development plans in the Outer West planning region)</u>	<u>Whilst planning is still in process, available information suggests that the construction of these new routes will have considerable impacts on grassland systems in particular. The review of development plans also suggests that further impacts to grassland ecosystems in particular can be expected in the Outer West planning region. A range of potential grassland banking sites has been identified by this project and could be used to inform the establishment of a conservation bank for these projects if and when they are granted environmental authorisations. Given the pressure of development in this region, establishment of a suitable conservation bank in this region is strongly advocated.</u>	<u>2</u>
<u>Establishment of wetland mitigation banks to address small impacts linked with wetland ecosystems</u>	<u>The development of a revised wetland management framework for the eThekweni North development plan area emphasises the importance of improving the state of wetland management. Given that wetland impacts are high across much of the Municipality, there is little reason why such a pro-active framework should not be applied more generally. By doing so, the demand for wetland offsets could increase considerably, particularly if a policy was endorsed which required offsets for any residual impacts to wetland ecosystems. This could then provide an opportunity to establish a range of strategically placed wetland mitigation banks across the Municipality in order pro-actively to secure remaining habitat and critical ecosystem services provided by key wetland ecosystems.</u>	<u>3</u>
<u>Establishment</u>	<u>The fact that many ecosystems are now critically</u>	<u>4</u>

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Comment [D1]: SANRAL – Freight route as a stand-alone route is probably being pushed out. Unlikely to be imminent. Focus rather on upgrading of N3.

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Opportunity	Overview	Priority
<u>of conservation banks to address small impacts to critically endangered ecosystems.</u>	<u>endangered points to the need for urgent action to safeguard remaining intact areas. Whilst rigorous application of the mitigation hierarchy is of utmost importance especially to avoid impacts on these systems, some impacts on these habits appear to be inevitable. Should developments that affect these systems be approved nevertheless, compensation should be required as part of any approval. Where residual impacts are small, a conservation banking scheme could assist with the efficient delivery of this compensation and conserve some key remaining areas of the relevant habitats.</u>	
<u>Establishment of conservation banks to address impacts from the proposed Dig Out Port</u>	<u>Whilst still in a planning phase, it is clear that development of the Dig Out Port will have a significant impact on natural ecosystems which could generate considerable offset obligations. Key impacts are linked with North/South Coast Grasslands, Forests, Estuaries and Wetlands. It is critical that Transnet be made aware of the potential offset liabilities that are likely to result from this development and that offset planning is initiated at the earliest possible point in the decision-making framework. EKZNW and EPCPD are therefore encouraged to engage with the proponent and to provide strategic direction to the offset planning process. This would ideally involve proactive bank establishment prior to project initiation.</u>	5

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These opportunities are being discussed further with eThekweni Municipality with the intention of trying to establish a pilot project to take at least one of these opportunities forward.

2) This includes one project in which there is good potential to establish a wetland conservation bank in the short term.

3) There has been little focus on the economic benefits at this stage. It is hoped that this issue will be addressed once a pilot scheme is established.

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Please provide the following information where relevant:

Hectares Protected: N/A
Species Conserved: N/A
Corridors Created: N/A

Describe the success or challenges of the project toward achieving its short-term and long-term impact objectives.

The concept of offsets is still relatively new in South Africa, with little evidence that it can successfully deliver real biodiversity gains. As a result, there is a level of skepticism in this mechanism, and a concerns that piloting a banking system could have unintended negative consequences. The lack of a firm national policy is also somewhat problematic as offsets are currently informed by local guidelines that lack formal endorsement.

Fortunately government is embarking on an initiative develop a national biodiversity offset policy (DEA 2015. The National Policy on Biodiversity Offsets. Prepared by the Department of Environmental Affairs, DEA, Pretoria). A national workshop was held in October 2015 which will contribute towards this process. Whilst a national framework will provide a more secure legal environment under which to establish a conservation bank, proof of concept is still to be demonstrated practically in SA. It is through such a process that teething problems that will come with a new system can be ironed out. If successful, this would then provide a solid platform from which additional conservation banking projects could be initiated.

Despite these challenges, opportunities have been identified and clear priorities have been identified for moving the process forward towards pilot implementation.

Were there any unexpected impacts (positive or negative)?

N/A The project provided an opportunity to engage with large developers who are needing to address impacts to wetlands in eThekweni Norths Spatial Development Plan area. Much of the conservation banking thinking was used to sell the concept of developing composite offset sites to meet offset obligations from a range of proposed developments. Through working together, consensus has been reached to establish composite offset areas and to investigate the conservation banking model as a means of delivering offsets for these projects. This project therefore provides a potential real test case in which the concept of conservation banking can be explored at a practical level.

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Project Components

Project Components: Please report on results by project component. Reporting should reference specific products/deliverables from the approved project design and other relevant information.

Component 1 Planned (as stated in the approved proposal):

Project Inception & international review on conservation banking systems

Component 1 Actual at Completion:

Project inception / training workshop held.

- Deliverable 1.1: Preliminary review of international experience with conservation banking compiled and distributed.
- Deliverable 1.2: Minutes from Inception Meeting

Component 2 Planned (as stated in the approved proposal):

Review of local context and associated constraints and opportunities for piloting a conservation banking scheme

Component 2 Actual at Completion:

Report compiled in line with project proposal. Initial comments have been obtained. Final comments will be used to finalize the deliverable once received.

- Deliverable 2: Review of local context and associated constraints and opportunities for piloting a conservation banking scheme

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

A final planned stakeholder workshop could not be completed within the CEPF timeframes. It was agreed that this workshop would rather be rolled over to component 3 and be used to discuss options for piloting a wetland conservation bank with relevant authorities.

A third component was initially included in the project proposal: Review of selected biodiversity banking models and applicability to the local context. Issues with co-funding meant that the scope of the project was restricted to components 1 & 2. Additional co-funding has since been secured which will lead to further work continuing post the CEPF investment.

Please describe and submit (electronically if possible) any tools, products, or methodologies that resulted from this project or contributed to the results.

Deliverables 1 & 2 have been submitted.

Lessons Learned

Describe any lessons learned during the design and implementation of the project, as well as any related to organizational development and capacity building. Consider lessons that would inform projects designed or implemented by your organization or others, as well as lessons that might be considered by the global conservation community.

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

Identifying a key partner that supported the initiative in the form of eThekweni Municipality was important.

Project Implementation: (aspects of the project execution that contributed to its success/shortcomings)

Issues with co-funding caused considerable delays in project implementation. This issue was well handled by the CEPF team and amendments to the contract were made accordingly.

This project was somewhat dependent on the active engagement and participation of key stakeholders. Whilst useful input was obtained, the level of interaction was sometimes less than desired due to capacity constraints within the respective government agencies.

Finding a practical case study that could be used to test and explore some of the conservation banking ideals was very important.

Other lessons learned relevant to conservation community:

N/A

Additional Funding

Provide details of any additional funding that supported this project and any funding secured for the project, organization, or the region, as a result of the CEPF investment in this project.

Donor	Type of Funding*	Amount	Notes
eThekweni Municipality	A	R180 000	Next Phase
Tongaat Hulett (Developers)	B	R300 000	Practical implementation

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

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

Sustainability/Replicability

Summarize the success or challenge in achieving planned sustainability or replicability of project components or results.

Additional co-funding and interest from the private sector has been generated. This will see further work continuing post the CEPF investment.

Summarize any unplanned sustainability or replicability achieved.

The reports produced as part of this assessment will provide a useful reference point for any other parties interested in exploring the potential of conservation bank establishment.

Safeguard Policy Assessment

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

N/A

Additional Comments/Recommendations

Eco-Pulse Consulting would like to express their thanks to CEPF for funding this project. Whilst contributing to broader societal understanding, considerable capacity has been built within our own project team.

Information Sharing and CEPF Policy

CEPF is committed to transparent operations and to helping civil society groups share experiences, lessons learned, and results. Final project completion reports are made available on our Web site, www.cepf.net, and publicized in our newsletter and other communications.

Please include your full contact details below:

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*****If your grant has an end date other than JUNE 30, please complete the tables on the following pages*****

Performance Tracking Report Addendum

CEPF Global Targets

(1 September 2013 - 30 September 2015)

Provide a numerical amount and brief description of the results achieved by your grant.
Please respond to only those questions that are relevant to your project.

Project Results	Is this question relevant?	If yes, provide your numerical response for results achieved during the annual period.	Provide your numerical response for project from inception of CEPF support to date.	Describe the principal results achieved from July 1, 2013 to May 30, 2014. (Attach annexes if necessary)
1. Did your project strengthen management of a protected area guided by a sustainable management plan? Please indicate number of hectares improved.	N/A			Please also include name of the protected area(s). If more than one, please include the number of hectares strengthened for each one.
2. How many hectares of new and/or expanded protected areas did your project help establish through a legal declaration or community agreement?	N/A			Please also include name of the protected area. If more than one, please include the number of hectares strengthened for each one.
3. Did your project strengthen biodiversity conservation and/or natural resources management inside a key biodiversity area identified in the CEPF ecosystem profile? If so, please indicate how many hectares.	Yes	-	-	The project has not directly strengthened biodiversity conservation but has the potential to do so.
4. Did your project effectively introduce or strengthen biodiversity conservation in management practices outside protected areas? If so, please indicate how many hectares.	N/A			
5. If your project promotes the sustainable use of natural resources, how many local communities accrued tangible socioeconomic benefits? Please complete Table 1 below.	N/A			

If you answered yes to question 5, please complete the following table

Table 1. Socioeconomic Benefits to Target Communities

Please complete this table if your project provided concrete socioeconomic benefits to local communities. List the name of each community in column one. In the subsequent columns under Community Characteristics and Nature of Socioeconomic Benefit, place an X in all relevant boxes. In the bottom row, provide the totals of the Xs for each column.

Name of Community	Community Characteristics							Nature of Socioeconomic Benefit												
	Small landowners	Subsistence economy	Indigenous/ ethnic peoples	Pastoralists/nomadic peoples	Recent migrants	Urban communities	Communities falling below the poverty rate	Other	Increased Income due to:			Increased food security due to the adoption of sustainable fishing, hunting, or agricultural practices	More secure access to water resources	Improved tenure in land or other natural resource due to titling, reduction of colonization, etc.	Reduced risk of natural disasters (fires, landslides, flooding, etc)	More secure sources of energy	Increased access to public services, such as education, health, or credit	Improved use of traditional knowledge for environmental management	More participatory decision-making due to strengthened civil society and governance.	Other
									Adoption of sustainable natural resources management practices	Ecotourism revenues	Park management activities									
Total																				

If you marked "Other", please provide detail on the nature of the Community Characteristic and Socioeconomic Benefit:

