

## CEPF FINAL PROJECT COMPLETION REPORT

<b>Organization Legal Name:</b>	World Wide Fund for Nature South Africa
<b>Project Title:</b>	Forest Carbon Market Development in the Eastern Cape
<b>Date of Report:</b>	13 November 2015
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**CEPF Region:** Maputaland – Pondoland - Albany

**Strategic Direction:** 3. Corridor-level ecosystem function

**Grant Amount:** \$56,265.00

**Project Dates:** July 2014 – September 2015

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

- The Wild Coast Community Education and Development Foundation (WCCEDF): small community-run NGO registered to coordinate the management of conservation projects with the relevant community trusts throughout the Port St Johns –East London stretch of the Wild Coast. Due to administrative delays in registering the NGO, the activities of this organization were limited to involvement in the final part of the project, but assistance has been provided in getting the NGO up and running to enable it to expand upon this base.
- Department of Agriculture, Forestry and Fisheries(DAFF): the national entity mandated with management of wild forests. As the titular owner of the forest areas within the project domain, has been involved in all the local community interactions, in the process of trying to establish community forest management agreements, and in the national REDD+ strategy development into which WWF has provided some input.
- Eastern Cape Parks and Tourism Agency (ECPTA): the provincial authority mandated with management of protected areas in the Eastern Cape. ECPTA has been involved in discussions with communities and DAFF around the potential for declaring the project areas as formal protected areas. Whilst this has not been finalized, several of the sites are under consideration.
- Wild Side Environmental Services (Pty) Ltd: private sector company contracted to assist in managing community interactions, training and managing community forest rangers, and developing alternative livelihoods with the community trusts. Wild Side was a key operational stakeholder in the project.

### Conservation Impacts

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

The project area contains some minimally-impacted and pristine forests, as well as forest fragments and areas that have undergone varying levels of degradation. By reducing the pressure

of harvesting on the remaining forests, the project hopes to improve the landscape connectivity and consequent ecosystem function. The project impacts have been positive, with local and national authorities interested in continuing the engagement to ensure the long term protection of the areas. This interest extends both to a consideration of providing formal protected area status for Manubi and Sebeni, and further exploration of the proposed community-based natural resource management arrangements. Whilst continuation of the funding is problematic as a result of the poor feasibility of the carbon project model to these areas, WWF will continue to explore other options for this.

***Please summarize the overall results/impact of your project.***

The project determined that a REDD+ carbon market approach is not suitable for providing long-term finance even under the price security of the upcoming carbon tax. This is a result both of the low rate of carbon loss within the forests (many of the removed trees are replaced by fast-growing invasive alien plants or indigenous species) and rapid bush encroachment in abandoned fields within the project area. Field abandonment and de-agrarianisation has been considerable over the period 2000 – 2014 as a result of several socioeconomic factors, including remittances from family members in urban areas, social grants, and the reduction in livestock suitable for ploughing. Whilst forest loss was considerable over the earlier period (1942 – 1994), the current trend is too weak to provide sufficient income for a REDD+ project. This information and the detailed maps will be invaluable for the development of South Africa's national REDD+ strategy, and will assist in the development of suitable approaches for conservation of the Wild Coast region.

In addition to this key finding, the project has also trained and deployed community rangers within the project areas. These rangers filled a crucial role in reducing illegal bark harvesting and other destructive human incursions in the forests, at a much lower cost than the under-resourced local authorities have been able to do. Unfortunately, a long term funding solution for these rangers has not yet been realized, and as of the project end, they will no longer be resourced. WWF and the WCCEDF are still investigating other options to fill this funding gap.

The project strengthened local community management structures and improved the interaction between local conservation trusts and national authorities. This is key for the long term goal of ensuring that the project areas are maintained through a community-based conservation regime, with formal protection of the remaining forest areas to provide biodiversity corridors. As part of a broader engagement with the local authorities, it is hoped that this initiative can maintain and expand the connectivity of the forests and forest fragments within the project area.

Finally, the project provided training and resources to initiate small scale pilots of alternative livelihoods. These activities (beekeeping and community sewing circles for clothes production) are not sufficient as yet to supplant the communities' dependence on the forest areas, but it is hoped that they will be the seeds of broader community empowerment structures that will gradually grow the local economy and reduce reliance on external resources and unsustainable harvesting activities within the forests. The community trusts that house these alternative livelihood projects have been determined by the communities themselves, and as members of the WCCEDF umbrella will now have some ability to interact with provincial conservation and spatial development strategies.

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

- Develop carbon project as a model tool for community conservation in the MPAH
- Facilitate the establishment of Manubi, Sebeni and Nqabarha as protected areas under South African law
- Facilitate the inclusion of protected areas and community conservation activities as key priorities in a clear spatial development plan for the coastal region of the Eastern Cape Province.

### **Actual Progress Toward Long-term Impacts at Completion:**

1. It was determined that a REDD+ carbon project is not a suitable tool for financing community conservation in the project areas (see below). However, exploration of the model within the broader context of the MPAH with national forestry authorities is underway, as well as potential development of the national REDD+ strategy in South Africa.
2. Project areas are currently under consideration for protected area status. However, the national Department of Agriculture, Forestry and Fisheries is hesitant to undertake this action because it does not have the requisite resources to manage the areas appropriately. This is being investigated further with provincial and national authorities
3. The areas are being included and prioritised in provincial plans for community engagement by relevant authorities such as the Eastern Cape Parks and Tourism Agency. Further inputs into provincial spatial development planning will be undertaken.

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

1. Improved conservation of Manubi, Sebeni and Nqabarha forest areas, for a combined total of 15,000 hectares of forest and communal land.
2. Carbon project of approximately 15,000 tCO<sub>2</sub>e yr<sup>-1</sup> prepared and ready for validation.
3. Improved relationship between communities around the Manubi, Sebeni and Nqabarha project areas and state authorities.

### **Actual Progress Toward Short-term Impacts at Completion:**

1. Conservation of the project areas improved, and improved mapping of the forest areas undertaken. These maps will be provided to relevant national authorities.
2. The carbon project is not viable under current REDD+ methodological models, and undermined by the effects of bush encroachment on the adjacent abandoned agricultural fields.
3. Relationships between communities and state authorities very good in the Manubi and Sebeni project areas. Relationship between communities and authorities improved in Nqabarha, but some personal issues within the community's cooperative structure meant that progress was slower than other areas.

### **Please provide the following information where relevant:**

**Hectares Protected:** Improved management of 3,600ha of forest, but no formal declaration of protected areas

**Species Conserved:**

**Corridors Created:**

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

***Were there any unexpected impacts (positive or negative)?***

The carbon baseline assessment indicated that there was insufficient loss of landscape carbon to enable the development of a full carbon project. This was an unexpected result. Whilst there are indeed activities within the forest areas that result in the removal of old-growth forest trees, as well as concomitant impacts on biodiversity, the expansion of scrubby bush into abandoned agricultural fields adjacent to the forest areas appears to result in an overall positive carbon sequestration impact. This may provide the means for a restructured project that focusses on community forestry to provide carbon income, and this will be further investigated. Unfortunately, at this point there is considerable negative feeling for the forest margin expansion within the communities, and any carbon project will therefore require a longer process of pre-engagement with the communities to develop a suitable process.

### **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):**

Carbon market project prepared for validation and registration.

**Component 1 Actual at Completion:**

Component 1 was not feasible, since the baseline study indicated that the rate of carbon sequestration in abandoned agricultural fields surrounding the project forest areas exceeds the rate at which carbon is being lost within the forests. In addition, the rate of sequestration by invasive aliens appears to be at least as high as that of the indigenous forests, so removal of these species, whilst biologically and otherwise environmentally sound, does not serve a carbon sequestration purpose. This does not mean that the forests are not experiencing degradation or biodiversity loss, but rather that the carbon market specifically is not a viable means of securing finances for management operations. WWF is currently exploring other alternative livelihood options with relevant stakeholders (WCCEDF, Wild Side, ECPTA, DAFF) to improve the community engagement and value perceptions of the forest area. Approaches include beneficiation from alien clearing (as part of the government's Environmental Programmes under the Extended Public Works Programme), community education, exploration of tourism potential, wildlife ranching in the surrounding areas, and exploration of broader adaptation & development activities with organisations such as ICLEI. In addition, WWF is continuing its engagement with the South African government (DEA, DAFF, National Treasury and the Department of Energy) to identify and mainstream suitable low-cost carbon monitoring methodologies to include under the carbon tax, which will hopefully lead to the integration of community-managed forest reserves as potential beneficiaries of the carbon tax offsets scheme.

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

Sub-grant to Wild Coast Education and Development Foundation managed to ensure reduced community-driven threats to biodiversity in project sites.

**Component 2 Actual at Completion:**

The key objective of Component 2 was successful: the sub-grant was managed to ensure reduced community threats to biodiversity in the project sites. A long delay in formal registration of the Wild Coast Community Education and Development Foundation (WCCEDF) in the High Court of South Africa made it unfeasible to administer the subgrant to the WCCEDF as initially planned. This administrative hindrance was overcome by contracting a local service provider - the Wild Side Environmental Services (Pty) Ltd - fulfill the coordination role that the WCCEDF would have undertaken. Wild Side has a well-established relationship with the communities in the project areas, and was able to coordinate and train the forest rangers, as well as facilitate the development and implementation of alternative livelihood activities within the communities. These alternative livelihoods (bee-keeping and community sewing circles) are ongoing, managed by the respective community trusts that are members of the WCCEDF within the project areas. In addition, the WCCEDF was finally registered and has received some physical and organisational support from both this project and another CEPF project.

WWF will continue to support the WCCEDF to facilitate its important role as a community-driven coordination entity for conservation and development activities in the Wild Coast region of the Maputoland Pondoland Albany Hotspot.

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

Component 1 was unrealized as a result of the lack of financial feasibility (high development costs, low rates of carbon loss despite biodiversity loss, in the project areas, and methodological challenges posed by the rate of carbon increase through bush encroachment in abandoned fields in the adjacent areas. This means that the goal of long-term viability for the community rangers has not been achieved, and they will not be able to manage the forest areas as proposed.

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

The project developed several products that may be of use to other projects and stakeholders in the area. These include:

1. A project report detailing the carbon status of the project areas, the historical rate of deforestation, and the community-identified threats to the forests.
2. GIS shapefiles detailing the current and historical extents of forests within the project areas of Manubi, Sebeni & Nqabarha. These shapefiles were determined through a combination of analysis of aerial imagery and ground-truthed field data, and can be made available as ESRI shapefiles or KMZ files.

Products currently in development include:

1. A briefing note on the costs and viability of REDD+ activities in the context of South Africa and the Wild Coast. This note should assist interested parties and key stakeholders in determining the potential viability of such projects in the future.

**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.***

During this process, a full costing of the development of a REDD+ carbon project was undertaken, including the management of leakage areas and comprehensive monitoring in line with international REDD+ methodologies. Cost estimates ranged from \$332,000 to \$432,000 for the Verified Carbon Standard (methodology VM0009) and from \$ 216,000 to \$310,000 for Plan Vivo (which is not currently accepted under the draft South African carbon tax). These costs were significantly higher than expected, as a result of the constantly-increasing requirements of these developing standards. A short note detailing potential methodologies for REDD+ and the South African situation is being drafted, and will be circulated to relevant partners.

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

Basic assumptions: Preliminary assessments of the likely rates of carbon loss in the forests were higher than was subsequently established through field assessment. Whilst these estimates were made on the basis of expert assessments, the granularity and lack of detail contributed to this overestimation. Whilst it is not clear how this could have been avoided, given that this project undertook the first detailed carbon baseline for the project areas, it is nevertheless clear that better data would have driven the project in another direction. It is possible that a broader pre-project stakeholder consultation may have avoided this incorrect estimation, but to date no such prior information has been found. Given that this is the case, circulation of the project data in order to guide further such carbon market interactions would be valuable. With this in mind, and brief REDD+ guidance document will be prepared for circulation to interested stakeholders.

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

Long term community interactions: This CEPF project built upon the previous work of the GEF-funded Wild Coast Project, which both built a spatial prioritization for community engagement within the Wild Coast area, and assisted in the formalization of community trust structures focused on development and conservation issues. The success of the community interactions and the development of improved relationships between the government are predicated upon this long engagement. In the absence of such an established relationship, it is clear that little could have been achieved in the short project timeline.

***Other lessons learned relevant to conservation community:***

Community management structures: There is inevitably considerable variation in how communities mobilize around projects, depending on history, internal community politics, and personal relationships. One of the challenges faced in achieving Component 2 was unrelated to the project itself, but rather driven by internal politics within one of the community trusts. Once this was resolved by the community, the project was able to continue, but it was necessary to reconsolidate relationships with relevant community members. Whilst this was out of the control of the project proponents, it's always worth bearing in mind that projects that are beholden to external timelines are nevertheless dependent on local social and political factors with respect to their delivery.

It was also interesting to note the variance in the awareness and understanding of the forest areas even within the trustees of the conservation trusts established by the communities. Facilitating community education and knowledge exchange is a key factor in the success of such engagements, and whilst some of this was undertaken, it is clear that there is plenty of scope for expanding this activity. The community rangers have gathered a body of knowledge in the short project period, and this catalyzed a desire for further such training and knowledge sharing. Such a response bodes well for the longer term viability of community forest management in the project areas.

### 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
WWF South Africa	Project co-financing	\$20,850	Comprising project manager time, travel and meeting costs.

***\*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.***

The proposed REDD+ carbon project-based model is unfortunately not sustainable in the long term because the carbon loss within the conservation areas is not high enough to provide a viable economic model, and the carbon loss argument is undermined by bush encroachment in adjacent abandoned fields. However, the community rangers resulted in a reduction in the rate of bark harvesting and negative forest incursions, and the alternative livelihood activities have to date produced positive responses.

A key challenge is the securing of long-term funding to maintain the community forest rangers. It was hoped that the carbon project would provide this security, so WWF and other partners are currently investigating other potential options to ensure the continued presence of the rangers in the area. One potential source of such funding may be from private sector sponsorship, but this is still not a viable long-term solution, since such funding is dependent on the goodwill of the relevant funder. However, the improved status of the community trusts, finalisation of the WCCEDF and improved relationships between communities and government officials have led to the proposed inclusion of the Manubi area as priority pilot for community-based game farming. This might be a viable financial model for the surrounding areas, and should enable forest conservation as a critical component of the model. This process is being driven by national policy subsequent to the IUCN World Parks Congress held in Sydney in 2014.

The three areas are also still under consideration for formal declaration as protected areas. It is hoped that this progress, with the continued interaction between project proponents and other stakeholders, will yet result in the long-term conservation of the project areas.

## **Safeguard Policy Assessment**

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

No environmental or social safeguards were necessitated by the activities of this project.

## **Additional Comments/Recommendations**

Whilst it is disappointing that the REDD+ carbon project model is not viable for the project areas, the CEPF funding enabled both a full costing of development of such a project, as well as a comprehensive analysis of the forest areas to determine the carbon stock change over the last twenty years. These valuable resources will be shared with all project stakeholders, and will also be integrated into national REDD+ planning structures.

Moreover, the CEPF project has enabled considerable improvement of the interaction between local communities and the forest areas. Sustaining and expanding this process is a challenge that will need to be taken up by relevant local and national authorities, and WWF hopes to be able to facilitate this engagement.

## 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](http://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**

**(Enter Grant Term)**

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.

<b>Project Results</b>	<b>Is this question relevant?</b>	<b>If yes, provide your numerical response for results achieved during the annual period.</b>	<b>Provide your numerical response for project from inception of CEPF support to date.</b>	<b>Describe the principal results achieved from July 1, 2013 to Sep 30, 2015 (Attach annexes if necessary)</b>
1. Did your project strengthen management of a protected area guided by a sustainable management plan? Please indicate number of hectares improved.	No			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?	No			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.	No			
4. Did your project effectively introduce or strengthen biodiversity conservation in management practices outside protected areas? If so, please indicate how many hectares.	Yes	3600		Natural forests in the 3 areas saw a reduction in the incidence of illegal bark harvesting, snare placement and hunting as a result of the training and placement of community rangers. Long-term funding for these rangers has not yet been secured, and so present gains are temporary, pending their integration into more formal structures.
5. If your project promotes the sustainable use of natural resources, how many local communities accrued tangible socioeconomic benefits? Please complete Table 1 below.	No			