

**PROJECT INFORMATION DOCUMENT (PID)
CONCEPT STAGE**

Report No.: PIDC261

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| Project Name | Second Namibian Coast Conservation and Management Project (P128511) |
| Region | AFRICA |
| Country | Namibia |
| Sector(s) | Forestry (50%), General agriculture, fishing and forestry sector (50%) |
| Lending Instrument | Specific Investment Loan |
| Project ID | P128511 |
| Focal Area | Biodiversity |
| Borrower(s) | Ministry of Environment and Tourism |
| Implementing Agency | NACOMA |
| Environmental Category | B-Partial Assessment |
| Date PID Prepared | 01-Feb-2012 |
| Estimated Date of Appraisal Completion | 24-Jul-2012 |
| Estimated Date of Board Approval | 06-Dec-2012 |
| Concept Review Decision | Track II - The review did authorize the preparation to continue |

I. Introduction and Context

Country Context

Namibia is a middle-income country whose considerable successes rest on a strong multi-party parliamentary democracy that delivers sound economic management, good governance, basic civic freedoms, and respect for human rights. The greater part of Namibia consists of arid and semi-arid rangelands with little to no permanent surface water. Namibia is divided into six geographical regions: a) the Central Plateau where the majority of Namibia's population and economic activity is; b) the Namib desert; c) the Escarpment where vegetation ranges from dense woodlands to shrubby areas; d) the Bushveld with flat and sandy soils covered with savannah vegetation; e) the Kalahari desert which is home to the Succulent Karoo, an area with high proportions of endemic species; and f) the Namibian Coastal and Marine region. These regions support diverse ecosystems, habitats and abundant fauna and flora.

Namibia's coastline extends some 1,570 km, from the mouth of the Orange River on the South African border, to the mouth of the Kunene River on the Angolan border. Namibia's ocean area has one of the highest primary production rates in the world and provides critical renewable natural resources for the country. It spans an area of 580,000 km² and falls within the Benguela Current Large Marine Ecosystem (BCLME). Shared with Angola and South Africa, this current supports vast populations of commercially valuable fish species. The inshore marine environment provides nursery habitats for many types of marine organisms. The hyper-arid Namibian coastal ecosystem is home to two globally important biomes (the Namib Desert and Succulent Karoo biomes) and a significant and unique array of biological and ecological diversity, including uniquely adapted plants and animals, rich estuarine fauna and a high diversity of migratory shorebirds and seabirds. The coast supports several internationally important coastal wetlands, such as the Kunene River Mouth, Cape Cross Lagoons, Mile 4 Salt Works, the 30 kilometers of beach between Swakopmund and Walvis Bay (including the Swakop River Mouth), Walvis Bay Wetlands, Sandwich Harbor, Lüderitz Lagoon and the Orange River Mouth, some of which are Ramsar sites and others are Important Bird Areas. The wetlands at Walvis Bay, which include the Kuiseb River estuary, extend over some 35 to 40 km² and support migratory birds as well as more than half of southern Africa's flamingos. The Benguela system is one of the most productive systems on the planet. Endemic dolphins, breeding Southern Right Whales, foraging threatened sea turtle species and many important seabird species focus on the Namibian marine environment.

In 2004, the Government of the Republic of Namibia (GRN) launched the Vision 2030, a 30-year planning framework for sustainable development. The framework promotes the development of natural capital through strategies for the sustainable, equitable and efficient use of natural resources, maximizing comparative advantages and reducing inappropriate resource use practices. Vision 2030 prioritizes coastal governance under goal number 7: "Conservation and management of biological diversity along the coastal region of Namibia". To this end, the Vision aims to ensure open, diverse, stable, and productive wetlands, coastal and marine eco-systems by 2030. It is also recognized that successful implementation of appropriate and effective climate change adaptation and mitigation measures will contribute to the realization of Vision 2030 goals. To realize the provisions of Vision 2030 and guide national development, the Government has developed National Development Plans (NDPs). The NPC coordinated the formulation of the Third National Development Plan (NDP3) 2007/2008 – 2011/2012 in 2007. This NDP3 supported ongoing decentralization and identified key environmental concerns such as sustainable management of scarce water resources, biodiversity conservation, pollution and waste management, sustainable energy development, capacity building, and sustainable

livelihood. The NPC is currently preparing the Fourth NDP which continues to consider the economic value of Namibia's natural capital.

Sectoral and Institutional Context

The GRN has made significant progress on their biodiversity and climate change agendas. The National Biodiversity Strategy and Action Plan (NBSAP) was a ten-year strategic plan of action for biodiversity conservation that ended in 2010. As an inter-sectoral plan coordinated by the Ministry of Environment and Tourism (MET), the NBSAP provided guidance for the implementation of the Convention on Biological Diversity (CBD) to which Namibia is a signatory. The NBSAP highlighted the need for support for currently under-protected key ecosystems of biodiversity importance, adequate input into the process of zoning, development of guidelines and environmental assessment of proposed aquaculture developments. It also offered the Ministry of Environment and Tourism (MET) the legal mechanisms for achieving the goal to develop management plans for the coastal parks. Namibia is currently formulating its second NBSAP and the proposed project would complement its outlined objectives. In 2007, the GRN passed an Environment Management Act which provides the environmental framework legislation for Namibia.

In 2005, with support from the GEF/World Bank, GRN initiated the Namibian Coast Conservation and Management (NACOMA) project establishing a strong platform for governance of the broader coastal landscape and seascape and strengthening the policy framework for coastal governance through development of a draft National Coastal Policy (NCP). The project is closing in April 2012, and is already indicating gaps and needs in the future. The NACOMA project supported the development of an integrated coastal zone management policy (ICZM). The draft NCP promotes integrated and cooperative coastal governance and outlines a vision for the coast that prioritizes sustainable development of coastal areas through equitable and integrated coastal management that balances conservation and economic development. Preparation of the draft NCP involved a highly participatory consultative process that began in early 2006 and resulted in the publication of a Coastal Policy Green Paper in July 2009 and a White Paper in December 2010. The NCP is currently awaiting tabling by Cabinet but is anticipated for adoption before May 2012. Once adopted, it will provide key enabling mechanism for strengthening coastal governance in Namibia. The NACOMA project also contributed to the protection of coastal and marine biodiversity by assisting in the declaration of two new protected areas (PAs), the Dorob National Park (DNP) and the Namibian Islands Marine Protected Area (NIMPA) and improving the governance of a number of other coastal PAs (Skeleton Coast Park (SCP), Cape Cross Seal Reserve (CCSR), Namib Naukluft Park (NNP), Sperrgebiet National Park (SNP), Sandwich Harbour Ramsar site and Walvis Bay Ramsar site).

In December 2011, the GRN concluded a significant milestone of its Climate Change Agenda, when they launched the Second National Communication (SNC) at the UNFCCC COP 17 in Durban. This Communication follows the UNFCCC guidelines and includes information on Namibia's Greenhouse Gas Inventory for the year 2000, as well as measures to mitigate emissions and adapt to climate change in key sectors. Previous to this, the GRN had completed a number of in-depth studies including: the vulnerability and adaptation assessment, sea level rise, technology needs assessment and GHG inventory (between 2010 and 2011). In November 2011, MET had finalized and launched the National Climate Change Policy (NCCP) that will support actions to reduce the vulnerability of Namibians and various sectors to the impacts of climate change and build capacities at all levels for implementation of climate change response activities. Objective 2 of the NCCP is to develop actions and strategies for climate change mitigation through the development and implementation of renewable energy and energy efficiency, Clean Development Mechanisms (CDM) and enhanced carbon sinks. The White Paper on Energy recognizes the renewable energy potential of Namibia in the form of rich gas reserves, hydropower, ocean energy and plentiful solar and wind resources. The emphasis is to promote the use of renewable energy through the establishment of adequate institutional and planning frameworks, the development of human resources, public awareness, and suitable financing systems all link well to energy related climate change issues. It also focuses on energy efficiency, environmental impact assessments for major energy related development projects, investment in renewable energy and rural electrification and solar water heating. Namibia's Renewable Energy Project Phase 1 (2004 – 2007) helped remove barriers and develop general understanding and acceptance of the concept; Phase 2 (2008 – 2010) helped to implement activities.

Despite NACOMA's success in setting the initial stages for a strong policy and governance of the coastal marine ecosystems and increasing protection of coastal biodiversity described earlier, the majority of threats and pressures on coastal resources from burgeoning coastal development and industry continue to increase and intensify. Growing economic development and human activities along the coast and in the marine environment are leading to unprecedented migration, bringing with it uncontrolled urban development that results in overuse and pollution of freshwater resources, an increase in industrial coastal and marine pollution, degradation of water regimes for coastal wetlands, and other land and water degradation. With its long coastline and important fisheries sector, Namibia is vulnerable to the impacts of sea level rise and associated storm surges that can bring about biogeophysical impacts such as coastal erosion; flooding, inundation and displacement of wetlands and lowlands; landslides; salt water intrusion into freshwater aquifers and estuaries; and reduced protection from extreme storm and flood events. Coastal populations have a high dependence on aquifers and this constitutes a key vulnerability. Coastal ecosystems provide services such as provision of food, tourism/recreation, flood attenuation, and replenishment of groundwater. But, Namibia's marine and coastal areas are increasingly vulnerable to the negative impacts of climate change, especially in the growing urbanized locations such as Walvis Bay. The stresses on ecosystem services may affect the natural habitats as well as the human populations both directly (flooding, coastal erosion, impact on harbors etc.) as well as indirectly through marine and coastal ecosystem changes (changes in fish populations and productivity impacting on the fishing industry as well as coastal biodiversity including endangered seabirds).

With the wealth of analytical studies and policies on climate change, environmental management and integrated ecosystems coastal management now in place, it is imperative to integrate the various sectors policies and ensure that different sectors of the

society, both NGOs and productive sectors work together with the government to ensure the sustainable development of Namibia. Different line ministries and the private sector have been participating in various NACOMA advisory groups and commissions and there is an interest to harmonize development and ensure that the cost-benefits of different development options are well known. NACOMA Phase 2 funding is key to influence how all the policies and investments that will happen on the coast are incorporating the values of biodiversity and ecosystems, stop land degradation and enhance the use of renewable sources of energy, as well as reduce vulnerability to climate change.

Relationship to CAS

The proposed project is closely aligned with the WB's program in Namibia. Support to the GRN on environment is, along with education, listed as the top priority in the Interim Strategy Note – Engagement Framework for the Republic of Namibia (April 2007). This is the document that currently guides WB engagement with Namibia and is currently being updated by a Country Partnership Strategy (CPS) that is expected to coincide with the Fourth National Development Plan that the government is preparing. Technical assistance on natural resource management, water conservation, energy, and climate change are the major share of financial resources that the WB has allocated to Namibia over the past years. This emphasis reflects the centrality of environmental sustainability for Namibia's economic development. All major sources of economic growth and livelihood directly use the country's biodiversity, natural resources, and services of the environment, and are vulnerable to climate change. Realizing the aspirations of Vision 2030 will require increased attention to a greening of the economy.

II. Proposed Global Environmental Objective(s)

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To mainstream an integrated coastal zone management approach (ICZM) for the development of the Namibian coast.

Key Results

- Area (km²) of terrestrial and marine ecosystems of biodiversity importance under effective management increased.
- Number of people engaged in sustainable land and water use activities increased.
- Integrated coastal zone management approach incorporated into planning, policy, institutions and investments at national, regional and local levels by project end compared to baseline.

III. Preliminary Description

Concept Description

This project is expected to be funded by a US\$3,577,000 GEF grant and US\$17,332,000 in co-financing from GRN. The partnership between the GEF, the Government of Namibia and the private sector (tourism, fisheries and mining) is an innovative and exciting approach to marine and coastal zone conservation and to mainstreaming integrated coastal zone management (ICZM) in productive sectors in Namibia.

Coastal management in Namibia is currently on the cusp of success and failure. The NACOMA project has supported essential initial steps towards establishing an effective governance framework, promoting decentralized decision making and protecting key marine and coastal biodiversity. Ongoing support for coastal governance activities through this project are essential to: a) boost the baseline of a developing, yet currently inadequate integrated coastal governance framework; b) strengthen newly proclaimed yet ineffectively managed coastal and marine protected areas; c) support preliminary steps towards mainstreaming the ICZM approach into production sectors; and d) bring new opportunities to integrate renewable energy programs in the National Coastal Policy. In the absence of support, there is a high likelihood of persistent degradation of high-value, unique biodiversity and natural resources and loss of opportunities for sustainable coastal development.

The proposed project would include three interrelated components and an administrative management component.

Component 1: Implementation of the National Coastal Policy (NCP)

This component would conduct the following activities with GEF funds: a) an economic and environmental assessment of the coastal tourism sector and recommendations to focus on how to incorporate an ICZM approach in policies and regulatory frameworks and provide alternative benefits of tourism to production sectors; b) a strategy for renewable energy (including solar, biogas, concentrated solar power and ocean) specifically for the coast. This will be done jointly with coastal local authorities and the energy and mining sectors; c) the development of tools for the sustainable land management and development practices in the wider coastal landscapes and seascapes and of at least two certified coastal production landscapes and seascapes (i.e. fisheries and mariculture, tourism or mining); and d) a study of the economic impacts of coastal erosion and climate change effects on biodiversity, ecosystems and coastal inhabitants (including coastal Ramsar sites).

With counterpart funds, this component would support: a) the designation of the permanent institutional structure for the NCP and the long term budgeting; b) the functioning of advisory mechanisms for collaboration and integration among sectoral agencies and across multiple scales on sustainable coastal and ocean management issues; and c) the influencing of key policies and regulatory frameworks to incorporate marine and coastal biodiversity and renewable energy technologies in fisheries, tourism, energy and mining.

Component 2: Institutional Strengthening, Knowledge and Research for ICM

This component would conduct the following activities with GEF funds: a) the development of a monitoring system to ensure

compliance and enforcement of coastal regulatory framework at the national, regional and local level; b) the establishment of a coastal and marine biodiversity information center and the upgrading of existing coastal information centers that will become a hub for disseminating and communicating key information gathered by NACOMA on legislation, policies, best practices for the tourism, fisheries and mining sector, biodiversity and ecological information, major potential threats. The center will also play a critical role for training and youth and volunteer programs to raise awareness about the values of the coast and marine natural resources. This component would conduct the following activities with counterpart funds: a) the functioning of inter-ministerial committees for integrated ocean and coastal management to monitor enforcement and compliance to the NCP including climate change mitigation measures; b) co-financing of the coastal and marine biodiversity information center in cooperation with the private sector and other donors; c) support awareness-raising initiatives and communication campaigns on coastal and marine biodiversity and climate change mitigation (to support technicians in design, installation and maintenance of solar, biogas, concentrated solar and ocean energy systems); and d) research projects on key coastal and marine biodiversity required to generate up to date information to display at the center.

Component 3: Coastal and Marine Protected Areas Investments

This component would support on-the ground investments within and outside coastal and marine protected areas. The GEF fund would finance: a) the infrastructure and equipment for Dorob National Park (DNP - 811,800 ha) and the development of sustainable financing plans for the marine and coastal PA system (i.e. Namib-Skeleton Coast National Park made up of Skeleton Coast Park (1,639,000 ha), Namib-Naukluft Park (4,976,800 ha), Sperrgebiet National Park (2,600,000 ha) and Namibian Islands Marine Protected Area (1,180,000 ha); b) the implementation of a small and medium micro enterprises (SMME) program for: i) rehabilitation of degraded lands with communities involvement around PAs and ii) piloting renewable energy technologies in the coastal areas such as solar, biogas, concentrated solar and ocean energy systems where appropriate.

This component would support with counterpart funds: a) the posting of new staff in the coastal zone to work on research, law enforcement, crime prevention and tourism development; b) investments in some marine and coastal park infrastructure; and c) the posting of more staff to improve management effectiveness of marine and coastal protected areas and to advise the fishing industry on harvesting and reducing by-catch mortalities.

Component 4: Project Management

This component would support the day to day operation of a project implementation unit responsible for the following functions: a) administration; b) coordination; c) financial and audit management; d) procurement management; e) monitoring and evaluation; f) fundraising; and g) reporting.

IV. Safeguard Policies that might apply

| Safeguard Policies Triggered by the Project | Yes | No | TBD |
|--|-----|----|-----|
| Environmental Assessment OP/BP 4.01 | X | | |
| Natural Habitats OP/BP 4.04 | X | | |
| Forests OP/BP 4.36 | | X | |
| Pest Management OP 4.09 | | X | |
| Physical Cultural Resources OP/BP 4.11 | | X | |
| Indigenous Peoples OP/BP 4.10 | | X | |
| Involuntary Resettlement OP/BP 4.12 | X | | |
| Safety of Dams OP/BP 4.37 | | X | |
| Projects on International Waterways OP/BP 7.50 | | X | |
| Projects in Disputed Areas OP/BP 7.60 | | X | |

V. Tentative financing

| Financing Source | Amount |
|-----------------------------------|--------|
| BORROWER/RECIPIENT | 17.32 |
| Global Environment Facility (GEF) | 3.57 |
| Total | 20.89 |

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