



# **Namibian Insurance Scheme - HAC SIS**

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*PCLG Case Study – No3*

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# Namibian Insurance Scheme - HAC SIS

The following case study was put together using a framework designed to help gathering information on lessons learnt globally on the financial, institutional and structural components required to have sustained success in tackling Human Wildlife Conflict.

## 1. GENERAL BACKGROUND

What is the name of the HWC scheme you are focussing upon?
Human Animal Conflict Self Insurance Scheme (HAC SIS), and its successor the: Human Wildlife Self Reliance Scheme [HWSRS]  <i>Note:</i> the original name of the scheme was supposed to be Human Animal Conflict <i>Conservancy</i> Self Insurance Scheme since it was designed for conservancies and the design is not appropriate for areas outside conservancies that lack management structure or staff; a conservation mandate to generate income; and a constitution that stipulates equitable distribution.
Whose scheme is it e.g. NGO/ national government/ multiple agencies
The original scheme (HAC SIS) belonged to the communal area conservancies [CBOs] that were then working in two regions in partnership with the NGO IRDNC [Integrated Rural Development and Nature Conservation] and the Namibian Government. Its successor (HWSRS) is now a national scheme incorporated in the Policy Document on Human Wildlife Conflict
What is your [the author's] relationship with the scheme?
<i>Please mention your name and position</i>  Much of the information used to compile this study was also provided by Richard Diggle [currently WWF Namibia, formerly IRDNC where he was involved in the design of the scheme] with further inputs from Carol Murphy [an independent consultant based in Caprivi Region, Namibia], who discussed it with Dominic Mwema and Benntty Busihu (IRDNC staff in Caprivi who facilitated the implementation of HAC SIS). Additional data is taken from Jones & Barnes' 2006 study on HWC in Namibia [written as independent consultants for WWF]. Additional references include Kasaona 2006 [a then MSc candidate at University of Kwazulu-Natal], and Morrison <i>et al</i> 2009 [WCS TransLinks Program]. All of these sources were compiled into the case study presented by E. Bowen-Jones for IIED.
What are its objectives/ are there defined objectives?
The original objectives of the Human Animal Conservancy Self Insurance Scheme were: a) Increase community tolerance towards problem causing animals b) Create an incentive for farmers to manage and protect their stock and crops better c) Encourage conservancies to put in place a management strategy to mitigate problems d) Promote the equitable distribution of benefits so that individuals who suffer losses can benefit from wildlife income
Where is it applied – country/region/site e.g. protected area
HAC SIS was piloted in Caprivi and Kunene Regions in Namibia that had high HWC incidences (north-west and north-east Namibian respectively), focusing on two Caprivi and two Kunene Conservancies with whom IRDNC were already and a third Kunene conservancy operating the scheme on its own. It was later expanded to include other conservancies. All the areas selected initially had proven abilities in managing their staff and running their wildlife monitoring systems (known as 'the Event Book'). The HWSRS has now expanded to all communal lands in Namibia.

How long has your scheme been in operation, and when did it start?
The original HACSIS scheme ran from 2003 to 2010.
Is it still in operation?
<i>If not why not</i>
The HACSIS has now been aligned with, and subsumed into, a national wide scheme for communal lands: the Namibian Government's Human Wildlife Self Reliance Scheme [HWSRS] with began in 2011. In doing this the government aimed to ensure that all communal areas - including those Conservancies that were already included in HACSIS – can [in theory] be officially included in this expanded scheme – which, R. Diggle reports, has 90% + of the same procedures.
Is it species-specific? Or does it deal with multiple species?
<i>Please list the species in question</i>
HACSIS encompassed: a. Funeral expenses due to deaths and livestock deaths caused by lions, cheetahs, hyenas, buffaloes, crocodiles, hippos and elephants as well as livestock loses of cattle, goats, sheep, horses and pigs. b. For crop, conservancies had only started with elephants for losses on maize, millet, sorghum and vegetables. However there was acknowledgement that buffalos and hippos are also a problem and should be looked at once the scheme is running properly. Note: although the scheme focuses on species of high commercial value such as lions i.e. for trophy hunting, it also includes those with little such value but that are protected e.g. hyenas.

## 2. TYPE OF INTERVENTIONS

Does your scheme, or the wider project is sits within, include one or more of the following <b>mitigation measures</b> ?
<i>if so please tick the appropriate boxes and give a brief description of the interventions in question – see note<sup>1</sup> below.</i>
Compensation [financial or non-financial]
An early version of the HACSIS used the term “compensation” but this was deemed to convey an inaccurate message to 3 <sup>rd</sup> parties. In reality it was neither a strict compensations scheme nor a normal insurance scheme but one that addressed the constitutional requirements [as explained below]
Insurance
R. Diggle [ <i>pers comm.</i> ] suggests that HACSIS scheme it is really more aligned with payment for ecological services than traditional insurance [since it sought to offset the economic cost of living with wildlife when an individual can prove said direct cost].  It was designed to specifically address the ideas that: a. Conservancy constitution stipulates equitable distribution of revenue from wildlife, which means that returns should differ based on the level of cost incurred in living with wildlife

<sup>1</sup> If your scheme does not involve compensation, insurance or performance payments, and nor does it have any other financial mitigation component then please don't fill in the rest of the case-study pro-forma, just return it as it is.

[something that, although not specified directly under Namibian law is effectively a requirement to due to the broad principles of revenue distribution that Conservancies are required to operate under].

b. It should not be only conservancies, but also national and international stakeholders that have claimed a responsibility and interest in the specific species mentioned, who cover said costs.

Discussions were held at an early stage with commercial insurance companies (including those covering public liability and life insurance) but no affordable solution was found. In fact R. Diggle [pers. comm.] notes that affordability of premiums wasn't the main concern of the conservancies concerned (some quotes weren't far off if one was to compare the cost of premiums against their total income). Their main worry was that if they paid up front and there are no claims they would lose out; basically communities prefer to pay when there is an incident.

HACSIS was, therefore, not a typical "insurance" scheme where clients take out an insurance portfolio with an insurance company and pay premiums. The term, "self-insurance" refers to the CBOs contributing directly to the payouts.

Namibian government policy is not to "provide compensation to farmers for losses due to wild animals" (Namibian Govt, 2009, pg 9). The Namibian Government part funds the new HWSRS through the Game Products Trust Fund [GPTF] but their policy and guidelines strongly indicate their expectation that the broader HWSRS is predominantly funded from Conservancies/ farmers' contributions.

#### Performance/ incentive payments

Participating members had to take mutually agreed proactive measures to protect themselves their crops and cattle – thus this could be seen as a sort of performance-based payment – [all of which encouraged more accurate monitoring conditions]. It was the adherence to strict payment conditions such as responsible husbandry (kraaling cattle at night and herding during the day) as well as making an effort to guard crop fields at night that ensured only valid claims were made.

#### Additional benefits being provided to HWC affected communities [e.g. under CBNRM]

*i.e. securing community land tenure and usage rights; tourism revenue sharing; alternative livelihoods projects; etc.*

HACSIS ran only in registered communal area conservancies as the main CBO structure implementing CBNRM in Namibia. Only registered conservancy members were eligible to make a claim and claims were recorded and verified by conservancy staff (rangers) and Traditional Authority members, with the Namibian Government monitoring the scheme (Ministry of Environment and Tourism staff). HACSIS payouts were donor funded in the first year [when it was being piloted] but as it matured conservancies paid 50% of claims using the revenue they generated from tourism ventures.

The scheme was combined with assisting in use of preventative measures including the use of chili as a deterrent, advice on zoning of crops [see next page] and the sharing of benefits from trophy hunting.

#### How are the above benefits being linked to HWC resolution?

*i.e. how are you making the link between community benefits and conservation, and are the beneficiaries being differentiated on the basis of the level of HWC they experience?*

Conservancy members could only benefit from pay outs if they had adhered to the conditions for valid claims which included farmers guarding their livestock and fields.

The HACSIS payments are explicit due to the land and communities in question being inside the conservancies involved, and payment is made for conflict in these same areas.



Does your scheme, or the wider project scenario it sits within, include any <b>preventative measures</b> ?	
<i>Please provide brief detail in the appropriate boxes:</i>	
Fencing	Kraaling cattle was one of the conditions for a valid claim in HACSYS. And indeed, according to R. Diggle, often more farmers kraaled their cattle in HACSYS covered areas which itself reduced losses. Crocodile proof fencing at drinking pools were also part of the preventative measures trialed by IRDNC but never taken on by the conservancies themselves due to issues of maintenance and ownership (Conservation and the Environment in Namibia, 2006/7 and C Murphy <i>pers. comm.</i> ) although they are currently being tried again. Electric fencing has been trialed in Caprivi in the past but construction and maintenance costs as well as institutional arrangements proved prohibitive.
Guarding	A condition of HACSYS was that farmers had to prove they had made attempts to guard livestock during the day, and kraal at night Also to guard their crop fields (e.g. sleeping in field at night or using a “hot fence” (chili fence)).  In Caprivi in the past attempts have been made to guard crop fields at night against elephants. Villagers, conservancy game guards and MET [Ministry of Environment and Tourism] staff have deployed to protect fields in joint efforts.
Voluntary resettlement	Voluntary resettlement has taken place in some conservancies (notably Mayuni Conservancy in Caprivi when the Chief made an example by moving his own fields and asked his headmen to do the same) as part of the Conservancy Natural Resource Management Planning, specifically zoning area for wildlife and tourism use.
Land-use strategies	Decision-makers still don’t consider wildlife as a viable livelihood option/ a legitimate land use. Land use planning is therefore driven primarily by promotion of crop farming and livestock without considering the existing use of land for wildlife or what options are necessarily most suited to a given areas climatic/ ecological conditions. This leads to increased conflicts at the regional and local levels.
Others	To add to traditional methods of crop protection (e.g. sleeping in fields at night, banging drums etc), chili has been used as an elephant deterrent. A mixture of chili and elephant dung is used to make “chili bombs” which are placed around fields and burnt to produce an unpleasant smelling smoke. Or used engine oil mixed with dried, crushed chili and smeared on rags that are tied on a fence around the crop fields i.e. a “hot fence”.

Does your scheme, or the wider project scenario it sits within, include any <b>reactive measures</b> ? e.g. lethal removal
Lethal removal is often the only way to deal with predators, elephants, and crocodiles that

repeatedly cause problems and if they kill humans. In some cases it is possible to offer identified problem animals to trophy hunters so that the local community can gain some income from animals killed. For protected species such as elephant, rhino and hippo this requires a license, i.e. with the MET declaring an individual a “problem” animal. And, there is also non-lethal management via capturing and moving problem animals such as crocodile.

Does your scheme, or the wider project scenario it sits within, contain any other elements that we have not listed above?

Growing unpalatable crops such as chilli for the commercial market (piloted in Caprivi, but apparently limited to-date by not having attained a critical mass of production or a secure market/outlet).

‘Conservation Agriculture’ to reduce the size of traditional fields [through the employment of intensified but sustainable methods e.g. through digging basins fertilised with kraal manure] so they are easier to protect, whilst yield are concurrently increased (Murphy, 2009) and the area available for wildlife and tourism purposes is also increased.

### 3. RELATIVE IMPORTANCE

Please rank the elements of the HWC resolution scheme in approximate order of relative importance as far as you are concerned

HACSIS was developed by the Conservancies themselves and they agreed to match any third party financial contributions [these both being conditions that may not be continued under HWSRS].  
The scheme addressed the issue of collective income from wildlife with individual losses caused by said wildlife.  
The scheme devolved management to the lowest level possible i.e. CBOs.  
There were strict claim conditions including limited payouts to valid claims.  
The scheme encouraged greater farmer vigilance (e.g. kraaling at night, guarding fields during day).

Describe the scheme, detailing how the various elements work together and any dependencies that there may be therein

*e.g. land-use planning ensuring that compensation payments are kept to a reasonable level*

HACCs process [taken from Namibian Government, 2005, pg 43]:  
Conservancy informed conservancy members of scheme and involved them in design and set-up MOU between IRDNC and Conservancy [to formalise IRDNC 50% contribution towards claims\*, and confirm the parameters for doing so].  
Conservancy member reports incident to community rangers in agreed time period  
Rangers investigate immediately  
Conservancy Committee and Traditional Authorities verify claim  
Review panel meets quarterly to approve claim (panel is Conservancy Committee, Traditional Authority, NGO and Government)  
Conservancy pays successful claimants  
Death – immediate funeral payment, but claim still reviewed by panel.

\* the idea being for IRDNC to secure 3<sup>rd</sup> party funds with a long-term plan to replace these with income from an endowment fund

Does the order of importance you gave match the perceptions of the beneficiaries?

*i.e. are some elements given more significance than they really warrant e.g. dealing with large, dramatic HWC events versus regular, smaller events with higher total impact?*

In Caprivi, some wildlife species that cause considerable damage (e.g. bush pig) were not included in HACSYS since they are neither high-value or protected species – these are, however, still perceived as important, unresolved, HWC incidents by community members.

#### 4. PROCESS

Whose idea was it to initiate this scheme, and why?

*i.e. what stimulated its inception e.g. was the statutory authority involved not taking sufficient action; were levels of HWC escalating, etc.*

Namibian Government's policy was not to compensate for wildlife damage so the Conservancies decided to act, in partnership with IRDNC, since improved conservation was leading to perceived increases in human wildlife conflict.

There was, therefore, a need to balance individual loss with collect benefit from conservancy tourism ventures.

What was the process of selection of the HWC interventions selected?

The NGO [IRDNC], Conservancies, Traditional Authorities and Govt officials worked out the HACSYS details together with the idea of coming up with a schemes that recognising the above described costs and the need to offset them [rather than fully cover them].

How were potential beneficiaries involved in the design of the scheme

Conservancy Committee staff and their Traditional Authorities were key players in designing the scheme. They represented the beneficiaries.

Were or are there any important legal or institutional challenges that needed to be overcome to establish and implement the scheme, or was the existing system sufficiently supportive?

Perceived implementation challenges at the pilot stage of HACSYS vary according to perspective. The Namibian Government's\* perception seems to have been that:

- there wasn't enough technical and logistic support for verification and processing of claims
- that the review panel did not always work as well as needed
- that documentation was weak, forms incorrectly filled in, other missing
- that IRDNC did not have the capacity to facilitate HWC mitigation plans
- that there was insufficient information provided to conservancy members (in spite of pamphlets going to each household)
- and, that payments did not cover the real cost of livestock (too low).

However, from IRDNC's perspective the payments of cattle were not meant to cover the cost of the loss [but to offset it], the review panel was working better than other similar mechanisms, and the verification of claims was supposed to be carried out by the conservancies.

As previously mentioned a number of different ministries are involved in land-use planning and land management including the MET, the Ministry of Lands and Resettlement (MLR), the Ministry of Agriculture, Water and Forestry (MAWF), and the Ministry of Regional and Local Government and Housing and Rural Development (MRLGHRD). However, only MET deals directly with HWC issues, while planning by other ministries mostly does not take HWC into account and often leads to increased conflict. As a result, the MET is coming under increasing pressure to deal with HWC, yet without the cooperation of the other Ministries whose decisions and policies may be causing the conflicts, the MET is unable to fully resolve the situation in a sustainable way [and this requires their recognition of the livelihoods potential from wildlife].

Although the conservancy approach was partly developed to provide local communities with income from the use of wildlife that could offset HWC losses, conservation success has led to increased HWC problems. This perceived increase in problems and costs, as well as the lack of devolution of decision-making over certain HWC issues e.g. shooting problem animals, have resulted in growing frustration in some parts of the communal areas.

\*2005 report, page 43

How could any challenges you have mentioned be overcome

Key Ministries such as Lands and Resettlement need better understanding of how wildlife can contribute to rural development. The use of Environmental Assessments for key ministerial and development projects would assist in identifying potential problems and the establishment of appropriate prevention, reduction or mitigation measures

Removal of the domestic and international disincentives to investment in and use of wildlife could be expected to considerably enhance the economic benefits of wildlife relative to the HWC costs. There is a need for a detailed study on the effects of trade barriers, restrictions, taxes, subsidies, property rights, and similar factors on the value of wildlife in Namibia. This could be combined with a study on incentives and disincentives in the livestock industry.

## 5. STRUCTURE AND COSTS OF THE SCHEME

What was the overall set-up cost for your scheme, and where did this money come from?

*Please list any major one-off items required for the initial establishment.*

The initial investment was US\$ 20,000 from Goldman Foundation. This was followed by a grant of N\$200 000 (US\$ 28,652) from the GEF Small Grants Fund administered by UNDP to enable claim payments; for the second phase it was agreed that conservancies would cover 50% of the costs themselves, but payments per year would be capped at N\$10 000 (US\$ 1,433).

What are the annual costs of running your scheme?

Overall it can be considered that the cost of insurance schemes would potentially be around N\$ 13,960 (US\$2 000) a year per conservancy, depending upon number of incidents. Although this amount does not include the technical support of local and technical staff time and cost.

What were the main components of this cost? e.g. staff time, labour, etc

Existing Conservancy, NGO and Government staff time and associated costs such as vehicles.

What is the total pay-out from the scheme to-date?

*If possible also tell us how many incidents it has been used to mitigate/ how many pay-outs there have been*

Jones & Barnes 2006 report that 'during the pilot phase in Caprivi 20 claims were paid out in 2003 totaling N\$22 600 (US\$ 3,238). Eleven were for livestock losses caused by lions; eight for losses caused by crocodiles and one payment was for the funeral of a young child killed by an elephant. In Kunene region for the three participating conservancies, 99 claims were paid out totaling N\$72 940 (US\$ 10,449). All these payments were for livestock losses, most of which were caused by hyena and cheetah.'

How have you funded this

*E.g. local government revenues; central government funding stream; tourism levy; or donor*



*finance?*

The funding strategy for HACSYS was to share responsibility for financing between the conservancy with their 50% and the national and international stakeholders with a matching 50% [and apply the principles of PES: payment going directly to people that incur the real costs].

Indeed as R. Diggle (*pers. comm.*) suggests there is a strong argument for the international conservation community to provide ongoing support to conservancies such as Kasika with regard to HWC. This is because the elephant problems experienced by residents of Kasika are part of a regional elephant conservation problem. If conservationists want Kasika to become a dispersal route for elephants from Botswana to other countries, they should be willing to assist local people to bear the costs.

Jones & Barnes 2006 quote figures that two up-market lodges could bring in around N\$400 000 (US\$ 57,304) a year as well as trophy hunting contracts worth around N\$500 000 (US\$ 71,630). This was the anticipated source of the conservancies' 50% contribution to HACSYS that was matched by the donor funds mentioned above i.e. UNDP GEF.

Are the sources of funding permanent or time limited?

*And if so how many years are costs currently assured for?*

Although HACSYS ended in 2010, the HWSRS should theoretically [given its embedding with government policy], be in a strong position in terms of permanence. However, it remains to be seen as to whether or not this is the case. In reality it may depend upon whether access to national funding e.g. Game Products Trust Fund [GPTF] is sufficient to counterbalance the probable loss of international financing now that it is going to be seen as a 'government scheme'.

How is it decided who benefits from the scheme?

*e.g. eligibility criteria – such as minimum time of residence; geographic limits, etc.*

Under HACSYS claimants had to be registered conservancy members [residents]; under HWSRS this may not be the case – all residents may be eligible.

How did you work out what level of payment/compensation was appropriate, and is this amount subject to review [if so when and how?]

Payments under this scheme are made to cover livestock losses at fixed rates which do not cover the full value of the animal in question but aim to partially off-set the loss to the farmer.

Crop damage was assessed by dividing fields into quarters, with set payments due for  $\frac{1}{4}$ ,  $\frac{1}{2}$ ,  $\frac{3}{4}$  and total destruction irrespective of field size. This meant that those with smaller fields got proportionally more, which [as smaller fields are normally owned by poorer people whose livelihood losses would be greater] helped to promote equity over equality.

'Conservation Agriculture' attracted a premium under HACSYS [although this isn't, apparently, going to be retained under HWSRS].

A payment at a fixed rate [N\$ 5,000] is also be made to cover funeral expenses in the case of the death of a conservancy member or his/her minor child caused by wildlife.

How are you dealing with any perverse incentives that you might have identified as arising from the scheme (*e.g. incentives to migrate to the area*) or any opportunities for/ instances of abuse?

Claims are only paid out for losses caused by certain species of predator and to registered conservancy members under the following conditions:

- No payment are made if the farmer cannot demonstrate his / her attempt to protect their crops / livestock [with exemption for the elderly with respect to looking after their fields]

- No payments are made for livestock killed in a protected area or conservancy exclusive wildlife zone
- Stock deaths must be reported within one day of the incident occurring
- The cause of death and loss (crops and livestock) must be verified by a community game guard (e.g. by checking spoor)
- No payments will be made if the livestock was killed at night without being in a secure kraal or other enclosure
- Conservancy staff and traditional leaders will inspect stock enclosures of members and advise where strengthening is required. And, no claim will be valid if recommended improvements are not carried out.
- Claims will not be accepted if members were warned that predators were in the area and they took no action to bring the livestock to safety
- Following a successful claim, a member can forfeit any future claim if he/she does not improve enclosures as recommended

How is the scheme administered; what are the different roles and responsibilities of the different groups involved?

*E.g. which is the lead organisation, and who is responsible for outreach/field implementation?*

Farmers are able to submit claims for stock losses to the conservancy. A committee consisting of conservancy representatives and the traditional authority assesses claims, monitored by MET [Ministry of Environment and Tourism] and the local conservation NGO (i.e. IRDNC).

Do the institutions involved have sufficient capacity to run the scheme effectively?

Ongoing training will need to be provided to ensure best results

## 6. OUTCOMES

What are the main achievements of the scheme to-date; and what have the key challenges been?

### *Achievements*

The scheme is yet another “tool” that seeks to increase the tolerance of residents for wildlife.

R. Diggle reports that it has also helped to put the problem into proportion. HWC is often driven by perception, which does not always relate to financial losses alone but also the emotional and cultural feelings / views. With HACSIS the actual loss incurred was far less than anticipated, which had a number of beneficial spin offs, not least of which was that it is relatively affordable.

In addition there has been a real improvement in terms of the conservancies feeling ownership/responsibility for wildlife within their areas, due to the powers devolved to them.

Finally, HACSIS demonstrates how a scheme can successfully address both individual losses and collective gains. [Providing a possible model for Payment for Ecosystem Service schemes].

### *Challenges*

R. Diggle cites the management challenges of securing sufficient matched funding; keeping HWSRS from becoming a compensation scheme rather than a ‘self-assurance’ scheme; physically dealing with all the claims; and accounting for the bulk funding that GRN has provided, as key issues for the future of the scheme.

In addition, greater HWC resolution could be achieved if Conservancies were better able to address land zonation. However, they have no rights over land, only wildlife. So while a

Conservancy might develop a zonation plan this has to be based on resource, not land use.

Previously Jones & Barnes 2006 observed that more attention needed to be given to expanding the benefits of wildlife reaching households: this requiring policy changes at national level including increased security of land tenure. Kasaona 2006 also noted that logistically HAC SIS experienced a backlog in the number of claims under being reviewed. It remains to be seen how HWSRS performs in light of these observed additional issues.

Is the scheme achieving its objectives?

HAC SIS seems to have succeeded in channeling collective income from tourism and wildlife to individual residents/members that have incurred losses. It also seems to have done so without significant abuse of the system [e.g. Kasaona 2006 suggests that that community livestock management practices have not changed to deliberately benefit from the compensation, and that community management strategies have in fact improved because of the conditions set by the review committee dealing with the compensation scheme].

How are you measuring the impact of the scheme/ its effectiveness?

*I.e. what indicators do you use?*

IRDNC report. Presentation at 2005 workshop (see Namibian Government, 2005)

Is it cost-effective compared to other options that could have been selected?

*And, if there were other more cost-effective options available why didn't you opt for these?*

Do the benefits to the local population/ communities from the scheme compare to the costs they incur as a result of problem animals?

On a macro level it can be argued that the economic benefits associated with wildlife in Caprivi tend to outweigh the private economic costs in terms of crop and livestock losses. Thus the Namibian government policy of promoting a system of CBNRM where wildlife can pay for itself, and communities can internalise both the costs and benefits from wildlife appears to be economically sound.

However, at individual level compensation can never be adequate to cover certain incidents e.g. loss of life, and therefore the scheme acknowledges this and makes a contribution towards losses incurred that is affordable to the conservancy involved. Prior to HAC SIS not such payments were made.

It is difficult to provide a complete analysis of the value of wildlife to livelihoods at the household level because not all conservancies make direct payments to households, many of the benefits are provided through social projects and many are intangible (such as empowerment and capacity building). Existing research on the impacts of HWC on livelihoods (e.g. Murphy *et al* 2004, cited in Jones & Barnes 2006) indicates that while some households suffer considerably, the income generated by wildlife through conservancies does not always reach the affected households.

How do you assess this?

*e.g. via community perceptions or level of satisfaction; or, through assessment of [financial/ nonfinancial] costs and benefits; are you using opportunity costs, and are you including wider benefits from CBNRM schemes, etc.*

In this instance the measure of assessment is through financial costs and benefits:

Jones & Barnes 2006's analysis demonstrates that the existing information about economic

losses through HWC in Namibia is neither exhaustive nor consistent. The physical and monetary extent of HWC damage is extremely difficult to measure, and data is highly variable temporally, spatially and depending on the sources and methods used. They therefore state that some manipulation is required to derive average values with any validity but equally manage to suggest that the total average annual value of losses due to wildlife (including both crops and livestock) is US\$78 per household, which represents 7% of total household cash income (at around US\$1,080 for Caprivi). And, that as a rough estimation, the combined costs of HWC to communal area farmers in Namibia (Kunene, North of Etosha and Caprivi) is around US\$1 million annually.

The same authors state that 'although the direct financial benefits to households from CBNRM in Namibia are relatively low and hard to determine, at a conservancy level financial benefits are substantial and easy to calculate. Reviewing the 2009 State of the Conservancy Report suggests a within conservancy generated 2005 income of about N\$13.8 million which has risen to about N\$35 million [including non-cash income]\*.

\*[http://www.nacso.org.na/SOC\\_2009/Chapter\\_2\\_Income.pdf](http://www.nacso.org.na/SOC_2009/Chapter_2_Income.pdf)

Are there affected communities or individuals that are not benefiting from the scheme and why?

Yes: under HAC SIS not all residents were included because they weren't registered conservancy members\* – which is generally problematic given that their land is part of the conservancy where elephants can cause damage and are shot. As previously mentioned, this was something that the conservancies decided upon during HAC SIS's design, and that may be reconsidered under HWC SRS [R. Diggle *pers. comm.*].

\*something that occurs for a variety of reasons including this being perceived as a 'western idea' for some who don't want to sign up on pieces of paper; not being aligned to the committee members due to personal/ tribal differences; or being on the geographic fringes of the conservancies

What percentage of households affected by problem animals are currently benefiting from the scheme?

The intention was for the majority of affected households within areas covered by HAC SIS to benefit where claims were valid; and the future hope is that HWC SRS will cover all households in/ residents of communal lands.

What are the key lessons learnt so far

Conservancy members help develop the scheme ensuring ownership of scheme was devolved to users and beneficiaries.

Costs were not prohibitive. Conservancies were able to use their revenue to fund the scheme, which also helped to ensure the quality of the process to verify claims.

Claims were verifiable. Farmer vigilance was key to making a valid claim ensuring the scheme contributed to HWC resolution.

Bureaucracy did not hinder the process excessively.

In addition the following were lessons on where additional/ greater inputs are required to make the scheme more effective:

- More information on scheme to members.
- More training on processing claims to conservancy staff.
- Reporting of claims within 3 days too long.
- If committee changes then immediate review of scheme should be conducted with new committee members.
- 'Champions' required in both support agencies and conservancies to make the scheme work.

In hindsight has explicitly addressing HWC been the right approach to take, or would it have been better dealt with more circumspectly

*E.g. as part of a suite of other conservation issues, where expectations of success would have*

*been lower?*

The scheme(s) should be considered as part of a bundle of tools / approaches to be taken. First comes the ownership and zonation, then comes the mitigation efforts of which the scheme is only one of a number of approaches.

## 7. THE FUTURE OF THE SCHEME

What factors might affect the life and future effectiveness of this scheme?

As discussed HACSIS has now [as of 2010/11] been replaced by/ converted into the government's HWSRS whose objectives are:

- a) To provide the means to directly offset the losses of communities and individual farmers caused to livestock and crops
- b) Promote the equitable distribution of benefits so that individuals who suffer losses can benefit from wildlife income (Namibian Govt, 2009, pg 9)

There is some indication that the scheme could become a drain on conservancy finances if total annual payments are not capped, or if conservancies are not able to increase their incomes [although this depends on whether the funds are going to come from GPTF or are going to be requested from the Conservancies themselves]. Intriguingly some conservancies are currently considering establishing livestock herds that can be specifically used to replace animals lost to predators instead of making payments, since the cattle values muted under HWSRS are substantially higher than they were under HACSIS.

Is this scheme adaptable to other species and contexts?

R. Diggle suggests that HACSIS and now HWSRS is, to all sense and purpose, a PES.

What would be the main constraints to scaling this scheme up?

Morrison *et al* 2009 states that: even with the financial support of the local NGO, costs of wildlife damage are threatening to bankrupt the scheme. This may be an exaggeration given that the conservancies in question could just reduce their level of offsetting if the current payment levels became prohibitively expensive. It also implies that the scheme is dependent on 3<sup>rd</sup> party funding, whereas this isn't the model of financing on which it has been developed. However, there is greater agreement over Morrison *et al*'s suggestion that one option to address this perceived problem is the expansion of the program to encompass more conservancies, and the development and endowment of a trust fund so that claims could be paid out of the interest from the fund. The former element of this is exactly what HWSRS is doing, and therefore one would hope that this constraint has been mitigated to a large extent. [Although some of the finance that had been lined up for the latter endowment fund was done so under HACSIS and now needs to be re-confirmed under HWSRS, wherein it might also function better if limited to specific areas like Caprivi in order to avoid governance issues that could result from its application at national level].

How will the scheme be funded over the long term?

*E.g. could it be bought into any central government budget allocations; is there the potential to establish a Trust Fund; could Payment for Ecosystem Services come into play, etc.?*

Interestingly, under HACSIS, there was discussion of the development of a trust fund that could potentially match the premiums for individual farmers/ concessionaires. R. Diggle states that not only would this be feasible [if sufficient external donors could be found], but that if it grew in value sufficiently it might be able to act as an endowment fund to sustain [through its own growth] the conservancy element of the scheme's future financing. On the latter, potentially more important,



is to try and increase the income derived from wildlife products i.e. helping wildlife to “pay its way”, and for the conservancies’ contribution to be assured. How sufficient financing is secured for the expanded, non-conservancy, element of HWSRS is less clear.

A final additional element that some have put up for consideration is the possible need for an emergency fund, rather like re-insurance in the commercial insurance world, to deal with major pay-outs above and beyond normal level claims/ significantly beyond annual forecasts.

How will/ could the scheme be managed over the long term?

*I.e. is there potential for it to be administered by local government, or devolved through local community structures?*

The Ministry of Environment & Tourism [MET] has emphasised that HWSRS is not a compensation scheme but an “offset” of losses incurred by individuals [this being important to them as “compensation” could be seen to imply responsibility]. And, that it builds on the HACCSIS, bringing the initiative into the national policy framework.

R. Diggle notes that HWSRS’s wording only suggests that conservancies that can afford to, “..are expected to contribute their own funds or find other sources of funding”; rather than should be contributing 50% of claims. He emphasizes that matching contributions are key to reducing the likelihood of false claims, and in “addressing the conservancy constitutional requirement of equitable (as oppose to equal) distribution of revenue earned from wildlife, i.e. those that bear greater costs, should receive greater returns – a key principle of CBNRM”. MET are currently reviewing some few key elements of HWSRS [as it has been inherited from HACSIS].

Finally, R. Diggle points out that another key challenge for the future is how HWSRS will work in communal areas that have HWC but are not conservancies – this being unclear at present despite the government’s desire to apply it more broadly – particularly in terms of MET ensuring it doesn’t become seen as a typical compensation scheme.

Do you think your scheme will prove successful when so many others have been tried and failed in the past? [Please explain your response]

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