



# A Guide to Biodiversity for the Private Sector

[www.ifc.org/BiodiversityGuide](http://www.ifc.org/BiodiversityGuide)

## Flower Valley: An innovative project for fynbos conservation in South Africa

### The Bottom Line

Biodiversity management is not just about mitigating risks and avoiding damage. A strong viable business can be built on activities that conserve and benefit biodiversity.

The Cape region of South Africa, with more than 7,000 plant species in only 46,000 square kilometers, is the most botanically rich habitat on earth. Nearly 70 percent of its species are endemic, occurring nowhere else on Earth, making it an area of very significant biodiversity value. However, despite its ecological importance, much of the natural habitat in this region has been converted for agriculture, and some of the lowland fynbos wild flower plant communities have been reduced to only 2 percent of their original extent.

Although South Africa has made strong commitments to conservation, development pressure means that conservation cannot be at the expense of people's livelihoods. The area faces high levels of rural unemployment and poverty and there is strong political pressure for socio-economic development and for any land use to be economically productive. Many of South Africa's conservation policies are based on conservation involving a commercially viable land-use. There is also a high level of support in the international donor community for both protecting South Africa's biodiversity and supporting previously disadvantaged groups.



Cape sugarbird (*Promerops caffer*) feeding on limestone sugarbush (*Protea obtusifolia*), Flower Valley. Copyright Juan Pablo Moreiras/FFI.

### Project Conception

The Flower Valley project was established to use economic incentives to add commercial value to the biological value of the fynbos ecosystems. In 1999, the 690 ha Flower Valley farm, which included a small wildflower export business, was set to be sold for conversion to viticulture. A small group of local conservationists intervened by offering to buy the land to secure it for conservation. International NGO support contributed to both the purchase of the land and funding for the local group as they looked at sustainable strategies for managing the area.

Any sustainable strategy would need to go beyond just securing the land to address long-term management of the area, including financial, business development, social and biodiversity issues. Preliminary analysis showed that the existing business suffered from many problems typical of small-scale flower producers in the region. It was running at a loss, was under resourced, had poor market information, a poorly trained and motivated workforce, no investment potential and poor biodiversity performance.

### Financing

None of these problems could be tackled without investment. By preventing habitat conversion and providing an income for land owners from natural habitats, the project would be directly implementing national conservation strategies as part of its core business model. Re-launched as a biodiversity business, Flower Valley was able to seek grant aid to assist both start-up and running costs. The grants were used not only to tackle the establishment costs of the business, but also to develop approaches and more profitable markets that could be opened to other producers following agreed protocols.

By careful positioning, the project has so far received financing from statutory agencies, the private sector (Shell and British American Tobacco) and international multilateral donors for land

and business purchases, contracting technical expertise and operating costs.

To optimize the structure, the project was split between a commercial arm and a charitable trust. A detailed contract between the business and trust was developed to ensure that the business maintained its conservation and social objectives.

Flower Valley now sells a range of more than 30 species of the attractive wild flowers of the area, and has been able to add value to its product by making and selling bouquets, rather than just shipping mixed flowers to Europe. With the help of scientists and regulators, the company has written a sustainable harvesting protocol for its farm, allowing it to develop a niche market for sustainably and ethically produced fynbos among potential distributors in the end market. Flower Valley has also established an extensive supply network of farmers that adhere to its environmental and social protocols. By actively buying from more than 28,000 ha of surrounding farmland, the business provides a clear incentive for the maintenance of fynbos and helps support nearly 200 pickers who work in the supply network.

For its own employees, Flower Valley has improved services and benefits. The company has now moved to year-round employment. It also offers training and adult education, helps employees with their housing costs, allows diversified income streams in the non-flower season, has developed vegetable production on areas of land already converted from fynbos and provides an Early Learning Centre. These benefits have resulted in a stable and motivated workforce. Success has also allowed Flower Valley to modernize its farm and business infrastructure, reducing handling costs.

### **Learning Lessons**

By mixing grant financing and commercial income, Flower Valley was able to offset development costs, overcome potential barriers to commercial viability and provide local employment, social development and cost-effective conservation. Their success has shown that successful biodiversity management does not just have to be about minimizing the impact of a business on biodiversity, but can also be about using biodiversity to build a business. By acting as a model of a sustainable development, Flower Valley is having a wider impact as others adopt similar farming systems.

Among the lessons of this case is that a biodiversity resource that may seem to have only local relevance can in fact become globally significant, especially when the resource in question starts to generate substantial social benefit. So while at the

outset fynbos may not have had much importance to various donors, once a local movement took hold that resulted in a fair trade-type value being ascribed to the flower exports, there was a catalytic effect on donors.

This case also demonstrates the importance of the “use it or lose it” principle. Rare resources such as tropical hardwoods or wildlife are often best protected when they are sustainably exploited, rather than preserved as a protected area/species. A good example of this is selective harvesting and processing of tropical moist forest timber. The fynbos case is no different. The ecosystem is no doubt better off generating marketable wildflowers that add a defined/real economic value to its intrinsic conservation value.

IFC's new [Performance Standard \(PS\) 6 on Conservation of Biodiversity and Sustainable Natural Resource Management](#) addresses many of the lessons of the Flower Valley case. PS6 recognizes habitat destruction as the major threat to the maintenance of biodiversity, irrespective of whether the habitat is classified as natural, modified or critical, and speaks in terms of the project's area of influence, rather than just the physical boundaries of the project. Flower Valley showed that subsistence vegetable farming in the already converted areas bordering on the fynbos can add to the income of local people, thus maintaining or pushing them over threshold income levels and helping to ensure that they continue to place a high value on the habitat and flower species.