

## **POLICIES AND PROCESSES MANUAL**

**IN SUPPORT OF SANBI'S FUNCTION AS:**

**NATIONAL IMPLEMENTING ENTITY OF THE ADAPTATION FUND**

**AND**

**ACCREDITED ENTITY OF THE GREEN CLIMATE FUND**



**South African Entity  
of the Adaptation Fund  
and Green Climate Fund**

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## **1. INTRODUCTION**

### **Overview**

The purpose of this document is to set out the policies and procedures that govern the operations of the South African National Biodiversity Institute (SANBI) as the National Implementing Entity (NIE) of the Adaptation Fund and Accredited Entity (AE) of the Green Climate Fund. This document will be amended from time to time, as policies and procedures are amended and/ or added. Any amendments will be approved by the National Climate Funds Advisory Body (NCFAB) and recorded accordingly.

### **Background to the Adaptation Fund**

The Adaptation Fund (AF) was established in 2001 by the Parties to the Kyoto Protocol of the United Nations Framework Convention on Climate Change (UNFCCC), as a mechanism to finance concrete adaptation projects and programmes in developing country parties. The fund is capitalised mainly from a percentage of proceeds of the Clean Development Mechanism. It was specifically initiated to assist developing countries in meeting the costs of adaptation, and to finance concrete projects and programmes that are country driven.

Adaptation Fund resources are accessed via Multilateral Implementing Entities (MIEs) and National Implementing Entities (NIEs). Adaptation projects and programmes are developed by executing entities, under the oversight of implementing entities, either MIEs or NIEs.

In late 2011, with the endorsement of the Department of Environmental Affairs (DEA), the South African National Biodiversity Institute (SANBI) successfully met the criteria of the global AF Board to achieve the accreditation to be a NIE. As South Africa's NIE, SANBI is responsible for vetting and endorsing project and programme proposals, and will disburse resulting funding released from the AF in the event a proposal is successful. SANBI also has full responsibility for overall management of projects and programmes including financial, monitoring and reporting responsibility.

All projects and programmes will need to align with the results framework of the AF and meet its eligibility criteria (see <https://www.adaptation-fund.org/document/results-framework-and-baseline-guidance-project-level>). Within this framework, South Africa is able to focus its programme of investment.

## **Background to the Green Climate Fund**

The Green Climate Fund (GCF) was established in 2010 as an operating entity of the UNFCCC financing mechanism to redistribute money from the developed world to fund adaptation and mitigation projects and programmes in developing countries. The GCF is intended to operate at a larger scale than other comparable funds to promote a paradigm shift towards low-emission and climate-resilient development pathways. A particular goal is to become the main global finance mechanism for climate change finance. Funding will primarily come from pledges from developed countries, but also from some developing countries, as well as from private investments.

Similar to the AF, GCF resources are accessed via accredited international and national entities. SANBI was nominated in February 2015 by DEA to apply for accreditation as a Direct Access Accredited Entity (AE) to the GCF, and submitted its application for accreditation on 1 July 2015. SANBI was accredited with the GCF in October 2016.

## **2. CLIMATE FUNDS ADMINISTRATION**

(DECISION 2013:1, LETTER TO SANBI FROM THE ADAPATION FUND DATED SEPTEMBER 7, 2011; NOTED AT NIE SC MEETING OF 31 JANUARY 2013)

(DECISION 2015: 1, LETTER FROM DEPARTMENT OF ENVIRONMENTAL AFFAIRS TO THE GREEN CLIMATE FUND; DATED 04 FEBRUARY 2015)

### **Climate Funds Unit**

SANBI's Climate Funds operations are led by its Climate Funds Unit, which is housed within SANBI's Climate Change Adaptation Division. The operations of the Climate Funds Unit are governed by SANBI's policies and procedures.

The Climate Funds Unit is responsible for coordinating SANBI governance, leading the processes to develop the SANBI AF Investment Strategy / GCF Funding Framework, leading all project identification and development processes, ensuring project appraisal process are robust and fair, overseeing project implementation and ensuring compliance with polices and processes that apply to the AF and GCF respectively.

### **3. CLIMATE FUNDS GOVERNANCE**

(DECISION 2013:2, NOTED AT NIE SC MEETING OF 28 FEBRUARY 2013)

(DECISION 2015:2, NOTED AT NIE SC MEETING OF 14 APRIL 2015)

(DECISION 2015:3, NOTED AT NIE SC MEETING OF 22 JUNE 2015)

(DECISION 2017:1, NOTED AT NIE SC MEETING OF 25 JULY 2017)

#### **Overview:**

In its capacity as National Implementing Entity (NIE) for the Adaptation Fund (AF), SANBI established a high level Steering Committee (SC) – the NIE SC, that provided an important steering and oversight function for the programme of work. On achieving accreditation with the Green Climate Fund (GCF), the NIE SC agreed that the governance arrangements needed to be modified to reflect the new arrangements. As a result of the deliberations, a new SANBI National Climate Funds Advisory Body (NCFAB) is proposed.

It was noted that the decision making function for GCF projects should move from the NIE SC to a high level committee in SANBI – which is now the SANBI Climate Funds Oversight Committee (CFOC) – as SANBI is the institution that is absorbing and managing any risks associated with the Climate Funds programme of work. An exception was noted for Community Adaptation Small Grants Facility Project, where the SANBI NCFAB will consider and approve small grant projects applying for funding under the Small Grants Facility mechanisms, as is required by the GCF Terms of Reference for Enhanced Direct Access.

In response to this directive, the SANBI Climate Funds Unit formulated a modified governance structure which includes two bodies that will support SANBI's Climate Funds work (see Figure 1):

- The SANBI National Climate Funds Advisory Body (NCFAB, which replaces the former NIE SC); and
- SANBI's internal Climate Funds Oversight Committee (CFOC).

This structure has been discussed with SANBI's CEO and CFO, and was broadly agreed at the NIE SC meeting that took place on 24 April 2017, and approved at the subsequent NCFAB meeting on 25 July 2017. Furthermore, this structure was broadly agreed at CFOC meeting on 13 June 2017, and approved at the subsequent meeting on 9 September 2017.

### **Terms of Reference: SANBI National Climate Funds Advisory Body (NCFAB):**

The SANBI National Climate Funds Advisory Body is a body that is constituted to support the governance of SANBI's programme of work with the GCF and AF (see Figure 1).

The SANBI NCFAB is Chaired by DEA and comprises mandated individuals from relevant institutions and networks who are invited to join the NCFAB by way of a formal invitation from the Chair.

The current agreed membership of the SANBI NCFAB is reflected in Appendix 1.

SANBI's Climate Funds Unit acts as the Secretariat for the SANBI NCFAB.

The role of the SANBI NCFAB is to:

- Support SANBI, in its capacity as Accredited Entity to the AF and GCF, to build a coordinated adaptation response that is aligned with the national policy environment and driven by country needs.
- Promote cooperation between relevant South African Institutions and funding agencies to enhance synergies and avoid duplication between SANBI Climate Funds projects and other national adaptation efforts.
- Promote appropriate linkages and partnerships between Climate Funds project development and implementation processes and relevant spheres of government, the private sector and civil society.
- Inform SANBI's processes regarding project pipeline development, including funding framework development, calls for proposals, and the selection of projects for detailed development.
- Support activities to scale up and replicate SANBI Climate Funds project successes, including leveraging financial resources where appropriate.
- Support processes to share lessons emerging from SANBI's Climate Funds programme of work, with a view to informing national policies and practice, and scaling up successes.

Additionally, regarding the GCF investment into the Community Adaptation Small Grants Facility:

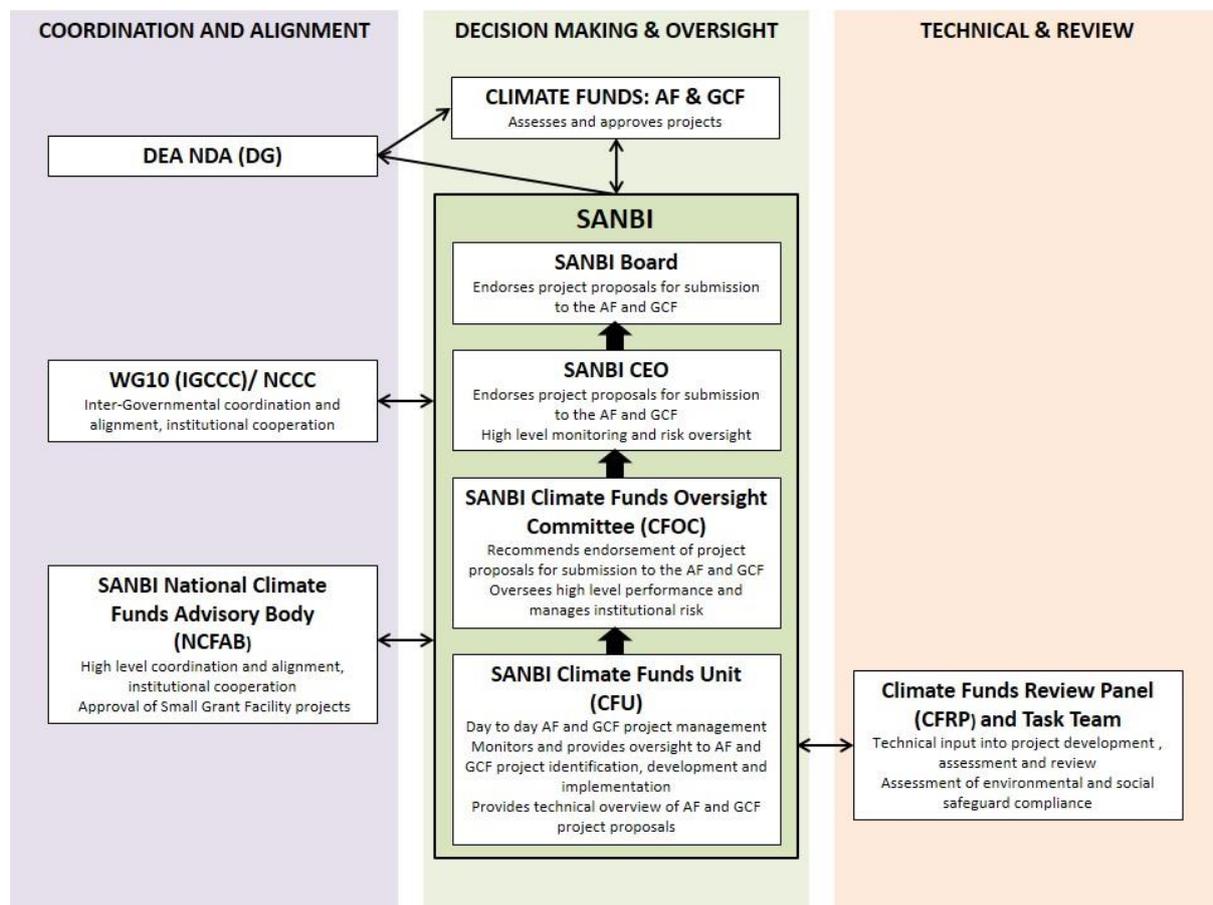
- Provision of regular strategic guidance regarding the Community Adaptation Small Grants Facility.
- Review of Community Adaptation Small Grants Facility projects and reporting.
- Promotion of linkages and partnerships between the Community Adaptation Small Grants Facility project development and implementation processes and relevant spheres of government, the private sector and civil society.
- Consider and approve small grant projects under the GCF investment into the Community Adaptation Small Grants Facility.

The SANBI NCFAB will also continue the work of the NIE SC with regard to the AF investment into the Community Adaptation Small Grants Facility:

- Consider, approve and monitor implementation of small grant projects under the AF Community Adaptation Small Grants Facility.

Meetings of the SANBI NCFAB:

The SANBI NCFAB meets approximately quarterly and according to an agreed schedule that responds to the programmatic needs of SANBI’s Climate Funds Unit, which will provide logistical and administrative support to SANBI NCFAB meetings.



**Figure 1:** Governance arrangements for SANBI’s Climate Funds work.

**Appendix 1: Current agreed membership of the SANBI National Climate Funds Advisory Body (NCFAB).**

Mandated individuals from the following institutions and networks are members of the SANBI NCFAB

- DEA;
- SANBI;
- National Treasury;
- Department of Monitoring, Planning and Evaluation (DPME, formerly the National Planning Commission);
- National Business Initiative (NBI); and
- Adaptation Network.

A decision was taken on the SANBI NCFAB meeting on 11 October 2017 to invite nominated representatives of the following organisations to join the NCFAB:

- National Disaster Management Centre (NDMC); and
- Department of Science and Technology (DST).

#### **4. GRIEVANCE AND DISPUTE RESOLUTION PROCESS**

(DECISION 2013:4, NOTED AT THE NIE SC MEETING OF 12 JULY 2013)

(DECISION 2016:1, NOTED AT THE NIE SC MEETING OF 1 JUNE 2016)

(DECISION 2017:3, NOTED AT THE SANBI CFOC MEETING OF 30 OCTOBER 2017)

Any objections that stakeholders wish to raise in respect of SANBI's Climate Funds work should first be raised with the Climate Funds Unit, via the Lead, by emailing: [climatefunds@sanbi.org.za](mailto:climatefunds@sanbi.org.za).

If not resolved at this level, these could be forwarded to the SANBI Climate Funds Oversight Committee, via the Chair. If not resolved at this level, these could be forwarded to the SANBI Chief Executive Officer (CEO). Should the matter still not be resolved, objections should be sent to the National Designated Authority of the AF and GCF in South Africa, i.e. the Department of Environmental Affairs (DEA), for final arbitration and resolution.

For grievances and disputes within AF- and GCF-funded projects, Executing Entities are contractually obligated to identify grievance mechanisms that provide people affected by projects/programmes supported by the projects with an accessible transparent, fair and effective process for receiving and addressing their complaints. Complaints may include environmental or social harms caused by any such project/programme, issues of fraud or corruption, and/ or any other issues that are identified by interested and/ or affected parties. Where grievances and disputes cannot be satisfactorily addressed at the project level by Executing Entities, they may be raised with the Climate Funds Unit as per the procedure outlined above.

## **5. PROVISION OF INFORMATION TO THE PUBLIC**

(DECISION 2016:1, NOTED AT THE NIE SC MEETING OF 1 JUNE 2016)

The public will be notified of the successful approval of projects by the AF and GCF.

This notification will:

- Contain information on the approved project(s), including a brief overview of the project, details and contact information of the Executing Entity and sub-Executing Entities, the amount of funding awarded.
- Be posted on the SANBI website, and be circulated via the Climate Funds Unit mailing list, Adaptation Network newsletter and other relevant mailing lists.
- Be made available within 30 days of the successful approval of such projects.

In addition to the notification of grant awards, a project update will be made available annually for each project. This update will include a high-level report on technical and financial implementation. The update will be circulated through the channels mentioned above.

Furthermore, 'eNews' bulletins will be regularly posted on the SANBI website. These bulletins will provide project updates and include relevant contact details of implementing partners.

Furthermore, all SANBI Climate Funds operational policies will be made available on the SANBI website or on request from the Climate Funds Unit.

## **6. INVESTMENT FRAMEWORK FOR ADAPTATION FUND PROJECTS**

(DECISION 2013:2, NOTED AT NIE SC MEETING OF 28 NOVEMBER 2012; NOTED AT NIE SC MEETING OF 28 FEBRUARY 2013)

A nominal country cap of US\$10 million has been set for developing country parties by the AF – subject to funds remaining in the fund. Projects can be 3 – 5 years long.

This limited level of funding provides a key opportunity for South Africa to learn how to develop, resource and implement adaptation projects, gear up for scaled up implementation, and demonstrate how investments in climate change adaptation can deliver tangible and lasting benefits to those who are most vulnerable to climate change. In this way, successful project outcomes will provide a foundation for future investments in climate change adaptation

In support of these learning outcomes, SANBI will support the development of a community of practice to ensure that knowledge and experiences are shared, and will endeavour to capture and publish case studies to assist further adaptation efforts. We will also seek opportunities for sharing experiences with other NIEs and implementers in other countries.

In our efforts to build a coordinated adaptation response that delivers tangible outcomes, SANBI will work with project proponents to build between one and three integrated projects that support these learning and demonstration objectives. SANBI will be investigating the possibility of one of these projects being a small grants facility whereby vulnerable communities can directly access project funds.

Projects that are supported must align with the AF results framework and will need to meet the eligibility criteria that are set out below:

### **Concrete and tangible results**

Projects must support concrete adaptation actions. Projects should increase the resilience of communities to climate change and decrease climate related vulnerability, at present and into the future. They should focus on high impact and vulnerable areas. Supported by the best-available science, all proponents must be able to demonstrate that their interventions are responses to climate change and not business-as-usual.

**Co-benefits and focus on vulnerable communities**

Projects must provide economic, social and environmental co-benefits, with particular reference to the most vulnerable communities, including gender considerations. Investments should benefit communities in geographic areas that are most vulnerable to climate change at the local level, and in lasting ways. Gender considerations should be mainstreamed in all stages of the project cycle.

**Linkages**

Projects must align with and be guided by national and local policies, plans and priorities concerning climate change (especially the White Paper and Second National Communication), sustainable development, poverty reduction and the green economy, and should demonstrate multi-disciplinary approaches and cross sectoral linkages. Where possible, projects should align with and complement – but not duplicate - related climate and other initiatives, as a mechanism of leveraging additional funding and as part of a process of achieving improved coordination and integration.

**Partnerships**

Projects should support sustainable partnerships between government, communities and individuals that continue once projects are completed. Vertical and horizontal integration should be promoted. Relevant stakeholders should be involved and engaged at all stages of the project identification, planning and implementation processes. Climate change champions and ambassadors, including leaders from rural areas, could be identified to support the process.

**Cost-effectiveness, sustainability and replication**

Projects must be cost effective and must be able to provide justification for the funding requested on the basis of the full cost of adaptation. Projects should contribute to long term outcomes and should be sustainable beyond the AF investment period, and should be replicable and scale-able.

**Knowledge management and learning**

Project should seek to capture lessons and to build local capacity and awareness, empowering citizens and decision makers to develop and implement climate change adaptation responses.

## **7. GREEN CLIMATE FUND FUNDING FRAMEWORK FOR THE PERIOD 2017-2022**

(DECISION 2015:4, NOTED AT THE NIE SC MEETING OF 15 SEPTEMBER 2015)

(DECISION 2017:2, NOTED AT THE SANBI CFOC MEETING OF 11 SEPTEMBER 2017)

### **7.1 Introduction**

In October 2016, the South African National Biodiversity Institute (SANBI) was accredited as a Direct Access Entity of the Green Climate Fund (GCF). As an Accredited Entity, SANBI is responsible for presenting funding applications to the GCF, and then overseeing, supervising, managing and monitoring the overall GCF-approved projects and programmes. This accreditation opens up opportunities to build on experiences that SANBI has gained as South Africa's National Implementing Entity of the Adaptation Fund and to further support South Africa's Climate Change Adaptation and Mitigation ambitions.

The purpose of this document is for SANBI, in its capacity as a Direct Access Accredited Entity of the GCF, to initiate a process of soliciting Expressions of Interest from institutions who may wish to make use of SANBI's services to present funding applications to the GCF.

In this regard this document:

- Provides an overview of the GCF, what it funds and its application processes;
- Contextualises the GCF programme of work in the South African Policy environment;
- Clearly sets out the criteria that will be applied to projects that SANBI will champion; and
- Explains the process that institutions wishing to utilize SANBI's services must follow.

SANBI aims to build a rolling pipeline development process that responds to in-country priorities, funding availability and lessons that emerge during pipeline development and project implementation.

### **7.2 The Green Climate Fund**

The Green Climate Fund was established by decision of UNFCCC COP 15 to scale up climate finance funding by raising USD 100 billion a year by 2020. To date, just under USD 9 billion has been raised by the Fund, for both mitigation adaptation activities.

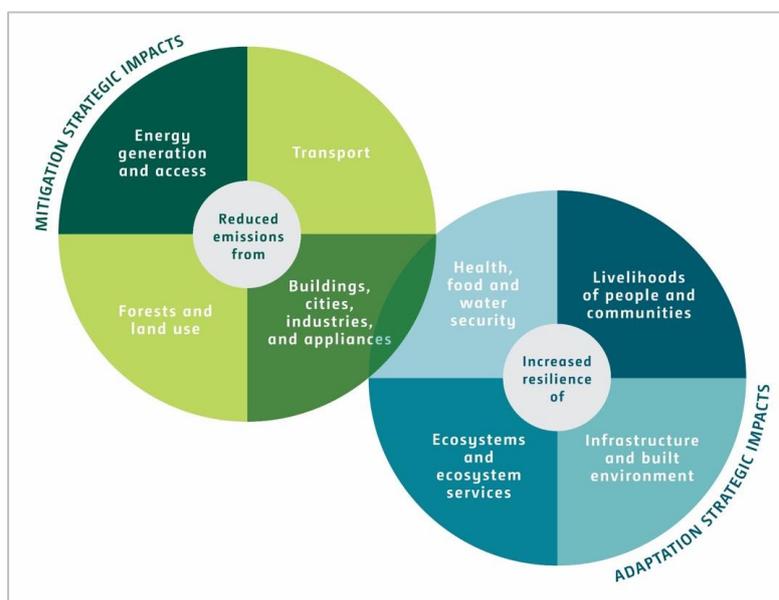
At the GCF Board meeting held in Cape Town in February 2016, the Board adopted the following as the vision for the Fund:

To support the implementation of the Paris Agreement in developing countries: -

- by enhancing adaptive capacity and fostering resilience and making financial flows consistent with low greenhouse gas emission and climate resilient development; and
- by making Intended Nationally Determined Contributions (INDCs) the important reference point for the Fund’s programming.

### The GCF Results Management Framework

The GCF’s Results Management Framework is the benchmark that is used to assess funding proposals. Investments that are supported by the GCF must contribute to the Fund’s eight impact areas as depicted in Figure 2 below, and achieve a range of fund impacts and outcomes (see Table 1).



**Figure 2:** Sectors for climate change mitigation and adaptation (Source: GCF website).

**Table 1:** Fund level impacts and outcomes of GCF projects and programmes.

Mitigation Strategic Impacts	Adaptation Strategic Impacts
<p><i>Shifting to low-emission sustainable development pathways through:</i></p> <ul style="list-style-type: none"> <li>• <i>Low-emission energy access and power generation</i></li> <li>• <i>Low-emission transport</i></li> <li>• <i>Energy efficient buildings, cities and industries</i></li> <li>• <i>Sustainable land use and forest management</i></li> </ul>	<p><i>Increasing climate-resilient sustainable development for:</i></p> <ul style="list-style-type: none"> <li>• <i>Enhanced livelihoods of the most vulnerable people, communities, and regions</i></li> <li>• <i>Increased health and well-being, and food and water security</i></li> <li>• <i>Resilient infrastructure and built environment to climate change threats</i></li> <li>• <i>Resilient ecosystems</i></li> </ul>

Mitigation Outcomes	Adaptation Outcomes
<ul style="list-style-type: none"> <li>• Increased gender-sensitive low-emission development mainstreamed in government</li> <li>• More small, medium and large low-emission power suppliers</li> <li>• Lower country energy-intensity trajectory</li> <li>• Increased use of low-carbon transport</li> <li>• Stabilisation of forest coverage</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthened government institutional and regulatory systems for climate-responsive development planning</li> <li>• Increased generation and use of climate information in decision-making</li> <li>• Strengthened adaptive capacity and reduced exposure to climate risks</li> <li>• Strengthened awareness of climate threats and gender-sensitive risk reduction processes</li> </ul>

Please also refer to the GCF website and GCF 101 guide for additional information<sup>1</sup>:

### GCF investment criteria

The GCF has six investment criteria that guide its decisions. These are as follows:

- Impact/result potential: Potential of the programme/project to contribute to the achievement of the objectives and results areas of the GCF.
- Paradigm shift potential: Degree to which GCF can achieve sustainable development impacts beyond one-off project or programme investments by replicating and scaling them up.
- Needs of the recipient: Financing needs of the beneficiary country.
- Country ownership: Beneficiary country ownership of and capacity to implement a funded project or programme (including policies, climate strategies and institutions).
- Economic efficiency: Benefit-cost ratio of activity, translated to a measure of impact per US dollar delivered by the Fund.
- Efficiency and effectiveness: Financial soundness of the activity.

Additional information about the investment criteria is available on the GCF website<sup>2</sup>.

<sup>1</sup> See: <http://www.greenclimate.fund/-/gcf-101-new-guide-on-how-to-access-the-green-climate-fund?inheritRedirect=true&redirect=%2Fhome>

<sup>2</sup> See page 5 of the relevant GCF Board document, available at: [http://www.greenclimate.fund/documents/20182/24943/GCF\\_B.07\\_06\\_-\\_Investment\\_Framework.pdf/dfc2ffe0-abd2-43e0-ac34-74f3b69764c0](http://www.greenclimate.fund/documents/20182/24943/GCF_B.07_06_-_Investment_Framework.pdf/dfc2ffe0-abd2-43e0-ac34-74f3b69764c0)

### **7.3 The Process for Submitting Proposals to the GCF**

The GCF makes use of Accredited Entities to develop funding proposals and oversee, supervise, manage and monitor their respective GCF-approved projects and programmes, and project proposals can only be submitted to the GCF through these Accredited Entities.

These Accredited Entities can be Direct Access Entities and International GCF Accredited Entities. Direct Access Entities are sub-national, national or regional organizations that need to be nominated by developing country National Designated Authorities (NDAs) or focal points. In South Africa, this is the Department of Environmental Affairs (DEA). To date, there are two accredited Direct Access Entities in South Africa, SANBI and the Development Banks of South Africa (DBSA). In addition to SANBI and the DBSA, many other International GCF Accredited Entities are able to work in South Africa. The GCF has no country cap, and no limitation on the number of projects a country or Accredited Entity may submit for approval.

Project proposals are submitted to the GCF via a two-step process: Initial Concept Notes and subsequent detailed Funding Proposals. These may only be submitted to the GCF via Accredited Entities, and only once they have secured 'no objection' letters from the relevant NDA. In South Africa, the process of obtaining such no objection letters involves the Accredited Entity approaching DEA (i.e. the NDA), who in turn consults with relevant DEA branches and sector departments. The DEA Climate Change Branch has an important role to play in verifying that project proposals are aligned with and contribute substantially to South African Climate Change Adaptation and/ or Mitigation priorities.

Upon submission to the GCF, projects are subjected to a rigorous review by the GCF Secretariat, who can call for further information, studies and/ or clarification. Once projects are cleared by the Secretariat, they are tabled before the GCF Board for approval.

### **7.4 The South African Policy Environment**

In line with GCF requirements, SANBI's anticipated programme is nested within South Africa's climate change priorities and finance needs, as outlined in several policy documents. These are in turn outlined in national policy, plans and strategies that are further outlined below.

#### **The National Development Plan (NDP 2030)**

The National Development Plan 2030 envisions a transition to an environmentally sustainable, climate resilient, low carbon economy and a just society. In this regard, in line with the Long Term Mitigation

Scenarios (LTMS), the target is the stabilisation and reduction of Carbon Dioxide (CO<sub>2</sub>) emissions from 'business as usual' by 34% in 2020 and 42% by 2025. In this regard, South Africa has to reduce its carbon emissions, in line with its international commitments, while maintaining its competitiveness in the global economy. This can be done through, for example, coordinated planning and investments in infrastructure and services that take account of climate change and environmental pressures, and make communities more resilient and less vulnerable.

The NDP identifies climate change as a major factor that will influence the context in which South Africa operates. As a significant risk to South Africa's development future, climate change needs to be considered in planning and critically, in deciding which investments in sectors such as agriculture, energy and others to prioritise. One of the challenges highlighted by the NDP is the need to balance the security of energy supply with climate change mitigation. Climate change is also flagged as an issue affecting economic development opportunities in sectors that will be affected by changes in rainfall and temperature (e.g. agriculture, forestry, etc.). The NDP proposes adequate support for the most vulnerable communities, significant investments in conserving and restoring ecological infrastructure, and adaptation technologies in the water and human settlement sectors. Furthermore, the NDP supports the development of Early Warning Systems, mainstreaming adaptation planning into all planning activities and the creation of sustainable work opportunities through undertaking adaptation activities. City planning particularly needs to incorporate resilience. The NDP makes specific mention of the need to "actively support the development of plans that cross municipal, and even provincial boundaries that would promote collaborative action in fields such as biodiversity protection, climate-change adaptation, tourism and transportation". It states that government has a key role to play in developing the necessary skills and institutional capacity to support the transition.

The NDP recognizes that to transition to a low carbon economy, trade-offs will have to be made as the country requires space to grow the economy to overcome the triple challenge of poverty, unemployment and inequality. It will also require climate investment support from the international community in line with UNFCCC obligations.

### **National Climate Change Response Policy (NCCRP)**

The National Climate Change Response Policy is a policy response that is intended to promote adaptation and mitigation measures that will make development more sustainable, both in socio-economic and environmental terms, with the following objectives:

- To effectively manage inevitable climate change impacts through interventions that build and sustain South Africa's social, economic and environmental resilience and emergency response capacity.
- To make a fair contribution to the global effort to stabilise greenhouse gas (GHG) concentrations in the atmosphere within a time frame that enables environmentally sustainable socio-economic development.

In respect of adaptation, the policy advocates for the use of a risk-based approach to identify and prioritize short to medium term adaptation interventions to be outlined in sector plans. It recognizes the use of ecosystem services for society to adapt to climate change; known as Ecosystem based Adaptation (EbA). It recognises that South Africa can only reach the desired climate change policy response with requisite support in finance, technology and technology transfer and capacity building.

### **Nationally Determined Contributions (NDCs)**

The Paris Agreement was adopted on 12 December 2015 at the 21st session of the Conference of the Parties to the UNFCCC (COP21). South Africa has ratified the Agreement, which is a universal, legally-binding framework for internationally coordinated effort to hold the increase in the global average temperature to well below 2 °C above pre-industrial levels, while pursuing efforts to limit the temperature increase to 1.5 °C (UNFCCC, 2015). Unlike the Kyoto Protocol, the Paris Agreement depends on voluntary targets to meet mitigation contributions through "Nationally Determined Contributions (NDCs)". These represent each country's highest possible ambition towards mitigation, recognising the common but differentiated responsibilities and respective capabilities of countries in the light of different national circumstances.

The Agreement emphasises that "adaptation action should follow a country-driven, gender responsive, participatory and fully transparent approach, taking into consideration vulnerable groups, communities and ecosystems, and should be based on and guided by the best available science and, as appropriate, traditional knowledge, knowledge of indigenous peoples and local knowledge systems" .

The NDC which South Africa submitted to the UNFCCC in terms of Article 2 of the Convention notes South Africa's vulnerability to climate change and its commitment to address its impacts in a manner that is based on science and equity. It sets out a series of goals for achieving the Country's adaptation and mitigation objectives, and indicative costs for doing so.

### **National Adaptation Strategy (NAS)**

South Africa's (draft) National Adaptation Strategy (NAS) "is intended to be the cornerstone for climate change adaptation in the country and to reflect a unified, coherent, cross-sectoral, economy-wide approach to climate change adaptation." It recognizes the likely impacts that climate change will have on socio-economic development and its potential to undo many hard-won development gains made in the past two decades, and advocates for the integration of climate change adaptation responses in all of South Africa's economic systems and sectors.

The vision of the NAS is:

*To transition to a climate resilient South Africa, which will follow a development pathway guided by an ongoing process of anticipating, planning for and adjusting responses to changes in climate and the environment, as informed by priority development needs.*

It notes that 'Adaptation responses will be developed through collaborative processes and supported by the best scientific information available. Institutional arrangements for climate change adaptation will facilitate coordinated implementation that optimises development outcomes, necessary transformation, and the interlinked needs of adaptation and mitigation imperatives'.

The NAS sets out priority areas for responding to climate change (see Table 2) and provides guidance for adaptation efforts in South Africa, including the likely funding requirements of the identified priorities. It further identifies the water, agriculture, forestry, fisheries, biodiversity and ecosystems, human settlements, health, disaster management, mining and extractives, energy, and transportation and public infrastructure sectors as priorities for adaptation action. An important objective of the NAS is to 'allow resources to be sought and allocated in a more deliberate way'.

**Table 2:** Priority areas from the National Adaptation Strategy.

Adaptive Measures	Enabling Measures
<p><b>Strategic priority 1: Reduce human vulnerability and build human adaptive capacity</b></p> <ul style="list-style-type: none"> <li>Sub-priority 1.1: Design and deliver targeted climate change vulnerability reduction programmes in human settlements for at-risk individuals and communities.</li> <li>Sub-priority 1.2: Capacitate and operationalise South Africa’s National Disaster Management Framework to strengthen proactive adaptive capacity, preparedness, response and recovery.</li> <li>Sub-priority 1.3: Launch an enhanced climate change public health flagship programme to build a healthier, more resilient population.</li> </ul>	<p><b>Strategic priority 5: Ensure institutional support for climate change adaptation</b></p> <ul style="list-style-type: none"> <li>Sub-priority 5.1: Create formal climate change legislation and policy for adaptation.</li> <li>Sub-priority 5.2: Integrate climate change adaptation within existing development planning and implementation processes.</li> </ul>
<p><b>Strategic priority 2: Reduce economic vulnerability and build economic adaptive capacity</b></p> <ul style="list-style-type: none"> <li>Sub-priority 2.1: Build resilience in key sectors against climate change-related water variability.</li> <li>Sub-priority 2.2: Expand successful resilience-building programmes and projects, including development initiatives, to other areas with similar environments.</li> <li>Sub-priority 2.3: Investigate the potential for expanding sectors and kick-starting new industries that are likely to thrive as a direct or indirect result of climate change effects.</li> </ul>	<p><b>Strategic priority 6: Enhance public-private-civil society collaboration and stewardship</b></p> <ul style="list-style-type: none"> <li>Sub-priority 6.1: Launch an integrated development planning process that has a strong role for the private sector, the research and academic community, and civil society organisations.</li> </ul>
<p><b>Strategic priority 3: Ensure resilient physical capital</b></p> <ul style="list-style-type: none"> <li>Sub-priority 3.1: Mandate that all public infrastructure be planned, designed, operated and managed after explicitly taking current and predicted future climate change impacts into account.</li> <li>Sub-priority 3.2: Ensure that sectors traditionally focused on mitigation incorporate adaptation and climate resilience into their planning, and contribute to building resilience.</li> </ul>	<p><b>Strategic priority 7: Enable substantial flows of climate change adaptation finance</b></p> <ul style="list-style-type: none"> <li>Sub-priority 7.1: Identify current strategies, plans and processes that enable adaptation finance and ensure their readiness to attract climate finance.</li> <li>Sub-priority 7.2: Design and implement strategies that are systemic with broad reach and place adaptation on the highest national agenda to address barriers to accessing finance.</li> </ul>
<p><b>Strategic priority 4: Ensure resilient ecological infrastructure</b></p> <ul style="list-style-type: none"> <li>Sub-priority 4.1: Protect and conserve South Africa’s most vulnerable ecosystems and landscapes.</li> <li>Sub-priority 4.2: Adopt climate resilient approaches to natural resource management and use to restore and maintain ecosystem goods and services.</li> <li>Sub-priority 4.3: Strengthen land-use planning and management, including spatial planning, to protect livelihoods and promote climate resilience.</li> </ul>	<p><b>Strategic priority 8: Improve our understanding of climate change impacts and their development implications</b></p> <ul style="list-style-type: none"> <li>Sub-priority 8.1: Grow the knowledge base of climate change impacts and solutions, and how these link with socio-economic development.</li> <li>Sub-priority 8.2: Implement an effective M&amp;E system to track and assess adaptation efforts across the country.</li> </ul>
	<p><b>Strategic priority 9: Build capacity and awareness for effective action</b></p> <ul style="list-style-type: none"> <li>Sub-priority 9.1: Build adaptation capacity through training programmes to ensure climate resilience is integrated into socio-economic development.</li> <li>Sub-priority 9.2: Develop and implement an effective communication and outreach programme.</li> </ul>

### **South Africa's National Strategic Framework for the GCF (March 2017)**

The Department of Environmental Affairs has prepared a Strategic Framework (2017) to guide alignment of climate funding to national priorities. The Framework for the GCF seeks to ensure that South Africa's GCF investment portfolio is aligned with national climate change response priorities, addressing both mitigation and adaptation to drive South Africa's transition to a climate-resilient economy and society and facilitate national social and economic development objectives. In particular, it seeks to ensure that GCF investments advance South Africa's climate change response objectives, as articulated in the NCCRP; contribute substantially to the NDP 2030 and contribute to achieving South Africa's international commitments captured in the NDC to the UNFCCC.

The Framework sets out a principle that the identification, development and implementation of individual climate change response measures, including programmes and projects, will be determined through comprehensive governance and stakeholder engagement processes that ensure alignment with national, provincial and local priorities, scientific rigour and long term scalability and sustainability.

Priority areas for the scaled-up implementation of South Africa's climate response are:

- Agriculture, food systems and food security
- Energy efficiency and energy demand management
- Carbon capture and storage
- Disaster risk reduction and management
- Health, land, biodiversity and ecosystems
- Low carbon, climate resilient built environment, communities and human settlements
- Low carbon climate resilient spatial development
- Low carbon, climate resilient transport systems
- Renewable energy
- Social protection systems and public works programmes
- Waste management
- Water conservation and water demand management

Minimum qualifying criteria for projects and programme to be included in South Africa's GCF country programme are as follows:

- Align with South Africa's GCF country programme priority areas as presented above.
- For adaptation response measures, significantly reduce vulnerability, build resilience and enhance adaptive capacity of communities and sectors most vulnerable to persistent and irreversible impacts in a manner which is responsive to local needs and conditions.
- For mitigation response measures, achieve a significant mitigation impact through reduced or avoided GHG emissions in sectors which have a high risk of GHG emissions (carbon) lock-in.
- Be transformative in design and scale:
  - Represent a significant departure from a business as usual; and
  - At programme level, have a national or provincial footprint; or directly benefit one million or more people; or have significant potential for scaling-up and replication at a national level.
- Realise significant social, environmental, economic and livelihoods benefits:
  - Enhance job creation, local skills and economic opportunities;
  - Enhance and protect the integrity and resilience of biodiversity and ecosystems; and
  - Enhance social inclusion, equity and the resilience of social systems and governance.
- Directly contribute to achieving South Africa's NDC and climate change response objectives as described in the NCCRP.
- At a programme level, utilise, demonstrate and/or test policy interventions, fiscal instruments and modes of implementation.
- Have high institutional readiness supported by clear governance structures and leadership to ensure coordinated and effective implementation.
- Be implementable and capable of delivering climate change benefits (GHG emission reductions/reduced vulnerability, enhanced resilience and adaptive capacity) in the short- and medium term.

## 7.5 SANBI's GCF Accreditation Profile and Core Competencies

### SANBI's GCF Accreditation Profile

The GCF has a tiered accreditation system which classifies applicant entities based on the nature of their organizations and the intended scale, nature and risks of their proposed climate finance activities.

SANBI's GCF Accreditation Profile is as follows:

- Entity Type: Direct (national).
- Size: Micro (maximum total projected costs, including the GCF contribution and co-financing, of up to USD 10 million), and Small (maximum total projected costs, including the GCF contribution and co-financing, of above USD 10 million and up to and including USD 50 million)
- Fiduciary Standard: SANBI may manage, supervise and oversee the overall project or programme, either directly or indirectly through Executing Entities. SANBI may also disburse GCF funds as an intermediary through a competitive and transparent grant award process. SANBI is not accredited to carry out intermediate funding by providing loans, blending different instruments and resources, undertaking equity and/or providing guarantees.
- Environmental and Social Risk Category: SANBI is accredited to manage projects with environmental and social risk levels that fall into Categories C (Activities with minimal or no adverse environmental and/or social risks and/or impacts) and B (Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures). SANBI may not manage projects with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented (Category A).

Additional information about GCF's fit-for-purpose accreditation approach is available on the GCF website<sup>3</sup>.

### SANBI's core competencies

SANBI's core competencies are drawn from its mandate and its experience in developing and implementing projects that deliver multiple and sustainable benefits to communities in an effort to respond to local adaptation needs and national climate change priorities.

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<sup>3</sup> See": [http://www.greenclimate.fund/documents/20182/24946/GCF\\_B.08\\_02\\_-\\_Guidelines\\_for\\_the\\_Operationalization\\_of\\_the\\_Fit-for-purpose\\_Accreditation\\_Approach.pdf/1f57ef6b-b6c9-421c-aaf0-c35cc0e3f7a4](http://www.greenclimate.fund/documents/20182/24946/GCF_B.08_02_-_Guidelines_for_the_Operationalization_of_the_Fit-for-purpose_Accreditation_Approach.pdf/1f57ef6b-b6c9-421c-aaf0-c35cc0e3f7a4)

SANBI was established in terms of Section 10(1) of the National Biodiversity Management: Biodiversity Act (Act No. 10 of 2004). It leads and coordinates research, and monitors and reports on the state of biodiversity in South Africa. The institute provides knowledge and information, gives planning and policy advice and pilots best-practice management models in partnership with stakeholders. SANBI engages in ecosystem restoration and rehabilitation, leads the human capital development strategy of the biodiversity sector and manages the National Botanical Gardens as 'windows' to South Africa's biodiversity for enjoyment and education.

SANBI has many years of experience as an Executing Entity of the Global Environment Facility (GEF) and, since 2011, as the National Implementing Entity for the Adaptation Fund (AF) in South Africa. This includes piloting the development and overseeing the implementation of an innovative "Enhanced Direct Access" project funded by the AF since 2015. This experience has enabled SANBI to develop several insights into the factors that make projects relevant, sustainable and effective, and informs the processes that SANBI follows in project development and execution.

SANBI's core competencies in natural resource management position it ideally to support GCF projects that make use of nature-based solutions to climate change in their responses, including Ecosystem based Adaptation (EbA) and Ecosystem based Mitigation (EbM) approaches. Ecosystem based Adaptation is the use of biodiversity and ecosystem services as part of an overall adaptation strategy to help people to adapt to the adverse effects of climate change. Ecosystem based Mitigation is the use of biodiversity and ecosystem services to reduce greenhouse gas emissions and to conserve and expand carbon sinks.

#### **7.6 SANBI's GCF Funding Framework 2017-2022**

As a government entity with a mandate for biodiversity protection, as South Africa's National Implementing Entity for the Adaptation Fund and as a GCF Direct Access Entity, SANBI is well positioned to support the design and scale up the implementation of climate solutions in South Africa.

SANBI has defined its GCF Funding Framework in response to its mandate, core competencies and experience, and in the context of South Africa's Climate Change investment priorities.

In particular, SANBI will seek to support projects that best meet the following criteria:

*Criteria that are directly informed by the GCF Results Management Framework*

- Are transformative in design and scale, represent a significant departure from ‘business as usual’ and seek to shift systemic paradigms towards a green economy and climate resilience society.
- Align with relevant national and sub-national policies, plans and priorities (including South Africa’s climate change priorities and ambitions as set out in the NCCRP, NDP Vision 2030, South Africa’s NDC, NAS and South Africa’s National Strategic Framework for the GCF).
- Clearly respond to local vulnerabilities that have been identified through participatory processes and are based on the best available science and local knowledge.
- Support concrete and tangible adaptation actions that contribute to any of the GCF Adaptation Strategic Impacts, and deliver possible mitigation co-benefits that contribute to the GCF Mitigation Strategic Impacts (see Figure 2).

*Criteria that are informed by South Africa’s National Strategic Framework for the GCF*

- Advance the objectives of the NCCRP and the NDP Vision 2030.
- Align with the geographic and sectoral priority areas of South Africa’s National Strategic Framework for the GCF.
- Significantly reduce vulnerability, build resilience and enhance adaptive capacity of communities and sectors most vulnerable to persistent and irreversible impacts in a manner which is responsive to local needs and conditions.
- Are informed by comprehensive governance and stakeholder engagement processes that ensure alignment with national, provincial and local priorities, scientific rigour and long term scalability and sustainability.
- Align with South Africa’s key international commitments, such as the United Nations Convention to Combat Desertification (UNCCD) and the associated National Action Plan.

*Criteria that are informed by SANBI’s GCF accreditation profile*

- Are grant based and able to provide justification for the funding requested on the basis of the full cost of adaptation, sustained impact and transformative change.
- Have no significant adverse environmental and/or social risks and/or impacts.
- Have a maximum value of USD 50 million, including co-financing.

*Criteria that are informed by SANBI's best practice and experience*

- Respond to the needs of communities who are highly vulnerable to climate change, taking cognisance of local vulnerabilities such as those associated with gender and female and child-headed households.
- Are led by South African institutions.
- Are embedded in the priority programmes of government (local authorities, provinces and national sector departments) and/ or the private sector.
- Are explicitly supported by institutions that have the mandates and commitment to sustain project investments beyond the GCF investment period.
- Are explicitly supported by communities who are envisaged to be project beneficiaries.
- Promote multi-disciplinary approaches, cross-sectoral linkages, and vertical and horizontal integration.
- Include (but not necessarily be limited to) nature-based solutions to climate change in their responses, including Ecosystem based Adaptation (EbA) and Ecosystem based Mitigation (EbM) approaches.

Projects will be assessed on their contribution to building adaptive capacity by enhancing the livelihoods of the most vulnerable people, communities, and regions; increasing health and well-being, enhancing food and water security, enhancing social inclusion, equity and the resilience of social systems and governance and improving the resilience of infrastructure, the built environment and ecosystems to climate change threats. **Projects with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented will not be considered for support.**

## 8. PROJECT APPLICATION PROCESS FOR ADAPTATION FUND PROJECTS

(DECISION 2013:3, NOTED AT NIE ISC MEETING OF 28 NOVEMBER 2012; NOTED AT NIE SC MEETING OF 28 FEBRUARY 2013)

Taking its lead from the AF itself, the NIE project approval process (see Figure 3) will be accessible and transparent. The NIE will call for the submission of project concepts. These will be reviewed with the support of a qualified and experienced review panel, and applicants will be notified of the outcomes. In order to build a coherent programme of investment, and to provide an opportunity for organisations who may not qualify as Executing Entities to participate in and implement components of AF investments, the NIE may request successful applicants to partner and collaborate.

The NIE Secretariat will support successful applicants to develop project concepts more fully into the format this is required by the AF. These will be submitted to the AF for approval.

The AF makes an effort to make the project cycle simple, and this process is clearly explained on the AF website and in supporting materials. The AF Board meets four times a year to consider project applications, and concepts must be submitted nine weeks ahead of board meetings.



Figure 3: AF project development process.

## **9. SANBI PROCESS FOR IDENTIFYING AND DEVELOPING PROPOSALS FOR SUBMISSION TO THE GREEN CLIMATE FUND**

(DECISION 2015:4, NOTED AT THE NIE SC MEETING OF 15 SEPTEMBER 2015)

(UPDATED IN ACCORDANCE WITH AMENDED GOVERNANCE ARRANGEMENTS FOR SANBI CFOC APPROVAL IN Q317)

(DECISION 2017:3, NOTED AT THE SANBI CFOC MEETING OF 30 OCTOBER 2017)

The steps involved in identifying and developing Concepts Notes and Funding Proposals for submission by SANBI to the GCF are shown below, and summarized in Figure 4. The Governance Arrangements related to this process are shown in Figure 5.

### Step 1: Call for Expressions of Interest

SANBI will issue a call for Expressions of Interest (Eols) inviting institutions to inform SANBI of their GCF project ideas. An application form with specific criteria that are aligned with SANBI's GCF Funding Framework will accompany the call.

SANBI has GCF funds to convene a series of national workshops and engagements in support of the call. Notices will also be placed in the media and on other relevant media platforms.

### Step 2: First Review of Eols

SANBI's Climate Funds Unit (CFU) will undertake a high level review of the received Eols against SANBI's GCF Funding Framework. Those Eols that do not align with the Framework will not be considered in Step 3.

### Step 3: Send applicable Eols to Climate Funds Expert Review Panel

Eols that align with SANBI's GCF Funding Framework will be assessed by experts, who are drawn from SANBI's Climate Funds Expert Review Panel, and national sector department representatives.

The Climate Funds Expert Review Panel will be selected by SANBI's Climate Funds Oversight Committee (CFOC) in response to a call that will be issued publically.

The composition of the Panel will be endorsed by SANBI's CEO.

#### Step 4: Consolidate Climate Funds Expert Review Panel comments

The CFU will consolidate the comments of the Climate Funds Expert Review Panel.

#### Step 5: Convene Climate Funds Task Team to review and prioritize Eols

The Climate Funds Task Team, comprising representatives from the Department of Environmental Affairs (DEA) and National sector departments, will be convened by the CFU to review and make recommendations on the prioritization of Eols.

#### Step 6: Bundle Eols as appropriate

Bundling of Eols may be necessary to, for example, increase the scale of the projects, or to enhance the transformative impacts of projects. Where this is the case, applicants who have submitted Eols that meet SANBI's GCF Funding Framework criteria will be engaged about their willingness to collaborate with others, and Eols may be bundled accordingly.

#### Step 7: Present Eols to the SANBI CFOC

The CFU will present all Eols to the CFOC. Those that do not align with SANBI's GCF Funding Framework will be noted, as will those that are not supported by expert reviewers.

Eols that meet SANBI's GCF Funding Framework criteria will be sorted into those that require substantial SANBI project development support (12-18 months), and those that do not (i.e. can be "fast-tracked" into Concept Notes).

The CFOC will review the Eols, and recommend those that should be further developed through Steps 8-19.

#### Step 8: Table Eols recommended for further development before the SANBI National Climate Funds Advisory Body for noting and input

The SANBI National Climate Funds Advisory Body (NCFAB) will be updated on the project pipeline development process and presented with the Eols recommended by the CFOC for further development, for noting and input.

#### Step 9: Table Eols recommended for further development before SANBI CEO for endorsement

The SANBI CEO will be updated on the project pipeline development process and presented with the Eols recommended by the CFOC for further development, for endorsement.

Step 10: Table Eols recommended for further development before SANBI Board for endorsement

The SANBI Board, via the Research, Development and Innovation (RDI) Committee, will be updated on the project pipeline development process and presented with the Eols endorsed by the SANBI CEO, for further endorsement.

Step 11: Notify the Working Groups

The relevant Working Groups will be notified of Eols endorsed by SANBI for further development.

Step 12: Notify applicants

Applicants whose Eols have been endorsed for further development will be notified, and arrangements made for SANBI to support them to develop project proposals through Step 12.

Step 13: Develop Eols into Concept Notes and Funding Proposals

SANBI will support applicant Executing Entities to develop their Eols into Concept Notes for submission to the GCF. This submission will follow Steps 13-17. Once feedback has been received from the GCF, detailed Funding Proposals will be developed. It is expected that the detailed Funding Proposals will take 12-18 months to develop.

Readiness resources have been secured from the GCF to support two project development processes.

Step 14: Obtain input and endorsement from the SANBI CFOC

Concept Notes and Funding Proposals will be tabled before the CFOC for input and endorsement.

Step 15: Table proposals to be submitted before the SANBI NCFAB for noting and input

Concept Notes and Funding Proposals will be tabled before the SANBI NCFAB for noting and input.

Step 16: Table proposals to be submitted before the SANBI CEO for endorsement

Concept Notes and Funding Proposals will be tabled before the SANBI CEO for endorsement.

Step 17: Table proposals to be submitted before the SANBI Board for endorsement

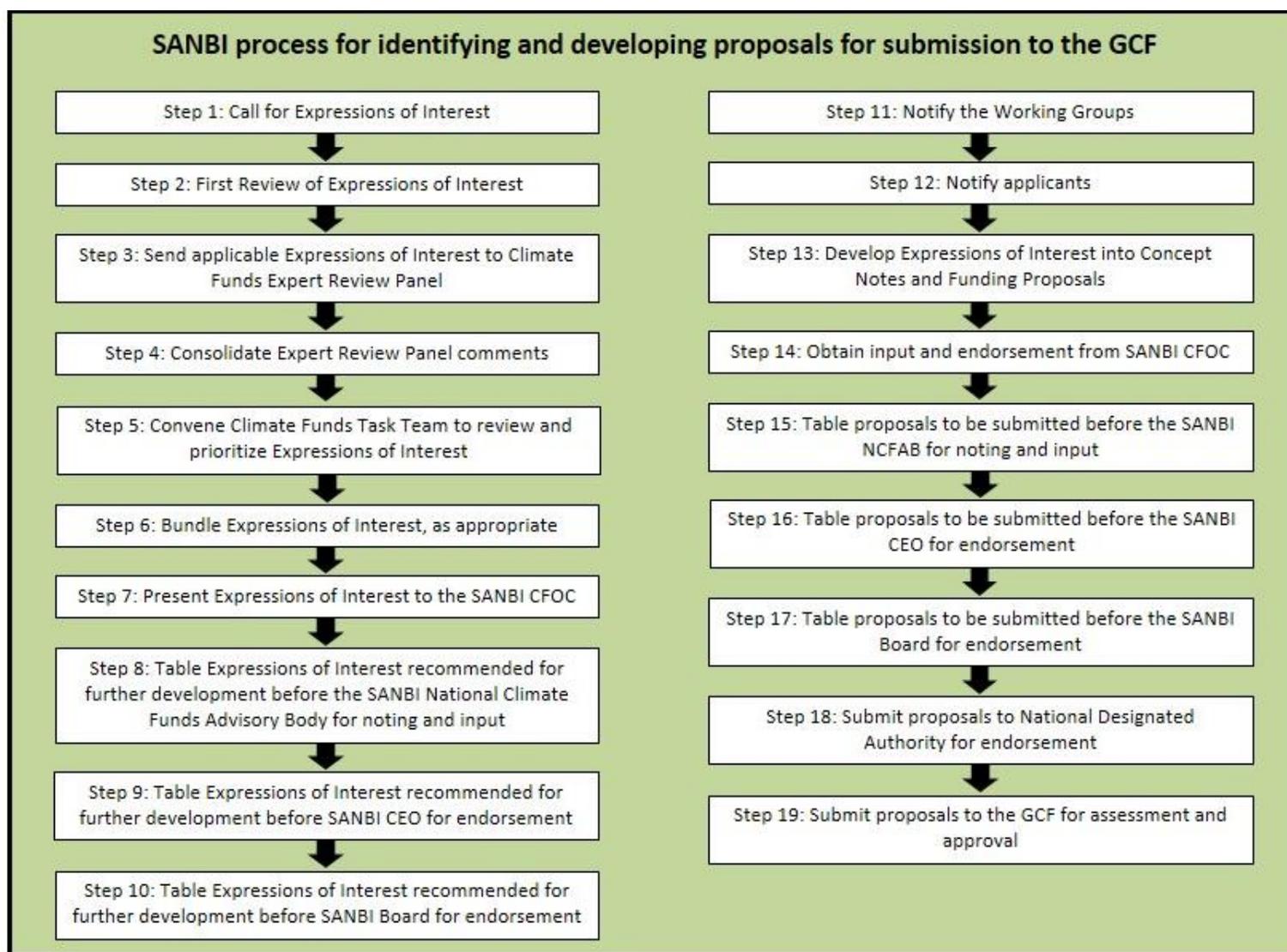
Concept Notes and Funding Proposals will be tabled before the SANBI Board, via the RDI Committee, for endorsement.

Step 18: Submit proposals to National Designated Authority for endorsement

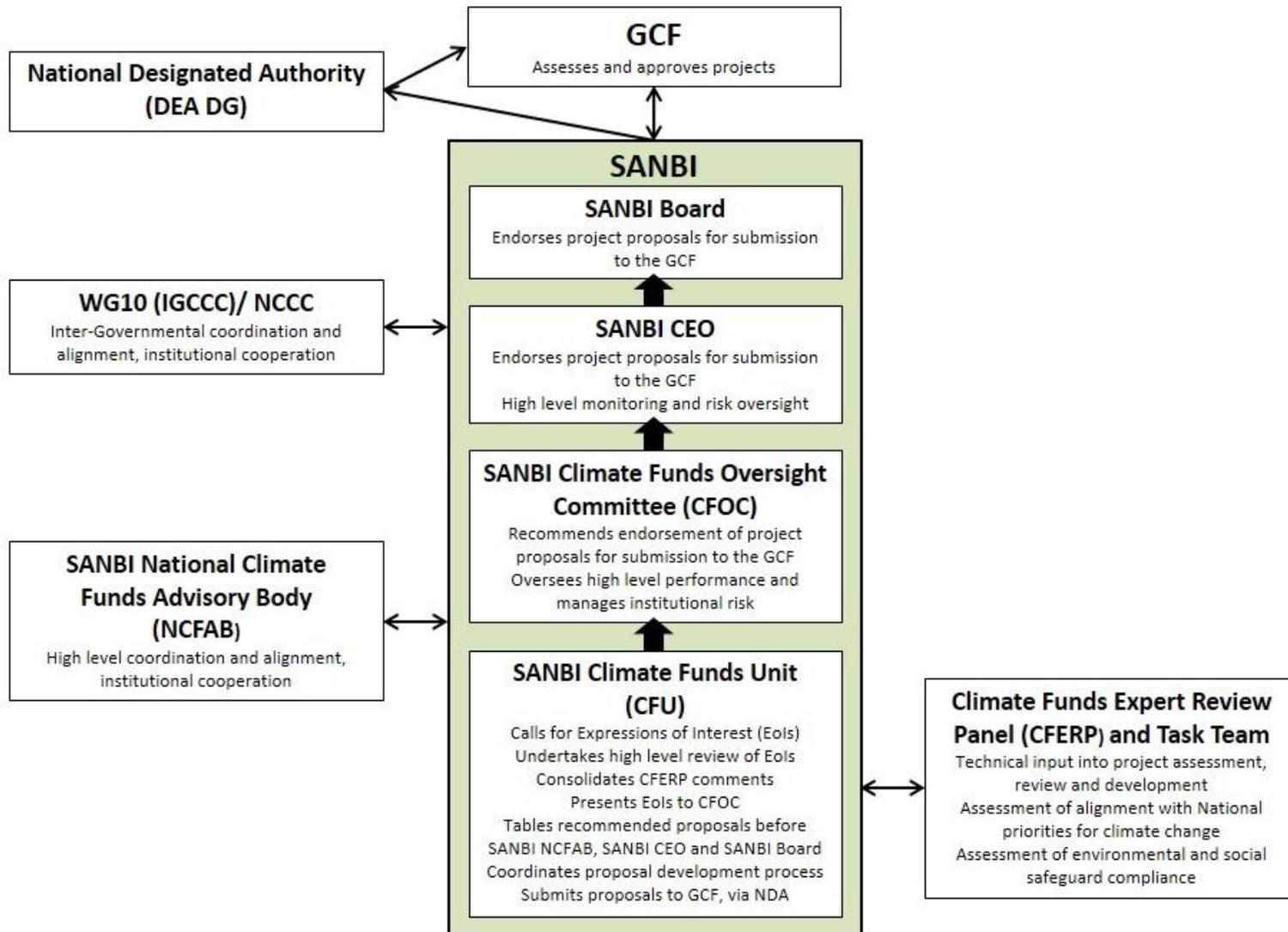
Concept Notes and Funding Proposals will be sent to the National Designated Authority (NDA) of the GCF in South Africa, i.e. Department of Environmental Affairs, for endorsement through the provision of a “no objection” letter.

Step 19: Submit proposals to the GCF for assessment and approval

Concept Notes and Funding Proposals will be submitted to the GCF for assessment and approval. Any GCF comments will be discussed with the applicant Executing Entities and project partners, and amendments will be made as appropriate.



**Figure 4:** Steps involved in identifying and developing Concepts Notes and Funding Proposals for submission by SANBI to the GCF.



**Figure 5:** Governance Arrangements relating to SANBI’s process of identifying and developing proposals for submission to the GCF.

## **10. TECHNICAL AND FINANCIAL FORECASTING AND REPORTING ON PROJECTS**

(APPROVED BY THE SANBI CLIMATE FUNDS UNIT IN OCTOBER 2015, IN OPERATION SINCE APPROVAL)

The EE shall be responsible for producing project workplans, forecasts and reports that meet the requirements of SANBI and the relevant Funder. These include the following:

### **Project planning prior to inception**

- SANBI will develop a workplan format that will be used as the basis of project activity planning, budget forecasting and reporting. This will include a Five (as relevant) Year Project Implementation Plan (FYPIP), an Annual Project Implementation Plan (APIP) that includes the quarterly workplans for the year in question and a basic Environmental and Social Risk dashboard.
- The EE will set out the anticipated programme of work for the duration of the project in these workplans (FYPIP and APIP).
- Project baselines must be determined as part of project inception activities or within the first quarter of implementation.
- The EE will complete the Environmental and Social Risk dashboards by the third quarter of the project i.e. within 6 months of the project start (and update the dashboard before the commencement of each new quarter).
- APIPs will need to be developed one quarter before the commencement of each new year of the project.
- Prior to contracting with the EE, SANBI will need to approve the project's FYPIP.
- Prior to approval of the first disbursement request, SANBI will need to approve the APIP with detailed quarterly workplans for the first two quarters of the project.

### **Forecasting at project inception**

- At the start of the project, the EE will develop detailed quarterly workplans, budgets and recruitment and procurement plans for first two quarters of the project.
- These will be reviewed and approved by SANBI. The EE will pay particular attention to the guidance that is provided by SANBI on Eligible Expenditure.
- SANBI will base its decisions about project advances on the information that is set out in the approved APIP.

### **Recruitment and procurement**

- All recruitment and procurement must be undertaken in accordance with the EE recruitment and procurement policies that have been approved by SANBI, that meet the minimum procurement requirements of the Funder, and that provide sufficient detail for reporting to SANBI and the Funder.
- The EE will prepare job descriptions for all staff or ToRs for all consultants that are to be hired in the forecast period.
- Where existing staff are to be deployed to the project and reimbursed for such deployment, the EE will prepare job descriptions for these staff and single source motivations for their deployment. This process will apply to staff that are deployed for 100% of their time to the project and for staff who are to be reimbursed for part of their time.
- SANBI will need to provide no objections for job descriptions for all planned recruitment or single source selection prior to staff appointments, irrespective of contract value.
- In addition, SANBI will need to provide no objections for all terms of reference with contract values greater than R200,000 prior to contracting.

### **Quarterly reporting during implementation**

- Project progress and expenditure will be monitored quarterly via Quarterly Technical Reports and Quarterly Financial Reports that are submitted to and collated by the EE, and submitted to SANBI.
- The Quarterly Technical Reports will address progress made towards all elements of the work plan (APIP) and will need to reflect the lessons learned in the previous quarter.
- The EE will produce Quarterly Financial Reports that align with these Quarterly Technical Reports.
- To comply with the SANBI Environmental & Social Risk Management Framework, from the third quarter the Quarterly Technical Reports will include the project's Environmental and Social Risk dashboards. These will be used to report on projected environmental and social risk, mitigation actions (if required), and progress in implementing such actions.
- These Quarterly Technical Reports and Quarterly Financial Reports will be submitted to SANBI for review, validation and approval.

### **Quarterly forecasting during implementation**

As part of the planning for the upcoming period:

- The EE will produce updated Quarterly Technical Reports, Quarterly Financial Reports, as described above.
- The Quarterly Technical Reports will include technical and associated financial forecasts that will cover the next two quarters (six months) and will need to align with the agreed APIP and FYPIP.

- Associated with the forecasts will be a Disbursement Requests, based on activities of the next two quarters and progress in the previous quarter.
- The Quarterly Technical Reports will include a list of all planned procurement (in excess of R2,000) in the coming two quarters
- From the third quarter, the updated Quarterly Technical Reports will be accompanied by Environmental and Social Risk dashboards.

#### **Report collation and submission to SANBI**

- The EE will submit the collated Quarterly Technical Reports, Quarterly Financial Reports and the Disbursement Request to SANBI for approval and payment within one month of the after the last business day of the completed quarter.
- The submission will include a cover letter confirming that all expenditure detailed in the Quarterly Reports is approved and eligible as per SANBI's Eligible Expenditure guidelines.
- SANBI will approve the Disbursement Requests on the recommendations of the EE, and against the project guidelines for Eligible Expenditure.

#### **Disbursement cycle**

- An initial payment will be made by SANBI to the EE to cover the costs of the first two quarters (six months) of expenditure on the basis of the signing of the contract and achievement of all pre-conditions.
- This will take the form of a Disbursement Request that is submitted to SANBI for approval.
- This projected expenditure will be based on the activities that have been approved by SANBI in quarterly workplans and forecasts (i.e. relevant quarters in the APIP).
- The second payment will be made in the second quarter, on receipt of an approved Quarterly Technical Report for the first quarter, an approved Quarterly Financial Report for the first quarter and an approved Disbursement Request for the next two quarters.
- Disbursements will only be approved if expenditure equals at least 80% of projected expenditure from the previous quarter.
- The third payment will be made during the third quarter, on receipt of an approved Quarterly Technical Report for the second quarter, an approved Quarterly Financial Report for the second quarter and an approved Disbursement Request for the next two quarters (six months).
- The same cycle will be repeated every quarter.
- SANBI has the right to not make payments if it is not satisfied that the milestones and performance indicators have not been satisfactorily met or that financial management is not adequate.

- Failure to submit quarterly forecasts (in the APIP and via a Disbursement Request), Quarterly Progress Reports and Quarterly Financial Reports will automatically result in non-payments of invoices presented.

**Annual reporting and project evaluations**

- On an annual basis, the EE will complete a Project Performance Report, in the relevant format.
- On an annual basis the EE will indicate progress made (actual results) against the targets of each of the approved indicators, and suggest corrective actions, if required.
- The EE shall submit this to SANBI together with the Social and Environmental Impact Report.
- At mid-term and at project termination the EE will commission and support the project mid-term and terminal reviews/evaluations, and provide requested information for the mid-term and terminal review/evaluation reports.

## **11. DEFINITION OF ELIGIBLE EXPENDITURE AND APPROPRIATE PROOF OF EXPENDITURE**

(APPROVED BY THE SANBI CLIMATE FUNDS UNIT IN OCTOBER 2015, IN OPERATION SINCE APPROVAL)

### **What is eligible expenditure?**

Eligible expenses are expenses that:

- Are incurred during the project implementation period;
- Are in line with the activities set out in approved APIP;
- Are made in a manner that is consistent with the EE or relevant project partner's approved procurement policies;
- Are made in a manner that is consistent with the Funders Operational Policies and Guidelines; and
- Are made in a manner that is consistent with SANBI's guideline for Eligible Expenditure (i.e. this document).

Furthermore please note that:

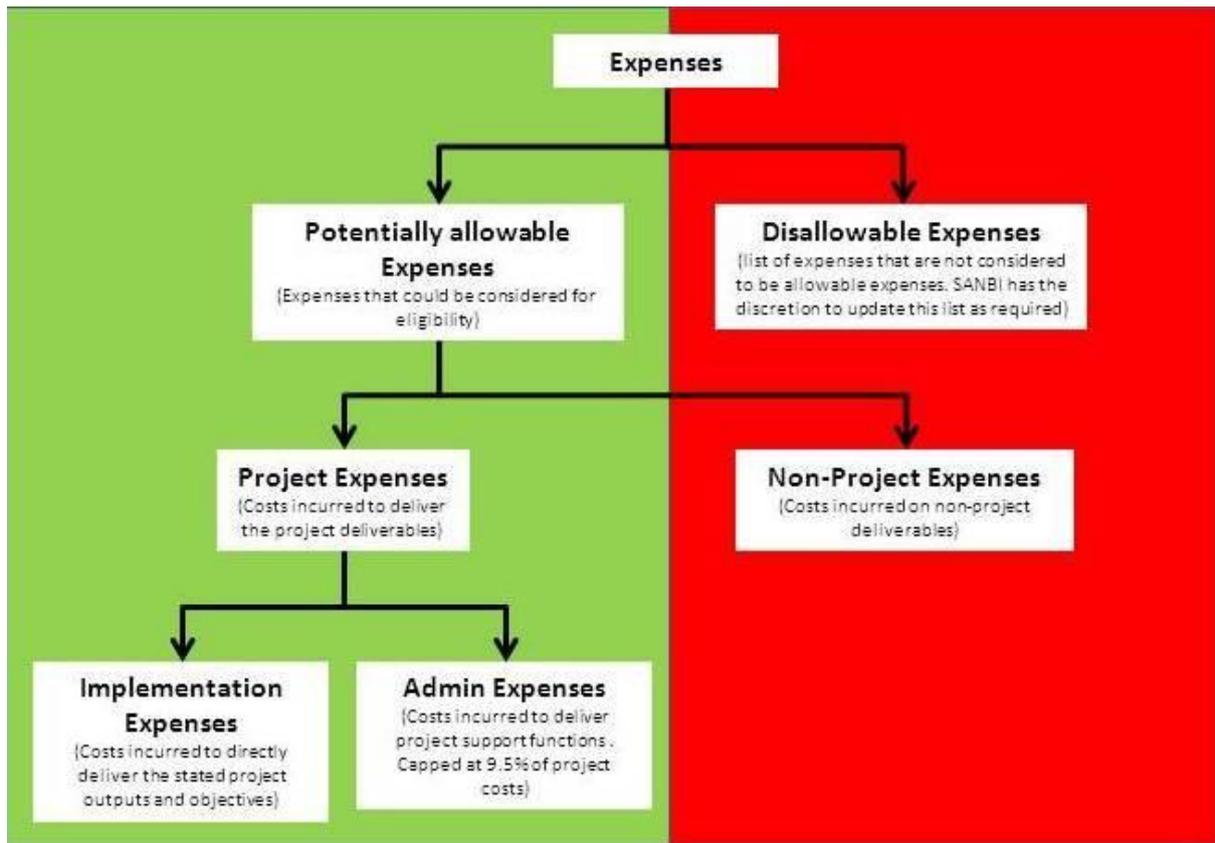
- Approved contracts must be in place for all personnel and services costs prior to these costs being incurred; and
- Approved motivations must be in place for expenses associated with all conferences that are not direct activities of the project prior to these costs begin incurred.

The principles around eligible expenses are applicable to all entities that are contracted to receive funding for AF / GCF projects via SANBI.

Contracted parties may be reimbursed for hard costs incurred during the project inception phase, *provided such expenditure has prior approval and this approval is confirmed in writing by the EE and SANBI*. Staff time spent on project inception planning activities that take place prior to project inception cannot not be reimbursed.

### **How is eligible expenditure determined?**

Eligible expenses are determined on the basis of a set of principles that are illustrated in Figure 6 and explained further below.



**Figure 6:** Flowchart for determining eligibility of project expenditure.

Step 1: Distinguish between Disallowable Expenses and Potentially Allowable Expenses

Disallowable expenses are those expenses that, at the discretion of SANBI, are not considered to be eligible for the inclusion in the suite of expenses that will be considered for eligibility as a reimbursable project expense. They should be identified upfront and excluded from project budgets altogether.

Disallowable Expenses include:

- Audit Fees (with the exception of audit fees that are provided for in the EE management budget);
- Bad Debts;
- Company Secretarial Fees;
- Conference, Workshop and Seminar Costs other than costs expressly included in approved workplans;
- Entertainment;
- Funding shortfalls;
- Gardening and related expenses;
- Incentives and Bonuses;
- Management Fees;

- Marketing and advertising costs unless directly related to the Project;
- Membership Fees;
- Office furniture and fittings other than costs expressly included in the approved APIP;
- Staff Welfare;
- Subscription Fees;
- Travel and Accommodation other than costs expressly included in the approved APIP; and
- Any other expenses of an extra-ordinary nature relating to any activities to run the core functions of the operations of the entity, e.g. cost of installing a new server, software package or telephone system.

Potentially Allowable Expenses are all expenses that have not been classified as Disallowable Expenses.

Step 2: For Potentially Allowable Expenses, distinguish between Non-Project Expenses and Project Expenses

Potentially Allowable Expenses are broken into two types of expenses:

- Non-Project Expenses; and
- Project Expenses.

Non-Project Expenses:

Non-project expenses include all the expenses incurred by the implementation agent that do not contribute to the delivery of the project outcomes/ deliverables. Non-Project expenses are not reimbursable.

Project Expenses:

Project expenses include all expenses incurred during the implementation that contribute to the delivery of the project outcomes/ deliverables as defined in the Approved Project Proposal and as elucidated in FYPIP and APIP. These expenses are allowed to be claimed and paid from project funding made available to the contracted entity. (The project disbursement process must be followed).

Furthermore, project expenses are made up of two components (see Table 3 below):

- Implementing Expenses; and
- Administration Expenses.

**Table 3: Project definitions for implementing and administration expenses.**

	IMPLEMENTING EXPENSES	ADMINISTRATION EXPENSES
Definition	Implementing expenses are those expenses that contribute directly to the contracted project outputs and objectives as defined in the project document and project implementation plans (work plans).	Administration expenses are the mutually agreed upon portion of the non-project related expenses that the implementing organisation has to incur to ensure that it has the operational capacity to be able to deliver the project outcomes / deliverables.  The Administration Fees <i>excludes</i> any costs budgeted for to ensure the continued sustainability (going concern) of the implementing agent and any extraordinary expenses that have occurred in the financial year.
Allocation method	100% allocation to the project, or based on actual consumption of the resource (actual cost incurred). For example if a person works on more than 1 project in a month, the monthly salary cost is prorated according to the percentage of time spent between the projects.	Usually based on a predetermined allocation table applied to the identified administration costs.  An allocation table is a formula applied to a cost to reasonably allocate the expense between projects. Each project gets allocated a percentage with the total amounting to 100%.
Examples	<ul style="list-style-type: none"> <li>• Employment costs of project team members employed and working on the project in an 'implementation' capacity.</li> <li>• Operating expenses (e.g. IT, Connectivity costs, Printing, Stationery, Telephone, Cellphone, fuel, travel costs) incurred by the project for the delivery of the project outcomes and outputs.</li> <li>• Costs associated with the attendance of conferences that are not directly part of the project provided a motivation for such attendance has been approved by the EE.</li> <li>• Rent, Rates, Water and Electricity of site based offices may also be included here.</li> </ul>	<ul style="list-style-type: none"> <li>• Accounting and Bookkeeping Fees</li> <li>• Insurance</li> <li>• IT and Connectivity costs</li> <li>• General Printing and Stationery</li> <li>• Rent, Rates, Water and Electricity of head office</li> <li>• Reception services – someone to answer the phone</li> <li>• Pro-rata Security at head office</li> <li>• General telephone &amp; cell phone cost – not linked to dedicated 'implementing' project staff</li> </ul>

Note: The total value of the administration expenses that can be charged to the project is capped at 9.5% of project costs.

#### Proof of evidence

The recommended Proof of Evidence (POE) for each of the expense types described above is captured in the Table 4 below.

Unsupported expenses, i.e. expenses without the required supporting documentation, will be considered to be Disallowable Expenses. Note that some expenses require pre-approval by SANBI.

The responsibility to retain POE rests with the relevant party who undertakes the procurement (e.g. the Executing Entity) and need not be submitted to SANBI unless required for audit purposes. However, SANBI has the right to request the POE information at any time.

**Table 4:** Proof of Evidence (POE)/supporting documentation required for project expense type (Implementing expenses and Administration expenses).

See Appendix 1 for examples of expenses.

EXPENSE TYPE	ALLOCATION OF EXPENSE BASED ON	<b>PROOF OF EVIDENCE</b> <i>Items requiring prior approval by SANBI are noted. This approval must be obtained prior to cost being incurred for the expenditure to be deemed eligible. All other documentation must be retained by the EE for audit and reporting purposes.</i>
<b>Implementing Expenses</b>		
Personnel/ Employment Costs	Job description and contract if new appointment for the project, or motivation with a clear explanation for allocation percentage if this is not 100%	<p>For new staff:</p> <ul style="list-style-type: none"> <li>• Job description</li> <li>• Proof of recruitment process (according to the organisation's HR Policy)</li> <li>• Signed employment contract</li> <li>• Sign-off by Project Manager of relevant party who undertakes the procurement</li> </ul> <p>For existing staff:</p> <ul style="list-style-type: none"> <li>• Job description</li> <li>• Single source motivation with a clear explanation for allocation percentage effort (if this is not 100%)</li> <li>• Signed employment contract</li> <li>• Annex to employment contract stating inclusion of related activities in employees scope of work</li> <li>• Sign-off by Project Manager of relevant party who undertakes the procurement</li> </ul> <p>Note: Job descriptions for project personnel as single source motivations (as relevant) must be approved by the EE/ SANBI prior to the commencement of recruitment or the allocation of costs to the project</p>
Services	Contract with service provider Actual original supplier invoices	<p>For services with values below R2,000:</p> <ul style="list-style-type: none"> <li>• Receipts, signed-off by Project Manager</li> </ul> <p>For services with values above R2,000:</p> <ul style="list-style-type: none"> <li>• Terms of Reference</li> <li>• A minimum of 3 quotes and documentation of procurement process</li> <li>• Or, where appropriate, a single source motivation with a clear explanation for allocation percentage of effort (if this is not 100%)</li> <li>• Signed contract</li> <li>• Proof of Payment</li> <li>• Original supplier receipts (consolidated where appropriate for project reporting purposes) &amp; sign-off by Project Manager</li> </ul> <p>Note: For service above R200,000 Terms of Reference must be approved by the EE/ SANBI prior to the commencement of procurement</p>
Goods (Moveable Assets)	Actual original supplier invoices	<p>For goods with values below R2,000:</p> <ul style="list-style-type: none"> <li>• Original supplier receipts (consolidated where appropriate for project reporting purposes) &amp; sign-off by Project Manager</li> </ul>

EXPENSE TYPE	ALLOCATION OF EXPENSE BASED ON	<b>PROOF OF EVIDENCE</b> <i>Items requiring prior approval by SANBI are noted. This approval must be obtained prior to cost being incurred for the expenditure to be deemed eligible. All other documentation must be retained by the EE for audit and reporting purposes.</i>
		For goods with values above R2,000: <ul style="list-style-type: none"> <li>• A minimum of 3 quotes and documentation of procurement process</li> <li>• Or, where appropriate, a single source motivation</li> <li>• Invoice</li> <li>• Proof of Payment</li> <li>• Original supplier receipts (consolidated where appropriate for project reporting purposes) &amp; sign-off by Project Manager</li> </ul> Note: For goods above R200,000 motivation for purchase of goods must be approved by the EE/SANBI prior to the commencement of procurement
Works and Capital Assets (Immovable Assets)	Actual original supplier invoices	For works with values below R2,000: <ul style="list-style-type: none"> <li>• Original supplier receipts (consolidated where appropriate for project reporting purposes) &amp; sign-off by Project Manager</li> </ul> For works with values above R2,000: <ul style="list-style-type: none"> <li>• A minimum of 3 quotes and documentation of procurement process</li> <li>• Or, where appropriate, a single source motivation</li> <li>• Invoice</li> <li>• Proof of Payment</li> <li>• Original supplier receipts (consolidated where appropriate for project reporting purposes) &amp; sign-off by Project Manager</li> </ul> Note: For works above R200,000 motivation for purchase of works must be approved by the EE/SANBI prior to the commencement of procurement
Operating costs	Actual original supplier invoices	For operating costs with values below R2,000: <ul style="list-style-type: none"> <li>• Original supplier receipts (consolidated where appropriate for project reporting purposes) &amp; sign-off by Project Manager of relevant party who undertakes the procurement</li> </ul> For operating costs with values below R2,000: <ul style="list-style-type: none"> <li>• A minimum of 3 Quotes and documentation of procurement process</li> <li>• Or, where appropriate, a travel management policy stating, approved by the EE/ SANBI</li> <li>• Original supplier receipts (consolidated where appropriate for project reporting purposes) &amp; sign-off by Project Manager of relevant party who undertakes the procurement</li> </ul> For conference attendance: <ul style="list-style-type: none"> <li>• Conference motivation form (supported by the conference agenda/ advert), approved by the EE/ SANBI</li> <li>• A conference report-back form</li> </ul> For operational cost with values above R200 000: <ul style="list-style-type: none"> <li>• Motivation for procurement must be approved by the EE/ SANBI prior to the commencement of procurement</li> </ul>

EXPENSE TYPE	ALLOCATION OF EXPENSE BASED ON	<b>PROOF OF EVIDENCE</b> <i>Items requiring prior approval by SANBI are noted. This approval must be obtained prior to cost being incurred for the expenditure to be deemed eligible. All other documentation must be retained by the EE for audit and reporting purposes.</i>
<b>Administration Expenses</b>  <b>Note: any Administration Expenses with values above R200,000 need to be approved by the EE/ SANBI prior to the commencement of procurement</b>		
Employment Costs	Job description and contract if new appointment for the project, or motivation, with a clear explanation for allocation percentage if this is not 100%	<p>For new staff:</p> <ul style="list-style-type: none"> <li>• Job description</li> <li>• Proof of recruitment process (according to the organisation's HR Policy)</li> <li>• Signed employment contract</li> <li>• Sign-off by Project Manager of relevant party who undertakes the procurement</li> </ul> <p>For existing staff:</p> <ul style="list-style-type: none"> <li>• Job description</li> <li>• Single source motivation with a clear explanation for allocation percentage effort (if this is not 100%)</li> <li>• Signed employment contract</li> <li>• Annex to employment contract stating inclusion of SGF-related activities in employees scope of work</li> <li>• Sign-off by Project Manager of relevant party who undertakes the procurement</li> </ul> <p>Note: Job descriptions for project personnel as single source motivations (as relevant) must be approved by the EE/ SANBI prior to the commencement of recruitment or the allocation of costs to the project</p>
Services	Contract with service provider Actual original supplier invoices	<p>For services with values below R2,000:</p> <ul style="list-style-type: none"> <li>• Receipts, signed-off by Project Manager</li> </ul> <p>For services with values above R2,000:</p> <ul style="list-style-type: none"> <li>• Terms of Reference</li> <li>• A minimum of 3 quotes and documentation of procurement process</li> <li>• Or, where appropriate, a single source motivation with a clear explanation for allocation percentage of effort (if this is not 100%)</li> <li>• Signed contract</li> <li>• Proof of Payment</li> <li>• Original supplier receipts (consolidated where appropriate for project reporting purposes) &amp; sign-off by Project Manager</li> </ul>
Goods (Moveable Assets)	Actual original supplier invoices	<p>For goods with values below R2,000:</p> <ul style="list-style-type: none"> <li>• Original supplier receipts (consolidated where appropriate for project reporting purposes) &amp; sign-off by Project Manager</li> </ul> <p>For goods with values above R2,000:</p> <ul style="list-style-type: none"> <li>• A minimum of 3 quotes and documentation of procurement process</li> <li>• Or, where appropriate, a single source motivation</li> <li>• Invoice</li> <li>• Proof of Payment</li> </ul>

<b>EXPENSE TYPE</b>	<b>ALLOCATION OF EXPENSE BASED ON</b>	<b>PROOF OF EVIDENCE</b> <i>Items requiring prior approval by SANBI are noted. This approval must be obtained prior to cost being incurred for the expenditure to be deemed eligible. All other documentation must be retained by the EE for audit and reporting purposes.</i>
		<ul style="list-style-type: none"> <li>Original supplier receipts (consolidated where appropriate for project reporting purposes) &amp; sign-off by Project Manager</li> </ul>
Operating costs	Actual original supplier invoices	<p>For operating costs with values below R2,000:</p> <ul style="list-style-type: none"> <li>Original supplier receipts (consolidated where appropriate for project reporting purposes) &amp; sign-off by Project Manager of relevant party who undertakes the procurement</li> </ul> <p>For operating costs with values below R2,000:</p> <ul style="list-style-type: none"> <li>A minimum of 3 Quotes and documentation of procurement process</li> <li>Or, where appropriate, a travel management policy stating, approved by the EE/ SANBI</li> <li>Original supplier receipts (consolidated where appropriate for project reporting purposes) &amp; sign-off by Project Manager of relevant party who undertakes the procurement</li> </ul>

**Appendix 1: Examples of expense types.**

<b>Budget Categories</b>	<b>Examples</b>
<b>Personnel:</b>	Project Manager staff time.
<b>Services:</b> Only Consultants/professional services.	Service provider to train beneficiaries.
<b>Goods:</b> Movable assets (goods).	Computers including software, tablet devices, field supplies.
<b>Works:</b> Fixed assets that will remain after the end of the project period.	Shelters and drainage culverts.
<b>Operational costs:</b>	Telephone, rent, fuel, travel costs, direct field trip expenses (accommodation, meals), consumables
<b>Administration costs:</b> Capped at 9.5% of project costs	Accounting and bookkeeping fees, insurance, IT and connectivity, general printing and stationary, rent, rates, water, electricity, reception services, general telecommunications. Financial Manager staff time.

## **12. ENVIRONMENTAL & SOCIAL RISK MANAGEMENT FRAMEWORK**

(DECISION 2015:4, NOTED AT THE NIE SC MEETING OF 15 SEPTEMBER 2015)

(DECISION 2016:1, NOTED AT THE NIE SC MEETING OF 1 JUNE 2016)

(UPDATED IN ACCORDANCE WITH AMENDED GOVERNANCE ARRANGEMENTS FOR SANBI CFOC APPROVAL IN Q317)

SANBI has noted its responsibility to ensure compliance with the Adaptation Fund (AF) Environmental and Social Policy (ESP) and the Green Climate Fund (GCF) interim Environmental and Social Safeguards (ESS), and has designed an Environmental & Social Risk Management Framework that will ensure compliance with these policies and standards and South Africa's National legislation.

Compliance with these policies and standards will be ensured during project identification, selection, development and submission processes (as outlined elsewhere in the Policies and Processes Manual) and during project implementation.

The Climate Funds Unit and SANBI Climate Funds Expert Review Panel (CFERP) will be responsible for categorising projects against the AF ESP and GCF ESS categories. Only projects with no anticipated risks (Category C) or risks in Category B will be considered for funding. For the AF a Category B project is defined as one with "possible but limited adverse environmental or social impacts". For the GCF, a Category B project is defined as one "with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures". Should there be a risk of Category A activities occurring against any of the 8 Performance Standards in any GCF-funded project, the project will be considered a Category A project and will not be supported by SANBI.

Projects that are supported by SANBI will be carefully designed to benefit local communities, with a particular focus on women and vulnerable groups, and the environment in their focal areas, with no anticipated adverse social or environmental impacts. This Environmental & Social Risk Management Framework has been developed to ensure that any unintended adverse impacts are avoided, and that, where this is not the case, they are timeously detected and appropriately mitigated.

The Framework comprises a feedback loop that ensures that risks are identified and appropriately mitigated in a timeous manner (see Figure 7). The process entails a self-assessment by project Executing Entities, review and identification of mitigation measures by an expert panel, endorsement

of corrective actions by the SANBI Climate Funds Oversight Committee (CFOC), feedback to the EE via the Climate Funds Unit, feedback by the EE to project partners and affected stakeholders and the co-development of mitigation measures and their integration into project design and appropriate. The Climate Funds Unit will be responsible for ensuring that the process is implemented. The process is expanded upon below.

It is envisaged that this process will be applied on a quarterly basis.



**Figure 7:** SANBI Environmental and Social Risk Management feedback loop.

The Environmental & Social Risk Management Framework will ensure that:

- Adequate capacity is in place for risk screening during project development, review and implementation processes;
- Projects are categorised against the relevant standards and only projects with acceptable levels of risk are considered for funding.
- Adequate capacity building for risk management is provided to successful Executing Entities (EEs) and other implementation partners at project start-up;
- Activity forecasts are screened for potential risks on a quarterly basis and that associated disbursement is not approved where these arise (see below for details);
- EE Project reporting processes to SANBI have a particular focus on detection and appraisal of environmental and social risks;
- Project oversight and governance processes are designed to ensure that oversight is provided for risks detection, avoidance where necessary mitigation; and
- Stakeholders are aware of a mechanism to raise concerns relating to risks with the project EE and governance structures and the SANBI CFOC, should concerns relating to risks not be adequately addressed by the EE.

The Climate Funds Unit will support the Environmental and Social risk management process by:

- Ensuring that adequate screening and categorisation takes place during project development;
- Providing relevant materials and training during project inception;
- Developing and implementing a quarterly project forecasting and reporting system that has a specific focus on risk screening and mitigation (see below); and
- Ensuring that all project forecasting, monitoring, evaluation, reporting and governance processes are able to timeously detect both anticipated minor risks, as well as any unforeseen risks that may arise, so that they are managed accordingly.

### **Institutional Arrangements for Risk Management**

The process of screening, identifying, mitigating and managing environment and social risks that may arise during the SANBI project identification, development and implementation processes will be coordinated by the Climate Funds Unit and supported by the SANBI Climate Funds Expert Review Panel. Results will be communicated to the SANBI CFOC at its meetings that take place three to four times a year.

### ***SANBI Climate Funds Expert Review Panel***

SANBI's Climate Funds Expert Review Panel will comprise a combination of experienced staff from across the Institution and external experts who will support the Climate Funds Unit in project design and risk management. Additional information about the Panel and its competencies is available on request.

### ***Risk Management Oversight***

The SANBI CFOC will provide an oversight function for risk management.

On a quarterly basis, a completed risk management dashboard (see below), which has been reviewed by the Climate Funds Unit and the SANBI Climate Funds Expert Review Panel (as required), will be tabled at the SANBI CFOC meeting for approval. This will include reporting on projected risk, mitigation actions, and progress in action implementation. The SANBI CFOC will officially issue and/or endorse recommendations for further action. These actions will form part of each project's performance management processes.

### **Risk Identification and Management Process**

#### ***Risk Management Dashboard***

SANBI has developed risk management dashboards that will be integrated into all project development, forecasting and reporting processes.

These dashboards are based on the dashboards that are in SANBI's internal risk management operations, and have been custom-made for AF or GCF purposes. They will allow any risks to be easily and timeously identified, and managed accordingly.

Prospective and contracted Executing Entities will be required to complete the relevant dashboard by way of a self- assessment and the completed dashboard will form part of the documents that are submitted in response to the SANBI call for proposals, and for all quarterly forecasting and reporting processes.

### ***Risk Management Action Plan***

Where risks are identified during project design and development, SANBI will require proponents to modify their activities so that risks are either avoided altogether or adequately mitigated. In this way, SANBI will give effect to an early safeguard that ensures that risks are either avoided altogether or adequately mitigated, that no projects that are classified as high risk are supported, and that where projects with moderate and manageable risks are supported, the residual impacts are adequately managed and mitigated.

Where risks are identified during project implementation, Executing Entities will be required to set out a series of appropriate responses that show how the identified risks will be avoided, or how mitigation measure will be put in place to ensure that risks are appropriately managed. These proposed risk management actions will be integrated into project workplans and monitored for compliance.

The Climate Funds Unit will review workplans and budgets to ensure that sufficient resources are allocated to appropriate risk management and mitigation.

### ***Risk management review***

The Climate Funds Unit will review the self-assessment dashboard and mitigation plans, and will be supported by the SANBI Climate Funds Expert Review Panel where necessary.

During the project proposal stage, careful attention will be directed to project design to ensure that all projects that are considered beyond the initial screening fit into the risk management categories for which SANBI is accredited.

### **Risk Management during Project Identification, Development and Design**

The project identification and development process for GCF projects sets out how Environmental and Social risks will be identified and managed during the GCF project identification and detailed design processes.

## **Risk Management during Project Implementation**

### ***Project Inception***

During the project start-up phase, SANBI will engage directly with the EE and other project partners on the procurement, human resources, financial management and other operating procedures that will apply to the management of the project, and that will be necessary to ensure compliance with SANBI and AF / GCF policies and procedures, as relevant.

During project inception, attention will be drawn to the Environmental & Social Risk Management Framework and a dedicated capacity building session will be held to ensure that the EE and other project partners are able to competently detect environmental and social risks in future project planning, monitoring, evaluation and reporting processes, and to competently complete the required dashboards.

In this regard, attention will be given to ensuring that projects do not impact adversely on any heritage resources, priority biodiversity areas or ecosystem support areas, and that there are no negative impacts on local communities, including vulnerable groups with a particular focus on women and where relevant indigenous people.

### ***Screening during Project Implementation***

The Environmental & Social Risk Management dashboard provides a forecasting and screening framework to timeously detect and respond to any environmental and/or social risks.

In order for funds to be disbursed, the EE will need to submit detailed quarterly forecasts to the Climate Funds Unit that are built up from anticipated project activities. In an effort to strengthen risk screening, and to ensure that no unintended negative impacts are caused or not mitigated, all Component and sub-Component Leaders will be required to submit the relevant project risk screening dashboard with their forecasts. These tables will need to be submitted to the EE and SANBI, as part of the forecast approval process.

Where minor risks that can easily be mitigated are detected, the EE or sub-EE will be required to note these in the action section of the dashboard, and to develop a sub-Environmental and Social Risk

Management Plan, commensurate with the severity of the risk associated with the relevant sub-component activity. The EE and/ or sub-Executing Entity will need to show that costs associated with this can be provided within the project budget, and this will need to be approved by the Climate Funds Unit.

Project activities that pose social or environmental risks that are not easily mitigated will not be approved during the detailed quarterly forecasting process.

The Climate Funds Unit is well placed to review these risks for accuracy and severity through a process that will be led by the Lead: Climate Funds, Dr Mandy Barnett, and supported by the SANBI Climate Funds Expert Review Panel.

### **External Evaluations**

The external evaluations of the AF- and GCF-funded projects will assess the extent to which projects achieve their objectives and contribute to the objectives of the AF and GCF, as relevant. These evaluations will include a specific focus on environmental and social risks, and ensure compliance with the Environmental & Social Risk Management Framework.

On the basis of these evaluations, EEs will be required to development management responses that are subsequently fully integrated into the project performance monitoring processes.