

(Extrat from SANBI's Climate Funds Policies and Processes Manual, Version 8: December 2017)

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.