

## Annex X: Accreditation assessment of Applicant 039 (APL039)

### I. Introduction

1. Applicant 039 (APL039), the South African National Biodiversity Institute (SANBI), is a national entity and a research institute that coordinates research, monitors and reports on the state of biodiversity in South Africa. The applicant also provides planning and policy advice and pilots management models. It has developed and implemented climate-resilient projects that deliver multiple and sustainable benefits to communities in an effort to respond to local adaptation needs and national climate change priorities. The applicant has achieved this by mobilizing financial resources from various sources, including multilateral financial institutions.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 1 July 2015. The Stage I institutional assessment and completeness check was completed on 10 February 2016 and was progressed to the Stage II (Step 1) accreditation review, which has been concluded with the publication of this assessment. The applicant has applied to be accredited for the following parameters under the fit-for-purpose approach of the GCF:

- (a) **Access modality:** direct access, national. The applicant received a national designated authority nomination for its accreditation application from South Africa;
- (b) **Track:** fast-track under the Adaptation Fund (AF);
- (c) **Maximum size of an individual project or activity within a programme:** small;<sup>1</sup>
- (d) **Fiduciary functions:**<sup>2</sup>
  - 1. Basic fiduciary standards;
  - 2. Specialized fiduciary standard for project management; and
  - 3. Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
- (e) **Maximum environmental and social risk category:** medium risk (Category B/Intermediation 2 (I-2)).<sup>3</sup>

### II. Stage II institutional assessment and completeness check

3. The applicant is eligible for, and applied under, the fast-track accreditation process as an AF entity. Its application has been assessed by the Secretariat during Stage I in accordance with the requirements and gaps identified in decisions B.08/03, B.10/06 and B.12/30.

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<sup>1</sup> As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), “small” is defined as “maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 10 million and up to and including USD 50 million for an individual project or an activity within a programme”.

<sup>2</sup> Decision B.07/02.

<sup>3</sup> As per annex I to decision B.07/02 (annex I to document GCF/B.07/11), category B is defined as “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” and intermediation 2 is defined as “When an intermediary’s existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally-site specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented”.

## 1.2 Legal status, registration, permits and licences

4. The Secretariat reviewed the information provided by the applicant regarding its legal status as well as relevant and applicable registrations, permits and licences. SANBI was established through the signing into force of the National Environmental Management: Biodiversity Act (Act 10 of 2004) of South Africa.

## 2.2 Institutional presence and relevant networks

5. The applicant meets its responsibilities related to facilitating the full diversity of South Africa's fauna and flora, and builds on internationally respected programmes in the areas of conservation, research and education in partnership with other stakeholders. Within the framework of the National Environmental Management: Biodiversity Act, the purpose of SANBI is to provide for:

- (a) The management and conservation of biological diversity within South Africa;
- (b) The sustainable use of indigenous biological resources; and
- (c) The fair and equitable sharing among stakeholders of benefits arising from bio-prospecting involving indigenous biological resources.

6. The applicant has partnered with the government, municipalities, the private sector, civil society organizations and local communities in South Africa to deliver climate change mitigation and adaptation.

7. The applicant seeks accreditation to the GCF in order to support efforts to promote the paradigm shift towards low-emission and climate-resilient development pathways in South Africa. The applicant seeks to contribute to the objectives of GCF by leveraging its experience in mainstreaming biodiversity in the areas of agriculture, water, ecosystem services, climate information and early warning systems. Particular focus will be given to building resilience in vulnerable communities, and strengthening the capacity of local institutions to enable the scaling up and replication of interventions.

## 2.3 Track record

8. The applicant mobilizes financial resources from its national and international partners to alleviate the impacts of climate change in South Africa through the implementation of biodiversity projects. Over the last few years, the applicant has implemented projects that support national and local climate change adaptation and mitigation priorities by building resilience to climate change in vulnerable communities.

9. Current activities related to climate change implemented by the applicant in South Africa include:

- (a) USD 59 million for the "Mainstreaming biodiversity into land use regulation and management at the municipal scale" project;
- (b) USD 7.5 million for the "Building resilience in the Greater uMngeni Catchment" project; and
- (c) USD 2.4 million for the "Taking adaptation to the ground: a small grants facility for enabling local level responses to climate change in South Africa" project.

### III. Stage II accreditation review assessment

10. The applicant is eligible for, and applied under, the fast-track accreditation process as an AF entity. Its application has been assessed against by the Accreditation Panel (AP) during Stage II (Step 1) against the standards of the GCF in accordance with the requirements and gaps identified in decisions B.08/03, B.10/06 and B.12/30.

11. As part of this assessment, the AP consulted the applicant's website and third-party websites to complement the information provided in the application.

#### 1.3 Fiduciary standards

##### 1.1.2 Section 4.1: Basic fiduciary standards: key administrative and financial capacities

12. As per paragraph 10 above, the basic fiduciary standards concerning key administrative and financial capacities are considered to have been met by way of fast-track accreditation.

##### 1.3.7 Section 4.2: Basic fiduciary standards: transparency and accountability

13. As per paragraph 10 above, the basic fiduciary standards concerning transparency and accountability, with the exception of item 4.2.4, investigation function, and item 4.2.5, anti-money laundering (AML) and countering the financing of terrorism (CFT) policies, have been met by way of fast-track accreditation.

14. Regarding item 4.2.4, the applicant has a policy, which guides it in terms of decisions related to fraud and fraudulent activities. In addition, specific guidelines that outline the applicant's investigation structure are available on its intranet for easy access and reference. The investigation function is structurally independent from the applicant's management and has a designated committee that is responsible for the administration, revision and interpretation of the fraud prevention policy. The applicant has a fraud hotline number and maintains a fraud disclosure register, in which disclosure methods, allegations, sanctions, status and other information are recorded. There are provisions for employees to report on fraud and corruption cases by contacting the chief compliance officer or informing their direct supervisors, or via the whistle-blower hotline. The internal advisory committee decides on the merits of each reported case and initiates the investigation process. The investigation is carried out internally or externally by designated SANBI officials, internal auditors or designated forensic auditors, respectively. The alleged fraud disclosure registers are available to the public on request.

15. Concerning AML/CFT policies, the applicant clarified that it does not have a stand-alone AML policy and provided a detailed explanation of how its practices are aligned with South African legislation and banking processes in this regard. The applicant also provided several legislation documents, which, as a national entity, it is legally obliged to follow. The documents contain the conditions for the exclusion of money laundering, terrorist financing practices and other fraudulent activities. In addition, the applicant provided an official letter signed by the SANBI chief executive officer confirming that SANBI adheres to the relevant GCF interim policy on prohibited practices, its principles and list of prohibited practices.

##### 1.3.8 Section 5.1: Specialized fiduciary standard for project management

16. As per paragraph 10 above, the specialized fiduciary standard for project management is considered to have been met by way of fast-track accreditation.

1.3.9 **Section 5.2: Specialized fiduciary standard for grant award and/or funding allocation mechanisms**

17. The applicant has a substantial track record in adaptation projects and programmes developed under various grant award mechanisms in cooperation with national authorities, as well as international organizations.

18. Since 2002, the applicant has been participating in the Critical Ecosystem Partnership Fund, a non-governmental facility established and funded by several international organizations to safeguard the world's threatened biodiversity hotspots in developing countries. The applicant has invested in two biodiversity projects in South Africa and has performed a coordination role for them, which was highly commended by the Fund's management.

19. In addition, the applicant manages the implementation of the Foundational Biodiversity Information Programme, a grant programme that funds the generation, management and dissemination of foundational biodiversity knowledge and information. Funding for this programme is provided by the government.

20. The applicant's grant award mechanism procedural framework was strengthened following the applicant's accreditation as a national implementing entity (NIE) for the AF in 2011. The applicant led the development of an investment framework for the AF in South Africa, and successfully identified and developed two project proposals, which were subsequently approved by the AF.

21. The competitive grant award mechanism funded by the AF includes clear operating procedures for evaluating proposals and awarding grants, clearly defined eligibility criteria, as well as due diligence and procurement procedures. These procedures will be tailored to GCF requirements and will be applied to the GCF-funded projects/programmes with some minor updates.

22. All decisions relating to the grant awards are governed by the steering committee, which is a high-level committee comprising representatives from several governmental departments, the applicant and a non-governmental organization coalition called the Adaptation Network. The committee also plays a high-level oversight role for ensuring compliance with relevant safeguards.

23. The process of awarding grants is based on the applicant's close cooperation with municipalities, which involves the participation of the specialized independent technical advisory groups and high-level grant award committee. The process is undertaken in four steps:

- (a) SANBI identifies the projects in cooperation with local municipalities, and checks whether the project is in line with the regulations and the current work undertaken in the area;
- (b) The designated technical advisory group, together with the environmental and social risk assessment panel, assesses whether the project is in line with SANBI project criteria and environmental and social safeguards (ESS);
- (c) The SANBI secretariat accepts the project proposal and established performance criteria; and
- (d) The executing entity prepares a recommendation for the SANBI grant award programme steering committee, which has to endorse the final recommendation.

24. The projects funded by the GCF would be monitored by the applicant in accordance with its newly established process manual. Since the process manual is newly established, the applicant has not yet been able to demonstrate a track record in applying the manual (e.g. the

periodic monitoring reports in accordance with the new manual for the two projects recently approved by the AF are expected to be prepared in late 2016).

25. Overall, following the assessment, it has been concluded that the grant award mechanisms implemented by the applicant are mature and well-established.

1.3.10 **Section 5.3: Specialized fiduciary standard for on-lending and/or blending**

26. The applicant did not apply for assessment against this standard at this time.

## 3.2 Environmental and social safeguards

### 1.1.3 Section 6.1: Policy

27. The applicant adheres to the national laws in implementing South Africa's obligations under international environmental and biodiversity laws. Additionally, in its role as an NIE for the AF, the applicant has developed a suite of operational processes and policies that together make up the elements of its environmental and social policy. One of its key policy guidance documents includes an environmental and social risk management framework (ESRMF) approved at the NIE steering committee meeting in September 2015. The ESRMF includes a comprehensive statement of the applicant's environmental and social (E&S) objectives and principles guiding the institution, and defines the responsibility of the NIE to ensure compliance with the GCF interim ESS, including performance standards 1 to 8, as well as with national legislation. The applicant's policies related to ESS matters are available on its website, indicating that they are communicated to all levels within the organization.

### 1.1.4 Section 6.2: Identification of risks and impacts

28. The applicant's ESRMF describes its institutional process to guide its staff in identifying E&S risks and impacts, including an E&S categorization framework for projects/programmes as they evolve over the project life cycle. The applicant has provided examples of its track record of applying this process, which is consistent with the GCF interim ESS (performance standards 1 to 8). The applicant's E&S risk management panel of experts, supported by a network of compliance officers within the organization, has overall responsibility for project compliance with the GCF interim ESS.

### 1.1.5 Section 6.3: Management programme

29. The applicant's ESRMF defines its institutional process for managing mitigation measures and actions stemming from the E&S risk identification process by distinguishing between different categories of E&S risk. The applicant has provided illustrative examples of how mitigation actions are identified in the basic ESS assessment reports and how they are managed in the associated environmental management plans. The applicant has also provided an example of an external audit of its institutional management effectiveness.

### 1.1.6 Section 6.4: Organizational capacity and competency

30. The applicant has provided information on its organizational structure, explaining, inter alia, that the technical staff of the E&S risk management panel have direct responsibility for E&S risk management. The NIE secretariat is responsible for ensuring that the panel members are familiar with the E&S risk categorization and management processes that apply to GCF financing. The applicant has provided the curriculum vitae of several highly qualified E&S staff with the required competencies and agreed to undergo further training, if necessary.

### 1.1.7 Section 6.5: Monitoring and review

31. The NIE policy and processes manual and the ESRMF describe the monitoring and supervision process that instructs the applicant's staff on how to systematically track the

completion of mitigation and performance improvement measures, including their roles and responsibilities. The applicant has provided its corporate strategic plans and annual performance plans which include quarterly targets, showing the indicators and outcomes that are used by senior management for tracking performance at the institutional level. The applicant has provided, as evidence, sample reports which include the E&S component in the overall project monitoring of performance plans. Additionally, an independent final evaluation of a project funded by the Global Environment Facility was also provided as an example of its external evaluation report shared with its senior management on the effectiveness of its environmental and social management system.

#### 1.1.8 Section 6.6: External communications

32. The applicant has provided its process manual, which describes its procedures for external communications to receive comments and suggestions from the public through an online system, including a website to receive and address issues raised by the public. The applicant has provided its registries of complaints received, including the actions taken for a sample of projects. The applicant has also provided the necessary information on its project-level ESS information disclosure and consultation practice as well as that of its executing entities, which are in line with the GCF information disclosure policy, except for the required duration of the disclosure. The applicant is willing to apply the GCF information disclosure policy for activities financed by the GCF.

### 3.3 Gender

33. The applicant has provided its gender policy, which is in line with the GCF gender policy and was endorsed at the applicant's executive committee meeting in November 2015, after the draft policy had been shared with staff for comment. Additionally, the applicant applies national policies that are in congruence with the GCF gender policy and other international legislation and best practice on gender.

34. The applicant has provided evidence of its competency in gender mainstreaming in the form of curriculum vitae of staff with specific expertise in the management of gender in general, including a demonstration of the applicant's experience with implementing gender considerations in the context of climate change projects funded by the AF.

## IV. Conclusions and recommendation

### 4.1 Conclusions

35. Following its assessment and noting that the applicant has applied under the fast-track accreditation process, the AP concludes the following in relation to the application:

- (a) The applicant meets the requirements of the GCF basic fiduciary standards and specialized fiduciary standard for project management, and partially meets the specialized fiduciary standard for grant award and/or funding allocation mechanisms. The applicant has not provided monitoring reports for grant award activities following the adoption of its new grant award process as evidence of its track record;
- (b) The applicant meets the requirements of the interim ESS of the GCF in relation to the medium E&S risk (Category B/I-2); and
- (c) The applicant has demonstrated that it has competencies, policies and procedures in order to implement its gender policy, which is found to be consistent with the gender

policy of the GCF, and has demonstrated that it has experience with gender considerations in the context of climate change.

## 4.2 Recommendation on accreditation

36. The AP recommends, for consideration by the Board, applicant APL039 for accreditation as follows:

(a) **Accreditation type:**

(i) **Maximum size of an individual project or activity within a programme:** small (including micro<sup>4</sup>);

(ii) **Fiduciary functions:**

1. Basic fiduciary standards;
2. Specialized fiduciary standard for project management; and
3. Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and

(iii) **Maximum environmental and social risk category:** medium risk (Category B/I-2) (including lower risk (Category C/I-3<sup>5</sup>));

(b) **Conditions:** the applicant will be required to submit to the AP, through the Secretariat, information on how it has complied with the condition(s). The AP will thereafter assess whether the condition(s) has/have been met. This assessment will be communicated by the Secretariat, on behalf of the AP, to the Board for information purposes;

(i) Condition(s) prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:

1. Submit at least one periodic monitoring report for each of the projects “Building resilience in the Greater uMngeni Catchment” and “Taking adaptation to the ground: a small grants facility for enabling local level responses to climate change in South Africa” developed by the applicant and approved by the AF in order to provide evidence of the track record of SANBI in monitoring projects under its grant award mechanism.

37. The applicant has been informed of the recommendation for accreditation, including the accreditation type and condition(s), as identified in paragraph 36 above, and agrees to the recommendation.

## 4.3 Remarks

38. It should be noted that the applicant applies a country system enshrined in national law for many of the financial, E&S and gender considerations assessed by the AP. The AP, having

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<sup>4</sup> As per annex I to decision B.08/02, “micro” is defined as “maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of up to and including USD 10 million for an individual project or an activity within a programme”.

<sup>5</sup> As per annex I to decision B.07/02, category C is defined as “Activities with minimal or no adverse environmental and/or social risks and/or impacts” and intermediation 3 is defined as “When an intermediary’s existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts”.

selectively reviewed the referenced legislation, has judged this to be an acceptable basis for meeting the principles and standards of the GCF.