



Cape Action for People and the Environment

Governance and institutional arrangements (extracted from the Project Documents)

Part III-Institutional Arrangements

47. **Project Management:** The South African National Biodiversity Institute (SANBI) will assume overall Project management responsibility and will contract the implementation of certain key activities to sub-executing agencies. The sub-executing agencies will be responsible for project management at the activity level. The contracts with sub-executing agencies will further describe the arrangements between the parties. The C.A.P.E. Co-ordination Unit, housed within the SANBI, will act as the focal point for the management of the Project. It will co-ordinate and monitor the execution of the Project activities for the Grant and within the framework provided by the CAPE Co-ordination Committee (CCC) and CAPE Implementation Committee (CIC). Collaborative working groups under the overall guidance of the CCC and the CIC will govern all cross-cutting Project activities requiring joint commitment. The CCC will therefore provide the governance framework within which the Project is steered at high level between the parties. A detailed monitoring and evaluation system will be used to monitor project implementation and performance. In terms of the Implementing Agency- SANBI relationship, the SANBI will be responsible for implementing all aspects of the grant agreements with UNDP and the Bank.
48. Regarding the implementation arrangements for complying with safeguard policies the following will apply:
- (i.) The SANBI will assume overall responsibility for ensuring compliance to UNDP project implementation policies; and
 - (ii.) it will however delegate the planning and execution of this responsibility to the 3 sub-executing agencies through subsidiary agreements. The SANBI will however be responsible for seeking UNDP and Project Steering Committee endorsement of compliance to UNDP policies and will therefore monitor performance in this regard.
49. **Executing Agencies:** The executing agent will be the South African National Biodiversity Institute (SANBI) supported by a special unit within the organisation, the Cape Co-ordination Unit (CCU). The CCU will perform the responsibilities assigned to the SANBI on a day-to-day basis. There

will be four sub-executing agencies for the Project, namely the Western Cape Nature Conservation Board, South African National Parks, an NGO, the Wilderness Foundation and Rhodes University. The sub-executing agencies will be delegated responsibility for the performance of certain key activities by the SANBI.

The responsibilities for implementation of the Project per organisation are as follows:

(i) **South African National Biodiversity Institute.** The SANBI will take overall responsibility for the Project supported by the CCU. The CCU consists of a Co-ordinator, Administrative Assistant, Finance/Business Manager, Communications Manager and Programme Developer, with all other supervisory, administrative, financial and human resource management services being supplied by the SANBI. The operation of the CCU will be partially financed through the Grant. The CCU will implement crosscutting activities related to Institutional Strengthening and Programme Co-ordination, Management and Monitoring. It will also hold resources for sub-contracting execution of activities for Conservation Education, Biodiversity Economy and some Watershed Management activities. GEF financing: \$US 5.059m. The SANBI is a well-managed parastatal institution that has an established track record with UNDP of managing projects of significant scale in a responsible way. The SANBI is subject to the Public Finance Management Act and their accounts and procedures are subject to audit by the South African Auditor General. They are controlled by an independent board that monitors their overall operation and organisational direction.

(ii) **Western Cape Nature Conservation Board.** The WCNCB will take responsibility for executing activities related to protected areas in the Western Cape, enhancing Conservation Stewardship and Watershed Management (in partnership with Department of Water affairs and Forestry (DWAF)). GEF financing: \$US 3.515m.

(iii) **South African National Parks.** SANParks will take responsibility for executing the Garden Route Initiative and associated Marine Protected Areas in partnership with DEAT, DWAF, WCNCB and NGOs. GEF financing: \$US 1.327m.

(iv) **Wilderness Foundation.** The WF will take responsibility for executing all activities relating to the Baviaanskloof initiative under Component 4 (Protected Areas). GEF financing: \$US1.099m (See Annexure 4: Institutions associated with the project).

(v) **Rhodes University.** Rhodes University will develop and implement the appropriate training related to natural resource management systems for the initiative. They will be sub-contracted by the SANBI, but are themselves subject to public finance systems of accounting. Rhodes University are among the leaders in environment related education in South Africa, and most notably, within the C.A.P.E. Region. Their selection to implement the environmental training components of the project are related to these factors as well as the level of contribution in kind that they can make. They have already developed a considerable proportion of the training materials that will form the basis of what is required for C.A.P.E. These developed materials will not carry any cost implications for C.A.P.E.

50. **Participation Structure:** As the Project is supported by a range of other key partners, including central, provincial, local government and, NGO's the relationship is established through additional measures: (i) The key high level partners to the C.A.P.E. and the Project, are bound by a Memorandum of Understanding (MoU). The parties to the agreement include the National Ministries of Environmental Affairs and Tourism and Water Affairs and

Forestry, and the Members of the Executive Councils of the Western Cape and Eastern Cape, responsible for Environment Affairs; (ii) the MoU created two key structures: the C.A.P.E. Co-ordinating Committee (CCC), with the overall function to co-ordinate the long-term implementation of the CAPE 2000 Strategy. This is a structure which operates at a political level between National and Provincial Government. The second structure, the C.A.P.E. Implementation Committee (CIC), represents government departments, municipalities, statutory bodies and accredited non-governmental organisations. It is responsible for executing the C.A.P.E. 2000 Strategy according to the recommendations of the C.A.P.E. CCC. It therefore operates at a technical level; (iii) the MoU designates the SANBI as the programme and project management agency for C.A.P.E and therefore as executing agency for the GEF grant component of the CAPE Programme. The SANBI has established an Executive Committee (EXCO) to include key staff of the SANBI and representatives of the CIC's Executive Committee to clear monthly work programme issues.

51. **GEF Implementing Agency (ies):** The arrangements between the World Bank and the UNDP for supporting the Project will be as follows:
- The GEF Council has endorsed the UNDP as implementing agent for components 1 and 2. It has endorsed the World Bank as implementing agent for components 3- 6.
 - Each agency will, as per separate Project Document Agreement, assume responsibility for all aspects of the implementation of the components listed in each Project Document Agreement. This includes Project supervision and monitoring all fiduciary issues and responding to the clients needs for technical assistance. Each agency will be responsible for covering its own costs in this regard.
 - All technical project documents will be shared between the two agencies.

Audit: The Auditor General of South Africa is the statutory auditor of the SANBI. As the SANBI is the executing agency and the recipient of the funds, it is responsible for all grant activities including those sub contracted out to Sub-Executing Agencies. The Auditor-General will be responsible for the auditing of project funds. The Auditor General is acceptable as auditor for the project, and the current auditing arrangement is acceptable to the UNDP.

The UNDP and the World Bank will, as far as possible, plan and conduct joint supervision missions, mid- term reviews and implementation closure processes.

Part IV- Monitoring and Evaluation

52. Project monitoring and evaluation is central to the success of the Project. A detailed project monitoring and evaluation system has been designed for measuring Project impact and implementation success. The monitoring and evaluation will be conducted at two levels: (i) At the level of Project performance, the CCU will conduct monitoring and evaluation against the overall indicators in the logical framework for the Project (Annex 3). A six-monthly progress report will be presented to UNDP, the CCC and CIC (ii) at the level of the Project's impact, a comprehensive monitoring and evaluation framework has been developed to determine progress towards the goals and targets of the Project and compliance with the provisions of the CAPE 2000 Strategy. Independent reviews of Project progress will be undertaken, at mid-term (late 2006) and at the end of Phase 1 (late 2008) to guide the adaptive development of the Project and preparations for a Phase 2. Seven key performance indicators have been identified and will act as the triggers to identify the readiness of the Project to apply to the GEF for a second trench of funding and to move to the next phase of the Programme. They are:
- i. All C.A.P.E. signatory institutions directly support implementation of the Project;
 - ii. the number of registered civil society stakeholders participating in the Project increases by 30%;
 - iii. a CFR-wide conservation education strategy is successfully designed and implemented across the Project area;
 - iv. the extent of protected areas in the CFR increases by 4000 km;
 - v. the number of jobs directly associated with conservation and nature-based tourism in Project intervention sites increases by 20%;
 - vi. spatial development frameworks in six representative lowland sites incorporate conservation priorities; and
 - vii. five-year targets for protected area status for irreplaceable Broad Habitat Units in lowlands and watersheds are met as defined by the C.A.P.E. 2000 Strategy.

The UNDP will also require the following:

53. **Quarterly Reports:** The Project Management reports on a quarterly basis to the Steering Committee and the UNDP Country Office on the financial and substantive progress of the project. UNDP endorses or rejects the Quarterly Reports. In the case that a report is rejected, the UNDP office and the Steering Committee jointly define adequate measures to address the concerns. A reporting routine will be established with cut-off dates, for example, 31 March, 30 June, 30 September and 31 December.
54. **Annual Project Report:** The Project Management reports annually on the project output achievements and outcomes by preparing Annual Project Reports (APR) after consultation with stakeholders and beneficiaries. The UNDP Country Office in consultation with the Steering Committee will use the APR to assess performance of the project management and to determine strategies for the future, whenever possible. The APR will also serve as

the Project Implementation Review (PIR). GEF has requested one PIR for both UNDP and the Bank. Both Implementing Agencies will agree on the project performance ratings.

55. The UNDP Country Office integrates the project in its Strategic Results Framework (SRF). The APR/PIR is an important building block for the Annual Review of the UNDP Country Office which feeds into the reporting on outputs and outcomes through the Results Oriented Annual Report (ROAR).
56. **Final Annual Project Report:** At the end of the project, the implementing institutions will organise a workshop with all relevant stakeholders to discuss the project outputs, outcomes and the way forward with a special focus on identifying lessons learned from the implementation phase. The workshop serves as the basis for the final APR/PIR following the above-mentioned procedures.
57. **Annual funder round tables** will be hosted by the South African Government and supported by UNDP and the Bank. The aims of the funder roundtables will be: (i) For the recipient to report annually to funders, donors and other domestic agencies on project progress and to agree on the project deliverables and use of funder resources for the next year; (ii) finalize the support of additional funders and donors to the project. The target is to increase financial support by an additional 15% in this regard; and (iii) seek additional specialist technical support from funders to the programme in components 1,2,3 and 6 in particular. The funder roundtables will therefore constitute the culmination of various earlier bilateral discussions involving Government, the Bank and UNDP with existing funders and donors, rather than the initiation thereof. This support will take place whilst recognizing the preferred South African Government position to use Government funds within the CFR and to direct donor funds to the poorer Provinces such as the Eastern Cape.

Financial Management and Procurement

78. The SANBI as an executing agency, will be responsible for undertaking the fiduciary responsibilities set out in the two-project document between SANBI and UNDP and the World Bank respectively. It will open two Special Accounts as well as 2 Project Accounts at a commercial bank. The SANBI will ensure that standard and transparent procurement procedures are followed. It (SANBI), will also in terms of the subsidiary agreements with sub-executing agencies, ensure that these agencies adhere to the applicable procurement rules. It will validate claims for reimbursement of costs incurred by these agencies. The SANBI will provide the procurement plans and financial reports specified in the agreements with Implementing Agencies.

79. The Sub-executing agencies will be responsible for undertaking the responsibilities set out in the subsidiary agreements, for procurement according to the applicable procurement guidelines of SANBI, and for financial reporting to the SANBI and to the Implementing Agencies.
80. UNDP and the World Bank will be responsible for supervising all fiduciary responsibilities for the components contained in the two respective Project Documents with each Implementing Agency.
81. **Financial Management Capacity:** The SANBI will be responsible for overall financial management of the Project. The Finance Division is well qualified and will ensure sound management and control. A qualified and experienced full-time financial officer will be hired to support the existing staff, but overall financial responsibility will vest in the SANBI's Chief Finance Officer. Whilst, the SANBI has demonstrated highly satisfactory financial management for smaller grants, the financial management assessment has resulted in the development of a financial management plan and strengthening plan to ensure that the SANBI through the C.A.P.E. Co-ordination Unit is capable of meeting the financial management requirements of
- the full-sized grant. The SANBI will be responsible for ensuring sound financial management amongst the 3 sub-executing agents. Whilst all 3 agencies have sound financial management systems, appraisal will be used to better assess any strengthening which may be required.
82. **Financial Management Systems.** The financial self-assessment carried out in October 2003 indicated high compliance by SANBI with Bank requirements and guidelines. A Bank financial management pre-appraisal mission was conducted in October 2003 which substantially confirmed the self-assessment. UNDP associates itself with this assessment, because both UNDP and WB standards are compatible. Both organisations have an agreement that the Bank can execute UNDP projects. The SANBI has a well-established internal control system and the financial management procedures are documented in a series of manuals. The existing computer-based financial management system has a proven track record, and its usefulness for the day-to-day management of the C.A.P.E. is clear. Management of Co-ordination Unit finances and Project finances is being improved through the establishment of a more effective internal system within the C.A.P.E. Co-ordination Unit. However, overall financial control will still rest with the SANBI. The SANBI will produce quarterly Financial Reports.
83. **Project Flow of funds.** The recipient and Executing Agency of the Project will be the South African National Biodiversity Institute. A four month advance from the proceeds of the Project will be deposited into a US\$ Special Account opened at a commercial bank and managed by the SANBI. A separate Project Account in South African Rands (ZAR) will be opened by the SANBI. This account will fund eligible expenditures in ZAR, as well as the transfers to the Sub-executing agencies. After the payment of expenditures out of the Project Account, the C.A.P.E. Co-ordination Unit will prepare withdrawal applications and related statement of expenditures for reimbursement. Once the applications are approved, the UNDP will release funds into the Special Account. The SANBI will then reimburse the Project account as per approved expenditures. All transactions will be managed through the SANBI's financial management system. The South African banking system is robust and efficient and there are no foreseeable risks with respect to the project's flow of funds.

- i. The Financial Report Format will be provided by UNDP.
- ii. A procurement and finance officer will be appointed to the Project as soon as the project operations start in 2004.

- 84. **Sub-contract Agreements: {Grant Agreement}**: A Subsidiary Agreement will be signed between the above parties prior to the implementation process. It will detail the roles and responsibilities of the sub-executing agents vis-à-vis the SANBI and the Project Document. The signatory to the Project Document will be the SANBI, empowered to sign the Project Document through the endorsement of the GEF Focal Point in South Africa.
- 85. **Procurement Issues**: Procurement will take place in line with SANBI procurement procedures (as subject to the procurement procedures for parastatals in South Africa). It will be the responsibility of each of the executing and sub-executing agencies. Further, Procurement plans will be provided for year 1 of project implementation thereby removing any potential margin for error in procurement.
- 86. Independent auditors assessed the procurement capacities of the participating agencies in September 2003. In October 2003, a preliminary review was undertaken of this work. The following key findings emerged. (i) The SANBI has demonstrated highly satisfactory compliance to the requisite procurement requirements. Existing procurement controls within the SANBI are well managed in accordance with the Public Finance Management Act. However, the assessment suggested the appointment of a highly skilled Financial/Procurement Manager to support both procurement and financial management activities. The Financial/procurement manager will be housed within the C.A.P.E. Co-ordination Unit under the supervision of the Cape Co-ordinator. A procurement plan and strengthening plan have been developed to ensure that the SANBI through the C.A.P.E. Co-ordination Unit is capable of meeting the procurement requirements of the Grant. Additional UNDP and Bank training will also be provided in this regard.
- 87. Regarding the sub-executing agencies, the SANBI will be responsible for ensuring that they comply with the requisite procurement requirements. The sub-executing agency (Rhodes University) has procurement capabilities and will be able to undertake procurement for the activities delegated to them.

