



ADAPTATION FUND

AFB/B.33-34/6
22 April 2019

Adaptation Fund Board

**REQUEST FOR EXTENSION OF PROJECT COMPLETION
DATE AND DISBURSEMENT SCHEDULE REVISION:
SOUTH AFRICAN NATIONAL BIODIVERSITY INSTITUTE
(SOUTH AFRICA) (1)**

Background

1. The Adaptation Fund Board (the Board) at its twenty-fourth meeting, approved a five-year project titled “Building Resilience in the Greater uMngeni Catchment”, submitted by the South African National Biodiversity Institute (SANBI) for a requested amount of US\$ 7,495,055 (decision B. 24/14). The overall goal of the project is to reduce climate vulnerability and increase the resilience and adaptive capacity in rural and peri-urban settlements and small-scale farmers in productive landscapes in the uMgungundlovu District Municipality (UMDM), KwaZulu Natal Province, that are threatened by climate variability and change, through an integrated adaptation approach. This is enabled through implementing a suite of complementary gender sensitive project interventions, focusing on: early warning and ward-based disaster response systems; ecological and engineering infrastructure solutions specifically focused on vulnerable communities, including women; integrating the use of climate-resilient crops and climate-smart techniques into new and existing farming systems; and disseminating adaptation lessons learned and policy recommendations, to facilitate scaling up and replication.
2. As mandated by the decision, an agreement was prepared and signed between the Board and SANBI.
3. The first tranche of disbursement for the implementation of the project was released following signature of the agreement in October 2014. The first project performance report (PPR) for the project was submitted in December 2016 and cleared by the Adaptation Fund Board Secretariat (the secretariat) in February 2017. The second PPR was submitted in March 2018 and was cleared by the secretariat in May 2018, and the third PPR was submitted in April 2019 and is currently under review by the secretariat. As of April 2019, a total amount of US\$ 2,588,273 had been disbursed to the project by the trustee, corresponding to 34.5% of the project funding.
4. This is the first request for an extension of the project completion date. As outlined in the Adaptation Fund Project/Programme Delay Policy (AFB/B.29-30/3/Rev.1) amended by the Board in October 2017 (Decision B.29-30/15), a request for an extension of project completion date must be submitted by the implementing entity at least six months prior to the official completion date. SANBI had submitted such request through the secretariat on 15 April, hence in compliance with the Policy, for an extension of the completion date until 31 March 2022 (Annex 1).
5. The reasons for this request for an extension of project completion date, as outlined by SANBI, include the fact that the project registers a low disbursement rate under component 2. This is mainly due to challenges with procurement of services through the Executing Entity, and because of turnover in the high-level staff and political leadership of the uMgungundlovu District Municipality.
6. Additionally, the Implementing Entity submitted a request for a revision of the project disbursement schedule (Annex 2). This is the second request for such revision. The first one was approved by the Adaptation Fund Board on 3 May 2017 (Decision B.29-30/2). According to the new request, the actual disbursement in the project has been lower than originally planned for year 2 and 3.
7. The request includes a comparative presentation of the original disbursement schedule (Table 1), the revised disbursement schedule approved in May 2017 (Table 2), the project five-

year budget, showing year 3 actual expenditure, and updated forecasts for years 4-6 (Table 2), and the proposed revised disbursement schedule (Table 4).

Secretariat's review of the request

8. Following a review of the request, the secretariat finds that given the explanation provided by SANBI, following the MTE, this request of an eighteenth-month extension is justified. Finally, the secretariat acknowledges that this no-cost project extension request has been agreed with the Executing Entity and the Designated Authority has been notified, in accordance with the Adaptation Fund Policy for Project/Programme Delays, as specified in Annex 1.

9. Likewise, the secretariat finds that the request for a revision of the project disbursement schedule is justified. The revised disbursement schedule presents that same total amount as the one approved through decision B.24/14, and the proposed changes are merely related to the size and timing of individual tranches. Additionally, the secretariat's review finds that in light of the information contained in the request (Annex 2) and in light of the low disbursement registered under project component 2, the implementation of the project would be improved by following the revised disbursement schedule, and no negative effects of doing so are identified.

Recommendation

10. Therefore, the Board may consider and decide to approve the request for an eighteenth-month extension of the project completion date from 30 September 2020 to 31 March 2022, and to approve the revised disbursement schedule for the project "Building Resilience in the Greater uMngeni Catchment" as requested by SANBI.

Annex

1. Request for an extension of the project completion date from SANBI.
2. Revised disbursement schedule dated 15 April 2019.

Annex 1: Request for an extension of the project completion date from SANBI*Request for extension of project/programme completion date*

Implementing Entity Name: South African National Biodiversity Institute			
AF Project/programme ID: ZAF/NIE/Water/2013/1			
Project/programme Title: Building Resilience in the Greater uMngeni Catchment			
Country: South Africa			
Project/Programme Approval (date): 10 October 2014			
Expected Project/programme Completion (date):	30 September 2020	Proposed Revised Completion (date):	31 March 2022

Reasons/justifications for the extension of project/programme completion:

SANBI would like to request an 18 month no-cost extension for the project entitled: Building Resilience in the Greater uMngeni Catchment.

At the end of Year 3 of the project, the project had spent 24% of its funds, against an initial projection of 48%. This was mainly due to slower than expected spend in Component 2 of the project.

The main reasons for this delayed spend were protracted delays and challenges associated with the procurement of services through the Executing Entity, the uMgungundlovu District Municipality. This was partly due to the Executing Entity's internal systems, and partly as a result of high turnover in high level staff and political leadership of the District Municipality.

SANBI has been engaging closely with the Executing Entity on this issue. The Executing Entity has revised the project timelines to accommodate these delays, and has developed a high level project plan showing the new anticipated dates of the completion of project deliverables. These revised timelines have informed the Year 4 Annual Project Implementation Plan that is included in the Year 3 PPR (i.e. the Year 4 forecast) and the proposed disbursement request for the end of Year 3.

SANBI is of the view that with an 18 month no-cost extension, and provided the procurement challenges can be resolved by the end of Year 4, the project can still fully achieve its planned objectives.

The proposed no-cost extension is an implicit recommendation of the Mid-Term Evaluation, and is captured in the Mid-Term Evaluation management response.

Implementing Entity certification

This request has been prepared in accordance with Adaptation Fund policies and procedures, has been agreed by participating executing entities, and the designated authority (DA) has been notified.

Name & Signature



Project/programme contact person: Dr Mandy Barnett

Date: (Month, Day, Year) 04/15/2019

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Annex 2: Request for revised disbursement schedule



South African National Biodiversity Institute (SANBI)
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 South Africa

15 April 2019

The Adaptation Fund Board
 C/O Adaptation Fund Board Secretariat
 1818 H Street NW
 Washington DC
 20433
 USA
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RE: Request to amend the Disbursement Schedule of the uMngeni Resilience Project

The South African National Biodiversity Institute (SANBI) hereby requests an amendment to the Disbursement Schedule of the uMngeni Resilience Project. An initial amendment to the original Disbursement Schedule was approved by the Adaptation Fund in May 2017. This request was made to avoid budget shortfalls and resultant implementation delays in Year 2 of the project (October 2016 to September 2017).

The rate of expenditure in Years 2 and 3 of the project has been slower than anticipated, and resulted in no disbursement request being submitted at the end of Year 2. The reasons for this are detailed in the Mid-term Evaluation and Year 3 Project Performance Report (both submitted with this request). The delays have meant that the funds disbursed by the Adaptation Fund in May 2017 have been sufficient to cover the implementation of project activities to date. Whilst slower than expected, the project has progressed well over Year 3, and further funds are required for the implementation of project interventions over Years 4 and 5.

To accommodate the delays and corrective actions, and to allow sufficient time for the project to deliver on its intended targets and outcomes, an 18 month No-cost Extension is being requested. This additional time has been factored into the planning for the project, and included in the calculations summarised in the tables below.

The original Disbursement Schedule is shown in Table 1. The reasoning for the required amendment was outlined in the previous (March 2017) request, and the amended Disbursement Schedule that was approved by the Adaptation Fund in May 2017 is shown in Table 2. As per this schedule, SANBI has received an amount of USD 2,588,273 to date. The amount spent in Years 1-3, as well as the forecast for the remainder of the project including the additional 18 months requested through the No-cost Extension, is shown in Table 3. This Year 1-3 amount totals USD 1,831,975 leaving a balance of USD 756,298. The activities planned for Year 4 of the project, and which are currently underway, are expected to cost USD 2,116,957. SANBI therefore requires the next disbursement to allow these planned activities to be implemented.

As outlined in the previous request for an amendment, SANBI disburses project funds to the Executing Entity and sub-Executing Entity based on the approval of quarterly reports, and a forecast of activities for the coming two quarters (six months). Funds for the first half of Year 5 will therefore be required in Year 4 of the project. Furthermore, and as approved in the last amendment, the zero payment at the end of the project has been retained. This is because SANBI and its project partners are not able to advance funds to cover the costs of project implementation.

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The revised Disbursement Schedule, which is shown in Table 4, has been calculated as follows:

- Upon Agreement signature: Amount that was disbursed is shown
- End of Year 1: Amount that was disbursed is shown
- End of Year 2: No disbursement was required (as outlined above)
- End of Year 3: (Year 4 forecast) + (50% of Year 5 forecast) – (amount remaining at the end of Year 3)
- End of Year 4: (50% of Year 5 forecast) + (50% of Year 6 forecast)
- End of Year 5: (50% of Year 6 forecast) + Year 7 forecast (only six months of activities are planned)
- End of Year 6: Zero
- End of Year 6.5: Zero

SANBI thus requests that the next disbursement (End of Year 3) totals **USD 2,407,131** as per the revised Disbursement Schedule (Table 4).

I trust that the above request for an amendment to the Disbursement Schedule meets with your approval. Should you require any clarifications or further details on the annual forecasts, please do not hesitate to contact me.

Sincerely,



Mandy Barnett
Lead: Climate Funds
SANBI

Table 1: Original Disbursement Schedule (as in approved Project Document):

	Upon Agreement Signature	End of Year 1	End of Year 2	End of Year 3	End of Year 4	End of Year 5	Total (USD)
Schedule Date (Tentative)	15-Feb	16-Jun	17-Jun	18-Jun	19-Jun	20-Jun	
Project Funds	130,243	520,969	520,969	1,041,940	2,083,878	1,953,637	6,251,636
EE Fee	31,385	125,539	119,929	145,895	116,800	116,701	656,249
NIE Fee	29,358	117,434	117,434	117,434	117,434	88,076	587,170
Total	190,986	763,942	758,332	1,305,269	2,318,112	2,158,414	7,495,055
	3%	10%	10%	17%	31%	29%	

Table 2: Revised Disbursement Schedule approved by the Adaptation Fund in May 2017:

	Upon Agreement Signature	End of Year 1	End of Year 2	End of Year 3	End of Year 4	End of Year 5	Total (USD)
Schedule Date	15-Feb	17-Apr	18-Feb	19-Feb	20-Feb	21-Feb	
Project Funds	130,243	1,912,844	1,960,065	1,611,344	637,140	0	6,251,636
EE Fee	31,385	269,088	127,643	144,057	84,076	0	656,249
NIE Fee	29,358	215,355	136,623	137,073	68,761	0	587,170
Total	190,986	2,397,287	2,224,331	1,892,474	789,977	0	7,495,055
	3%	32%	30%	25%	11%	0%	

Table 2: Spend to date (Years 1-3) and forecast expenditure (Years 4-6.5):

	Year 1 spend	Year 2 spend	Year 3 spend	Year 4 forecast	Year 5 forecast	Year 6 forecast	Year 6.5 forecast	Sub-Total
Comp 1	23 165	75 152	240 369	442 627	95 207	53 139	16 078	945 737
Comp 2	0	3 350	194 008	937 117	1 404 332	502 354	156 145	3 197 307
Comp 3	149 521	176 860	268 440	309 364	233 378	180 971	91 942	1 410 476
Comp 4	18 072	49 718	102 697	232 704	173 164	88 225	33 536	698 116
Sub-Total	190 758	305 080	805 514	1 921 813	1 906 081	824 690	297 700	6 251 636
EE fee	75 812	86 799	100 048	110 888	92 090	97 159	93 454	656 249
NIE fee	74 740	74 380	118 845	84 255	94 771	106 157	34 022	587 170
Total	341 310	466 259	1 024 407	2 116 957	2 092 942	1 028 006	425 175	7 495 055
	5%	6%	14%	28%	28%	14%	6%	

Table 4: Proposed revised Disbursement Schedule:

	Upon Agreement Signature	End of Year 1	End of Year 2	End of Year 3	End of Year 4	End of Year 5	End of Year 6	End of Year 6.5	Total (USD)
Schedule Date	15-Feb	17-Apr	18-Feb	19-Apr	20-Feb	21-Feb	22-Feb	22-Sep	
Project Funds	130 243	1 912 844	0	2 133 119	1 365 385	710 045	0	0	6 251 636
EE Fee	31 385	269 088	0	119 119	94 624	142 033	0	0	656 249
NIE Fee	29 358	215 355	0	154 893	100 464	87 100	0	0	587 170
Total	190 986	2 397 287	0	2 407 131	1 560 474	939 178	0	0	7 495 056
	3%	32%	0%	32%	21%	13%	0%	0%	