
**DBSA EMBEDDED GENERATION
INVESTMENT PROGRAM:
ENVIRONMENTAL AND SOCIAL
MANAGEMENT FRAMEWORK (ESMF)**

Executive Summary

Embedded generation is the production of electricity from smaller scale power stations, located in close proximity to the place of consumption that are usually directly connected to a distribution network. In South Africa, these include projects that lie outside of the formal government procurement programme such as the REIPPPP and usually defined as projects that are planned for own use/consumption. South Africa's draft IRP 2018 (Integrated Resource Plan 2018) includes 2600 MW earmarked for embedded generation by 2030 (200 MW per annum). The Embedded Generation Investment Programme ("EGIP") will act as a model for structuring non-sovereign backed renewable energy projects and help catalyse the market for these types of projects. The implementation of EGIP is critical to help South Africa achieve its climate targets. The proposed Programme will finance the initial set of projects, which will act as validation for developers and lenders that the new framework is bankable, thus paving the way to a sustainable non-sovereign backed renewable energy Programme in South Africa and the region. The proposed investment under the Programme will add 330 MW (280 MW solar PV and 50 MW onshore wind) of new generating capacity, generating approximately 744 600 MWh of clean electricity annually, thereby directly avoiding emissions of more than 717 794 tCO₂e per annum (once all projects are in operation).

This document comprises the Environmental and Social Management Framework (ESMF) designed by DBSA and meant to avoid and minimise negative environmental and social (E&S) impacts and to enhance positive aspects of projects. The ESMF provides the framework and guidelines that ensure that the DBSA and Clients are committed and able to comply with applicable E&S safeguard standards and national laws in their screening, approval, investment into as well as monitoring of funded projects. In terms of the ESMF, the DBSA will perform environmental and social due diligence on all the funded projects to ensure that potential risks and appropriate prevention, mitigation and compensation measures are identified through an environmental and social impact screening and, when relevant, an assessment, including satisfactory and meaningful public consultation and participation.

As part of the environmental and social due diligence the DBSA will categorise the projects based on the type of the project and associated risk as outlined below:

- **Category A:** with potential significant adverse social and/or environmental impacts that are diverse, irreversible, or unprecedented;
- **Category B:** with potential limited adverse social and environmental impacts that are few in number, generally site specific, largely reversible and readily addressed through mitigation measures;
- **Category C:** with minimal or no impacts; or
- **FI Category:** involving the extension of credit-lines to other financial institutions.

Category A projects will not be supported under the EGIP. Projects that will be considered will fall under Category B or C. The risk category will be determined following a screening process developed for this programme.

The initial categorisation reflects the extent, significance and complexity of potential impacts and risks of the project, its ancillary/associated facilities/infrastructure and its areas of influence, thereby determining the appropriate environmental and social assessment and due diligence requirements for the selected operation.

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ACRONYMS

DBSA	Development Bank of Southern Africa
DFI	Development Finance Institution
EA	Environmental Appraisal
ESAP	Environmental and Social Appraisal Procedure
ESIA	Environmental and Social Impact Assessment
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
ESMS	Environmental and Social Management System
ESSS	Environmental and Social Safeguard Standard
GHG	Greenhouse Gas
NDP	National Development Plan
IPP	Independent Power Producers
IRP	Integrated Resource Plan
PPA	Power Purchase Agreement
PV	Photovoltaic
SEP	Stakeholder Engagement Plan
RAP	Resettlement Action Plan
RE	Renewable Energy
REDZ	Renewable Energy Development Zone

1. INTRODUCTION

The Development Bank of Southern Africa (DBSA) is an infrastructure development finance institution (DFI) that supports financing of infrastructure the energy, water, transport and ICT sectors in sub-Saharan Africa. As Green Climate Fund (GCF) Implementing Agency (IA), the DBSA has noted its responsibility to ensure compliance with the GCF interim Environmental and Social Safeguards (ESS). The DBSA and has designed its own ESS that are aligned with the GCF policies and standards and South African National legislation. Projects that are supported by the DBSA 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.

In 2010 the South African government, through the Department of Energy (DoE), designed a programme that enabled the participation by independent power producers (IPP) in the renewable energy (RE) sector through the procurement of targeted megawatt (MW) allocations, as defined in the 2010 Integrated Resources Plan (IRP). The programme is called the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP), and covers the following technologies: onshore wind, photovoltaic (PV), concentrated solar power (CSP), landfill gas, biomass, small hydro and biogas. In the programme IPPs are invited to submit bids which must meet minimum compliance requirements. Between 2011 and 2015 four such bidding rounds, referred to as Bid Windows, had been completed. Competition has been fierce and out of 390 submissions only 92 were selected for procurement of 6 328 MW amounting to R193bn in investment. An additional bid window, termed Expedited Bid Window, was designed in November 2015 primarily to provide bid projects that had been unsuccessful during prior periods with a second opportunity to bid for 1 800 MW that was made available for tender.

The REIPPPP by its competitive nature, therefore, excluded a number of fully-developed private renewable projects that were not awarded preferred bidder status. The DBSA, through credit enhancement mechanism, proposes to implement these projects through non-sovereign backed power purchase agreements (PPAs). The intention of the credit enhancement mechanism is to ensure the bankability of the PPAs and therefore protect funders against potential credit losses resulting from an off-taker's/buyer's default on their payment obligations. The implementation of the PPAs will assist the country in reducing its greenhouse gases (GHG) emissions and contribute to the growth of the green economy.

The programme will comprise investment in Solar PV and wind technologies. The provision of the facilities under the programme will allow for the continuation of the addition of renewable energy programs through the addition of 330 MW of new generating capacity (280 MW Solar and 50 MW Wind), generating clean energy and avoiding emissions of more than 717 794 TCO_{2e} per annum. All energy sources have some impact on the environment but the exact type and intensity of environmental impacts varies depending on the specific technology used, the geographic location, and a number of other factors. In order to address all environmental impacts from projects that need funding, the DBSA has developed a comprehensive Environmental and Social Safeguard Standards (ESSS). The ESSS is in line with the IFC's (consequently GCF's interim) Performance Standards on Environmental and Social Sustainability (PS). All projects funded by the DBSA must, therefore, comply with the DBSA's ESSS and the IFC's PS.

2. EMBEDDED GENERATION INVESTMENT PROGRAMME ESMF PROJECT TYPOLOGY

This ESMF is developed for the Embedded Generation Programme to be financed through the DBSA and GCF. The Programme's main objective is to pioneer a new market mechanism to further implement renewable energy projects outside of sovereign support in South Africa. Embedded generation is the production of electricity from smaller scale power stations, located in close proximity to the place of consumption that are usually directly connected to a distribution network. In addition to adding renewable energy capacity and reducing reliance on fossil-fuel for energy generation, thus contributing to the country's climate change goals. Under the Programme, solar PV and Wind technologies will be considered. The provision of the facilities under the programme will allow for the continuation of the addition of renewable energy programs through the addition of 330 MW of new generating capacity (280 MW Solar PV and 50 MW Onshore Wind), generating clean energy and avoiding emissions of more than 717 794 TCO₂e per annum.

3. EMBEDDED GENERATION INVESTMENT PROGRAMME EXCLUSION LIST

The Programme will not finance any energy infrastructure projects which demonstrate clear and significant, unprecedented, and irreversible environmental and social risks. Consequently, the following projects will not be considered under the programme:

- Category A, where environmental and social risks may be significant, unpreceded, and irreversible;
- Projects with activities deemed illegal under host country laws or international conventions and agreements;
- Nuclear and fossil-fuel projects;
- Projects involving harmful and exploitative forms of forced labour or harmful child labour, discriminatory practices, or practices which prevent employees from lawfully exercising their rights of association and collective bargaining;
- Projects that involve large-scale involuntary resettlement (over 50 households or 200 project affected persons);
- Identified areas considered as ecologically sensitive or important such as protected areas, conservation set asides, critical habitats;
- Areas considered as culturally or socially sensitive areas; and
- Projects that contravene and undermine indigenous peoples communities' rights to land, natural resources, language and indigenous knowledge.

The projects to be considered will fall under Category B, C and FI. For Category B projects, the DBSA will require the proponents to carry out a detailed Environmental and Social Impact Assessment (ESIA) or other appropriate environmental and social assessment that would include environmental and social management plans (ESMP) to avoid and/or mitigate the potential and social impacts. It should be further noted that for Category B projects, the ESIA should be in English and, the local language, if not English, applicable to the project area.

4. SOUTH AFRICAN POLICY FRAMEWORK

South Africa's Renewable energy framework

As with all countries committed to supporting the transition to a low carbon economy, South Africa faces an inevitable phase-out of old fossil fuelled power plants (mostly coal-based) whilst the electricity demand is expected in the future. In South Africa, it is expected that the major growth in renewable supply will be provided by wind and solar PV energy. From a relatively low base, South Africa is planning to extend the wind and solar power capacity as described in the Department of Energy's Integrated Resource Plan (IRP 2010). The country is richly endowed with wind resources and solar irradiation. Nevertheless, the installed capacities for electricity generation from renewable sources are low compared to countries with significantly less wind and solar resources. The Council for Scientific and Industrial Research (CSIR) of South Africa in collaboration with the South African National Energy Development Institute (SANEDI) and Eskom undertook a study with the overall objective to increase the fact base and the understanding of aggregated wind and solar profiles in the country. This study served as an input for South African energy planning processes. South Africa has an area of about 1.2 million square kilometres. Applying the space requirement of 0.1 per MW, 12 200 GW of wind power could be installed in South Africa (theoretically).

A reliable power supply is not only dependent on adequate generation capacity, but also the grid network infrastructure to deliver electricity to consumers (loads). Accordingly, the successful development of both utility-scale RE resources and traditional thermal power plant as prescribed in the Integrated Resource Plan (IRP 2010), is critically dependent on adequate network infrastructure for the generated power to be connected to, and transmitted through the national electricity grid. The Electricity Regulation Act, read together with the South African Grid Code and National Electricity Regulator of South Africa (NERSA) Licencing requirements provide for generators to have the same non-discriminatory rights of access to the power network as electricity consumers. The national transmission network is centrally owned and managed by the national power utility, Eskom, which is mandated to support grid access for all interested generators. Transmission network planning and development is an Eskom Transmission licence condition, and the process and criteria are specified by the South Africa Grid Code which is a NERSA technical standard.

Strategic grid plan (SGP), which takes a long-term view (in excess of 10 years) and is updated approximately every three years. Transmission development plan (TDP) also focusses on the 10 year horizon but, because it forms the basis for capital funding for the Eskom Transmission Division, is updated annually. The grid connection, therefore, is for committed generation typically included in Eskom's own-build power stations with known spatial locations. In addition, the Grid Code was primarily focused on cost minimisation, demanding meticulous optimisation, and leaving minimal spare grid capacity in areas with limited consumption or growth potential. Distributed IPP plants have a two- to three-year construction period, whereas long transmission line projects have a six- to ten-year project life cycle. These differences in timeline need to be proactively managed so that grid is available timeously in alignment with the completion times for new power plants. To make matters worse, the spatial locations of the generators are determined by the IPPs and are only known to Eskom upon application for a grid connection to participate in the bidding programme. Network upgrades will be required if RE development is to continue in certain areas, as driven by the need to procure cost-efficient electricity generation.

The increasing complexity and changing needs of the diversified power system triggered by the IRP, dictate a drastically new approach to network planning. In order to communicate and give direction to the market as regards the short- to medium-term available transmission capacity for connecting new generation plant, Eskom Transmission published the Generation Connection Capacity Assessment for the 2016 Transmission Network (GCCA-2016). In addition to providing direction with regard to the available grid capacity to connect IPP generation, GCCA provides an understanding of the timelines and additional capacity that may be created via proposed future grid upgrade projects. The assessment indicated a predominantly constrained transmission network, particularly in the Northern Cape, Eastern Cape and Western Cape provinces, where most of the REIPP projects are located.

South Africa has decided to procure RE through bidding, and preferred bidders need to an electricity generation licence in terms of the Electricity Regulation Act, 2006 (ERA). In terms of this Act, the Minister of Energy has wide powers to determine new generation capacity (determination) in terms of section 34 of the Act. The minister exercises these powers through the determination process which has its basis in the IRP. The IRP is the country's plan for allocation of technologies, timing and electrical generation capacity over the following 20-year period. Although this plan is intended to be updated every two years, the last IRP in force to date is the IRP2010, which should have been updated in 2012. A draft IRP was circulated for comment in 2013, but was never finalised. The draft assumptions for the proposed 2016 were circulated for the purpose of public consultations which ended on 31 March 2017, and there is a promise that the IRP2016 will be published very soon. Following a determination, IPPs wishing to generate and sell electrical energy elect whether or not to take part in national procurement process in terms of which bids are submitted for technologies qualifying in terms of the relevant determination.

Preferred bidders are selected from amongst those taking part in the particular procurement process, and, if all the necessary requirements are satisfied by financial close. The generation licence is then issued in terms of ERA and a power purchase agreement (PPA) between Eskom, the DoE and the IPP which has been allocated preferred bidders status, is signed and become effective. If IPPs not allocated preferred bidder status, but seeking licences for their generation and sale of electricity, require consent from the minister to the grant of such licences. From some IPPs who tried getting this consent, the report is that it is not easy.

There are various generation activities undertaken by IPPs, where IPPs, for one reason or another do not participate in a national procurement programme. This type of situation could arise where the IPP concerned, amongst other things:

- Uses generation technology which has not been provided for in the IRP; or
- Will not meet the qualification requirements of the relevant determination and ensuing Request for Proposal (RFP) or Request for Bid (RFB) issued by the DoE; or
- Elects not to participate in the RFP or RFB for financial or other reasons, such as significant upfront costs of preparing a bid; or
- Was not granted preferred bidder status under the appropriate RFP or RFB.

In such cases the IPP may wish to sell electrical energy to (a) Eskom or a municipality, or (b) a third-party purchaser, not being a state owned entity or municipality, or (c) a member of its

own group of companies, or (d) a trader of electrical energy, or (e) an off-taker in another country.

In order to deal with all the gaps as identified in this section, the same process (Grid Provider Requirements and Interface) that was followed during the REIPPPP competitive bidding process will be followed. In terms of this process, sponsors/project owners will be expected to approach relevant Grid Provider (Eskom Grid Access Unit) to obtain information on grid capacity and potential constraints when selecting project sites. Sites will then, be selected on the basis of grid capacity. There are also different ways in which “shallow connection works” – i.e., those required for the dedicated IPP connection to the grid – may be undertaken. In terms of “shallow connection works” owners will be required to provide statements clarifying the parts of the connection works that they will undertake, own and operate and must clearly define the interface with the Grid Provider.

Environmental and social policy framework of South Africa

The key legislative instruments that govern activities that are likely to have an impact on the environment and human wellbeing in South Africa include the following, to which all projects seeking funding from the SCF will be subjected:

Constitution of the Republic of South Africa (1996)

Section 24 of the Constitution of the Republic of South Africa (1996) provides the overarching legislative foundation for environmental management in South Africa:

Section 24 of the Constitution of the Republic of South Africa (1996): Everyone has the right to an environment that is not harmful to their health or well-being; and to have the environment protected, for the benefit of present and future generations, through reasonable legislative and other measures that -

i. Prevent pollution and ecological degradation;

ii. Promote conservation; and

iii. Secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.

The National Development Plan (2030)

The National Development Plan (NDP) of South Africa provides an important blue print for an array of interventions to support the socio-economic development of the country. Most sectors have developed strategies that support the NDP by internalizing their contributions to supporting development, deepening democracy and building a more inclusive society.

National Environmental Management Act (107 of 1998) (NEMA)

NEMA is the primary environmental framework Act in South Africa which provides for a framework within which other environmental legislation must be interpreted and within which all decision-making regarding the protection of the environment must take place. It lays down principles (Section 2 of NEMA) that all organs state must adhere to when making decisions affecting the environment and, through Chapter 5, requires that the Integrated Environmental Management approach must be followed to manage the environmental impacts of activities. In Section 23(2)(c) the Act imposes a duty of care and remediation of environmental damage on all persons whose activities may have caused, may be causing and may yet cause significant degradation of the environment to take reasonable steps to prevent such damage from occurring or continuing to occur.

NEMA requires an environmental authorisation to be issued by a Competent Authority before any of the listed activities in terms of Environmental Impact Assessment (EIA) Regulations Listing Notices for Basic Assessment or scoping and EIA. These EIA regulations aim to establish measures to address environmental and social risks and impacts following a mitigation hierarchy approach. The environmental authorisation for an activity (project) are issued only after the project developer or the Client of DBSA has complied with the procedural requirements as set out in the 2014 EIA Regulations of NEMA which in summary include:

- Appointment of an independent and competent Environmental Assessment Practitioner (EAP);
- Determination of appropriate application process (Basic Assessment, Scoping Report, EIA Report);
- Authorisation can be amended or suspended;
- Public participation; and
- Appeals process

Projects which will benefit from the GCF programme will further be required to align with the following legislative instruments, the Specific Environmental Management Acts (SEMAs), which were promulgated under the NEMA:

- National Environmental Management: Biodiversity Act (10 of 2004): supports conservation of plant and animal biodiversity, including the soil and water upon which it depends.
- National Environmental Management: Protected Areas Act (57 of 2003, amended No. 31 of 2004): supports conservation of soil, water and biodiversity.
- National Environmental Management: Integrated Coastal Management Bill (2008) (and amendments): supports integrated coastal and estuarine management system to promote conservation of the coastal environment, maintain natural coastal landscape and seascape attributes, and ensure that development and use of natural resources within the coastal zone is socially and economically justifiable and ecologically sustainable.
- National Environmental Management: Air Quality Act (39 of 2004) Air Quality Act (39 of 2004) replaces the Atmospheric Pollution Prevention Act (No. 45 of 1965). Aims to prevent and air pollution and regulate emissions that are made.
- National Environmental Management: Waste Act (59 of 2008): aims to prevent pollution and ecological degradation, thus protecting the environment and our health.

Other national legislative and policy requirements which will guide projects under GCF include:

National Water Act (36 of 1998) - enforced by Department of Water Affairs: promotes the protection, use, development, conservation, management, and control of water resources in a sustainable and equitable manner.

National Forests Act (84 of 1998) - enforced by Department of Agriculture, Forestry and Fisheries: supports sustainable forest management and the restructuring of the forestry sector, as well as protection of indigenous trees in general.

Marine Living Resources Act (18 of 1998) - enforced by Department of Agriculture, Forestry and Fisheries: supports conservation of marine ecosystems.

Mineral and Petroleum Resources Development Act (28 of 2002): for equitable access to and 'sustainable development' of the nation's mineral and petroleum resources.

This ESMF and the environmental and social due diligence process that will govern this programme will be guided by the EIA Guideline for Renewable Energy Projects developed by the Department of Environmental Affairs in 2015. The guideline covers various considerations for undertaking environmental (and social) impacts assessments for renewable energy projects including solar and wind energy.

4. DBSA ENVIRONMENTAL AND SOCIAL SAFEGUARDS STANDARDS

The DBSA undertakes a rigorous investment appraisal for all programmes and projects which it considers for financing. In its commitment to sustainable and equitable development, the DBSA has developed its Environmental and Social Safeguards Standards (ESSS) that enable the DBSA to mainstream environmental considerations and principles to investment projects within its mandate. The ESSS is in line with the IFC's (consequently GCF's interim) Performance Standards on Environmental and Social Sustainability (ESS). All projects funded by the DBSA must, therefore, comply with the DBSA's ESSS and the IFC's ESS.

The DBSA classifies all projects into one of four classifications: High/Substantial Risk (Category A); Medium/Moderate Risk (Category B); Low Risk (Category C) and Financial Intermediary (Category FI). Category A projects are likely to generate significant, broad and diverse environmental impacts. They may be irreversible and could lead to significant impacts on the social, physical and biological environment, and changes in land use. Category B projects and projects may have adverse environmental and social impacts which are likely to be less severe than those associated with Category A. In the low risk category programmes and project are unlikely to have significant adverse environmental and social impacts and are, therefore, readily appraised with limited environmental information. Category FI projects involve DBSA lending to financial intermediaries that on-lend or invest in subprojects. Where the DBSA on lends to financial intermediaries, the DBSA does not consent to FI's financing any category A project. For this programme DBSA will not utilise FI's to implement projects.

The Environmental and social risk assessment process will be implemented in line with the documented Environmental and Social Safeguard Standards (ESS) described below:

Safeguard 1: Project Screening: Environmental and Social Risks, Impacts and Opportunities – The safeguard sets out the Client's responsibilities to assess, manage and monitor environmental and social risks and impacts associated with each stage of a project for which the DBSA provides financing to achieve environmental and social outcomes consistent with the ESSS.

Safeguard 2: Stakeholder Engagement and Information Disclosure – Effective, open and transparent engagement between the Client and project stakeholders is an essential element of any transaction, leading to improved environmental and social project sustainability,

enhanced project acceptance, and contributing to successful project design and implementation.

Safeguard 3: Gender Mainstreaming – This safeguard helps ensure that the development process respects the dignity, human rights, economies, and cultures of all individuals, regardless of their gender, sexual orientation, or gender identity.

Safeguard 4: Indigenous Peoples – As an infrastructure development financial institution (DFI), the DBSA has a Constitutional obligation to ensure that in any project it finances which impacts on Indigenous Peoples, their needs are addressed. The safeguard assists the Client ensure that the development process respects Indigenous Peoples human rights, dignity, aspirations, culture, and natural-based livelihoods.

Safeguard 5: Land Acquisition, Land Use Restrictions and Involuntary Resettlement – This safeguard addresses instances where a Client acquires land or restricts access to land to aid project implementation, resulting in project-affected communities losing ownership or access to land, housing and related assets, and natural resources essential for their livelihoods and income-earning capacity. It addresses the Client's responsibility to mitigate the impacts of such losses to project-affected communities.

Safeguard 6: Labour and Working Conditions – The Safeguard recognises the importance of employment creation and income generation in pursuit of poverty reduction and inclusive economic growth. Clients should promote sound worker-management relationship and enhance the development benefits of a project by treating workers in the project fairly, and provide safe and healthy working *conditions*.

Safeguard 7: Community Health and Safety – The Safeguard recognises that project activities, equipment, and infrastructure can increase community exposure to risks and impacts. The Standard, therefore, addresses the health, safety, and security risks and impacts on project-affected communities and the corresponding responsibility of Clients to avoid or minimise such risks and impacts, with particular attention to people who, because of their particular circumstances, may be vulnerable.

Safeguard 8: Cultural Heritage - ESS8 sets out measures to protect cultural heritage throughout the project life-cycle. The Standard applies to cultural heritage regardless of whether or not it has been legally protected or previously identified or disturbed. Standard 8 was prepared in compliance with the legal requirements as set out in the National Heritage Resources Act (NHRA) and the NEMA of South Africa.

Safeguard 9: Biodiversity Conservation and Sustainable Living Natural Resources Management – The safeguard adopts a precautionary approach to conserve, manage and use biodiversity in a sustainable *manner in line with the Rio Declaration and the Convention on Biological Diversity*.

Safeguard 10: Resource Efficiency, Pollution Prevention and Management - This Standard draws on and aligns DBSA operations to international pollution, hazardous materials and waste, pest/vector control conventions and standards. It outlines DBSA client requirements to

address resource equity, efficiency and pollution prevention over the life of a programme/project.

Safeguard 11: Safety of Dams - This Safeguard addresses Dam Safety measures applicable to projects involving new and existing small, medium and large size dams. The safeguard draws on relevant global standards and the DBSA report “Guide to Best Practice in the Operation, Maintenance and Safety of Dams” previously prepared for the South African Department of Water Affairs. Because there are serious consequences if a dam does not function properly or fails, the DBSA is concerned about the safety of new dams it finances and existing dams on which a DBSA-financed project is directly *dependent*. *This includes hydroelectric schemes that rely on a storage dam.*

The implementation of the actions necessary to meet the requirements of DBSA Safeguards will be managed through the client’s Environmental and Social Management System (ESMS), the elements of which are outlined in the DBSA Environmental Appraisal Framework (EA Framework). The principles underpinning the development of the EA Framework are set out of the National Environmental Management Act, Act 107 of 1998(NEMA). The purpose of the EA Framework is to ensure that the DBSA’s environmental appraisals are applied in consistent manner that supports and enhances the DBSA’s decision-making processes for sustainable socio-economic development in the region.

The purpose and scope of the EA Framework is therefore to:

- Give effect to DBSA’s environmental policy;
- Ensure a transparent, uncomplicated and consistent application of the environmental appraisal module in all DBSA-supported programmes and projects;
- Identify potential sources of environmental risk during project and programme appraisal, relating to, among others, climate change, natural and built environmental impact, legal compliance, institutional capacity, and public and political concerns;
- Facilitate the allocation of a quantitative risk rating for project environmental risks thereby enabling environmental risk pricing;
- Direct appraisal of all programmes and projects supported directly by the DBSA, as well as those supported by the DBSA through Financial Intermediaries; and
- Assist with decision-making and serve as an impact and risk management tool that supports the DBSA business with respect to environmental sustainability.

In addition, the EA Framework document provides the DBSA’s employees, particularly the Environmental Specialists, with a common reference document which details the requirements and frameworks to be followed when undertaking an environmental appraisal as a precursor to funding a particular project or programme. The two documents (The ESSS and the EA Framework), therefore, work in tandem and demand of potential clients to develop their own ESMS).

5. CLIENTS’ ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEMS

For each project a Client is required to devise an environmental and social management system (ESMS) in accordance with the Environmental and Social Safeguards Standards of the DBSA, as a GCF-accredited entity, and consistent with the GCF Environmental and Social

Safeguards (ESS) standards. The main purpose of the ESMS will be to ensure that the environmental and social risks and impacts will be continually screened and assessed and that the environmental and social management plan (ESMP) describing how the adverse environmental and social risks and impacts will be avoided, mitigated, and managed by the implementing entity.

The ESMS will consist of processes that clients put in place to ensure that they adequately assess, manage and monitor environmental and social risks, and respond to problems that arise. Similar to IFC's Performance Standard 1, the DBSA's Safeguard 1 requires the ESMS to include the following elements:

- Environmental and Social policy;
- Process for Identifying Risks and Impacts;
- Environmental and social management plan (ESMP); (see Appendix A)
- Organizational capacity and competency;
- Emergency Preparedness and Response;
- Stakeholder Engagement;
- External communication and Grievance Mechanism;
- Ongoing Reporting To Affected Communities; and
- Monitoring and Review.

An ESMS needs to be reviewed periodically to ensure that it remains relevant and effective over time and incorporates an institution's evolving needs. This involves identifying potential difficult with operational aspects of ESMS implementation and making changes as necessary; reviewing the scope of ESMS procedures to ensure that emerging environmental and social risks of projects are detected and identified through the due diligence process; and updating ESMS to reflect revisions in applicable national laws on environment, health, and safety. The requirements and processes outlined in ESMS will be institutionalised in programmes and/or projects and enforced through implementation underpinned by the contractual provisions agreed with the programme/project proponents.

Under the DBSA's EA Framework each project will be subject to full project and sponsor-specific environmental and social due diligence with the support of an independent consultant. A similar approach is supported by the IFC's Environmental and Social (E&S) Policy and associated Performance Standards and therefore GCF's requirements. The DBSA anticipates that all solar and wind energy projects under this credit enhancement mechanism will fall under Category B. On the basis of this each project will be individually reviewed and categorised and due diligence will be undertaken accordingly.

No projects under high risk category, Category A, (where the environmental risks and impacts may be significant, unprecedented, and irreversible) will be considered. None of the projects will be located in protected and/or critical habitats or culturally or socially sensitive areas and require massive displacement of communities including vulnerable population. The projects to be considered will fall under Categories B, C and FI. For Category B projects, the DBSA will require the proponents to carry out a focused assessments or Environmental and Social Impact Assessment (ESIA) or other appropriate environmental and social assessment that

would also include environmental and social management plans (ESMP) to avoid and mitigate the potential and social impacts (see Annexure A).

6. EGIP ENVIRONMENTAL AND SOCIAL ASSESSMENT PROCESS

General Principles

The DBSA's Environmental and Social Appraisal Procedures (ESAPs) will be applied as appropriate to the programme. The ESAP details the specific procedures that the Bank and its borrowers or clients should follow to ensure that the Bank's operations meet the requirements of the environmental and social safeguards standards (ESSS) at each of the Bank's project cycle. Its adaptation and implementation enhance the environmental and social performance of the Bank's operations and improve project outcomes. The ESAPs will help to improve decision-making and project results by ensuring that Bank-financed operations conform to the requirements laid out in the ESSS and thus sustainable. The ESAPs describes how the Bank and its clients should work together to ensure that environmental, climate change and social considerations are integrated into the project cycle from country programming to post completion. It represents a coordination mechanism between the Bank, relevant government agencies and private sector and plays an important role in building the environmental, social and climate change management capacity of the project's executing agency. The ESAPs apply during the entire project cycle, with differentiated tasks to be performed, roles and responsibilities for the Bank and its clients.

At the project identification phase, the screening exercise focuses on the environmental and social dimensions of a project to categorise it into one out of four categories based on the potential adverse environmental and social impacts of the project. These tasks will be carried out by the clients in collaboration with the Bank. During project preparation, the scoping exercise helps to define the scope of the environmental and social impact assessment (ESIA) to be completed by the Borrower based on the project category. The preparation of these assessments including the development of management plans and systems require consultations with all stakeholders. Once ESIA's are finalised, the review process allows the Bank's Environmental Specialists to ensure that the Bank's vision, policies, and guidelines were adequately taken into account in project design and implementation. At the project implementation phase, the Borrowers shall ensure the implementation of environmental and social management plans developed to address adverse impacts, while monitoring the project impacts and results. The Bank's Environmental Specialists shall monitor the Borrower's work and verify compliance through monitoring and evaluation site visits and/or social audits, whenever necessary. Audits are undertaken during the completion phase, and post evaluations shall also aim to assess the environmental and social sustainability of the results.

The DBSA will undertake a vigorous investment decision making process to assess projects for eligibility for the EGIP. This decision making process will be undertaken at each stage of the project cycle and be informed by relevant environmental and social considerations. The decision making process is outlined below:

DBSA Programme Screening

DBSA's role and responsibilities

DBSA's responsibilities are consistent with its role as a DFI providing bank financing for projects through the use of DBSA's resources approved by its management and Board of Directors or any other decision-making body. With respect to any particular investment or technical co-operation project, the level of DBSA's engagement is determined by the nature and scope of the programme / project, availability of donor funding, as well as specific circumstances of the collaboration and relationship with the client. The DBSA will be responsible for the overall oversight of the program implementation including the implementation of this ESMF and will report to GCF as per the terms to be agreed under the overarching framework of the Accreditation Master Agreement. The investment decision making procedures that the DBSA will adopt are outlined below:

Initial Deal Identification

1. Screen the proposed investment for potential environmental and social issues at an early stage:
 - Check the project against: Exclusion List/Prohibited Activities List; International Labour Organisation (ILO) Core Labour Standards; Environmental and Social Safeguards (IFC Performance Standards and DBSA ESSS); National Laws.
 - Assign an **Environmental Category** (A, B, C or FI):
 - ✓ **FI Category:** FI investments involve the extension of credit-lines to other financial institutions. These investments can be (i) targeted at an institution whose operations may have adverse environmental and/or social impacts, and/or (ii) made directly to subprojects which may have adverse impacts on the natural and social environments.
 - ✓ **Category C:** activities which typically have little or no environmental impact.
 - ✓ **Category B:** activities for which the environmental and social impacts can be readily predicted, prevented and/or mitigated.
 - ✓ **Category A:** activities which have the potential to cause significant environmental and social impact and will probably require detailed environmental and social appraisal by independent experts. – These will not be supported by the EGIP.
2. Screen the proposed investment for alignment to the investment mandate of the EGIP including:
 - ✓ Aligns to the energy policy framework of South Africa;
 - ✓ Aligns to the IRP limits for embedded generation which currently include:
 - Solar PV projects which are no more than 10 megawatts per project;
 - Wind projects of no more than 10 megawatts per project;
 - On a case by case basis the DBSA may allow clients to bundle a series of sub-projects;
 - ✓ Meets technology feasibility requirements as reviewed by the DBSA;
 - ✓ Align to DBSA processes for assessing commercial viability of projects;
 - ✓ Meet the minimum equity contribution criteria of the programme;
 - ✓ Articulates and quantifies clear environmental and social benefits;
 - ✓ Details a comprehensive gender action plan; and
 - ✓ Articulates climate mitigation and adaptation objectives of the GCF.

DUE DILIGENCE

Internal Due Diligence

3. Internal environmental and social due diligence actions depend on the level of risk and case-specific circumstances. Typically
- FI Category: Ensure that FI's have develop and maintain an ESMS in line with the DBSA's ESSS and comply with local environmental and social policy and legislation and seek global best practices as applicable to their operational activities.
 - Category C: Ensure that the project has all relevant EHS permits and is in compliance with the applicable National Environmental and Social Laws and Regulations and (if applicable) DBSA ESSS
- Category B: (1) Ensure (by means of document inspection and/or discussions with the relevant authorities) that the project has all relevant EHS permits and complies with applicable National Environmental and Social Laws and Regulations. (2) If applicable check that the company's activities are consistent with DBSA's ESSS. (3) Investigate and resolve any specific issues of concern. Certain (relatively straightforward) actions may need to be set as (pre-) conditions of investment. If there are issues outside of the Environmental Specialist competence, an independent expert may be required to provide a second opinion or undertake a limited review.

External Due Diligence

4. The EGIP will not utilise FI's. In the event that they are utilised, the following process applies:
- FI Category: Not normally required.
 - Category C: Not normally required.
 - Category B: If necessary, an independent expert or consultant may be needed to provide a second opinion, undertake a limited review of specific issues.
- For Category B, safeguards instruments required will be an ESIA and an ESMP.

INVESTMENT DECISION

Term Sheet/Negotiation

5. The Term Sheet should include standard general conditions regarding compliance with applicable National Environmental and Social Laws and Regulations and the DBSA ESSS. If internal and/or external environmental and social due diligence has identified any specific issues of concern, appropriate corrective action must be put in place. This may require preparation of, and agreement to, a detailed Environmental & Social Action Plan (and a project-level grievance mechanism, typically based on the recommendations of the ESIA. Reference to such measures should be included in the Term Sheet.

Investment Proposal

6. A brief summary of the relevant E&S issues should be included in the Investment Proposal for consideration by the Investment Committee (IC). This section should briefly describe:
- ESMS for investments directly into a company/developer;
 - The environmental category assigned to the investment (see Step 1);
 - Environmental & Social due diligence approach and findings;
 - Agreed solution to any issues arising;

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| <ul style="list-style-type: none">• Any issues which remain unresolved and require consideration by the IC. |
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INVESTMENT AGREEMENT

Investment Agreement

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| <p>7. In line with the Term Sheet, the Investment Agreement (or equivalent instrument) should include appropriate environmental and social clauses. This may include:</p> <ul style="list-style-type: none">• A general environmental warranty/covenant that the company currently complies with the applicable National Environmental and Social Laws and Regulations and (if applicable) DBSA ESSS, and will remain in compliance for so long as DBSA is involved;• For projects classified as category B, the Agreement should also contain an undertaking by the Client to provide DBSA with an annual report on its EHS and social status;• A general requirement to have a project-level grievance mechanism commensurate to the risks and impacts of the project;• Any specific condition decided on a case-by-case basis. In particular, if the DBSA's investment is conditional upon the implementation of an ESAP, this undertaking should be clearly set out in the Investment Agreement and the Plan itself should be included in the Agreement as an Annex. |
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7. CLIENT RESPONSIBILITY FOR IMPLEMENTING PROJECT LEVEL ESSS

Project level environmental and social oversight

The Bank expects its clients to manage the environmental and social issues associated with the projects to meet the Bank's ESSS over a reasonable period of time. Projects involving new facilities or business activities will be designed to meet the ESSS from the outset. It is also the client's responsibility to ensure that adequate information is provided so that the Bank can undertake an environmental and social assessment in accordance with the Bank's ESAPs. The client may be required to commission appropriate environmental and social studies and conduct stakeholder engagement and cover the costs of these. The client is also expected to allow DBSA representatives and independent consultants to access project facilities and records.

In order to comply with the GCF, IFC and DBSA Environmental and Social Safeguard Standards for this programme the Client will be required to carry out specific tasks for each proposed investment. The DBSA will be ensuring that all these tasks are carried out by their clients.

The DBSA will require its Clients to:

- Conduct a screening process to determine the environmental and social risks and issues of proposed projects that will form the basis of assigning the environmental and social risk category of the project.
- Depending on the category of a project, undertake the necessary assessments and develop required reports and documents.
- Depending on the assigned environmental and social risk category, conduct an Environmental and Social Impact Assessment (ESIA) process to consider in an integrated manner the potential the project environmental and social (including labor, health, and safety) risks and impacts.

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- Develop an Environmental and Social Management Plan (ESMP) that describes the measures that will be implemented to avoid, minimize and mitigate the environmental and social risks and impacts identified in the ESIA.
 - Analyze risks and impacts of a project in the context of the project's area of influence, for all stages of development.
 - Take into account all applicable laws and regulations of the jurisdictions in which the project operates that pertain to social and environmental matters.
 - Depending on the type of project and the nature and magnitude of its risks and impacts categorise projects into A, B, or C.

Project Screening

The DBSA will require Clients to undertake a detailed screening of all projects that they submit to the DBSA for EGIP financing. The responsibilities of the client for project screening are detailed below.

- The DBSA ESSS1 provides that DBSA classifies all projects into one of four classifications: High / Substantial Risk, Moderate Risk, Low Risk and Financial intermediary. In determining the appropriate risk classification, the DBSA takes into account the project type, location, sensitivity, and scale; nature and magnitude of potential environmental and social risks and impacts including climate change considerations; the impacts on key and affected stakeholders and the Clients capacity to manage the environmental and social risks and impacts in a manner consistent with the ESSSs.
- The client working with a suitably qualified environmental practitioner together with the DBSA environmental and social analyst, will screen the project for environmental and social impacts to determine the type and level of environmental and social assessment required. The client may suggest a category and provide sufficient supporting documentation to allow the DBSA to review and validate the proposed category. The DBSA and client share responsibility for project categorisation based on accurate information disclosed at project due diligence.
- The Client or project proponent is responsible for carrying out an environmental and social screening of projects proposed under this programme. The responsible person from the Client, working with DBSA will make a preliminary determination of environmental and social risks and issues associated with the project including likely environmental and involuntary resettlement impacts, impacts on biodiversity and habitats and effects on ethnic minorities of the subprojects by using a checklist for preliminary environmental and social risk screening (Annexure 1). The checklist is developed to assist the determination of the potential environmental and social impacts/risks associated with the projects, likely environmental and social risk category and the safeguard instruments that will be prepared.

Project Environmental and social assessment

- For the envisaged projects, the DBSA's Client will conduct a process of Environmental and Social Impact Assessment (ESIA) that will consider in an integrated manner the potential environmental and social (including labor, health, and safety) risks and impacts of the project. The Assessment process will be based on current information, including an accurate project description, and appropriate social and environmental baseline data. The Assessment will consider all relevant environmental and social risks and impacts of the

project, and those who will be affected by such risks and impacts. Applicable laws and regulations of the jurisdictions in which the project operates that pertain to social and environmental matters including the EIA Guideline for Renewable Energy Projects will also be taken into account.

- Risks and impacts will be analyzed in the context of the project's area of influence. This area of influence encompasses, as appropriate: (i) the primary project site(s) and related facilities that the client (including its contractors) develops or controls, such as power transmission corridors, pipelines, canals, tunnels, relocation and access roads, borrow and disposal areas, construction camps; (ii) associated facilities that are not funded as part of the project (funding may be provided separately by the client or by third parties including the government), and whose viability and existence depend exclusively on the project and whose goods or services are essential for the successful operation of the project; (iii) areas potentially impacted by cumulative impacts from further planned development of the project, any existing project or condition, and other project-related developments that are realistically defined at the time the Social and Environmental Assessment is undertaken; and (iv) areas potentially affected by impacts from unplanned but predictable developments caused by the project that may occur later or at a different location. The area of influence does not include potential impacts that would occur without the project or independently of the project.
- Risks and impacts will also be analyzed for the key stages of the project cycle, including preconstruction, construction, operations, and decommissioning or closure. Where relevant, the Assessment will also consider the role and capacity of third parties (such as local and national governments, contractors and suppliers), to the extent that they pose a risk to the project, recognizing that the client should address these risks and impacts commensurate to the client's control and influence over the third party actions. The impacts associated with supply chains will be considered where the resource utilized by the project is ecologically sensitive, or in cases where low labor cost is a factor in the competitiveness of the item supplied. The Assessment will also consider potential transboundary effects, such as pollution of air, or use or pollution of international waterways, as well as global impacts, such as the emission of greenhouse gases. The Assessment will be an adequate, accurate, and objective evaluation and presentation of the issues, prepared by qualified and experienced persons. In projects with significant adverse impacts or where technically complex issues are involved, clients may be required to retain external experts to assist in the Assessment process.
- Depending on the type of project and the nature and magnitude of its risks and impacts, the assessment may comprise a full-scale social and environmental impact assessment, a limited or focused environmental or social assessment, or straightforward application of environmental siting, pollution standards, design criteria, or construction standards. For Category B projects, ESIA's or narrower scopes of Assessments may be conducted for projects with limited impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures. Projects with minimal or no adverse impacts will not be subject to further assessment beyond their identification as such, and the development of EHS documents.
- As part of the Assessment, the client will identify individuals and groups that may be differentially or disproportionately affected by the project because of their disadvantaged or vulnerable status. Where groups are identified as disadvantaged or vulnerable, the client will propose and implement differentiated measures so that adverse impacts do not

fall disproportionately on them and they are not disadvantaged in sharing development benefits and opportunities.

Client responsibility for implementing ESSS

The ESMF will outline the Clients full arrangements for implementation, monitoring and reporting of the ESS. These are outlined below:

Labour and Working Conditions

The DBSA will require its Clients to:

- Provide workers with clear and understandable information on their rights, including those related to hours of work, compensation and benefits.
- Provide safe and healthy working conditions, taking into account inherent in the sector.
- Not discriminate but hire, compensate, manage and lay off employees based on the principle of equal opportunity and fair treatment.
- Not restrict workers from joining or forming workers' organisations or bargaining collectively, nor retaliate against workers who organise.
- Create effective grievance mechanism for employees.
- Not employ children (under 18) in any manner that is economically exploitative or harmful to the child's health, education or social development.
- Not employ forced labour or trafficked persons.
- Make efforts to ensure that contracted workers employed by third parties are protected.
- Monitor primary supply chains to identify and reduce risks of child or forced labour, or significant safety concerns.

Resource Efficiency and Pollution Prevention

The DBSA will require its Clients to:

- Avoid the release of air, water and land pollutants or, when avoidance is not feasible, minimise and/or project-related pollution.
- Avoid the generation of waste (both hazardous and non-hazardous), or where unavoidable, minimise and appropriately dispose of waste.
- Replace hazardous materials with safer substances where feasible, and avoid the manufacture, trade, and use of hazardous materials subject to international bans or phase-outs.
- Efficiently use natural resources, including energy and water.
- Make an effort to reduce greenhouse gas (GHG) emissions.
- Account annually for GHG emissions for all projects anticipated to release over 25 000 tons of CO₂ (carbon dioxide) equivalent emissions.

Community Health, Safety and Security

The DBSA will require its Clients to:

- Assess and avoid (or if unavoidable, mitigate) adverse impacts on the health and safety of the affected community over the life of the project.
- Assess and avoid, if possible, project impacts on ecosystem services (such as loss of buffer areas like mangrove forests or resources like freshwater) on which communities depend.

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- Avoid or minimise the potential for community exposure to diseases, including from hazardous waste, taking into consideration the higher sensitivity of certain vulnerable groups.
 - Assess safety risks that the project poses towards local communities and create a system to respond to emergency situations (including both project accidents and natural hazards).
 - Assess and mitigate risks posed by a project's security arrangements, such as use of private security, police or military personnel.
 - Investigate all allegations of unlawful or abusive acts of security personnel, take action (or urge appropriate parties to action) to prevent recurrence, and report unlawful and abusive acts to public authorities.

Land Acquisition and Involuntary Resettlement

The DBSA will require its Clients to:

- Avoid forced evictions, including the use of coercion and manipulation of communities.
- Avoid and/or minimise physical displacement (moving people off land that they inhabit) and economic displacement (restricting people's access to use of land and/or natural resources).
- Engage with affected communities throughout the resettlement process, including through the provision of a grievance mechanism for affected communities, beginning early in the project development phase.
- Prepare and implement appropriate management instruments such as Resettlement Action Plans (RAPs), Abbreviated Resettlement Action Plans (ARAP), Land Acquisition Plans, and Livelihood Restoration Plans.
- Provide all displaced persons with fair and equitable compensation, such as replacement land, cash or in-kind replacement of lost assets, and restored access to natural resources.
- Integrate grievance redress mechanism to receive complaints or grievances related to land acquisition and resettlement and facilitate the resolution and feedback for any grievances.
- Improve or restore the livelihoods and standards of living for those who are displaced.
- For people with a legal right to the land, offer the choice of replacement property of equal or higher value and security of tenure, or (if land is not possible) cash compensation.
- For people without formal land rights recognised by the government, offer adequate housing options with secure tenure and compensation for lost assets, such as buildings.

Biodiversity Conservation and Sustainable Management of Living Natural Resources

The DBSA will require its Clients to:

- Assess and avoid impacts on biodiversity and ecosystem services if possible, and otherwise implement measures to minimise and restore any impacts.
- Apply protection measures to all impacted areas that have significant biodiversity value, even if they are habitats that have been modified by human activity.
- Assess the ecosystem services that the project is likely to impact and/or that the project will rely on, and avoid, minimise or mitigate any negative effects, including from alien species.
- Not significantly convert or degrade "natural habitat" unless: i) there are no other feasible options; ii) stakeholders have been consulted; and iii) mitigation measures are in place to achieve no net loss of biodiversity.
- Not implement activities in "critical habitat" unless: i) there is no other alternative; ii) the activities do not lead to measurable negative impacts on key biodiversity and ecological

processes or a net reduction in endangered species; and iii) a monitoring plan is put in place.

- Not implement activities in legally protected or internationally recognised areas unless: i) the activity is legally permitted; ii) adequate stakeholder's participation is implemented; and iii) efforts are taken to enhance conservation in the area.
- Prepare and implement biodiversity management plans or frameworks for projects that may have likely adverse impacts on biodiversity and habitats.
- Monitor the sponsor's primary supply chains to ensure that they are not contributing to the conversion of natural or critical habitats.

Indigenous Peoples (IPs)

The DBSA will require its Clients to:

- Identify indigenous peoples (IPs) that may be affected by the project and the nature of that impact (economic, social, environmental, etc.).
- Avoid negative impacts on IPs where possible, and otherwise minimise, restore or compensate for these impacts in a culturally sensitive manner.
- Design all measures related to IPs with their informed consultation and participation throughout the life of the project.
- Not develop a project on land that is traditionally owned or used by IPs unless the risks are thoroughly assessed, IPs are informed of their rights, IPs continue to have access to resources if possible, appropriate compensation is offered, and IPs are offered a fair and equitable sharing of project benefits.
- Not relocate IPs from land or natural resources that they have traditionally owned or used unless their free, prior and informed consent is first obtained from affected IPs.
- Not use the traditional knowledge or cultural heritage of IPs for commercial purposes without first obtaining their free, prior and informed consent is first obtained from affected IPs.
- Not significantly impact critical cultural heritage of IPs unless free, prior and informed consent is first obtained from affected IPs.
- Prepare and implement an Indigenous Peoples Plan or vulnerable group inclusion plans

Cultural Heritage

The DBSA will require Clients to:

- Identify and avoid significant adverse impacts on tangible cultural heritage (like archaeological or historical sites) or unique natural features that embody cultural values (like sacred rocks or waterfalls).
- Consult with affected communities and relevant government agencies in order to identify cultural heritage of importance.
- Put in place a system for protecting cultural heritage that is discovered during project implementation (so-called "chance find" procedures).
- Maintain community access to cultural heritage sites located on the project site.
- Not remove, significantly alter, or damage critical cultural heritage (such as internationally recognised or legally protected heritage sites), except in exceptional circumstances and in collaboration with affected communities.
- Use intangible cultural heritage (like knowledge, innovation, or practices) for commercial purposes only in collaboration with relevant communities.

Client responsibility for project implementation and monitoring

- During project implementation, the DBSA will report to the GCF on the implementation of the ESMF that includes information on the environmental and social performance of the projects. This information will be sourced from the client. The DBSA will ensure that the Clients shall report to DBSA information related to the (a) compliance with the measures agreed with the DBSA on the basis of the findings and results of the environmental and social assessment, including implementation of any project ESMP, as set out in the project documents; (b) the status of mitigation measures, and (c) the findings of monitoring programs. The DBSA bases oversight and supervision of the programme on the individual project's environmental aspects on the findings and recommendations of the environmental and social assessment, including measures set out in the legal agreement, any ESMP, and other project documents. It is important that DBSA tracks the progress of measures addressing these recommendations.

8. PROJECT LEVEL ENVIRONMENTAL AND SOCIAL RISKS AND POTENTIAL IMPACTS

South Africa's location, geography and size all play a role in providing it with multiple renewable energy resources. A coastline of approximately 3 000 km that goes around the tip of Africa, starting from the desert on the west coast and ending in Mozambique's warm tropical climate, provides favourable conditions for wind power throughout the country. Most of the country is classified as semi-arid, meaning there are large expanses of flat terrain with high irradiation, making it ideal for solar power. The east coast is tropical with large wood and sugar plantations creating biomass opportunities. Although a water scarce country, opportunities for small-scale hydropower exist and have been exploited over the years. Support from international agencies as well as Government have provided the technical studies and empirical evidence of the quantity and quality of available resources required by policy makers, developers and financiers. This support has given rise to renewable energy (RE) roadmaps or resource maps, providing collated datasets and clear guidance for resource and technology development in the country.

In support of Strategic Infrastructure Project 8 (SIP 8: Green Energy in support of the South African Economy) and to facilitate infrastructure development in the country, the Department of Environmental Affairs (DEA) introduced a Wind and Solar PV Strategic Environmental Assessment (SEA). The primary objective of the SEA is to streamline regulatory processes for new RE power plants in line with the REIPPPP and without compromising the environment. Based on the SEA, eight (8) Renewable Energy Development Zones (REDZ) have been identified. These areas were selected through integrated spatial analyses and wide stakeholder consultation, and as geographical areas in which development is considered most appropriate from a national perspective. Factors taken into consideration include energy resource potentials, infrastructure availability, stakeholder and local authority support, environmental suitability and socio-economic need. The REDZ, spread over five (5) provinces, cover approximately 80,000km² and 17,000 farm portions. Although the REDZ identified priority areas for development, they do not preclude development of RE projects in the numerous suitable areas with exceptional wind and/or solar resource that exist outside the REDZs. The location of the REDZ further serves to inform the grid connection planning, identifying and confirming the areas where grid capacity will be required to support the targeted development zones.

In the envisaged projects pre-construction impacts relate mostly to siting of components, land acquisition and land use change. Most environmental risks and impacts will occur during the construction and operation stages, and these will largely be site-specific, temporary and localised and can be managed and/or mitigated through implementation of measures to be identified in projects' environmental and social management plans (ESMPs). It is for this reason that most project will fall under category B. These risks will include noise; dust generation; erosion, siltation and sediment laden run-off; health and safety impacts; traffic issues; and generation of waste materials. The projects will not cause any significant or lasting adverse environmental impacts during operation. Instead the projects will produce significant environmental benefits including the reduction of CO₂ emissions, and increase resilience to economic and climate change shocks through reliance on fossil fuel energy. During decommissioning, the main environmental risks are associated with the end life cycles of batteries, solar cells, and turbine elements. Through careful design, including the choice of materials and design of closed loop maintenance and end of life systems, the projects can ensure that there are no legacy waste in the future. The projects' ESMPs will need to include proper handling and storage/disposal of spent batteries and turbines to ensure there is no residual environmental impact.

The ESMPs will be developed to define and describe outline measures that are to be implemented to minimise adverse environmental impacts and serve as a guide for the contractors and the workforce on their roles and responsibilities concerning environmental management on-site. In addition, ESMPs will outline potential environmental impacts, mitigation measures, environmental monitoring and capacity development that are required to minimise the environmental impacts in the pre-construction, construction and operational phases of the projects. During construction, implementation of internationally recognised good construction environmental practices will form the basis of ESMPs and will cover issues such as erosion and sedimentation control, noise and air quality, material sourcing and spoil management, minimisation of land disturbance, and worker and community health and safety.

The environmental and social risks and impacts associated with the development of the programme project in an area of low environmental and social sensitivity are likely to be readily identified, assessed and mitigated through the adoption of the good environmental and social practices. The projects that will be considered within this programmes will be subjected to the full project- and sponsor-specific environmental and social due diligence with the support of an independent consultant. The DBSA envisages that only category B projects will be considered under the framework and accordingly, each project will individually reviewed and categorised and due diligence will be undertaken. Since the projects have not been defined yet and thus their actual not been identified too, the description of impacts is based on a generic environmental baseline of South Africa, the prescribed nature of proposed pipeline of the subprojects, i.e., solar PV and wind power projects and the EIA Guideline for Renewable Energy Projects. The overall impacts expected from solar and wind energy projects are summarised in the section below. This section details environmental and social considerations for solar PV and wind energy projects. The Client / project proponent will undertake detailed project specific environmental and social assessments. In doing so, they will take into consideration the guidance provided in the EGIP ESMF together with any applicable policies, assessments and guidelines from the Government such as the Strategic Environmental Assessment and the EIA Guideline for Renewable Energy Projects.

1. Air quality

During the construction phase of all types of the renewable energy projects, there may be an impact on local air quality from construction vehicle exhaust and dust generation. However, these effects will be localised and temporary and could be mitigated by implementing best practice for construction such as dust control.

2. Surface water and groundwater

The envisaged projects may lead to the degradation of surface water quality and change in availability of surface water resources due to erosion runoff and sedimentation during construction and operation. Solar and wind facilities. When developing solar PV projects, due to their requirement for large amounts of land, it might be difficult to avoid surface water bodies.

3. Geology and soils

Renewable energy projects are likely to lead to loss of high value soils, change in soil characteristics, and increased potential of occurrence of mudflow hazard. Solar PV projects need to be continually washed during operations resulting in wash water and chemicals percolating into the soil and affecting its structure and condition.

4. Landscape and biodiversity

For all of the projects there will be a number of potential effects on landscape and biodiversity that must be considered prior to selection of sites and projects. These include:

- Habitat loss, fragmentation and/or simplification associated with the development footprint of the renewable energy facility and consequently potential adverse effects on protected species that utilise those habitats;
- Potential increase in bird and bat mortality, due to an increased risk of collision/electrocution where new turbines and ancillary power lines are located within bird migration corridors or bird and bat foraging areas.

Land take from wind farm arrays has the potential to lead to significant environmental effects due to habitat loss. Wind farm development within or adjacent to protected wetland sites has the potential to adversely affect important wetland and associated terrestrial habitats that provide support to nationally and internationally (Ramsar) important populations of migratory birds. In addition to the effects of habitat loss, the siting of wind turbines within or adjacent to habitats which provide important nesting, roosting or feeding sites for bird and bat populations may increase the risk of direct mortality through bird and bat strike; either through collision with the turbine blades or new connecting transmission lines. Birds of prey, passerines (perching birds/songbirds) and other endemic species of bird are also vulnerable to similar affects associated with habitat loss and risk of turbine strike within in-country migration routes. The introduction of wind farms will have significant negative effects on both landscape character and visual amenity. Individual turbines, 100m in height, will be visible up to a distance of 30 km, with potential effects on bordering countries.

Land take from solar PV arrays has the potential to lead to significant environmental effects due to habitat loss. Developments within or adjacent to protected areas has the potential to adversely affect important habitats in protected areas. Shading may contribute to changes in microclimate and may change vegetation patterns. Land take also has the potential to lead to the direct loss of forest, grassland and savannah habitats and associated reduction in

ecosystem function, leading to direct loss of habitat for important terrestrial species. Additionally, above-ground transmission infrastructure would lead to a reduction in bird and bat species. The introduction of PV arrays and ancillary development over a wide area will affect landscape character by replacing existing scenic landscape with areas of dark panels which will register as expansive unnatural features. However, solar developments are likely to be low lying; therefore, the effect on visual amenity will be most apparent when viewed from elevated positions or close locations. The effects on protected and high quality landscapes and their setting can be expected to be negative and significant. Protected and high quality landscapes and their setting may be particularly vulnerable to these effects.

5. Effects on community and socio-economics

There is the potential dislocation of communities and households as a result of the facilities, roadways, and power transmission lines, which should be avoided. Forced or involuntary resettlement will have an extremely high effect which would be negative and long-lasting, starting prior to construction and lasting throughout operation. Resettlement will not only present a change in living conditions but also affect means of livelihood, social identity, and social effects. Efforts to minimize this impact should be done at the design stage. If resettlement is unavoidable, proper consultation would be required. Effects on health may include increased noise and dust displacement due to material transport and construction, which may impact workers and communities near the site and along transportation routes. The possibility of workers being injured is significant, especially during the construction of facilities and transmission lines, maintenance, and decommissioning. Although the proximity of communities to transmission lines should be considered, the DBSA believes that the voltage used for connection to the grid would be far too low to generate any field of a magnitude which could have adverse human health effects. Positive economic benefits of increased employment would arise during construction, maintenance and decommissioning. Secondary employment opportunities would also be presented from supporting economic activities such as lodging, food supply and support to infrastructure. Manufacturing of the required construction materials may also present economic benefits. There is the potential loss of land for other economic activities such as agricultural use, especially during construction. However, once construction is complete, land below transmission lines and wind turbines would be suitable for use.

6. Cultural heritage

The proposed project could have the potential to damage cultural heritage due the footprint of physical structures and the construction.

Environmental and social considerations of solar PV projects

PV infrastructure

A PV system has three critical components: PV modules, inverters, and racking. In addition, the interconnection infrastructure is especially important for grid connectivity. Other components include wiring, combiner boxes, disconnection switches, meters, and monitoring equipment.

PV modules: There are many variations of solar PV technologies based on different types of solar cells (monocrystalline, polycrystalline, amorphous, thin film, etc.) and mounting structures (fixed tilt, single-axis tracking, dual-axis tracking, etc.). Initially, solar cells were

either monocrystalline, polycrystalline silicon, and amorphous and thin film cells. Amorphous cells are produced by a deposition technology and have sometimes been promoted as a manufacturing-in-a-box technology that could be easily set up and used to promote local manufacturing. Thin film technology is manufactured through a sputtering-type application system. Today, polycrystalline and thin-film are the two dominant types of solar cells. Thin film is generally cheaper and lighter but less efficient, thus requiring more surface area for the same output. However, these two technologies have become highly competitive in recently years, so that at any time one might be less costly overall than the other. In general, since the shortages of the 2008 time period, solar cells have fallen in cost by close to 80 per cent. In addition to crystalline, amorphous, and thin film solar PV cells, concentrating solar PV cells have come into the marketplace within the last two years. In concentrating PV cells, the cell itself is concentrating the energy and producing a larger output of electricity. There is no thermal component, nor standard steam generation system. Today there are a limited number of factories producing the concentrating PV cells, but they are planned for, or being used in, a number of large-scale solar facilities in South Africa and the United States.

Inverters and transformers: The inverter converts direct current (DC) generated by the PV modules into grid-quality alternating current (AC). For utility-scale projects, the inverter output is connected to a transformer that elevates the voltage to a distribution level. The collection of all the transformers output occurs at a switchyard, which can also be the point of interconnection to the grid via a substation. The switchyard output is elevated to the distribution or the transmission voltage before interconnection with the grid.

Racking: A utility scale solar facility consisting of a large number of solar panels will need to be mounted on the ground through supporting structures; usually metal grids raised off the ground, which, in turn, are supported by posts driven into the ground. These mounting systems must be designed to withstand any expected earthquake forces or wind loads.

Grid connectivity: Solar PV will need to be connected to the grid and therefore it becomes necessary to build out an interconnection substation for the solar plant. These interconnection substations will be need to be at a scale and purpose appropriate to the output of the solar PV plants.

Site design and configuration

Several factors should be considered when selecting a site and designing its configuration. The quality of the resource is a primary consideration; however, there are some other significant issues that should be considered when siting solar PV facilities. The Strategic Environmental Assessment (SEA) conducted for the renewable energy projects as well as the EIA Guideline for Renewable Energy Projects provide additional references on siting considerations that can be used when developing solar PV projects. For example, considerations on the siting of solar PV farms may include the following:

Flood prone areas. Construction of solar plants in areas prone to flooding could result in the damage of PVs and associated infrastructure. In general, construction in flood prone areas should be avoided.

Extreme weather. Extreme weather conditions can affect the generation performance and the facilities associated with the solar PV plants.

Air pollution. High concentration of suspended dust can have the potential both to decrease the net solar insolation and to accumulate dust on panels, requiring more frequent cleaning.

Seismicity, mudflows, landslides and other geohazards. Construction of solar plants in areas of high seismicity or in areas prone to mudflows and landslides could result in the damage of PVs and associated infrastructure. In general, construction in high risk areas for these hazards should be avoided.

Contaminated lands. Construction of solar facilities on contaminated lands may be a beneficial use of these degraded areas; however, special consideration must be made to ensure the health of workers that could be exposed to contaminants at the surface or below ground during construction.

Land use. In general, due to the relatively tight spacing of PV panels and the arrays, the existing land use activities such as agricultural cannot continue during operation.

Proximity to transmission grid and loading. In general, solar energy generation facilities should be located near to existing substations with capacity on the transmission grid. Facilities become less economical at increasing distances from substations due to the costs associated with extending distribution or transmission lines to the solar plant.

Potential environmental and social impacts

The EIA Guideline for Renewable Energy Projects outlines some of the typical environmental impacts associated with solar energy projects. These potential impacts associated with solar power can vary greatly depending on the locations and the technology to be used. In general impacts such as those related to land use modifications, habitat loss, water use, and the use of hazardous materials in manufacturing may be expected. In broad terms the range of potential impacts could include:

Land use. Depending on their location, larger utility-scale solar facilities can raise concerns about land degradation and habitat loss. Land requirements of utility-scale PV systems can range from 1.5 to 4 hectares per megawatt and therefore may have significant footprint. Land requirements can have adverse impacts on communities, for example physical and economic displacement. Siting considerations therefore can become a key factor that can determine the type and magnitude of potential environmental and social risks and impacts.

Water use. Solar PV cells do not use water for generating electricity. However, as in all manufacturing processes, some water is used to manufacture solar PV components as well as for cleaning the panels and general upkeep and maintenance of the facility.

Hazardous materials. The PV cell manufacturing process includes a number of hazardous materials, most of which are used to clean and purify the semiconductor surface. Battery storage systems, transformers, and other electronic waste may also be considered as hazardous materials and will need to be managed appropriately.

Restrictions of access. Solar PV farms may restrict access to certain lands and may disrupt livelihood and economic activities of the communities during construction and operation. Particularly for larger solar PV plants, restrictions of access can also affect the social interactions particularly if the plants spatially divide villages and township sites.

Employment. The construction and operation of solar PV may promote the influx of migrant workers affecting the host communities.

Other impacts of solar PV are related to the construction and operation in terms of community nuisance during construction such as noise, fugitive dust, and visual issues. There may also be impacts related to local habitats and biodiversity, interference with aircraft navigation, electromagnetic interference and impacts on subsurface resources.

Mitigation measures

The Project ESMPs will be developed and implemented by the Clients. The ESMP will contain measures to avoid, minimize and/or mitigate adverse environmental and social risks and impacts based from established good industry practices. Potential mitigation measures based on the EIA Guideline for Renewable Energy Projects may include the following:

- Conduct pre-disturbance surveys as appropriate to assess the presence of sensitive areas, fauna, flora and sensitive habitats;
- Plan visual impact reduction measures such as natural (vegetation and topography) and engineered (berms, fences, and shades, etc.) screens and buffers;
- Utilise existing roads and servitudes as much as possible to minimise project footprint;
- Site projects to avoid construction too near pristine natural areas and communities;
- Locate developments away from important habitat for faunal species, particularly species which are threatened or have restricted ranges, and are collision-prone or vulnerable to disturbance, displacement and/or habitat loss;
- Fence sites as appropriate to ensure safe restricted access;
- Ensure dust abatement measures are in place during and post construction;
- Develop and implement a storm water management plan;
- Develop and implement waste management plan; and
- Re-vegetation with appropriate indigenous species to prevent dust and erosion, as well as establishment of alien species.

In addition, measures to address risks and impacts associated with land acquisition, involuntary resettlement, restriction of access, indigenous peoples, and labour and working condition shall follow the requirements of DBSA's ESSS as well as the GCF ESS and policies. This will entail ensuring that affected communities are adequately consulted through Stakeholder Engagement Plans, and in the case of indigenous communities, free, prior and informed consent is obtained and maintained throughout the project. Further, specific management plans such as Resettlement Action Plans (RAPs), Indigenous Peoples Plan and their analogs are developed and implemented.

Environmental and social considerations for wind energy projects

Wind Technology and associated infrastructure

Onshore wind energy technology is the most commonly used and commercially developed renewable energy technology in South Africa. Wind turbines are used to generate energy and they produce power over a wide range of wind speeds. Essentially, the turbine blades are designed to capture the kinetic energy in wind. When the turbine blades capture wind energy and start moving, they spin a shaft that leads from the hub of the rotor to a generator. The generator turns that rotational energy into electricity.

There are four main wind farm components and include meteorological masts, wind turbine and foundations, building housing electrical switchgear and other equipment and access roads.

Meteorological masts: A meteorological tower is usually installed in a wind farm to monitor the wind conditions of the site and confirm its suitability. These towers typically measure the wind speed, wind direction, temperature, pressure and humidity at the site. This data is important in developing a robust template for site design. The number of towers required is linked to the terrain of the proposed site. Wind farms located in complex terrain are more likely to require more than one mast to give an adequate picture of the wind resource across the site.

Wind turbines: There are commonly two types of wind turbine, vertical and horizontal axis machines. The most common design is the horizontal three bladed axis turbines. Two bladed axis turbines are generally cheaper however they have a higher operational noise than three bladed axis turbines and, depending on the location of a proposed development this may affect their use.

Buildings: Wind farms require a central computerised monitoring system, which controls the operation of the turbines. The switch gear, transformer and control equipment may be located in the turbine tower, however sometimes an additional building is required adjacent to the turbines.

Associated access roads: During the construction and operation phases wind turbines will normally require adequate means of vehicular access, capable of supporting heavy goods vehicles carrying machinery.

Grid connectivity: As in the solar PV projects, the generating plants will need to have interconnection substations to connect to the grid. The substations will be appropriately scaled to the power generated by the project.

Site design and configurations

The layout or configuration of a wind farm is specific to the locations and the efficient placement of turbines considers the existing landforms/landscape that the turbines are set with. Several factors will need to be considered when selecting a site and designing its configuration. Among which include the following:

Ground slope. In general ground slopes of less than 20 per cent are optimal for wind power plants. Minimal slope can be beneficial for construction, operations and maintenance of the projects.

Extreme weather conditions. Areas with winds that are extremely strong may require design modifications to prevent damage to the turbines.

Flood prone areas. Flooding could damage of turbine foundations and associated infrastructure. In general, construction in flood prone areas should be avoided.

Seismicity, mudflows, landslides and other geohazards. Construction of wind power facilities in areas of high seismicity or in areas prone to mudflows and landslides could result in the

damage of turbines and associated infrastructure. In general, construction in high risk areas for these hazards should be avoided.

Land use. Wind energy and its associated facilities may require lands

Proximity to transmission grid and loading. Distance to the transmission grid may determine cost of the project. In general, facilities should be located proximate to existing substations with capacity on the transmission grid.

Potential environmental and social impacts

The EIA Guideline for Renewable Energy Projects indicates that wind power generates electricity without releasing toxic pollution or greenhouse gas emissions. Wind is abundant and inexhaustible. However, the construction and operation of wind turbines may possibly lead to adverse environmental impacts on biodiversity, land-use and communities in the form of noise and visual impacts. In addition to species disturbance and mortality, the issues of habitat loss and fragmentation needs to be considered for all affected living organisms inclusive of plants, invertebrates and vertebrates including birds and bats. Potential impacts from wind energy installations must therefore be assessed and mitigated.

Wind energy projects may require lands that would displace communities, restrict the access of communities, or constrain the land use of adjacent areas. In addition, wind energy projects may also adversely affect the livelihood, culture and lands of indigenous peoples if located in indigenous territories and lands.

Other impacts of wind energy projects include those on cultural heritage, noise particularly low frequency sound and vibration, visual amenity, avifauna, and air safety.

Mitigation measures

The DBSA will require its Clients and project proponents to prepare and implement measures to avoid, minimize or mitigate the environmental and social risks and impacts identified in the assessments as well as enhance positive impacts. The EIA Guideline for Renewable Energy Projects identified good industry practices that can be incorporated in the project ESMP. Among the mitigation measures associated with wind energy installations identified include the following:

- Minimising the project footprint by utilising existing roads and disturbed areas as much as practicable;
- Implementing adequate dust control, visual disturbance, erosion control, and noise reduction measures such as careful project siting, tarring or spraying water on dirt or gravel roads, planting trees, and constructing berms;
- Site selection outside of all relevant invertebrates, birds and bats and other animals migratory routes, nesting areas, movement and hunting corridors, as well as fog and mist-prone areas;
- Locate developments away from sensitive habitats for species, especially those that are threatened or have restricted ranges, and are collision-prone or vulnerable to disturbance, displacement and/or habitat loss;
- Develop and implement a site-specific spill management plan;

- Conduct pre-disturbance environmental and social surveys as appropriate to assess presence of sensitive resources, receptors, habitats and species;
- Bury electrical transmission infrastructure;
- Configure turbines to avoid landscape features particularly attractive to nesting raptors or other species prone to colliding with turbines;
- Minimise development lighting in order to minimise light pollution, disturbance to visible communities, and attraction of invertebrates, birds, bats and other animals at night;
- Install raptor-proof poles or similar measures on appropriate infrastructure to deter nesting, hunting, and migrating species; and
- Monitoring of relevant fauna including invertebrates, birds and bats and other animals to be undertaken during pre and post project development.

In addition, the Clients shall formulate and implement measures to address risks and impacts associated with land acquisition, involuntary resettlement, restriction of access, indigenous peoples, and labour and working conditions. These measures shall be designed and implemented to meet the requirements of DBSA's ESSS as well as the GCF ESS and policies. This will entail ensuring that affected communities are adequately consulted through Stakeholder Engagement Plans, and in the case of indigenous communities, free, prior and informed consent is obtained and maintained throughout the project. Further, specific management plans such as Resettlement Action Plans (RAPs), Indigenous Peoples Plan and their analogs are developed and implemented.

9. STAKEHOLDER ENGAGEMENT

The DBSA's Environmental & Social Safeguard Standard 2 (ESSS2) deals with stakeholder engagement and information disclosure. For the purpose of this ESSS, the term "stakeholder" is used to refer to:

- Project beneficiaries - those who will benefit directly from the project
- Project-affected parties- those who are affected or likely to be affected but not project beneficiaries
- Other interested parties – those who may have an interest(s) in the project

As an Infrastructure DFI, and organ of the South African state, the DBSA has a Constitutional obligation to engage with all parties and stakeholders impacted by the Banks developmental and financing mandate. Effective, open and transparent engagement between the Client and project stakeholders is an essential element of any transaction, leading to improved environmental and social project sustainability, enhanced project acceptance, and contributing to successful project design and implementation.

In the South African context, the Constitution (Act No.108 of 1996) and other relevant legislation including the Local Government: Municipal Systems Act No. 32 of 2000 and Municipal Finance Management Act No. 58 of 2003 emphasize stakeholder engagement. The Constitution defines local government objectives and its development mandate on the principle of active community consultation and meaningful participation in development planning and implementation processes. Local government legislation gives emphasis to the rights of citizens to contribute and participate through participatory democratic processes and places a duty on municipalities to encourage and facilitate public participation in municipal

decision-making processes. In this regard, the Integrated Development Plan is a legislated process which firmly provides for community consultation and meaningful engagement to identify and prioritise development projects to improve communities' quality of life.

This ESS2 applies to all projects that the DBSA supports. The main objective of the standard is to:

- Assist the Client establish a systematic and inclusive approach to stakeholder engagement to build and maintain a constructive relationship with project beneficiaries and project affected parties throughout the project life-cycle;
- Assist the Client create an enabling environment that allows project beneficiaries and project-affected parties to exercise their rights about the project, and to influence project design and environmental and social performance;
- Provide key stakeholders with appropriate project information on environmental and social risks and impacts in an understandable, transparent, and appropriate manner which enables stakeholders to make informed choices; and
- Provide project beneficiaries and project-affected parties with accessible and inclusive means to raise their grievances, and allow the Client to effectively respond to concerns raised in a comprehensive manner.

Consistent with the DBSA's ESS2, the ESMF describes the overall strategy for stakeholder engagement that outlines the Client's responsibility to engage stakeholders throughout the project life-cycle. The nature, scope and frequency of stakeholder engagement will be commensurate with the projects nature, scale, potential risks and impacts. Depending on the project nature and scope, significance of potential environmental and social risks and impacts, the Client may need to retain independent third party specialists to assist identify stakeholders, undertake stakeholder analysis, design an inclusive engagement process, and assist with community mobilization and consultation.

At the project-level, the Client will be required to:

- Develop a Draft SEP proportionate to the project nature and scale and potential environmental and social risks and impacts, and afford stakeholders the opportunity to engage and agree on the SEP to be adopted during the project implementation stage;
- Ensure that the SEP provides the rules of engagement during project preparation and implementation stages; includes the range and timing of information to be communicated to stakeholders and the type of information to be sought from them; describes measures to address potential and identified obstacles to effective community consultation and meaningful participation; and details how the views of differently affected and vulnerable groupings will be responded to and
- In consultation with the DBSA, implement the Final SEP as agreed upon with the stakeholders.

Project disclosure

DBSA shall require its Clients to disclose the information relevant to the project including environmental and social safeguards before DBSA makes decision on the proposed project. The project information disclosure shall be consistent to the requirements of the GCF Information Disclosure Policy.

In relation to each Category B project to be funded under the Programme, the DBSA shall disclose the ESIA and ESMP, and, as appropriate, inclusive of the Land Acquisition and/or Resettlement Action Plan (LARAP or RAP), and any other associated information including those relevant to indigenous peoples required to be disclosed in accordance with the GCF Information Disclosure Policy (Project Disclosure Package). DBSA shall disclose the project safeguards information 30 calendar days for Category B projects in advance of the DBSA's decision confirming the commitment to fund the project that has been categorized as Category B, in English and the local language (if not English), on its website and in locations convenient to affected peoples, and provide the Project Disclosure Package to the GCF Secretariat for further distribution to the Board and Active Observers and for posting on the GCF website. Within 180 days of the GCF Board approval of the Programme, DBSA and GCF Secretariat shall agree on a process to enable communication of any comments, including from the GCF Board members and Active Observers, on Category B projects relating to the Project Disclosure Package to DBSA, and to take account of such comments in the finalization of such documents.

The disclosure of project information shall be made to ensure the following:

- Allow stakeholders to understand all project implications, any potential risks and impacts, and any anticipated development opportunities to accrue from it;
- Dissemination of information to stakeholders in a transparent, relevant, understandable and accessible format;
- Disclosure of project information in relevant local languages and in an accessible and culturally appropriate manner;
- Provision of information responses addressing specific stakeholder interests that may be differently or disproportionately affected by the project including people living with disabilities, illiterate, gender, mobility, differences in languages, and the Indigenous Peoples; and
- Provision of access to the following information before the DBSA proceeds to project appraisal:
 - The purpose, nature, scale, and duration of proposed project activities,
 - The potential project risks, stakeholder impacts, and proposed mitigation measures to avoid and minimize any adverse impacts,
 - The proposed stakeholder engagement process as defined in the SEP,
 - The time and venue of any proposed public consultation meetings; the process to notify stakeholders of such meetings; how the meetings will be conducted, and how meeting will be disseminated to stakeholders, and
 - The process and channels to communicate any grievances and the turnaround time to address these.

10. INDIGENOUS PEOPLES

In South Africa, the Constitution of the Republic of South Africa (1996 as amended) enshrines the rights of 'vulnerable groups' which includes Indigenous Peoples, vulnerable indigenous communities and vulnerable ethnic groups. The legislation refers to the Constitutional Founding Values of human dignity, achieving equality, and advancing human rights and freedoms. Also, the African Commission's Working Group of Experts on Indigenous Populations / Communities recognizes the Khoi and San ethnic groups in South Africa as

Indigenous Peoples. These groups comprise a small percentage (approximately 1%) of South Africa's population and are located primarily in the Northern Cape. The Khoi and San comprise the Khomani San (approximately 1000 people), the Khwe San (approximately 1100 people), the Xun San (4500 people), the Nama (Khoe) (approximately 10000 people) and the Griquas (approximately 300 000 people). The Traditional & Khoi-San Leadership Bill (B23-2015), currently under consideration by the National Assembly, defines the "Khoi-San" as referring to any person who lives in accordance with the Cape-Khoi, Griqua, Koranna, Nama or San people, or any subgrouping thereof, customs and customary law and is consequentially a member of a particular Khoi-San community. South Africa has voted in favour of adopting the UN Declaration on the Rights of Indigenous Peoples (UNDRIP).

As an Infrastructure DFI, the DBSA has a Constitutional obligation to ensure that in any project it finances which impacts on Indigenous Peoples, Indigenous Peoples' needs are addressed.

The ESSS recognizes that Indigenous Peoples in South Africa comprise social groups distinct from mainstream society, who can include the most marginalized and economically, socially, and legally vulnerable community segments in which they reside. Indigenous Peoples are particularly vulnerable when investment transforms, encroaches upon, or significantly degrades their lands and resources. Indigenous peoples vulnerable status can limit their capacity to defend their rights to, and interests in lands and natural and cultural resources, and restrict their ability to participate in and benefit from development and thereby place their languages, cultures, religions, spiritual beliefs, and institutions under threat.

ESSS4 applies to any project the DBSA supports which impacts on Indigenous Peoples. The project environmental and social risks and impacts identification process will determine the applicability of this ESSSs. The Client's Environmental and Social Management System, detailed in ESSS1, will outline the implementation actions necessary to meet and manage the Indigenous Peoples Standard.

The DBSA recognises that there is no universally accepted definition of "Indigenous Peoples," and has for the purpose of this ESSS, adopted the international definition of Indigenous Peoples as comprising a distinct social and cultural group with common characteristics of self-identification to a particular cultural group, collective attachment to geographically distinct habitats, adherence to customary institutions, and practising a distinct dialect or language.

This ESSS recognises that Indigenous Peoples situation varies from region to region and from country to country. The project environmental and social assessment must consider the Indigenous Peoples distinct historical and cultural backgrounds, and national and regional context.

Where a project may impact on Indigenous Peoples, the Client will undertake the following measures:

- Identify Indigenous Peoples communities within the project area through the environmental and social risks and impacts assessment process, who may be directly or indirectly affected by the project. In certain circumstances, the Client may source advice from competent professionals to ascertain whether a group is considered as Indigenous Peoples for the purpose of this ESSS.

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- Develop an understanding of the project social demographic context by analysing the key community characteristics, the project social and political environment, and local socio-economic factors that impact on the project.
 - Identify the nature and degree of the potential direct and indirect economic, social, cultural (including cultural heritage), and environmental project impacts on the identified communities of Indigenous Peoples.
 - Mobilise the affected Indigenous Peoples communities to inform them of the proposed project, and enable them to respond meaningfully. The level of community mobilization will depend on the existence of structures that oversee their livelihoods, historic community involvement in development activities and with project development agencies, and will be commensurate with the project nature and scale.
 - Depending on the project nature and scope, engage consulting services and /or government agencies to assist in mobilizing the communities and to prepare them to participate in project planning where necessary.
 - Consult with Indigenous Peoples present in or having collective attachment to the project area regarding the proposed project, the project design and project implementation arrangements.
 - Prepare a consultation strategy outlining how affected Indigenous Peoples will be consulted and participate in the project cycle.
 - Detail the proposed consultation strategy in a time-bound plan such as an Indigenous Peoples Plan, (or a broader Community Development Plan containing separate Indigenous Peoples components). The scope and scale of this plan will be commensurate with the potential project risks and impacts.

Stakeholder engagement strategy for indigenous peoples

Consultation will be undertaken with indigenous peoples at all stages of the project. Local authorities, affected communities and indigenous peoples will be informed about the project proposal, its objectives and proposed activities, at an early stage of project preparation.

Meaningful consultation will be conducted with indigenous peoples through open consultations to achieve the following objectives:

- Enable indigenous peoples to articulate their development needs and priorities
- Enable affected indigenous peoples and communities to confirm their support to the project and its objectives through a free, prior and informed consent process.
- Enable participation in project level decisions that affects their livelihoods and social life; ;
- Confirm that indigenous peoples are aware of project benefits and believe them to be culturally appropriate;
- Consult indigenous peoples on project potential impacts and possible measures to reduce potential negative impacts / project risks and improve benefits
- Provide transparency in information of benefits and entitlements and
- Enable participation in project processes at planning, implementation, and monitoring stage.
- Enable indigenous peoples and stakeholders to understand the role and the application of DBSA and GCF requirements and the ESMF provisions.

The consultation methods will be tailored to each targeted group, including (but not limited to) participatory rapid appraisal, stakeholder consultations through site and household visits, public meetings, focus group discussions and the household socioeconomic survey. The

Client shall ensure that the consent provided by the indigenous peoples and communities is maintained. The communities shall be included in the continuing consultation process. Such consultations will be undertaken in several levels. During the project preparation, consultations with indigenous peoples and communities through free, prior and informed consent. The DBSA and its Clients shall identify the potentially affected indigenous peoples and communities and conduct consultations. Indigenous women will be encouraged to join the consultation. During project implementation, consultations with indigenous peoples and communities to obtain information on needs, challenges and any potential areas where additional support and/or different kind of support may be required.

Indigenous Peoples are often closely attached to their lands on which they depend and related natural resources which are traditionally owned or under customary use. While the affected Indigenous Peoples may not possess legal title to these lands as defined by national law, their use of these lands including seasonal or cyclical use for their livelihoods, ceremonial, and spiritual purposes that define their identity and community, can be substantiated and documented.

Indigenous Peoples are particularly vulnerable if their land and resources are transformed, encroached upon, or significantly degraded. Projects may undermine Indigenous Peoples language use, cultural practices, institutional arrangements, and religious or spiritual beliefs. If the Client proposes to locate a project on commercially developed natural resources or lands traditionally owned by, or under customary use of Indigenous Peoples, and adverse impacts can be expected, the Client will take the following steps:

- Identify and review all property interests and traditional resource uses before purchasing or leasing land
- Document efforts undertaken to consider alternative project land areas and affected natural resources and minimise land and natural resources impacts
- Ensure that affected communities are informed of their land rights under national law including any national law recognising customary use rights and in a culturally appropriate manner.
- Undertake a gender inclusive assessment which documents affected Indigenous Peoples' communities' resource use and management without prejudicing any Indigenous Peoples' land claims.
- Offer the affected Indigenous Peoples communities compensation, and/or offer culturally appropriate and sustainable development opportunities and follow due process where their land and natural resources may be commercially developed.

The Client will consider feasible alternative project designs to avoid relocating Indigenous Peoples from communally held lands and natural resources subject to traditional ownership or under customary use. If the project may involve resettlement, a specific consultation process will be undertaken with indigenous peoples which will include:

- Only proceeding with relocation if it is unavoidable, and the Client has obtained FPIC (free, prior and informed consent) from the affected Indigenous Peoples.
- Public information and consultation will be undertaken to gather information to assess the project resettlement impacts
- Information to guide recommendations on possible alternative technical options will be gathered to reduce and/or mitigate potential negative resettlement impacts on the local population and

- Proactive measures will be implemented to address issues or problems that may emerge during implementation of resettlement processes
- Sufficient opportunity will be provided to identify indigenous peoples preferences and constraints, as relate to compensation and resettlement as well as environmental issues.
- Include relocation agreements and compensation timeframes in the Relocation / Resettlement Action Plan (RAP).
- Should the cause for relocating affected Indigenous Peoples communities cease to exist, the Client will return the relocated Indigenous Peoples to their traditional or customary lands and normalise their livelihoods practices

The client will avoid undertaking project activities which may impact significantly on critical cultural heritage essential to Indigenous Peoples' identity and/or cultural, ceremonial, or spiritual lives. If this is unavoidable obtain affected Indigenous Peoples communities FPIC.

Where the project may involve use of Indigenous Peoples cultural heritage (knowledge, innovations, or practices) for commercial purposes, inform the affected Indigenous Peoples communities of:

- Their rights under national laws and utilise an interpreter to thoroughly explain any associated legal and contractual documents in a language understood by the Indigenous Peoples;
- The scope and nature of the proposed commercial development;
- The potential consequences (positive and negative impacts) of such development;
- Obtain their FPIC (for purposes of this ESSS, FPIC is establishing conditions under which project-affected stakeholders negotiate the terms of investment and development policies, programs, and activities that directly affect their livelihoods or wellbeing);
- Align the fair and equitable benefit sharing arrangements arising from commercialisation of such knowledge, innovation, or practice consistent with the customs and traditions of affected Indigenous Peoples communities.

Guidelines for Indigenous Peoples Planning

During the preparation phase of the projects the main focus will be to carry out the screening, social assessments and option assessment, establish the institutional framework, inform and all the affected indigenous peoples and communities, conduct a meaningful consultation with the communities, and assess whether the communities provided their free, prior and informed consent for the project.

Preparation of Indigenous Peoples Plan Screening

As a first step Screening will be carried out to identify presence of indigenous peoples and communities and anticipated opportunities and risks that are related to the implementation of the project. Screening will also identify the environmentally sensitive and socially critical areas that would be excluded from any proposed project activities. The screening will check for the identification of ethnic groups in the community and the sociodemographic information of the indigenous peoples in the community including the number of households within the project footprint. The screening will be undertaken during the time of first consultation. The screening for indigenous peoples will be referenced to the overall project screening (using the screening form in Annexure 1) to determine overall risk category of the project.

Social Assessment

If the results show that there are ethnic minority communities in the zone of influence of the proposed project, a social assessment (SA) will need to be undertaken if not included in the ESIA conducted for the entire project. The scope of such assessment will be proportional to the nature and scale of the proposed project's potential effects on the indigenous peoples, whether such effects are positive or adverse. The SA will be carried out using the appropriate expertise.

The SA will include: baseline data and institutional analysis to determine the framework for consultation during the project cycle. Information will be gathered from several separate group meetings: traditional leaders; indigenous men and women men particularly those who live within the project footprint. The SA will also collect relevant information on the following: demographic data, social, cultural and economic situation; and social, cultural and economic impact-positive and negative-of the proposed subproject.

Indigenous Peoples Plan

When the SA identified that the proposed project affects indigenous peoples, an Indigenous Peoples Plan (Annexure F) will be required for the project to ensure that (a) EM peoples affected by the subproject receive culturally appropriate social and economic benefits; and (b) when potential adverse effects on indigenous peoples are identified, those adverse effects are avoided, minimized, mitigated, or compensated for. When the indigenous peoples comprise the sole or the overwhelming majority of direct project beneficiaries, the elements of an IPP will be included in the overall project design and in the ESMP of the project, and a separate EMDP of each subproject is not required.

IPP implementation

The IPP prepared under this programme will be implemented by the Client with the support of DBSA. All the activities of the IPP will be implemented in a culturally appropriate way. The Clients IE will establish processes for regular dialogue and meetings with local authorities, representative community groups, and traditional leaders representing indigenous peoples consistent with the Stakeholder Engagement Plan developed for the project.

The capacity of the Clients and other partner organizations at the local level province and district will be assessed and strengthened to meet the requirements of the ESMF. Provision of training courses and workshops on the implementation and monitoring of the IPP will be considered in the ESMP for local agencies and communities. The training should be organized before starting any activities relating to the implementation of the IPP and the ESMP itself. The IPP shall be developed with an implementation schedule that is coordinated with the project implementation.

11. RESETTLEMENT FRAMEWORK

As an infrastructure DFI accountable to the South African government, the DBSA investment decision making framework is informed by the South African governments land acquisition, use and resettlement policy and legislation. Community resettlement in South Africa was a feature of South Africa's apartheid past. For this reason, the DBSA is reluctant to support projects involving resettlement, and has in its thirty year history, very rarely provided financing for projects involving involuntary community displacement. The DBSA Resettlement Policy Framework is based on the following policy considerations:

- To avoid involuntary resettlement or forced removals and when unavoidable, minimize involuntary resettlement by exploring project design alternatives

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- To support the financing of projects involving resettlement only where developers can provide a clear and compelling development case that community resettlement is the only appropriate solution that must be adopted to ensure project implementation
 - To assess the associated resettlement (socio-economic, environmental and financial) costs against the benefits of implementing the project
 - Developers to provide a strong developmental case for implementing a project where resettlement is involved

The DBSA Resettlement Framework (ESSS 5) requires project developers to consider the interests of directly affected community members and any community members which have an interest in the outcome of any potential relocation process. This framework provides guidance to project applicants seeking DBSA financing to implement projects located in areas which may require community resettlement or displacement. The resettlement magnitude and complexity will determine the resettlement plan scope, requirements and detail. The resettlement plan will provide reliable project information detailing the potential impacts on all project affected people and other adversely affected groups, appropriate and feasible mitigation measures, and the legal and institutional arrangements necessary to effect resettlement measures. The DBSA Resettlement Policy Framework applies to the following:

- Projects which may result in permanent or temporary social and economic impacts
- Projects implemented through the acquisition of land or other fixed assets
- Where land usage is changed or restrictions apply due to project operations
- Where community members standard of living is adversely affected due to project implementation
- Where project implementation may adversely impact community members property or resource rights, titles or interest

Policies on land acquisition and resettlement

The South African Constitutional framework, relevant legislation and judicial decisions regarding resettlement provide developers with clear guidelines and frameworks in respect of community resettlement. This ESSS provides for developers to use different “resettlement plan” tools to address community physical and/or economic displacement including a Resettlement Action Plan (RAP), resettlement framework or process framework. In South Africa resettlement is addressed on a sectorial basis, with sectorial requirements for addressing community resettlement. The South African legislation and regulations provide:

- Objective criteria to value assets and compensate for the assets traded
- Clarifies the applicable legal and administrative procedures available to displaced people
- A framework to identify the laws governing resettlement implementation and to assess whether the resettlement process is conducted correctly and legally
- Security of tenure particularly in respect of Land Claims

Pertinent legislation and regulations to be addressed when implementing projects involving community resettlement includes:

South African Legislation for addressing involuntary resettlement			
Resettlement Component	Legislation	Departments responsible for executing relevant legislation	Other institutions responsible for executing relevant legislation
Communication and Public Participation	The Constitution of the Republic of South Africa, Act 108 of 1996	COGTA - all spheres of Government	Department of Rural Development and Land Reform
	Municipal Systems Act, 32 of 2000.	COGTA	Provincial Government, District, and Local Municipalities
	National Environmental Management Act, 107 of 1996.	Department of Environmental Affairs and Tourism	
Social and environmental impact assessments	Minerals and Petroleum Resource Development Amendment Act, 49 of 2008 National Environmental Management Act, 107 of 1996	Department of Mineral Resources Department of Environmental Affairs	Departments of Rural Development and Land Reform; Agriculture, Water Affairs; Provincial Government, District and Local Authorities
Eviction and Expropriation of Property	The Constitution of the Republic of South Africa, Act 108 of 1996	Department of Justice and Constitutional Development	Commission of Restitution of Land Rights
Compensation	The Constitution of the Republic of South Africa, Act 108 of 1996, Sect.25 (3), (5) & (7)	Department of Justice and Constitutional Development	
	Land Reform Act, 3 of 1996, Sect. 2 (2); and 8 (3-4)	Department of Rural Development and Land Reform	Commission on Restitution of Land Rights
	Extension of Security of Tenure Act, 62 of 1997, Sect. 13&14	Department of Rural Development and Land Reform	
	Minerals and Petroleum Resource Development Amendment Act, 49 of 2008	Department of Mineral Resources	

Ensuring Security of Tenure	The Constitution of the Republic of South Africa, Act 108 of 1996, Sect. 25 (6) & (9)	Department of Justice and Constitutional Development	Commission on Restitution of Land Rights
	Labour Tenants (Land Reform) Act,3 of 1996, Sect 16 & 26	Department of Rural Development and Land Reform	
	Extension of Security of Tenure Act, 62 of 1997, Sect.6	Department of Rural Development and Land Reform	

Principles governing land acquisition and resettlement in the programme

The following principles would be applied in the programme. Clients or project proponents would be required to ensure that these principles are fully complied with in preparation of subproject proposals which involve land acquisition and resettlement.

- Plans for acquisition of land and other assets and provision of rehabilitation measures will be carried out in consultation with the project affected people (PAP), to minimize the disturbance and shorten the resettlement transition period. The rehabilitation measures will be provided to the PAPs prior to the expected start-up date of works in the respective project sites.
- Compensation for all residential, commercial, or other structures will be offered at the replacement cost, without any depreciation of the structure and without deduction for salvageable materials. Structures shall be evaluated individually. Any rates set by category of structure must use the highest value structure in that group (not the lowest).
- The PAPs will be provided full assistance including compensation at replacement cost of their houses, lands, and other properties.
- The compensation rates will be determined based on the results of independent land/assets appraisal in a timely and consultative fashion. All fees and taxes on land and/or house transfers will be waived or otherwise included in a compensation package for land and structures/houses or businesses. The local authorities will ensure that PAPs choosing relocation on their own obtain, without additional cost, the necessary property titles and official certificates commensurate with similar packages provided to those who choose to move to the project resettlement sites.
- Land will be compensated “land for land” or in cash according to the PAP’s choice whenever possible. The choice of land for land must be offered to those losing 20% or more of their productive land. If land is not available, the borrower must assure itself that this is indeed the case. Those losing 20% or more of their land will have to be assisted to restore their livelihood. The same principles apply for the poor and vulnerable people losing 10% or more of their productive landholding. PAPs preferring “land for land” will be provided with land plots with the equivalent productive capacity for lost lands and adjustment for the difference between their lost land and the land plots provided. The resettlement area will be planned properly and implemented in consultation with the PAPs. All basic infrastructures, such as paved roads, sidewalks, drainage, water supply, and electricity and telephone lines, will be provided.

- PAPs preferring “cash for land” will be compensated in cash at the full replacement cost. These PAPs will be assisted in rehabilitating their livelihoods and making their own arrangements for relocation.
- If, by the end of the project, livelihoods have been shown not to be restored to pre-project levels, additional measures should be considered.
- Additional efforts, such as economic rehabilitation assistance, training and other forms of assistance, should be provided to PAPs losing income sources, especially to vulnerable groups in order to enhance their future prospects toward livelihood restoration and improvement.
- The previous level of community services and resources, encountered prior to displacement, will be maintained or improved for resettlement areas.
- Contractors can only commence civil works after the Client has satisfactorily completed compensation payments and rehabilitation assistances in accordance to approved Resettlement Action Plan (RAP) for that project; the already compensated PAPs have cleared the area in a timely manner; and (iii) the area is free from any encumbrances.

Eligibility criteria

The eligibility for obtaining entitlements to compensation is generally built upon three concepts relating to asset ownership as follows:

- Those who have formal legal rights to land (including customary and traditional rights recognized under the laws of the country) – in the instance, it is also useful to document how long they have been using the land or the assets associated with it;
- Those who do not have formal legal rights to land at the time the census begins but have a claim to such land or assets, provided that such claims are recognized under the laws of the country or become recognized through a process identified in the resettlement plan;
- Those who have no recognizable legal right or claim to the land they are occupying.

PAPs covered under first and second item are provided compensation for the land they lose, and other assistance. Persons covered under third item are provided resettlement assistance in lieu of compensation for the land they occupy, and other assistance, as necessary, to achieve the objectives set out in this policy, if they occupy the project area prior to an established cut-off date. Persons who encroach on the area after the cut-off date are not entitled to compensation or any other form of resettlement assistance. All persons are provided compensation for loss of owned or used assets other than land.

Project affected people

People directly affected by a project through the loss of land, residences, other structures, business, assets, or access to resources, specifically are:

- Persons whose agricultural land will be affected (permanently or temporarily) by the Project; Persons whose residential land/houses will be affected (permanently or temporarily) by the Project;
- Persons whose leased-houses will be affected (permanently or temporarily) by the Project;
- Persons whose businesses, occupations, or places of work will be affected (permanently or temporarily) by the Project;
- Persons whose crops (annual and perennial)/ trees will be affected in part or in total by the Project;

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- Persons whose other assets or access to those assets, will be affected in part or in total by the Project; and
 - Persons whose livelihoods will be impacted (permanently or temporarily) due to restriction of access to protected areas by the Project.

Policies of compensation/entitlement policies

Loss of houses/structures

Policy for loss of houses

Compensation or assistance in cash will be made for all affected private-owned houses/structures, at 100% of the replacement costs for materials and labor, regardless of whether or not they have title to the affected land or a construction permit for the affected structure. The compensation will be sufficient to rebuild the affected house/structure of the same quality. Compensation will be at full replacement cost in local markets. No deductions will be made for depreciation or salvageable materials. If the house/structure is partially affected, a financial assistance will be provided to enable PAPs to repair the affected house/structures to restore it to the former condition, or better, at no additional cost to them.

Policy for loss of graves

Compensation for the removal of graves/ tombs will include the cost of excavation, relocation, reburial and other related costs which are necessary to satisfy customary requirements. Compensation in cash will be paid to each affected family or to the affected group as a whole as is determined through a process of consultation with the affected community. The level of compensation will be decided in consultation with the affected families/communities.

Tenants

The tenants of state or organization's houses will be compensated if affected people have a demand for; or (ii) provided an assistance of agreed percentage of replacement cost of the affected land and houses. The structure created by the PAPs themselves will be compensated at their full replacement costs. The tenants who are leasing a private house for living purposes will be provided with transportation allowance for moving assets, as well as will be assisted in identifying alternative accommodation.

Loss of agricultural land

Land users without formal or customary recognized rights to the affected land

Instead of compensation, these PAPs will receive rehabilitation assistance equivalent to the land value. PAPs will be entitled to rehabilitation measures mentioned above to ensure their living standards are restored. In case the land is rented through civil contract between individuals, households, or organizations, then the compensation for crops, trees, or aquaculture products will be paid to the affected land users and the project client shall assist the renter to find similar land to rent. In cases when PAPs utilize public land (or protected areas), with an obligation to return the land to the Government when requested, the PAPs may not be compensated for the loss of use of the land. However, these PAPs may be compensated for crops, trees, structures and other assets they own or use, at full replacement cost.

Legal and Legalized land users

If the lost area represents less than 20% of a household's (HH's) land holding (or less than 10% for poor and vulnerable groups), and the remaining area is economically viable, compensation in cash will be at full replacement cost for the lost area. If the lost area represents 20% or more of the HHS' land holding, (or 10% or more for the poor and vulnerable

groups) or the remaining area is economically not viable, then “land for land” compensation should be considered as the preferred option.

Land users without formal or customary recognized rights to the affected land

Cash compensation at the amount corresponding to the remaining investment put on the land or corresponding to the remaining value of the land rental contract, if it exists. For PAPs currently using land assigned by State-owned agricultural or forestry farms on a contractual basis for agricultural, forestry, or aquaculture purposes (excluding land under special use forests and protected forests), compensation shall be provided for investments made on the land, but not for the land itself, and these PAPs may also receive additional support according to agreed arrangements. Where PAPs receive land on a contractual basis but are other than the individuals specified at (a) above, they shall only receive compensation for investments made on the land.

Compensation for Loss of Residential Land

Loss of residential land without associated structures

Compensation for loss of land in cash at replacement cost to legal and/or “localizable” land users. For land users who have no recognizable land use right, financial assistance of an agreed amount will be provided.

Loss of residential land with associated structures and the remaining land is sufficient to rebuild the structure

Compensation for loss of land will be made in cash at (i) full replacement cost for legal and legalized land users; (ii) financial assistance of an agreed amount will be provided to land users who do not have recognizable land use rights. If PAPs have to rebuild their houses, they will be provided with a rental allowance while their houses are being rebuilt.

Loss of residential land with associated structures and the remaining land is insufficient to rebuild the structure

Other than specific provisions listed below, in case where relocated PAPs belong to vulnerable groups, the project will consider providing them with additional assistance (in cash and kind) to ensure that they can afford to be relocated to a new site.

Compensation Policy for Loss of Standing Crops and Trees

For annual and perennial standing crops, regardless of the legal status of the land, compensation will be paid to the affected persons, who cultivate the land, according to the full market value of the affected crops and/or at replacement cost for affected perennial trees. Regarding the removable affected trees, the compensation will be equal the transportation cost plus actual loss. Perennial crops will be compensated for at the calculated value of their life time productivity.

Damages to Private or Public Structures

Damaged property by contractor will be restored by contractors immediately at full replacement value, after completion of civil works, to its former condition. Under their contract specifications, the contractors will be required to take extreme care to avoid damaging property during their construction activities. Where damages do occur, the contractor will be required to pay compensation immediately to affected families, groups, communities, or government agencies at the same compensation rates that are applied to all other assets affected by the Project.

Compensation for loss of community assets such as schools, bridges, factories, water sources, roads, sewage systems is damaged, the project will ensure that these will be restored or repaired at no cost for the community and to the community’s satisfaction.

Compensation Policy for Loss of Income and/or Business/Productive Assets

For PAPs losing income and/or business/productive assets as a result of land acquisition, the mechanism for compensating will be:

- The registered non-farm producer/business PAPs, who have income-generating and/or business /productive assets affected, will be given cash business assistance for the loss of business income based on agreed rate of compensation.
- The non-registered business or non-farm producer PAPs, whose operations are recognized by local authority and who have income and/or business/productive assets affected, will be given assistance in cash for the income losses for three months at the minimum.
- If the business has to be relocated, then, a priority to provide a replacement business site accessible to customers, or, compensation in cash for the affected area at a replacement cost, plus transportation allowance to remove movable attached assets. If there is no land available, then the business/non-farm producer PAPs will be entitled for rehabilitation measures such as job training, credit access to help restore the income sources.

Compensation Policy for Temporary Impact during Construction

In the event of temporary impact during construction, PAPs are entitled to the following:

- Compensation for all affected assets/investments made on the land, including trees, crops etc., at full replacement cost;
- Cash compensation for land temporarily acquired in the form of rent which is at least equivalent to the net income that would have been derived from the affected property during the period of disruption.

Secondary PAPs

This applies to those affected by development of individual resettlement or group resettlement sites. Because all secondary PAPs are likely to be affected in similar ways as primary ones, they will be entitled to compensation and rehabilitation assistance in accordance with the same respective provisions for all other PAPs.

Allowances and Rehabilitation Assistance

Compensation may be sufficient to allow displaced persons to restore incomes if paid at replacement cost, assuming that replacement assets are available. Often, however, resettlement may require displaced persons to obtain new skills required for resuming production in a new environment, or to pursue new sources of income. The RAP should assess the significance of impacts to be imposed on displaced persons and provide measures to assist those significantly affected in adapting to new livelihood challenges. Measures may include training, extension services, or employment, along with responsibility for providing them. Training activities should be followed by non-temporary employment opportunities.

The DBSA will adopt and oblige all Sponsors for these projects to adopt principles for resettlement set out under ESS5. Any project activities that may involve involuntary resettlement will comply with the principles set forth in this Standard to avoid or, at least minimise, project-induced resettlement. A RAP will be required for all projects with involuntary resettlement impacts. Its level of detail and comprehensiveness will be commensurate with the significance of potential involuntary resettlement impacts and risks. Annexure I includes a sample outline of RAP for DBSA clients to guide their preparation of projects. In line with ESS5, Clients ensure that displaced persons are:

- Informed about their options and rights pertaining to resettlement;
- Effectively consulted on, offered choices among, and provided with technically and economically feasible resettlement alternatives, which take into account the suggestions made by the affected community as much as possible;

- Provided prompt and effective compensation at full replacement cost for losses of assets attributable directly to the project;
- Provided assistance (such as moving allowance) during relocation;
- Provided with residential housing, or housing sites, or, as required, agricultural or business sites for which a combination of productive potential, locational advantages, and other factors is at least equivalent to the advantages of the old site (in exceptional cases when it is not possible, adequate compensation must be provided);
- Offered compensation for loss of income for a transition period as a form of support after resettlement, based on a reasonable estimate of the time likely to be needed to restore their livelihood and standards of living;
- Offered assistance for livelihood restoration or improvement through provision of training, credit, job placement, and/or other types of assistance; and
- Offered an appropriate grievance mechanism that will allow prompt response to specific concerns related to compensation and resettlement by affected people and host communities.

The DBSA will sign off Client Land Acquisition / Resettlement Action Plan implementation plan in line with ESS5 objectives.

Stakeholder engagement in the context of the resettlement planning

To promote active project engagement and adaptation to changed living circumstances, displaced persons should be provided with opportunities to participate in planning and implementation. At minimum, PAPs should be consulted on preferences and concerns during the resettlement planning process. All displaced persons are to be informed regarding potential impacts and proposed mitigation measures, including compensation rates. Participation and consultation activities will be continuously conducted throughout various phases of the RAP implementation. The consultation methods will be tailored to each targeted group, including (but not limited to) participatory rapid appraisal, stakeholder consultations through site and household visits, public meetings, focus group discussions and the household socioeconomic survey. The participation of women in consultation process will be prioritized. The RP will include a dedicated section with more detailed description on strategy/plan for consultation, participation and disclosure.

Local authorities, affected communities will also be informed about the project proposal, its objectives and proposed activities, at an early stage of project preparation. The key discussion points will be focused on the development needs and priorities of local locality and their perception toward the project objectives. The RAP will be disclosed, in a manner and location accessible to displaced persons while in draft, and subsequently disclosed again following finalization.

To the extent possible, the Client will make social safeguard instruments publicly available through newspaper, leaflets, local radio to ensure a wide access to this information.

12. GRIEVANCE AND REDRESS MECHANISM

The Clients shall establish a complaints and redress mechanism to receive and resolve all project related grievances of project-affected communities/persons. The mechanism will be based on principles of (i) proportionality; (ii) accessibility; (iii) transparency; and (iv) cultural appropriateness as follows:

- Proportionality means scaling the mechanism to the project needs. In a project with low potential adverse impacts, simple and direct mechanism for problem solving is preferred for addressing and resolving complaints such as public meetings, telephone hotline, existing media, brochures, and community liaison officer;
- Accessibility means establishing a mechanism which is clear, free of charge and easy to access for all segments of the affected communities and other potential stakeholders. The best way of achieving this is to localise the point of contact. This is valid for the sponsor and construction contractors. Related to that, staff with the appropriate skills, training and familiarity with community liaison work should be employed in the field as quickly as possible. Accessibility enables sponsors to build more constructive relationship with local communities. This will also help intervene quickly in any dispute or environmental issues and in an appropriate manner because maintaining a regular presence of a familiar face in the field greatly helps engendering trust and thus, constructive and closer relations;
- Transparency means that members of the affected communities know who is responsible for handling the complaints and communicating the outcomes of corrective actions to be taken about the complaints. This will be helpful in that people have confidence in the grievance mechanism to be used both by project owner and the construction contractor;
- Culturally appropriateness means having cultural sensitiveness while designing and executing the grievance mechanism.

To implement these principles, the Project Owner will be accessible to its stakeholders and should respond to their complaints in the shortest possible time. The critical issue for responding to complaints is to ensure that all received complaints are recorded; relevant division of the institution is responsive to complaints; and that corrective actions are mutually acceptable. Thus, responses to complaints will be satisfactory for both parties, actions are followed up, and the complaints will be informed about the outcomes of the corrective actions. The Client may provide mediation as an option where individuals or groups are not satisfied with the proposed resolution. In case there is no agreement between the parties and the project-affected communities/person, complaints and grievances shall be submitted to local and national government justice system.

At a project-level, the grievance and redress mechanism (GRM) will be established by the Project Owners under the guidance provided by DBSA (see Annexure D). The first step is to determine the primary goal of the GRM which would generally be to resolve specific grievances in a manner that meets both project management and community needs, but with important local variations. The scope of the grievances that may legitimately be brought forward by the communities and/or individuals affected shall be defined in advance. That scope will generally cover most, if not all, of the issues raised in a typical Environmental and Social Impact Assessment (ESIA); natural resources, pollution, cultural property, land acquisition, the income of resettled/displaced populations, the welfare of vulnerable groups, etc.

The second and final step is to design the GRM by:

- Preparing a preliminary design;
- Selecting ways and means to receive, register, assess and respond to grievances;
- Select grievance resolution approaches;
- Design a means to track and monitor grievances;
- Develop the grievance mechanism infrastructure; and

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- Review and refine the design.

The design of GRM may be done with the assistance of the specialised independent consulting team (if resources will be available). The projects may involve the formulation of Grievance and Redress Committee (GRC) at the project level, i.e., GRM staff, for handling grievances. Generally, all project staff, the management staff of agencies involved in the project, the government administrators will take on grievance handling as a responsibility.

The sub-projects to be implemented under this programme are expected to be small in nature with relatively straightforward issues. Therefore, simpler means of addressing complaints, such as through community meetings, community liaison personnel and suggestion boxes allowing for anonymity shall also be used along other recommended channels.

13. ANNEXURES

Annexure A. Environmental and Social Screening Checklist

GENERAL PROJECT INFORMATION

Project Name	
Client / Proponent	
Estimated Cost ()	
Project Location	
Proposed Project's Objectives and Activities	

DESCRIPTION OF THE PROPOSED ACTIVITIES

In describing activities that will be undertaken in the proposed project, available information from published data, field visit observations, gathered primary data, and preliminary consultations with stakeholders the local environmental and planning authorities can be used. In this section, the Clients are expected to provide the following:

- Description of the type and scale of the activities (e.g., area, land required and approximate size of structures, technology that will be used). The Information will also include those related to construction activities including support/ancillary structures and activities required to build them, e.g., need to quarry or excavate borrow materials, water source, access roads, etc.
- Description of how the construction/rehabilitation activities will be carried out. Include a description of support/activities and resources required for the construction/rehabilitation.
- Any existing spatial plans and describe existing policies, laws and regulations that may apply to the project.
- Identified sensitive receptors in the project area of influence such as: forests, natural habitats (terrestrial and aquatic), protected areas (national parks, conservation areas), sites of ecological importance, communities, community assets, land owners, indigenous people and/or their lands / domain, communal land / resources, physical cultural resources, landscapes and geological forms.
- Identified land tenure and land uses.
- Identified stakeholders and their interest and views on solar or wind energy development in their areas.

ENVIRONMENTAL AND SOCIAL ELIGIBILITY CRITERIA

Criterion	Yes or No
1. Would the project displace or involve relocation of more than 50 homes or a population of 200 or more?	
2. Would the project encroach or modify or be located inside a protected area of natural habitat?	
3. Would the project displace, modify or render inaccessible a cultural heritage site or structure?	
4. Would the project be located in the territory of any indigenous people, but that the project would not benefit them?	

5. Would the project generate significant amount of waste including hazardous waste that could harm the communities or impair the quality of the receiving environment?	
6. Would the Project involve activities with potential significant adverse environmental and/or social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented?	

If the answer to at least one of these questions is yes, then the project is classified as Category A and would not qualify under the programme. If any of the aspects of the linked or associated activities are classified as Category A based on the checklist above, then the project will be classified as Category A.

SCREENING FORM FOR IDENTIFICATION OF DBSA ESSS AND GCF ESS/IFC PS TRIGGERED AND IDENTIFICATION OF APPROPRIATE SAFEGUARD INSTRUMENT

DBSA ESSS / GCF ESS and/or policies	Triggered		If YES (Reason/details)	Safeguard Instrument/Document Needed
	Yes	No		
DBSA <i>Safeguard 1</i> : Project Screening: Environmental and Social Risks, Impacts and Opportunities GCF ESS 1				
<i>Safeguard 2</i> : Stakeholder Engagement and Information Disclosure GCF ESS 1, 5, 7 and GCF Information Disclosure Policy				
<i>Safeguard 3</i> : Gender Mainstreaming GCF Gender Policy				
<i>Safeguard 4</i> : Indigenous Peoples GCF ESS7 and GCF IP Policy				
<i>Safeguard 5</i> : Land Acquisition, Land Use Restrictions and Involuntary Resettlement GCF ESS 5				
<i>Safeguard 6</i> : Labour and Working Conditions GCF ESS 2				
<i>Safeguard 7</i> : Community Health and Safety GCF ESS 4				
<i>Safeguard 8</i> : Cultural Heritage GCF ESS 8				
<i>Safeguard 9</i> : Biodiversity Conservation and Sustainable Living Natural Resources Management GCF ESS 6				
<i>Safeguard 10</i> : Resource Efficiency, Pollution Prevention and Management GCF ESS 6				
<i>Safeguard 11</i> : Safety of Dams				

DBSA ESSS / GCF ESS and/or policies	Triggered		If YES (Reason/details)	Safeguard Instrument/Document Needed
	Yes	No		
GCF ESS 4				

RISK CATEGORIZATION

Check the one that applies	If answer is yes,
Would the Project involve: activities with potential significant adverse environmental and/or social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented?	Project is Category A: Not qualified for funding under the program
Would the project involve: activities with potential limited adverse environmental and/or social risks and impacts that individually or cumulatively, are few, generally site-specific, largely reversible, and readily addressed through mitigation measures?	The project is Category B - Safeguards Instruments should be disclosed for at least 30 days before approval.
Would the project involve: only activities with minimal or no adverse environmental and/or social risks and/or impacts?	Category C

Guidance for project categorization is provided by the DBSA ESSS or by the IFC Guidance Note for the Performance Standards for Environmental and Social Sustainability.

CONCLUSION AND SAFEGUARDS INSTRUMENTS REQUIRED

Project risk category	
Safeguard instruments that will be prepared	

Annexure B: Responsibilities for Environmental and Social Assessment

The Table below will apply to Category 1 Projects and where applicable to Category 2, 3 and 4 projects. Where it cannot apply, the Client to provide written reasons and to propose a forward in the Environmental and Social Commitment Plan to the satisfaction of DBSA.

INSTITUTION		ROLE AND RESPONSIBILITIES Category 1 Projects				
	ELEMENT	SCREENING	PROJECT APPRAISAL	AGREEMENT	IMPLEMENTATION	CLOSURE
DBSA	Actions	<ul style="list-style-type: none"> Screen project according to DBSA Environmental Appraisal Framework and Social and Institutional Guidelines and ESSS's Categorize Project as per above 	<ul style="list-style-type: none"> Scope and prepare project appraisal ensuring it aligns with DBSA policy, procedures and ESSS's Prepare a TOR for involvement of specialists if required and commission work 	<ul style="list-style-type: none"> Ensure terms and conditions comply with DBSA Policy, procedures and address the ESSS requirements Include the ESIA/ESMP or SESA / ESMF and project documents in loan or grant agreement 	<ul style="list-style-type: none"> Surveillance Monitor the Agreement & ESMP or ESMF In the event that client comply, review documents with stakeholders Include relevant sector analysts in site visits 	<ul style="list-style-type: none"> Include relevant analysts in the completion monitoring team and prepare completion report Undertake desktop audits for select projects Evaluate select projects
	Outputs	<ul style="list-style-type: none"> Screening Report to identify project scope & appraisal & information client needs to provide to DBSA DBSA & Client agree on Disclosure Document (indicate DBSA intent to engage in appraisal) and place on the internet or other suitable platform. 	<ul style="list-style-type: none"> Appraise Project Incorporate Environmental & social report into DBSA Appraisal Report, monitoring plans, budget & loan conditions Confirm categorisation Disclose relevant document - ESIA / ESMP / SESA / ESMF on client / DBSA web or other platform. 	<ul style="list-style-type: none"> Final loan and grant agreement to satisfaction of Client and DBSA 	<ul style="list-style-type: none"> Site visit Report for DBSA management Agreed summary report between DBSA and Client for disclosure as per loan/grant agreement and ESMP/ESMF requirements Reports on payment drawdown for DBSA management 	<ul style="list-style-type: none"> Completion Report Desk Audit Reports for select projects Commission External Independent Evaluation Report for select projects
	Estimated Timeframe	DBSA sector analysts 5 days depending on information available	DBSA sector analysts 10 days depending on information available	DBSA sector analysts 2 days depending on information available	DBSA sector analysts 2 days depending on information available	DBSA sector analysts 5 days depending on information available
	Actions	<ul style="list-style-type: none"> Identify and prepare project Seek finances Utilise integrated environment 	<ul style="list-style-type: none"> Provide project information (e.g. SESA, ESIA, ESMP, FRAP, ARAP). 	<ul style="list-style-type: none"> Ensure Grant / Loan Agreement drafted by DBSA satisfies all legal requirements, Client needs 	<ul style="list-style-type: none"> Monitor Project as per contract documentation. Timeously inform all relevant 	

		<p>al management tools and methods such as a SESA, Cumulative Assessment, certification,</p> <ul style="list-style-type: none"> • Ensure sound public authority • Engage independent environmental and social specialists • Prepare Terms of Reference (TOR) and commission work 	<ul style="list-style-type: none"> • Follow relevant legal process to obtain authorisation / permits and licenses. • Provide DBSA with information including Basic Assessment, Environmental Integrated Report and ESMP. • Update interested & affected party & authorities' inputs. 	and Authority requirements	parties if project documents are insufficient to meet arising needs	
Client	Output	<ul style="list-style-type: none"> • Provide DBSA with baseline information as per ESS's requirements • Prepare Summary Reports for external interested and affected parties and authorities (such as EIA related reports such as Basic Assessment or Scoping Report if a full EIA is required) • Copy of Organization al EMS submitted to DBSA 	<ul style="list-style-type: none"> • ESIA / ESMP / SESA/ ESMF & summary as agreed with DBSA project team • Submit relevant reports required by legislation such as EIA Procedures, Environmental Impact, Basic Assessment, Scoping Report, or Environmental Management Plan • Confirm with DBSA that client meets legislative requirements (authorisations, permits and licenses) 	Loan or Grant Agreement signed	<ul style="list-style-type: none"> • Monitoring Reports at regular intervals and annually Audit reports as per contract documentation 	<ul style="list-style-type: none"> • Undertake final Closure report • Client Project Closure Report submitted to DBSA
Interested and affected parties	Actions	<ul style="list-style-type: none"> • Input into project concept via relevant meetings • Provide project input through legislation, public engagement 	<ul style="list-style-type: none"> • Engage with client on project concept • Participate in project public engagement processes such as SESAs / ESIA, 	<ul style="list-style-type: none"> • Inputs into project plans via ESIA • Participate in project client liaison structures such as Steering Committees, task teams and Forums 	<ul style="list-style-type: none"> • Input into project client liaison structures such as the Client: Project Steering Committee, Monitoring Committee, 	<ul style="list-style-type: none"> • Respond to project report via Project Steering Committee, Stakeholder Forum and Monitoring Committee

		processes, Environmental Impact Assessment (EIA) procedures,			Stakeholder Forum	
	Outputs	<ul style="list-style-type: none"> Participate, on Client invitation, in project engagement, conceptual design & planning Engage in strategic environmental processes 	<ul style="list-style-type: none"> Comments via Client invitation on strategic level Provide inputs on legal procedures such as ESIA regulatory requirements 	<ul style="list-style-type: none"> Comment on project process and substance as per legislation governing public participation and as per Client engagement mechanisms such as Steering Committee 	<ul style="list-style-type: none"> Comment on project process and or substance as per legislation governing public participation and as per Client invitation to engage 	<ul style="list-style-type: none"> Comment on project process and or substance as per legislation governing public participation and as per Client invitation to engage
		<ul style="list-style-type: none"> National Frameworks, Policy, Legislation and Standards Establish Incentive mechanisms such as green and blue drop systems, etc. 	<ul style="list-style-type: none"> Authorisation / permits and licenses Provide inputs to project via Steering Committee, Forums or task teams 	<ul style="list-style-type: none"> Discuss with Client a staged / milestone / developmental approach to achieving required permits / licenses and authorisations 	<ul style="list-style-type: none"> Permitting/ licensing and authorisations Monitoring and enforcement 	<ul style="list-style-type: none"> Comment on project impact and lessons learnt Ongoing Permitting/ licensing and authorisations Monitoring and enforcement
Authority National	Actions	<ul style="list-style-type: none"> Monitor and enforce law Ensure project promotes Environmental and social policy 	Guide project on applicable legislation & comment on project as per legislation and as per Client invitation to engage	<ul style="list-style-type: none"> Comment on project as per legislation and as per Client invitation to engage 	<ul style="list-style-type: none"> Comment on project as per legislation and as per Client invitation to engage 	<ul style="list-style-type: none"> Comment on as per legislation and as per Client invitation to engage
	Output	<ul style="list-style-type: none"> Comment on project as per legislation and as per Client invitation to engage 	<ul style="list-style-type: none"> Integrate project into government priority action plans 	<ul style="list-style-type: none"> Agree on phasing and developmental approach with key interested & affected parties 		
Regional and Local Authorities	Activities	<ul style="list-style-type: none"> Ensure local Bylaws and standards Integrated Development and Sector Plans 	<ul style="list-style-type: none"> As above but on a local scale 	<ul style="list-style-type: none"> As above but on a local scale 	<ul style="list-style-type: none"> Monitor and participate in Steering Committee, forums and task teams as necessary 	<ul style="list-style-type: none"> Comment on project impact and quality of process and lessons learnt Ongoing monitoring and reporting
	Output	<ul style="list-style-type: none"> Comment on project as per legislation and as per Client invitation to engage 	<ul style="list-style-type: none"> Comment on as per legislation and as per Client invitation to engage 	<ul style="list-style-type: none"> Comments on project process and or substance as per legislation and as per Client invitation to engage 	<ul style="list-style-type: none"> Comment on as per legislation and as per Client invitation to engage 	<ul style="list-style-type: none"> Comment on as per legislation and as per Client invitation to engage

Documentation Required from the Client

Screening report

Categorises the project as a category A, B, C or FI project

Category A Projects

- Environmental and Social Screening or Scoping Report,
- Strategic Environmental Assessment for projects with high strategic and or cumulative risk
- ESIA report
- ESMP
- Any sector documentation and sector guidelines that apply to the project

Category B or Medium Risk Category

- Environmental and Social Screening or Scoping Report,
- A basic ESIA containing the following as a guideline:
 - An executive summary in English and, if necessary, a local language applicable to the project area
 - Project description
 - Institutional and legal framework
 - Analysis of technical alternatives
 - Identify Key Environmental and Social Risks
 - Environment and social impact analysis
- An ESMP appropriate to risk the level, dependency or impact

Minutes of Public Consultation and meeting attendance registers (where applicable).

Category B programmes and projects are medium risk projects which may have adverse environmental and social impacts but which are likely to be potentially less severe than those associated with Category A, high and substantial risk projects. For category B projects few impacts are irreversible and mitigation measures can be more easily prescribed. Projects in this category include:

- Water supply projects (without impoundments or new river intakes)
- Medium to small scale sanitation projects
- Water purification plants
- Reservoirs for public water supply
- Electrical transmission
- Renewable energy
- Telecommunications
- Small scale rehabilitation, maintenance and modernisation projects
- Pipelines (depending on the route).
- Manufacture of non-hazardous construction materials
- Small-scale industries
- Aquaculture and mari culture projects
- Farmer support projects
- Small scale agro-industries
- General manufacturing

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- Greenfield projects in industrial estates

For Medium *Risk* projects, the depth and type of environmental and social impact assessment required will depend on the type of project and the type of environmental and social risks encountered. The client will provide at least the following:

- An Environmental Scoping report,
- An ESIA
- An ESMP containing sufficient detail to assess, manage and mitigate the project's environmental and social risks and outcomes and comply with the DBSA ESSSS's.
- If the project is not a regulated Listed Activity according to relevant country legislation, DBSA requires that the client apply the ESSSS's stipulated environmental and social assessment requirements.
- Any additional impact and / or risk assessments and plans that the DBSA may consider necessary as determined by the project environmental and social screening and appraisal.

DBSA responsibilities towards ensuring that the client complies with the DBSA ESSSS's include:

- Reviewing Client information relating to the project environmental and social risks and impacts, and requesting additional relevant information where there are gaps that prevent the DBSA from completing its due diligence.
- Undertaking due diligence of proposed projects, proportionate to the nature and potential significance of project environmental and social risks and impacts.
- Appointing appropriately skilled people to appraise projects and evaluate whether projects meet ESSSS's requirements.
- Appraising the nature and significance of the projects potential environmental and social risks and impacts, project implementation timeframes, and client capacity to develop and implement the project.
- Providing guidance to assist the Client develop appropriate measures consistent to address environmental and social risks and impacts in accordance with the ESSSS's.
- Undertaking site visits and interacting with relevant key stakeholders, as appropriate
- Identifying any measures and actions that the client needs to put in place to address identified social and environmental risks and impacts.

Monitoring and Implementation Support

DBSA undertakes an annual review of all its high/substantial risk investment projects according to the level of environmental and social risks involved, the ESMP requirements and loan conditionality's involved. Evaluations are done in depth analysis and detailed environmental and social lessons learnt are shared across the organisation to improve future practice.

Annexure C: Terms of reference for an ESIA

The scope and level of detail of the ESIA should be commensurate with the project's potential impacts. The ESIA report should include the below items, although not necessarily in the order provided.

- (a) *Executive summary*. Concisely discusses significant findings and recommended actions.
- (b) *Policy, legal, and administrative framework*. Presents the policy, legal, and administrative framework within which the assessment is carried out.
- (c) *Project description*. Describes the proposed project and its geographic, ecological, social, and temporal context, including any associated facilities and third-party activities. The section also indicates need for additional considerations due to land requirements and in meeting the needs of indigenous peoples. A map of the project site as well as the projected area of influence is included.
- (d) *Baseline data*. Assesses the dimensions of the study area and describes relevant physical, biological, and socioeconomic conditions based on up-to-date information, including any changes anticipated before the project commences. It also takes into account current and proposed development activities within the project area that may not be directly connected to the project.
- (f) *Environmental and social impacts*. Identifies, predicts and assesses the likely positive and negative impacts, in qualitative and quantitative terms as maybe feasible. Identifies indirect, cumulative and transboundary impacts as well as impacts due to associated facilities and third-party activities. Identifies mitigation measures and any residual negative impacts that cannot be mitigated. Explores opportunities for environmental enhancement and improvement of the welfare and livelihoods of affected people. Identifies and estimates the extent and quality of available data, key data gaps, and uncertainties associated with predictions, and specifies topics that may require further studies and attention.
- (g) *Analysis of alternatives*. Systematically compares feasible alternatives to the proposed activities, site, technology, design, and operation—including the "do nothing" situation—in terms of their potential environmental and social impacts; the feasibility of mitigating these impacts; their suitability under local conditions; and their institutional, training, and monitoring requirements.
- (h) *Environmental and social management plan (ESMP)*. Covers mitigation measures, monitoring, and institutional strengthening. Description of ESMP can be found in succeeding guidance. This also includes description of the stakeholder engagement plan, grievance redress mechanism and disclosure of safeguards documents and relevant updates and further due diligence that may need to be undertaken.
- (i) **Appendices**
 - List of EA report preparers--individuals and organizations.
 - References--written materials both published and unpublished, used in study preparation.
 - Record of stakeholder consultations, interagency consultation meetings, including consultations for obtaining the informed views of the affected people and local non-governmental organizations (NGOs). The record specifies any means other than consultations (e.g., surveys) that were used to obtain the views of affected groups and local NGOs.
 - Photo documentation, modelling outputs and assumptions, computations, tables presenting the relevant data referred to or summarized in the main text.
 - List of associated reports (e.g., audit reports, strategic environmental assessment study, cumulative impact assessment study, resettlement plan or indigenous people development plan, etc.).

Annexure D: Terms of Reference for an ESMP

For all projects under this mechanism, an Environmental and Social Management Plan (ESMP) will be required. The ESMP should be easy to use. References within the plan should be clearly and readily identifiable. The main text of the ESMP needs to be kept as clear as possible, with detailed information relegated to annexes. The ESMP should identify linkages to other relevant plans relating to the project, such as plans dealing with waste management.

The following aspects should typically be addressed within ESMPs:

1. *Summary of Impacts*: The predicted adverse environmental and social impacts for which mitigation is required should be identified and briefly summarized. Cross referencing to the Environmental and Social Impact Assessment (ESIA) report or other documentation is recommended so that additional details can be readily referenced.
2. *Description of mitigation measures*: The ESMP identifies feasible and cost-effective measures to reduce potentially significant adverse environmental and social impacts to acceptable levels. Each mitigation measure should be briefly described with reference to the impact to which it relates and conditions under which it is required (e.g., continuously or in the event of contingencies). These should be accompanied by, or referenced to, designs, equipment descriptions, and operating procedures that elaborate on the technical aspects of implementing the various measures. Where mitigation measures may result in secondary impacts, their significance should be evaluated.
3. *Description of monitoring program*: Environmental performance monitoring should be designed to ensure mitigation measures are implemented and have the intended results, and that remedial measures are undertaken if mitigation measures are inadequate or the impacts were underestimated within the ESIA report. It should also assess compliance with national standards and DBSA requirements or guidelines.

The monitoring program should clearly indicate linkages between impacts identified in the ESIA report, indicators to be measured, methods to be used, sampling locations, frequency of measurements, detection limits (where appropriate), and definition of thresholds that will signal the need for corrective actions.

4. *Institutional Arrangements*: Responsibilities for mitigation and monitoring should be clearly defined. The ESMP should identify arrangements for coordination between the various actors responsible for mitigation.

Annexure E: Terms of Reference for Stakeholder Engagement Plan (SEP)

The Client will:

- Develop a Draft SEP proportionate to the project nature and scale and potential environmental and social risks and impacts, and afford stakeholders the opportunity to engage and agree on the SEP to be adopted during the project implementation stage;
- Ensure that the SEP provides the rules of engagement during project preparation and implementation stages; includes the range and timing of information to be communicated to stakeholders and the type of information to be sought from them; describes measures to address potential and identified obstacles to effective community consultation and meaningful participation; and details how the views of differently affected and vulnerable groupings will be responded to.
- In consultation with the DBSA, implement the Final SEP as agreed upon with the stakeholders;
- Disclose project information to allow stakeholders to understand all project implications, any potential risks and impacts, and any anticipated development opportunities to accrue from it;
- Disseminate information to stakeholders in a transparent, relevant, understandable and accessible format;
- Disclose project information in relevant local languages and in an accessible and culturally appropriate manner;
- Provide information responses addressing specific stakeholder interests that may be differently or disproportionately affected by the project including people living with disabilities, illiterate, gender, mobility, differences in languages, and the Indigenous Peoples; and
- Provide stakeholders with access to the following information before the DBSA proceeds to project appraisal:
 - The purpose, nature, scale, and duration of proposed project activities,
 - The potential project risks, stakeholder impacts, and proposed mitigation measures to avoid and minimize any adverse impacts,
 - The proposed stakeholder engagement process as defined in the SEP,
 - The time and venue of any proposed public consultation meetings; the process to notify stakeholders of such meetings; how the meetings will be conducted, and how meeting will be disseminated to stakeholders, and
 - The process and channels to communicate any grievances and the turnaround time to address these.

Community Participation and Representation

South African legislation (National Environmental Management Act (NEMA) No. 107 of 1998 and the Environmental Impact Assessment Regulations (2006)), requires any proposed development with social and/or environmental risks to undertake public consultation as part of any exemption/authorisation. The Client will:

- Comply with NEMA consultation requirements;
- Adopt appropriate mechanisms to transmit project communication through relevant public meetings and the local media to enable maximum participation in the development process;

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- Engage with the local community throughout the project life-cycle in a manner appropriate to their interests and in accordance with potential environmental and social risks and impacts;
 - Conduct stakeholder engagement in accordance with the SEP utilizing the established stakeholder engagement process communication channels;
 - If there are significant project changes that result in additional risks and impacts to project beneficiaries and affected parties, divulge such information as early as possible to the stakeholders in a transparent manner and seek their views on how such new risks and impacts can be mitigated. Thereafter, the Client will disclose an updated ESMP setting out any additional mitigation measures as agreed to with the stakeholders;
 - The client will report to Affected Communities on a timescale proportionate to the concerns of Affected Communities but at least annually;
 - Depending on the project scale, utilise community representatives that are identified in consultation with the community to represent broader community views on the project. In such instances, the Client will ensure that communication measures are appropriate to provide regular feedback to the broader community;
 - The Client will ensure that community consultation and participation is sufficient to implement the project successfully and that adequate processes are in place to sustain consultation and active participation throughout the project life-cycle;
 - When undertaking investments outside South Africa, ascertain whether applicable legislation promoting community participation meets the ESSS standards; and
 - Where the host government is responsible for stakeholder engagement, collaborate with the responsible government agency, to achieve outcomes that are consistent with this ESSSs.

The DBSA aims to achieve the optimum development impact in any proposed project investment. In assessing the project, the Client will consider:

- The direct and indirect impacts on project beneficiaries' quality of life e.g. through job creation, improved access to infrastructure, improved health standards; improved safety and wellbeing for women; affordability and financial implications on the community if the project will result in the community paying for services rendered; social stability as a result of influx of people into the area due to increased job opportunities arising from the project;
- The project ability to provide employees and project participants (disaggregated by gender and age) with training opportunities; enable community trusts; provide small local contractors and entrepreneurs opportunities and for Broad-based Black Economic Empowerment (in South Africa) and women-led and owned businesses;
- The ability of the investment to contribute to meaningful corporate social responsibility by impacting positively on the project social and natural environment. The assessment will focus on the Clients ability to:
 - Instil good corporate citizenship as an integral part of the business culture,
 - Improve local livelihoods by implementing Corporate Social Responsibility policy and programmes, and
 - Implement strategies to treat and share economic, social and environmental resources responsibly.

Based on the nature and extent of the identified projects risks and adverse impacts, the Client will engage stakeholders to develop appropriate mitigation measures to address identified areas of potential risks and negative impacts.

Community readiness to receive the project

The Client will assess community readiness to receive the project prior to the DBSA disbursing project finances. This will take into account the following:

- The social soundness of the project which refers to the 'fit' between the project and the social environment under which it will operate;
- The degree to which the project is compatible to the local socio-cultural and political environment, and links to local development needs;
- The nature and extent of agreed upon community consultation and participation arrangements with the project beneficiaries and affected parties;
- The extent to which project beneficiaries and affected parties agreed with the identified proposed and potential environmental and social risks, impacts and mitigation measures;
- The extent to which the stakeholders actively participated in developing the project grievance mechanisms and implementation arrangements including the Grievance Plan;
- The Client's ability to manage stakeholders' commitments.

Reporting and monitoring arrangements

The Client will:

- Define roles, responsibilities and personnel responsible for implementing and monitoring stakeholder engagement and disseminating information to stakeholders; and
- In consultation with stakeholders agree on representatives to participate in the Project Steering Committee to oversee project implementation. The Project Steering Committee will represent stakeholder interests in key decision-making processes, and disseminate accurate project information to the broader community.

DBSA Social Analysts will monitor Clients commitment to comply with stakeholder consultation arrangements, implement the SEP, Vulnerable Group Plan, apply Grievance Mechanisms, allocate project benefits equitably, and address project mitigation measures during project implementation.

Documentation Required from the Client

- Socio-economic Assessment
- Stakeholder Engagement Plan
- Vulnerable Group Plan
- Grievance Mechanism

Annexure F: Terms of reference for an Indigenous Peoples Plan (IPP)

Purpose

To ensure that development projects that impact directly or indirectly on Indigenous Peoples lives, respect their rights.

IPP: Key elements

The IPP should contain the following key elements:

- Summarise project information;
- Summarise the social assessment highlighting the projects positive and negative aspects;
- Summarise the FPIC results with affected Indigenous Peoples' communities that led them to support the project;
- A framework for ensuring FPIC with the affected Indigenous People's communities during project implementation;
- An action plan of appropriate measures to ensure that the affected Indigenous Peoples receive social and economic benefits that are culturally appropriate;
- Where appropriate, include measures to enhance the Client capacity to cater for Indigenous People's needs;
- Where adverse effects have been identified, clear measures (adopted in consultation with the Indigenous Peoples) to avoid, minimize, mitigate or compensate for these effects;
- Appropriate grievance procedures drafted and adopted in consultation with the affected Indigenous Peoples;
- The cost estimates and financing plan for the IPP;
- Mechanisms and benchmarks for project monitoring, evaluation, and reporting on the IPP implementation; and
- Undertake IPP appraisal whose depth will depend on the project nature, complexity and project components.

The DBSA's Exclusion List

The DBSA should not finance the following projects:

- Projects that contravene the Constitutional Rights of South Africans and in particular Indigenous Peoples rights;
- Projects that undermine Indigenous Peoples' communities rights to land, natural resources, language and indigenous knowledge; and
- Projects that contravene applicable national and international laws.

Annexure G: Outline of Resettlement Action Plan (RAP)

The RAP sets out the need for, principles and procedures for land acquisition / resettlement / land use restrictions. As resettlement has a severe impact on affected community rights, this option is only warranted under particular project circumstances which must align to and take cognisance of relevant country legislation. The DBSA must approve the client final project land ownership/ use/ restrictions and displacement plan. The RAP to include the following components:

Describe project and community context

- Provide a general project description detailing why relocation is necessary;
- Identify geographic location of project and zone impacted by project activities;
- Detail baseline information (household census, land survey, structures and other project affected fixed assets) determine eligible project affected parties for compensation within compensation timeframes;
- Detail Land tenure, land transfer and acquisition rights, common property, natural resources use and land use restrictions in project area and involuntary resettlement implications;
- Outline displaced people's production systems, livelihoods and standards of living;
- Detail labour and household organisation of displaced households; and
- Describe public or community infrastructure, property, project affected parties services, social and cultural institutions and practices which will impact on the RAP activities.

Objectives

- Outline RAP principles and objectives, process for preparing and approving resettlement plans.

Identify potential impacts

- Detail project activities giving rise to displacement;
- Detail why selected land must be acquired within project timeframe;
- Address all project land ownership/ use/ restrictions and possible displacement impacts on community land, structures, fixed assets or natural resources;
- Consider alternatives to resettlement to avoid or minimize displacement including affected persons resettlement choices;
- Prioritise the most suitable options; and
- Set out all mitigation measures to address adverse impacts on livelihoods.

Resettlement and compensation arrangements

- Define displaced persons;
- Identify measures to relocate affected persons and timing to give effect to compensation arrangements;
- Establish eligibility and entitlements criteria, procedures and standards for compensating and providing development opportunities to affected persons;
- Outline valuation methodology used to value and determine cost to replace losses (land, natural resources and assets);
- Ensure valuation methodology is aligned to local and customary law and good practice
- Offer feasible resettlement options and choices (for living conditions, land or access to natural resources), or cash compensation at replacement cost;

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- In providing compensation use the principle that replacement should at least be equivalent to rights previously enjoyed, or consistent with applicable standards, whichever is higher;
 - Provide counselling for resettled and host communities;
 - Provide any necessary transitional assistance as the RAP implementation schedule may require;
 - Outline arrangements for providing affected communities continued access to facilities and services at least at existing standards;
 - Detail agencies responsible for resettlement activities and NGOs/CSOs that may support project implementation;
 - Outline applicable laws and regulations regulating agencies responsible for implementing resettlement activities;
 - Provide resettlement plan activity timeframe (aligned to project schedule) detailing estimated start and completion dates;
 - Outline legal arrangements for regularizing tenure and transferring titles to resettled communities;
 - Outline institutional and technical arrangements to identify and prepare relocation sites, housing and infrastructure better or at least comparable to the old sites;
 - Identify relevant opportunities to improve local living standards (e.g. by investing in infrastructure, or providing services; and
 - Identify any opportunities arising from relocation - access to productive land and business activities, preferential project employment, developing specialized products or markets, or project-based benefit-sharing arrangements.

Community participation

- Describe strategy for consulting with, and enabling displaced persons to participate in designing and implementing resettlement activities or land use / ownership restrictions;
- Provide full disclosure to all directly affected and interested parties;
- Describe how affected stakeholders are consulted regarding relocation options, forms of compensation and any assistance;
- Ensure RAP respects displaced and host community's social and cultural institutions, and preferences;
- Outline institutionalised arrangements for displaced people to communicate concerns to project authorities; and
- Identify measures for vulnerable groups (indigenous people, poor, and women) representation.

Grievance redress mechanism

- Detail applicable procedures for displaced persons to settle disputes arising from resettlement (aligned to judicial recourse, community and traditional dispute settlement mechanisms).

Costs and budget

- Provide budget covering all RAP activities – with timetable for expenditure with drawdowns linked to project deliverables and identifying funding sources; and
- Budget to include all resettlement activities, allowances for inflation, population growth, contingencies.

Monitoring and evaluation

- Outline implementing agency arrangements to monitor and evaluate displacement and resettlement activities;
- Outline performance monitoring indicators to measure inputs, outputs, and outcomes for resettlement activities;
- Indicate whether third party monitors or displaced persons will be involved in the monitoring process;
- Development projects often involve the introduction of direct control by a developer over land previously occupied by another group. Natural resource extraction, urban renewal or development programs, industrial parks, and infrastructure projects (such as highways, bridges, irrigation canals, and dams) all require land, often in large quantity. One common consequence of such projects is the upheaval and displacement of communities.

ESSS5 addresses instances where a client acquires land or restricts access to land to aid project implementation, resulting in project affected communities losing ownership or access to land, housing and related assets, and natural resources essential for their livelihoods and income earning capacity. ESSS5 addresses the client responsibility to mitigate the impacts of such losses to project affected communities.

ESSS5 applies when project activities result in community members being permanently or temporarily physically and economically displaced by project related land ownership/rights /use or restrictions. This includes:

- Expropriation or other compulsory national legal procedures;
- Negotiated settlements with property owners or those with legal land rights;
- Loss of access to resources by communities with traditional or customary tenure, or recognisable usage rights;
- Relocation of community members occupying and / or utilising land without formal, traditional, or recognizable usage rights;
- Displacement of community members due to project impacts rendering their land unusable or inaccessible;
- Restriction on access to land or use of other resources including communal property and natural resources;
- Individuals or communities relinquish land rights or claims to land or resources without full payment of compensation;
- Communities using / living on state-owned land are required to vacate the land to enable project implementation; and
- Displacement of community members, (other than the seller), who occupy, use or claim rights to the land where the land owner undertakes voluntary land transactions

Eligibility Classification

Affected persons may be classified as persons:

- Who have formal legal rights to land or assets;
- Who do not have formal legal rights to land or assets, but have a claim to land or assets that is recognised or recognisable under national law; and

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- Who have rights to land or access to land through customary or traditional tenure arrangements?

Client Responsibility to Implement ESS5

Community Engagement

The client will undertake a stakeholder engagement process to:

- Engage with all project affected parties impacted by resettlement;
- Provide project affected parties with resettlement and livelihood restoration options and alternatives, from which affected persons may choose;
- Discuss with project affected communities the proposed impacts of alternative project designs;
- Undertake meaningful affected community participation and disclose relevant information during project planning, implementation, monitoring and evaluation;
- Consult affected parties in evaluating compensation choices, livelihood restoration activities, and relocation processes;
- Where women's and men's livelihoods are affected differently, the client may need to undertake intra-household analysis to address livelihood impacts and to address women's and men's preferred compensation mechanisms.

Project Design: Social, legal and institutional assessment to address land ownership and acquisition

The Client will:

- Undertake a social, legal and institutional assessment to identify any potential risks, adverse impacts, and mitigation measures related to project land titling, determining land rights, and any measures to acquire land;
- Consider feasible alternative project designs to avoid or minimise land acquisition or restrictions on land use, especially where this would result in physical or economic displacement;
- Balance environmental, social, and financial costs and benefits, when acquiring land;
- Pay attention to gender impacts and impacts on the poor and vulnerable;
- Prioritise community groups likely to be most negatively impacted by the project, such as vulnerable groups; and
- Demonstrate that involuntary land acquisition or restrictions on land use are limited to specified project purposes within a specified period of time.

Implement a transparent process to acquire land

Where land acquisition or restrictions on land use are unavoidable, the client will:

- Identify all community members affected by the project;
- Establish an inventory of land and assets to be affected;
- Determine who will be eligible for compensation and assistance;
- Discourage ineligible persons, such as opportunistic settlers, from claiming benefits;
- Establish a cut-off date for eligibility;

- Inform project affected communities in the project area about the project cut-off date, using relevant communication channels, in relevant local languages;
- Issue ownership or occupancy documentation and compensation payments in both spouses names or single / child head of household as relevant;
- Where the project negatively impacts women's loss of land rights , ensure adequate measures are in place, in line with the project relocation action plan, to recognize women's rights to hold or contract in property of land ownership; and
- Negotiate land ownership, use and access settlements with affected persons wherever possible.

Prepare a Resettlement Action Plan (RAP)

- Prepare a RAP addressing project risks, impacts and necessary mitigation measures;
- Document all transactions to acquire land rights, provide compensation and other assistance for relocation;
- Align the RAP to applicable country legislation and regulations governing resettlement and compensation;
- Determine financing arrangements and entitlements for project affected people and host communities affected by land acquisition / use/ resettlement in project budget;
- Determine implementation schedule, roles, responsibilities, and arrangements to address land acquisition / resettlement procedures in line with project timeframes;
- Establish procedures to monitor and evaluate the plan implementation and take corrective action as necessary; and
- Where necessary, retain resettlement professionals to provide land acquisition / involuntary resettlement advice and provide any project implementation support as required.

The DBSA will sign off Client land acquisition / relocation plan implementation plan in line with ESS5 objectives.

Apply equitable measures and benefits to compensate project affected persons for land acquisition

When a client acquires land or restricts project affected people access to land, the client will:

- Offer affected persons compensation at least at replacement cost and in line with relevant country legislation and regulations;
- Provide assistance to affected communities to improve or at least restore their standards of living or livelihoods;
- Provide assistance (skills training, access to credit, and job opportunities,) to men and women on an equal basis and adapted to their needs;
- Wherever possible, avoid destroying structures and symbols of religious and cultural significance;
- Disclose and consistently apply compensation standards for land and fixed assets;
- Document the basis for calculating compensation;
- Offer displaced persons who have land-based livelihoods or who own land collectively, the option of land replacement for compensation, unless it can demonstrate to the DBSA that equivalent replacement land is unavailable;
- Compensate project affected economically displaced people for:

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- The cost of identifying a viable alternative location,
 - For lost net income during the transition period,
 - Transfer and reinstalling plant, machinery, or other equipment,
 - Re-establishing commercial activities,
 - Temporary loss of wages and, if necessary, provide assistance to identify alternative employment opportunities,
 - Replacing agricultural or commercial property,
 - Compensating rights or claims to land, and
 - Compensate with access to alternative land at least equivalent in market and use value to that acquired;
 - Compensate communities who are without legally recognizable claims to land for lost assets other than land (such as crops, irrigation infrastructure and other improvements made to the land), at least at replacement cost;
 - Provide opportunities to project affected parties to re-establish livelihoods elsewhere in lieu of land compensation;
 - Distribute compensation in accordance with transparent procedures;
 - Provide displaced communities and persons with opportunities to realise appropriate project development benefits as the project nature and objectives may allow;
 - Prevent those with no right to resettlement compensation benefitting from or from taking advantage of possible opportunities arising from resettlement; and
 - Implement mitigation mechanisms to address the inadequacy of cash compensation in providing affected persons with an appropriate means to restore livelihoods.

Based on consultation, a client may provide cash compensation for lost land and other assets where:

- Livelihoods are not land-based;
- Livelihoods are land-based but the land taken for the project is fraction of the affected asset and the residual land is economically viable; and/or
- The client demonstrates to the DBSA satisfaction that insufficient replacement land is available

The client is not required to compensate project affected parties where:

- Community members encroach on the area after the project cut-off date and repeated client efforts to contact project affected parties have failed; and
- Project affected parties repeatedly reject compensation offered in accordance with the RAP.

Where the client is able to demonstrate to the DBSA that it has taken all reasonable steps to resolve land acquisition disputes, it may, on an exceptional basis, and in consultation with the DBSA, deposit compensation funds (and an additional amount for contingencies) as required by the RAP into an interest-bearing escrow or other deposit account and proceed with project activities. These compensation funds will be made available to eligible persons as land conflict is resolved.

Grievance Mechanism

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- The client will put in place a project grievance mechanism to address displaced persons and stakeholder concerns about compensation, relocation or livelihood restoration measures. Where possible, grievance mechanisms will utilize existing project and community formal or informal grievance mechanisms; and.
 - The client may need to provide additional project-specific arrangements to resolve project related disputes.

Land Transfer

The Client will take possession of acquired land and related assets only after:

- It has compensated project affected parties;
- It has resettled displaced people;
- It has provided moving allowances to displaced persons; and
- It has implemented livelihood restoration and improvement programs to ensure that affected persons are sufficiently prepared to take advantage of alternative livelihood opportunities.

Community use of land as collateral / equity

Where communities collectively agree to restrict access to natural resources to participate in community-based natural resource management projects, the DBSA will assess whether the client undertook comprehensive community engagement involving FPIC and put appropriate mitigation measures in place to mitigate any possible adverse impacts. The DBSA may approve a project proposal involving a voluntary agreement between communities, governments and investors to donate all or part of a parcel of land to implement a project with or without full compensation, if the client:

- Identifies all tenure rights and claims (including customary and informal users) affecting the land;
- Undertakes meaningful FPIC and stakeholder engagement, fully discloses the impact of the proposed investment to the affected community and informs them about the choices available to them;
- Confirms in writing affected community members willingness to proceed with the donation/ transaction;
- Shows that community stakeholders negotiated fair value and appropriate conditions for the transfer;
- Provides evidence that transaction and related compensation and benefit-sharing and arrangements address affected community members ability to maintain livelihoods at current levels;
- Puts appropriate grievance redress mechanisms in place;
- Provides evidence that no household relocation is involved;
- The affected community benefits directly from the project;
- Provides evidence that individuals using or occupying community owned land consented to the donation;
- Keeps a transparent record of agreements detailing consultations and terms and conditions for land transfer; and
- Puts mechanisms in place to monitor compliance with the terms and conditions.

Collaborate with Agencies responsible for providing assistance for land resettlement and Resettlement Planning Agency

When project implementation involves giving effect to a RAP, the client will collaborate with any other governmental agency or entity responsible for land acquisition, resettlement planning, or providing necessary assistance.

Where the capacity of other responsible agencies is limited, the client will actively support resettlement planning, implementation, and monitoring and provide any assistance necessary to ensure the letter of this ESSS is applied when implementing resettlement plans.

The RAP will specify the financial responsibilities of all agencies involved, appropriate timing and sequencing for implementation steps, and coordination arrangements.

The client may request that the DBSA provide technical assistance to strengthen client capacity, or the capacity of other responsible agencies, for resettlement planning, implementation and monitoring.

Project monitoring and evaluation

The Client will ensure:

- Prepare periodic monitoring reports;
- Inform affected persons about monitoring results; and
- Where projects involve significant involuntary resettlement, appoint competent resettlement professionals to undertake an external land acquisition / resettlement plan completion audit to assess whether affected community members livelihoods and living standards have been improved / restored / and if affected community members have received the assistance for which they are eligible, and, as necessary, propose any corrective actions necessary.

Special measures where forced Evictions / Involuntary resettlement is necessary

The client will not resort to forced evictions or involuntary resettlement of affected persons. Resettlement is considered involuntary when project affected persons or communities do not have the right to refuse land acquisition or land use restriction that result in their displacement to support implement an investment or development project. Forced eviction is defined as the permanent or temporary removal against the will of individuals, families, and/or communities from the homes and/or land which they occupy without providing access to appropriate forms of legal and other protection, including all applicable procedures and principles outlined in this ESSS.

Where involuntary resettlement is unavoidable, the client will implement appropriate measures to minimize and mitigate adverse impacts on displaced persons and the host communities receiving displaced persons. This includes:

- Providing guidance on the involuntary resettlement conditions that need to be met to mitigate displacement and negative resettlement impacts and to establish sustainable economy and society

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- Establishing mechanisms to monitor the performance of involuntary resettlement programs and to remedy any implementation problems;
 - Addressing adverse impacts on public health or safety and livelihoods;
 - Resettlement can improve local living standards and provide direct development opportunities for households or communities, improved housing and public health conditions, and strengthened security of tenure; and
 - As an alternative to displacement, the client may negotiate on site land development arrangements with affected parties. Any person not wishing to participate will be allowed to opt instead for full compensation and other assistance as required in this ESSS

Annexure H: Terms of Reference (ToR) for Energy Projects

GUIDELINES FOR MITIGATION MEASURES FOR ENERGY PROJECTS				
Impacts	Planning	Construction	Operation	Closure
All Energy Projects				
Social and Environmental Considerations for Transmission Lines				
Impact on: <ul style="list-style-type: none"> land use and habitat loss; Operation and maintenance and impacts may include: Control of the right of way) and line repair Negative Visual impacts Increased alien invasive species presence Habitat fragmentation 	<i>Risk of Environmental Degradation</i> <ul style="list-style-type: none"> Design transmission line project to avoid critical habitats. Install visibility enhancement objects to minimise collision risk Minimise area impacted prohibit activity in remaining areas of intact habitat Maintain wildlife corridors in fragmented areas. avoid areas of conservation interest Limit the number of towers. to avoid cumulative impacts Risk to interested and affected parties and economy Public consultation 	<ul style="list-style-type: none"> Risk of Environmental Degradation Construction site management to avoid runoff, erosion and sedimentation. Pre-treat chemically preserved poles to prevent leaching of wood preservatives. Use herbicides as a last resort to Control vegetation control strategies, Locate, submarine power cables sensitively. Remove invasive plant species and plant indigenous plant species. Manage bush meat risks 	<ul style="list-style-type: none"> Monitor sub-contractor contract provisions Require right of way maintenance to protect the system from windfall, contact with vegetation. utilize labour intensive practices within natural habitats, where appropriate Apply integrated pest management and minimize use of herbicides. Appropriate alien invasive management, trimming and pruning. Implement operations & maintenance regime for electrical and mechanical components, natural habitats and physical structures. Implement & monitor Offset plan Control vegetation clearance Apply sustainable land use management principles 	Rehabilitate habitats and restore ecosystems no longer required after construction, as soon as possible, In accordance with a site-specific closure plan developed in consideration of international good practice. The transmission line and associated facilities closure process to include site clearance, removal of all equipment, waste materials disposal.
Social and Environmental Considerations for Solar Energy Projects				
Impact on: <ul style="list-style-type: none"> Habitat loss Agricultural land Cultural heritage sites Displacing people Fauna and flora Construction workers 	<ul style="list-style-type: none"> Use dry cooling systems and promote water efficiency to address the high water requirements of large / concentration solar power plants 	As above	As above with attention paid to <ul style="list-style-type: none"> Maintain and repair photovoltaic cells Repair any damage to panels 	As above
Social and Environmental Considerations for Wind Energy Projects				
Impacts : <ul style="list-style-type: none"> Visual impacts, Noise, and Disturb / kill birds and bats. Construction impacts 	<ul style="list-style-type: none"> Consult all communities. Consider visual impacts for. Site turbines to avoid high-density bird and bat areas and migration routes. 	As above	As above	As above

<p>are similar to other infrastructure projects.</p>	<ul style="list-style-type: none"> • Turbine tower heights placed below migratory bird pathways. • Configure turbine arrays to avoid avian mortality • Employ slower-turning more visible rotor blades. • Implement storm water management measures. • Marking systems and consult with air traffic authorities. 			
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Annexure I: Environmental and Social Appraisal Procedures

The DBSA undertakes a rigorous investment appraisal for all programmes and projects which it considers for financing. As evidence of DBSA's commitment to sustainable and equitable development, the environmental and social appraisal forms a component of the overall investment appraisal and enables the DBSA to mainstream environmental and principles to investment projects within DBSA's mandate. The DBSA procedures are aligned with good international industry practice (GIIP) for environmental and social assessment and are implemented by the DBSA's environmental and social analysts. The Environmental and Social Appraisal Procedure describes how the DBSA conducts a due diligence for any project considered for DBSA financing.

Environmental Appraisal Procedure

The following describes the environmental appraisal procedure:

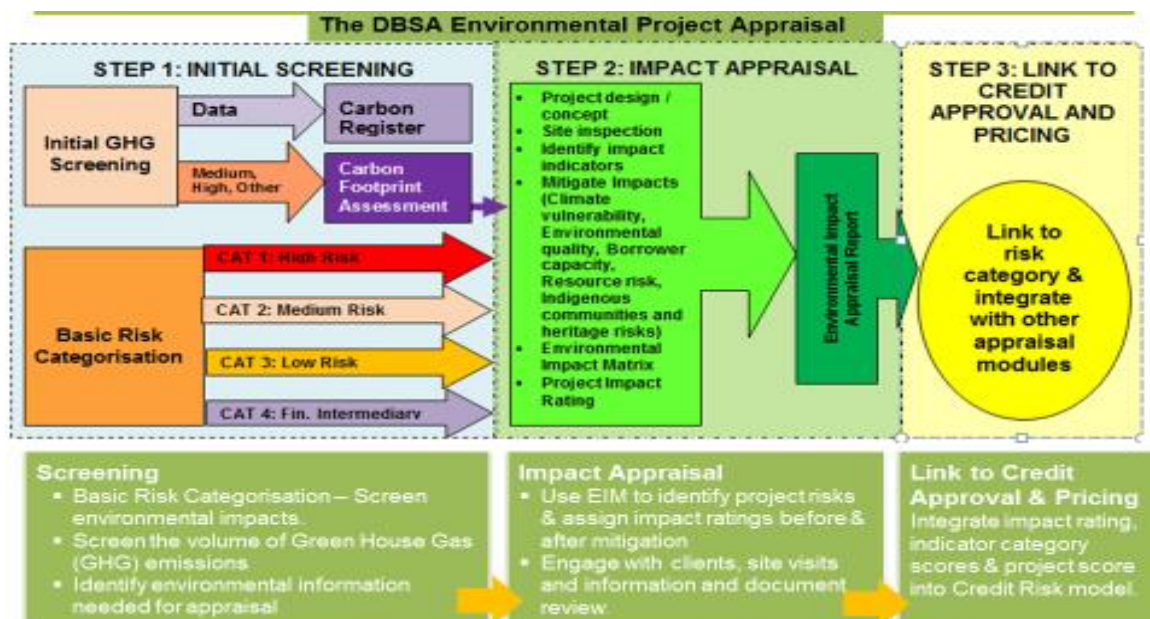
Step one – *Initial Screening* is undertaken during Early Review Stage and results in an initial project categorization into high, medium and low risk. The analyst assesses if any ESSS's are triggered.

Step two – The Screening process project risk categorisation guides *Impact Appraisal* and the level of due diligence required to apply the environmental appraisal framework. It involves the detailed ESSS'S assessment.

Step three – The *Link to Credit Approval and Pricing* step ensures that the environmental findings are integrated into the budget and relevant project credit risk rating.

The appraisal report guides project negotiations, implementation, monitoring and review over its life cycle.

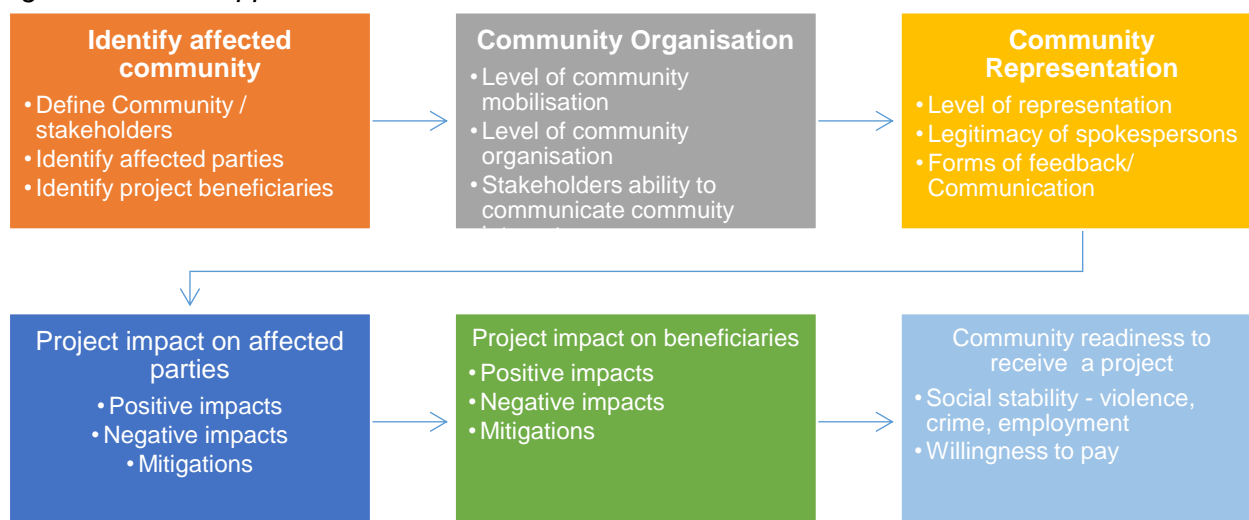
Diagram 1: The Environmental Appraisal Process



Social and Institutional Impact Assessment

The DBSA social and institutional analysts/specialists follow the DBSA Social and Institutional Guidelines, ensuring close integration with the environmental process described above. The social assessment is described in Diagram 2 below:

Diagram 2: Social Appraisal Process

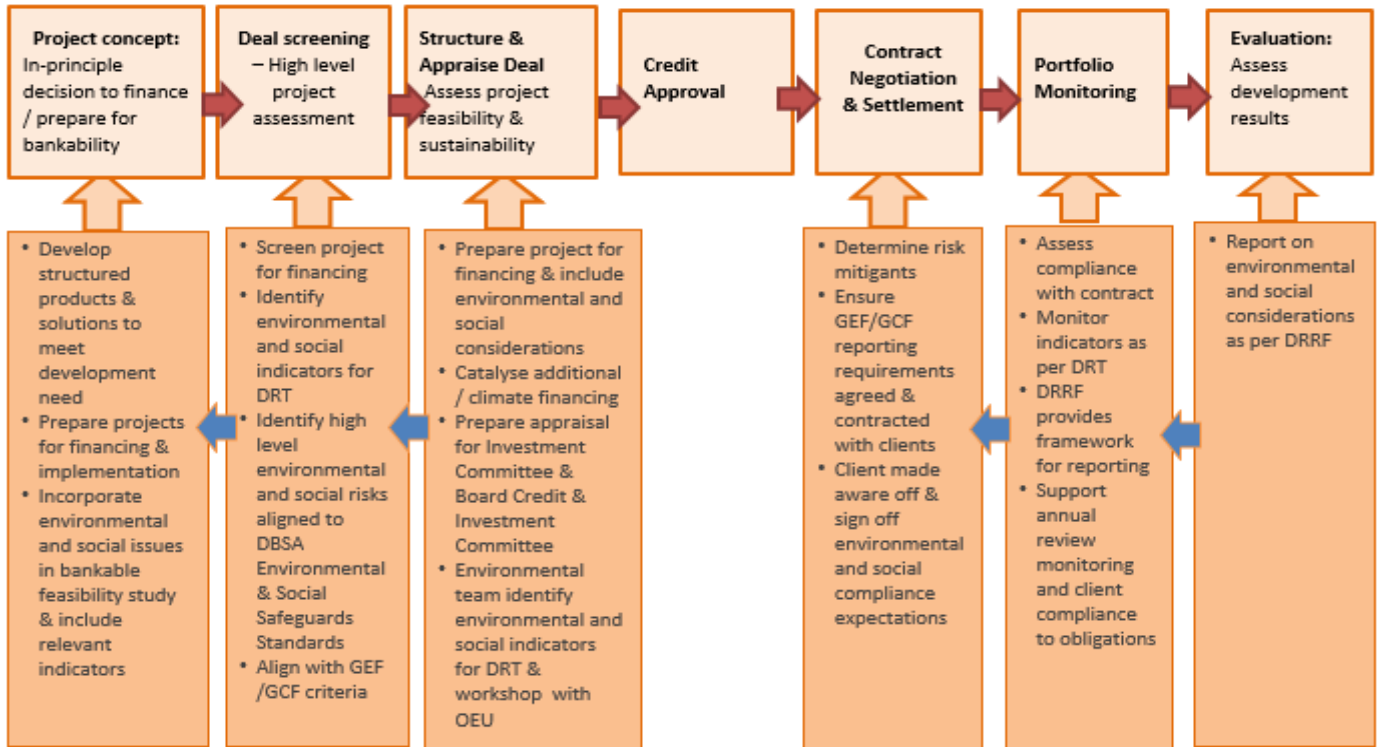


The DBSA Project Cycle contains the following typical stages:

- Business Development - In principle decision to consider project concept
- Project structuring for financing
- Early Review/Deal Screening – High level assessment of DBSA appetite to invest in project concept
- Appraisal and investment review– Detailed appraisal to consider project feasibility, profitability and sustainability
- Board Review and credit approval
- Contract Negotiation and settlement
- Portfolio monitoring and funds disbursement – Assess project compliance with contractual obligations
- Project evaluation - development outcome tracking and assessment
- Project Close

The DBSA level three credit policy outlines the DBSA approach to environmental, social and institutional appraisal as a component of the integrated infrastructure investment appraisal. The diagram below outlines the DBSA approach to environmental, social and institutional appraisal of all proposed infrastructure investments.

DBSA: Environmental and social and institutional appraisal modules: Application across the investment value chain



The DBSA’s environmental and social due diligence process is appropriate to the project nature and scale, and proportionate to the environmental and social risks and impacts, and the mitigation hierarchy. The due diligence will assess whether the project is capable of being developed and implemented in accordance with the ESSS’s.

Project Information

The Client is responsible for providing the DBSA with relevant information to enable the DBSA to undertake a comprehensive environmental and social due diligence. The DBSA recognizes that Clients may have different levels of information regarding environmental and social risks and impacts available at the time the DBSA carries out its due diligence. The DBSA will assess the proposed projects risk and impacts based on the project type, context and information available to the DBSA, and the Clients capacity to develop and implement the project in accordance with the ESSS’s. The DBSA will assess the significance of any information gaps, and the potential risk this may present to meeting the ESSS objectives. Where the DBSA is approached to finance a project that is under construction, or where the project has met the necessary national legislative requirements, the DBSA’s due diligence will include a gap analysis and mitigation measures required to meet the ESSS’s. Depending on the potential significance of environmental and social risks and impacts, the DBSA will determine whether the Client will be required to retain independent third party specialists to assess project environmental and social impacts.

National Legislation

The legislation cited in the DBSA ESSS is South African. Where a project is implemented outside of South Africa, the project will apply relevant applicable national legislation, or the ESSS principles. When a host country requirements differ from the DBSA ESSS's, the client must achieve or implement the more stringent. Only where the client is able to justify the use of less stringent measures due to the project circumstances will the DBSA consider alternative environmental and social standards. This justification must demonstrate to the DBSA's satisfaction that the alternative performance level chosen is consistent with the objectives of the ESSS's, and is unlikely to result in significant environmental or social harm.

Access to Information

As an organ of State the DBSA aligns to relevant national policy and legislation and applies this to all countries it invests in. In South Africa this refers to the Promotion of Access to Information Act. The DBSA annual report discloses DBSA investment portfolio and which is available on the web.

<http://www.dbsa.org/EN/InvestorRelations/Pages/Sustainability.aspx>

Grievance Mechanism and Accountability

The DBSA requires that the Client provide a grievance mechanism, process, or procedure to receive and assist resolve project-affected parties concerns and grievances arising from the project. The grievance mechanism should be proportionate to the project risks and impacts.

When interested and affected parties are unable to obtain an adequate response from a Client, then the party can resort to following DBSA grievance procedures. After bringing their concerns directly to the DBSA's attention and giving DBSA Management a reasonable opportunity to respond, project-affected parties may follow the procedures outlined on the web: <http://www.dbsa.org/EN/InvestorRelations/Pages/Sustainability.aspx>. The Promotion of Access to Information Act 2000 provides the legislative framework for project disclosure for the DBSA.

Annexure J: Grievance mechanisms

The Client will:

- Respond to project beneficiaries and affected parties expressed concerns and grievances related to the project environmental and social performance;
- In consultation with stakeholders, develop an appropriate grievance mechanism (proportionate to the identified potential project risks and impacts) to receive and assist resolve such concerns and grievances;
- Where feasible and suitable, project grievance mechanisms to utilise existing formal or informal grievance mechanisms, supported by project arrangements where necessary.

The grievance mechanism will:

- Address concerns promptly and effectively at no cost and without retribution,
- Not prevent access to judicial or administrative remedies where necessary,
- Handle project beneficiaries and project affected parties' grievances in a culturally appropriate, discreet, objective, transparent, sensitive and responsive manner, and
- Allow for anonymous complaints to be raised and addressed.

The Client will explain the grievance process during community engagement activities and publicise a record of concerns raised, the responses to all grievances received, and the status of reported grievances.

Annexure K: Stakeholder Consultation Summary Report

In order to further gauge interest in the specific merits of offering credit enhancement for embedded generation projects to overcome the challenges with REIPPPP and funding projects outside the REIPPPP, several engagements were held with key stakeholders during April 2018. Further engagements were conducted to confirm the DBSA's own analysis based on previous and ongoing engagements with key industry players. A large part of the stakeholder engagement was for market sounding purposes to reaffirm their interest in the proposed EGIP offering as well as how the programme could address environmental and social issues in communities. Since the engagements were at a programmatic level, the stakeholders that were part of this and other engagements can be broadly divided into the following categories:

- **Government** – The DoE, the DoE IPP office
- **Regulator**
- **Municipalities**
- **National Utility**
- **Commercial Lenders**
- **Multilateral financiers**
- **Institutional Investors**
- **IPP Developers**
- **Independent offtakers**
- **Affected communities supported through the REIPPPP**

As noted in section 9 of this document, engagements at a subproject level will involve relevant communities where the subprojects are located. This would be additional to the feedback already obtained from communities on the implementation of the REIPPPP which largely informs component 2 of the Embedded Generation programme. The DBSA has been intimately involved in the REIPPPP from before it was officially launched in 2011. In this regard, the positive and measurable advancement of previously disadvantaged groups and local communities are a prerequisite of every South African renewable project. In addition, from a local economic development (ED) perspective project developers are required to, among other things, create jobs and source supplies, skills and labour within a 50km radius of the plants; the local ED targets vary depending on the nature of the project. In the project agreements signed with the South African Department of Energy (DoE), developers are also required to reinvest a certain portion of the project revenues generated through the sale of electricity back into the community. In light of the community feedback received on the REIPPPP with respect to the support provided to community trust, the EGIP includes such a component which is critical to secure equity participation in the subprojects supported by the programme.