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Global Project
Umbrella Programme to Support Development of Biodiversity Finance Plans
Project Appraisal Committee Minutes
5 November 2023

Participants

Chair: Hanayo Nakano, Team leader, Programme Management and Results, BPPS.

1. Linda Maguire, RBLAC Deputy Regional Director
2. Noura Hamladji, Deputy Regional Director, Deputy Assistant Administrator for Africa, RBA
3. Marina Walter, Deputy Regional Director, Deputy Assistant Administrator for Europe and CIS, RBEC and Arab States, RBAS
4. Christophe Bahuet, Deputy Regional Director, Deputy Assistant Administrator for Asia and the Pacific, RBAP
5. Priya Gajraj, Deputy Director, Bureau for Management Services (BMS)
6. Walid Badawi, Deputy Director, Bureau for External Relations and Advocacy (BERA)

Project Overview

Supported by the GEF and the Secretariat of the Convention on Biological Diversity, the project strategically aligns with the Kunming-Montreal Global Biodiversity Framework (GBF). The core objective of the project is to empower countries to mobilize resources at scale for GBF implementation. It achieves this by aiding the development of national biodiversity financing plans (NBFPs), which encompass baseline diagnostics, capacity building, and institutional support. These plans establish a solid foundation by assessing existing financing landscapes and needs, subsequently designing comprehensive NBFPs for each country. These NBFPs aim to bridge the national financing gap for GBF implementation identifying actions to reduce or redirect harmful resources, generating additional financial and non-financial resources from various sources, and enhancing the efficient utilization of financial resources.

This systematic approach intends to raise awareness among key stakeholders about biodiversity finance, foster collaborative action, and provide the necessary methodological guidance and technical assistance for analysis, consultation, and planning in each target country. It also facilitates the establishment of biodiversity finance discussion and coordination mechanisms to support participatory national analyses and planning, ensuring inclusivity in the process.

UNDP's role involves supporting national grants in 91 countries across regional bureaus (RBA with 32 countries, RBAP with 18 countries, RBLAC with 18 countries, RBAS with 12 countries, and RBEC with 11 countries).

Financial and technical support will be channeled through two pathways:

1. Grants to each of the 91 countries (US$314K per country) for implementing four project components, aligned with the BIOFIN methodology:
   - Component 1: National biodiversity finance policy and institutional reviews
   - Component 2: National biodiversity expenditure reviews across relevant sectors
   - Component 3: National assessments of financing required to achieve GBF targets
   - Component 4: Development of national biodiversity finance plans

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2. A global technical support grant (US$8.8 million) for a knowledge-sharing and technical support platform. This platform will facilitate knowledge exchange, virtual and onsite training, and the development of impact investment and private sector capabilities.
UNDP/BPPS/Nature Hub will oversee project implementation. The project proposal submitted to the GEF included one UNDP ProDoc for the global component and national interventions in 91 countries (see attached file titled "PIMS 6731 BGFP ProDoc"). The project was approved by the GEF on December 2, 2022 (see attached ZIP file titled "GEF CEO Endorsement Letters"). Other documents attached to this message include: 1) The SESP; 2) The Gender Analysis and Action Plan; 3) Project Quality Assurance Assessment (Design and Appraisal); 4) The ProDoc's technical and financial clearance emails from PIMS+; 5) the GEF Checklist for CEO endorsement; and 6) a CO level annex that will document the management and governance arrangements, the budget and work plan, and the procurement plan for each country participating in the GBFP.

Country selection was made by GEF -with the chief selection criteria being countries not covered by BIOFIN-, and the project will be executed under the Global Direct Implementation Modality (Global DIM). Regional hubs were consulted through RTLs. And A Gender Action Plan has been developed to promote gender equality and women's empowerment in project interventions.

The total GEF funding allocated to UNDP for this project amounts to USD $38,190,000.

Comments and Discussion

Please see below the answer to the comments made by the PAC members:

This document presents responses to comments received from PAC members regarding the Umbrella Programme to Support Development of Biodiversity Finance Plans (PIMS 6731). Please be aware that responses are highlighted in red font for easy reference.

In reference to the below and upon review of the documents, we find the ProDoc as very inclusive and covers the multitude of stakeholders with a focus on the national level and IFIs. Depending on the ProDoc's intended focus and goals, it might want to elaborate more on external funding sources as well, particularly from Member States/ donor countries. It may also be considered to at least mention the positive role that the Resident Coordinators can play in contributing to coherent approaches to biodiversity.

Developing a national finance plan for biodiversity through this project's activities and programming is aiming at building a participatory platform with various stakeholders as well as baseline assessments on biodiversity finance. This very likely will open new opportunities for mobilizing resources by COs and integrating this work into a wider approach for national sustainable finance initiatives. In current BIOFIN countries, many COs have used BIOFIN's work as a baseline to mobilize additional funding through vertical and other sources of funding. In addition, countries included in this project could be eligible for bilateral funding through BIOFIN's current donors focusing on implementation of the finance plan. However, it's essential to note that, as a global initiative funded by the GEF with limited resources and a set timeframe, the primary focus is on developing national biodiversity finance plans using GEF funds. These plans will be tailored to each country's unique funding landscape, considering the considerable variability from one country to another. Discussion of external funding sources beyond the GEF is deemed premature at a global level, as applicability may vary across countries.

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Regarding the role of resident Coordinators, we fully agree, and we will emphasize this at project start and throughout implementation.

We would encourage exploring and mentioning any interconnectedness of the NCEW portfolio or to the global thematic offer "Inclusive Green Transition" that both BPPS and BERA have been working together.

Please note that this is fully considered, the project directly contributes to the Inclusive Green Transition, this will be highlighted during project start and throughout implementation.

Please find below the consolidated BMS comments to the project's financial resources, budget, workplan, risk management and project management.

1. **Financial resources, budget and workplan**
   - While the total multi-year budgets have clear deliverable components, including direct project management cost (PMC), the document has no indirect cost recovery language for GMS. BPPS is advised to add language of cost recovery and factor in the amounts in the budgets
     Kindly note that the GEF Agency Fee is not included in the GEF Grant Project Budget as it is committed by the GEF separately; therefore, it is not included in the Project Document. In addition, the GEF ProDoc Template, which includes a financial planning section, is the official template available in POPP, and, as per the POPP: "The GEF provides the GEF Agency Fee (the "GEF Fee") to cover UNDP's costs in delivering GEF-specific Project Cycle Management Services (PCMS) and GEF Corporate Activities as defined by the GEF Council. These include Oversight services to ensure that project execution (by the Implementing Partner) meets GEF standards and requirements. The Fee is additional to the GEF Grant and is separately committed by the GEF Trustee."… "UNDP GMS and GEF PCMS services differ. However, the GEF Fee is disbursed to UNDP COs and/or other UNDP offices/Units acting as Project Business Units according to the principles that govern UNDP GMS. Please refer to the POPP link for details: Project Costing and UNDP Support Services GEF Financed Projects.

   - The project document anticipates funding of any exceeding expenditure to the approved funding envelope by the GEF trustee from TRAC resources. Given that this could potential pose significant financial risk, BPPS is advised to ensure adequate oversight of the project activities across COs are in place to avoid any over-expenditure. This requires solid budget management with close monitoring, and may require resourcing.
     The Global Project Management and Technical Support Unit (GPMTSU) will provide sufficient monitoring. Furthermore, each country project will receive a defined allocation of resources in Quantum, and the system includes measures to prevent over-expenditure of project funds.

   - The project document does not allow any extension beyond the end date of 30 Nov 2027. This requires solid project closure plan, including proper documentation of asset transfers which is vested on UNDP as core project closure responsibility. As a result, BMS/OFM recommends full costing of the project closure component to be included in the direct management cost of the budget.
     The GPMTSU, tasked with providing comprehensive support for project closure activities, has been adequately budgeted for within the project.

   - This project is directly implemented with several COs around regions and BMS/OFM noted that some of them are in the concern/critical zones of the IFD. As a result, BPPS is recommended to

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monitor the financial management performance of the COs involved as part of the project management oversight.
This is noted with thanks.

- Given the recent UNDP's audit experience related to the GEF portfolio, BPPS is advised to incorporate the minimum oversight checklist that was developed between BMS and RBx in the oversight of the project implementation.
  Please note that the GEF audit checklist was prepared and duly signed. You can find a copy of it here
- The project document reflects a start date of 1 December 2023. BPPS is recommended to ensure timely Quantum awards are in place before the project start date of 1 December 2023. The team is working with Vertical Funds Management Programme Support Unit to complete the project set-up in Quantum as soon as possible after funds are received. The project start date will be adjusted to the date of ProDoc signature.

2. Risk management

- The risk register attached to the project document is outdated. This needs to be replaced with the updated offline project template which can be found in the POPP here: Project Risk Register Template | United Nations Development Programme (undp.org)
- The risk categories of the risks in the register need to be revisited to select the most relevant category (e.g., risk #9 Risk of fraud and corruption is classified as reputational risk while it should be classified as financial risk, risk #2 is classified as Macro-economic which is not one of UNDP's risk categories). Please refer to annex 2 of the ERM policy on the risk categories and sub-categories.
- The language of some of the risks (e.g., risk #8 and risk #9) needs to be revisited to clearly articulate the risks.
- Noting the multiple countries (91) this project is covering, risks on coordination and ability to timely implement activities by all offices should be considered.
- The risk related to COVID19 seems to be an issue and not a risk.

Thank you for bringing this to our attention. The project's Risk Log has been migrated to the new template, and in this course of action, the risks underwent a review and revision to align with the ERM policy. Consequently, we have removed former risks 8 and 10, and the wording of risk 9 has been modified. Please refer to the updated ProDoc Annex 5 for more detailed information.

2. Project Management

The Project Document is missing a section on Project Management, per the UNDP Project Document template. This section is intended to cover project management (coordination, operations, number and location of physical project offices, arrangements for dedicated or shared operations support, how the project will work with other projects, etc.), and cost efficiency and effectiveness.

Please note that we are utilizing the GEF project document template from POPP for this project. The ProDoc underwent technical and financial clearance before submission to the GEF for endorsement, which was received on November 22, 2023. It is important to note that the UNDP-GEF ProDoc template being used lacks a dedicated section for project management as such. Nevertheless, Chapter VII on page 31 provides comprehensive details on the governance and management arrangements for this project.

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Decision

The PAC has in principle endorsed the project for approval, with the understanding that the project document will be revised based on the comments received and the discussions that have taken place.

Process

On 5 November 2023, the GPN Director invited UNDP Regional Bureaus and Central Bureaus to participate in a virtual PAC, requesting comments by 15 November 2023. Comments were received that touched on various issues related to management, financial and risk management. (See Annex I).

The draft PAC Minutes and revised project document have been circulated to PAC members for final endorsement. As no objection was received by the indicated deadline of 8 December 2023 the PAC Minutes and final project document have been considered endorsed.

The signed PAC Minutes and the signed project document will be uploaded in the Global Projects Document Repository.

DocuSigned by:
Michiko Okumura
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16-Dec-2023

Michiko Okumura, Chief
Joint Directorate for the GPN.

Date