3. M&E during reporting

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Country Results Report

The Biodiversity Finance Initiative (**BIOFIN**) programme in **Cambodia**
REPORTING PERIOD: January to December 2024

20 December 2024



BIOFIN COUNTRY PROGRAMME

W: https://www.biofin.org/index.php/cambodia

BIOFIN
The Biodiversity Finance Initiative

BIOFIN COUNTRY PROGRAMME PROFILE

Country: Cambodia

Geographic coverage: Country-wide, including protected areas, agricultural areas and wetlands, and seascapes of Cambodia.

Programme period (as funded by Phase II/Phase II Extended funds): January 2024 – December 2026

Budget (from Phase II/Phase II Extended funds): $650,000.00

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Executive summary

Progress toward targeted results

Validated BFP (following the validation of a PIR, BER, and FNA)

The BIOFIN project Phase2 is the implementing stage after finished the first phase that was focusing on preparing the Biodiversity Finance Review, Finance Need Assessment and Biodiversity Finance Plan, including the assessment of possibility of finance solutions in Cambodia. The BIOFIN phase 2 has gone through a long process of discussion with Government Counterpart, the Ministry of Environment. With the changing of new leadership in Cambodia government through national election in 2023, and new management of MoE that prolong until quarter one of 2024 to finalize the National Focal point for BIOFIN, and then the transition period of BIOFIN Global, the project now is resuming the review and updating all five finance solutions with MoE.

During the transition period of BIOFIN Global, UNDP has signed Letter of Agreement (LoA) with MoE, in February 2024, to implement the GBF Early Action Support (EAS) project which expected to roll out at the same time and share the same project team with BIOFIN. GBF EAS project is to fast track the early support and prepare the country to be ready for updating the National Biodiversity Strategic and Action Plan (NBSAP). One parallel activity under GBF EAS with BIOFIN is to review the biodiversity expenditure.

In quarter 4 of 2024, MoE is conducting Biodiversity Finance Review and cost estimation for NBSAP Implementation. The finance review follows the review report under BIOFIN phase 1, and the final report is expected to be finished by the end of December 2024.

In terms of sharing knowledges between Cambodia and BIOFIN in regional level are highlighted below:

- **June 2024:** Cambodia government counterpart and National BIOFIN focal point participated in 10th BIOFIN Regional Dialogue in Gorgia that allowed Cambodia to share the prioritize five finance solutions and action plan.
- **December 2024:** The visit of Mr. Andrew Seidl, BIOFIN Senior Technical Advisor, to Cambodia country office. There was also chance for BIOFIN global team to have direct communication with government counterpart, MoE, to understand the country's priorities with the new leadership, and sharing back the strong technical support from BIOFIN to government of Cambodia for Biodiversity Finance. During this visit, UNDP management team also welcome and grateful for BIOFIN support to country office and advise on new possibility of new finance solution, blue carbon and blue economy was also included in the discussion. The National Finance Policy Framework that UNDP is supporting to Government of Cambodia is also one key document and program and can be integrated in the next plan of BIOFIN Cambodia.

As per the next step, the UNDP country project team will work closely with MoE to review the workplan to ensure all five finance solutions that prioritized by MoE will be aligned with BIOFIN global and relevant existing projects and MoE's strategies. More results will be updated in the 2025 progress report.

A. Country factsheet: the country's biodiversity finance profile and the programming approach

A.1. Biodiversity finance profile

In Cambodia, challenges for achieving biodiversity outcomes are habitat loss, deforestation, and a lack of understanding of the values of biodiversity and ecosystem services. Another challenge is a lack of financing resources and insufficient revenue management mechanisms for vast protected area systems which are home to endemic and endangered species and 30% of Cambodia's carbon stock.

Cambodia has mobilized fund to support on biodiversity expenditure from various sectors, such as tax from timber and rubber export, revenue from fisheries concession, forestry concession, mining concession, and economic land concession. Using 2018 data, the Biodiversity Expenditure Review found the overall public biodiversity expenditure amounted to USD 112 million (KHR 453 billion), 2% of the national budget expenditure in 2018, or about 0.5% of GDP. This is relatively high, but when considering protected areas comprise 41% of the country, 12 ministries and many DPs involved, the amount of biodiversity expenditure is not exaggerated. The most popular spending was on sustainable agriculture and animal production, followed by:

- Biodiversity and climate change
- Resource mobilization
- Environment security
- Quality of life and poverty reduction
- Protected area system.

However, relatively little was invested in the following themes: (1) access and benefit-sharing, (2) threatened species, (3) sustainable mining, (4) customary sustainable use, and traditional knowledge, and (5) ex-situ conservation.

The Finance Needs Assessment indicated that the required budget to implement the NBSAP was around USD 305 million in the same year. This means that the finance gap in implementing the NBSAP to achieve biodiversity protection and conservation goals was around USD 195 million in 2018.

A.2. National implementation context

In Cambodia, BIOFIN II is implemented by UNDP in close collaboration with the Government, in particular the Biodiversity Department of the Ministry of Environment that leads the implementation of the National Biodiversity Strategy and Action Plan.

B. Overview of key results

B.1. PIR>BER>FNA>BFP

The PIR, BER, FNA, and BFP includes prioritized finance solutions were completed during the first phase of the project. Aligning to BIOFIN phase 2, the Ministry of Environment, under Early Action

Support (EAS) Project funded by Global Biodiversity Framework through UNDP Cambodia, is updating the Biodiversity Expenditure Review (BER) and doing cost estimation for National Biodiversity Strategic and Action Plan (NBSAP) Implementation. The report is expected to be finished by the end of December 2024.

B.2. Implementation of Finance Solutions

Based on the workplan and country implementation strategy, there are five finance solutions chosen to implement during BIOFIN Phase II. Those five are:

1. Promoting sustainable ecotourism.
2. Expending payment for ecosystem services (PES).
3. Scaling up REDD+.
4. Promoting good agriculture practices (GAP).
5. Enhancing institutional capability for biodiversity expenditure and needs reviews and biodiversity finance planning in Cambodia.

Due to the changing in leadership of MoE and time consuming of confirmation new National BIOFIN focal point, at the same time of transition period of BIOFIN global, the project implementation was pending, and it is expected to start the activity by early of 2025.

BIOFIN in Cambodia were formulated in combination with the other related projects, especially the Cambodia Sustainable Landscape and Ecotourism Project (CSLEP) Funded by World Bank IDA and GEF. The CSLEP project has been implemented since 2019 and will be phased out by 2027. Up to date, some of those activities, complementing BIOFIN's, have been completed and some have been revised based on government priorities. Therefore, there is a need to review and update the workplan under the five finance solutions to be aligned with current initiative and strategies of government of Cambodia.

In late October 2024, there was a new recruited Biodiversity Financing Officer in UNDP Cambodia who will lead the process of reviewing and updating the five finance solutions.

B.2.1 Implementation of activities under the "Enabling and Scaling up Nature-related Financial Disclosures" (IKI-TNFD) project [if applicable]

C. Social inclusion stories

As the project has not yet started, this section will be provided in the 2025 progress report.

D. Lessons learned and adaptive measures:

Some lessons learnt have been observed during the year 2024 implementation:

- In view of new resource mobilization opportunities under BIOFIN, the global and country teams are exploring options to improve project management arrangements in order to have more efficient implementation.

- The project implementation experienced significant delays as a result of staff restructuring within the Ministry of Environment and the appointment of a new project focal point. The new focal point required time to familiarize themselves with the project, and bureaucratic decision-making processes also contributed to further delays in the implementation timeline.

- The project workplan was developed two years ago and some certain activities have been completed by other projects that received co-finance support from the ministry. The UNDP country project team will collaborate with the Ministry of Environment to review these work plans and ensure that implementation begins in Q1 2025.

- This is the second phase of BIOFIN implementation. The Ministry faces challenges due to limited technical resources, necessitating significant efforts from the UNDP project team to offer support. To bolster the team's capabilities in this technical area, further capacity development is essential. This requires additional support from the Global team through the provision of technical advice and knowledge sharing.

E. Risks

E.1.Programmatic risks (risks *to* the programme)

Table 1: Risk register for BIOFIN Cambodia

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Mngt response	Owner	Submitted, updated by	Last Update	Status
1	Delay in kicking off project implementation due to the change of the institutional arrangement and management within the Ministry of Environment which led to delay confirming of the project focal points.	August 2023	Organizational	P = 3 I = 5	Follow up taken by Residence Representative with the Minister of MoE to confirm the focal point for the project.	Ousopha Prak	Ousopha Prak	December 2023	The new focal point was confirmed in early January 2024
	It is anticipated that the process of opening an account for LoA budget transfer would take a long time. This could be a main factor in the delay of the BIOFIN 2 implementation in 2025.	November 2024	Operational	P = 3 I = 5	Coordinate and firmly follow up the possibility to use of the existing account of EAS by creating a sub account for the BIOFIN 2	Kunka Ouk	Kunka Ouk	November 2024	A step to coordinate with PMU and Focal point was taken. The focal point (management level) agreed to create a sub-account for BIOFIN 2. The next step is to coordinate and follow up

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Mngt response	Owner	Submitted, updated by	Last Update	Status
									the PMU to work out with the bank to create the sub-account.

E.2. Social and environmental risks (*of* the programme)

The BIOFIN country programme does not generate additional social and environmental risks. Indeed, the programme works to mitigate existing risks by integrating UNDP's programming principles for strengthening social and environmental sustainability (SESP), and the programme is directly aligned with Standard 1 of the project-level standards therein, viz., Biodiversity Conservation and Sustainable Natural Resource Management.

List of annexes and related notes

The following annexes are included in this report:

Annex 1: Indicator Tracking Table (in Excel)

The Indicator Tracking Table provides an up-to-date snapshot (subject to the availability of related data) of progress made towards the BIOFIN country programme's M&E indicator targets.

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