# ANNEX 3: OFFLINE PORTFOLIO/PROJECT RISK REGISTER TEMPLATE

| Portfolio/Project Title: The Biodiversity Finance Initiative Phase II | Portfolio/Project Number: | Date: 6 May 2024 |
|---|---|---|

| # | Event | Cause | Impact(s) | Risk Category and Sub-category *(including Risk Appetite)* | Impact, Likelihood & Risk Level *(see Annex 3 Risk Matrix)* | Risk Valid From/To | Risk Owner *(~~individual~~ team accountable for managing the risk)* | Risk Treatment and Treatment Owner |
|---|---|---|---|---|---|---|---|---|
| 1 | There is a risk that international developments may lead finance actors to reprioritize other areas and short-term goals | As a result of international developments (such as major disasters, humanitarian crises) | This will lead to rediverted finance flows. However probability is moderately likely and the impact rated as intermediate, considering for example the results of pandemic over the standing commitment for conservation. | **7. STRATEGIC (7.4. Competition) - UNDP Risk Appetite: OPEN TO SEEKING** | Likelihood: **3 - Moderately likely** Impact: **2 - Minor** Risk level: **LOW (equates to a risk appetite of CAUTIOUS)** | From: 01-Jul-24 To: 31-Dec-30 | Project Manager | Risk Treatment 1.1: The BIOFIN Methodology guides countries to look at all possible types of financial resources, mitigating the risk of any major changes in national and international finance flows. Risk Treatment Owner: Project Manager<br>Risk Treatment 1.2: Finance solutions have been designed and implemented in cooperation with different Stakeholders and/or Government Agencies (e.g., Brazil). Risk Treatment Owner: Project Manager |
| 2 | There is a risk for insufficient funds raised to cover the proposed number of countries envisaged. | As a result of lack of donors' support. | This will impact on the global momentum of the project. | **2. FINANCIAL (2.6. Budget availability and cash flow) - UNDP Risk Appetite: MINIMAL TO CAUTIOUS** | Likelihood: **1 - Not likely** Impact: **1 - Negligible** Risk level: **LOW (equates to a risk appetite of MINIMAL)** | From: 01-Jul-24 To: 31-Dec-30 | Project Manager | Risk Treatment 2.1: At the end of 2020, BIOFIN's partners showed the strongest sign of support to date, signing new contributions accumulating to US$ 28 million in total, extending BIOFIN Phase II up to the end of 2030. Discussions are ongoing with new donors to reach the desired plan, including the European Union. As of 2023, over a US$ 100 million is mobilized. Risk Treatment Owner: Project Manager |
| 3 | There is a risk of limited consideration of the needs of women and indigenous groups at the | As a result of the lack of capacities and knowledge on best practices. | This will impact on for finance solutions with a site component. During the first Phase of BIOFIN, an initial base of evidence and | **1. SOCIAL AND ENVIRONMENTAL (1.2. Gender equality** | Likelihood: **2 - Low likelihood** Impact: | From: 01-Jul-24 : 31-Dec-30 | Project Manager | Risk Treatment 3.1: Gender is increasingly mainstreamed in the BIOFIN process at all levels. The screening process for finance solutions already includes gender-related |

| # | Event | Cause | Impact(s) | Risk Category and Sub-category *(including Risk Appetite)* | Impact, Likelihood & Risk Level *(see Annex 3 Risk Matrix)* | Risk Valid From/To | Risk Owner *(~~individual~~ team accountable for managing the risk)* | Risk Treatment and Treatment Owner |
|---|---|---|---|---|---|---|---|---|
| | national or sub-national level. | | guidance were developed on the link between gender and biodiversity finance. It is moderately likely gender is still insufficiently considered when developing finance plans and solutions without providing further dedicated attention to the issue. | **and women's empowerment) - UNDP Risk Appetite: CAUTIOUS** | **1 - Negligible**<br>Risk level:<br>**LOW (equates to a risk appetite of CAUTIOUS)** | | | screening criteria and additional guidance will be built into new guidance materials developed for specific finance solutions. Guidance materials and sharing of good practices is being shared through the BIOFIN Community of Practice on Gender and Environmental Finance.<br>Risk Treatment Owner: Project Manager<br><br>Risk Treatment 3.2: The initiative continued to work ensuring equal, non-discriminatory, and active participation of all stakeholders in planning, decision making, implementation and evaluation of its activities and outcomes. Participatory approaches have been planned and undertaken in the preparation of several finance solutions, including participatory planning meetings with women organizations.<br>Risk Treatment Owner: Project Manager<br><br>Risk Treatment 3.3: In 2024, a dedicated Gender Expert will be hired to strengthen this area.<br>Risk Treatment Owner: Project Manager |
| 4 | There is a risk that local activities and finance solutions could have unintended negative environmental impacts. | As a result of activities of specific biodiversity finance solutions. | The main indirect risks negatively affecting natural resource management are related to the implementation of finance solutions, such as biodiversity offsets, payment for ecosystem services and ecotourism related solutions. | **1. SOCIAL AND ENVIRONMENTAL (1.4. Biodiversity conservation and sustainable natural resource management) - UNDP** | Likelihood:<br>**2 - Low likelihood**<br>Impact:<br>**1 - Negligible**<br>Risk level: | From: 01-Jul-24<br><br>To: 31-Dec-30 | Project Manager | Risk Treatment 4.1: BIOFIN's work has the overall objective of increasing natural resources and ecosystem services. Due to the mainly normative nature of the work, in most cases the possibility of negative environmental impacts is limited BIOFIN will apply a no-net loss strategy to the finance solutions selected. All solutions will be accompanied by appropriate studies and/or |

| # | Event | Cause | Impact(s) | Risk Category and Sub-category *(including Risk Appetite)* | Impact, Likelihood & Risk Level *(see Annex 3 Risk Matrix)* | Risk Valid From/To | Risk Owner *(~~individual~~ team accountable for managing the risk)* | Risk Treatment and Treatment Owner |
|---|---|---|---|---|---|---|---|---|
| | | | The nature of the work, with a focus on feasibility studies, technical support and revision of legislation to improve the legal framework means the eventual impact will be limited. | **Risk Appetite: CAUTIOUS** | **LOW (equates to a risk appetite of CAUTIOUS)** | | | analysis to ensure no negative effects on the environment.<br>BIOFIN will build on existing guidance from BBOP, IFC and others on appropriately applying the mitigation hierarchy.<br>Risk Treatment Owner: Project Manager<br><br>Risk Treatment 4.2: In 2024, Climate Change Adaptation Expert will be hired to further enhance positive impacts and prevent negative impacts.<br><br>Risk Treatment Owner: Project Manager |
| 5 | There is a risk that some activities will impact indigenous peoples. | As a result of some finance solutions that occur in areas with the presence of indigenous peoples. | Indigenous people might be present on lands such as protected areas which are the target area of finance solutions supported by the project.<br>The other type of risks related to indigenous presence would be with bioprospecting mechanisms. | **1. SOCIAL AND ENVIRONMENTAL (1.9. Indigenous peoples) - UNDP Risk Appetite: CAUTIOUS** | Likelihood:<br>**3 - Moderately likely**<br>Impact:<br>**1 - Negligible**<br>Risk level:<br>**LOW (equates to a risk appetite of CAUTIOUS)** | From: 01-Jul-24<br><br>To: 31-Dec-30 | Project Manager | Risk Treatment 5.1: One of the criteria for finance solution selection will be to have a positive impact on indigenous communities' livelihood or to avoid negative effects on them. BIOFIN will ensure full participation of the local indigenous communities in any possible finance solution proposed to be implemented in their territory or area. The Free, Prior, and Informed Consent (FPIC) will be applied and cooperation with other UNDP specialized projects in this area will be ensured. In cases of Finance Solutions related to Bioprospecting, BIOFIN would have the role of mediator or provide technical support to reduce the risk of bio-piracy and pursue positive benefits for the indigenous communities<br>Risk Treatment Owner: Project Manager<br><br>Risk Treatment 5.2: Finance solutions are being monitored and SES assessment analysis are being requested for finance solutions likely to be implemented in areas where indigenous people are living.<br>Risk Treatment Owner: Project Manager |

| # | Event | Cause | Impact(s) | Risk Category and Sub-category *(including Risk Appetite)* | Impact, Likelihood & Risk Level *(see Annex 3 Risk Matrix)* | Risk Valid From/To | Risk Owner *(~~individual~~ team accountable for managing the risk)* | Risk Treatment and Treatment Owner |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Risk Treatment 5.3:<br>BIOFIN is enlarging its guidance on best practices while working with communities during finance solutions implementation. Several finance solutions positively impacted indigenous groups for example crowdfunding campaign organized for Rangers in the Philippines.<br>Risk Treatment Owner: Project Manager |
| 6 | There is a risk that new countries starting the process face capacity constraints to implement the BIOFIN Methodology | Due to the approach of BIOFIN to rely mainly on national expertise for implementation | This will impact the project's delivery. | **4. ORGANIZATIONAL (4.2. Execution capacity) - UNDP**<br>**Risk Appetite: EXPLORATORY TO OPEN** | Likelihood:<br>**2 - Low likelihood**<br>Impact:<br>**1 - Negligible**<br>Risk level:<br>**LOW (equates to a risk appetite of MINIMAL)** | From: 01-Jul-24<br>To: 31-Dec-30 | Project Manager | Risk Treatment 6.1: Additional international expertise and training programmes are to be built into national workplans.<br>Lessons learned from existing countries have been shared and discussed in workshop sessions and webinars. The Global BIOFIN team offers ongoing technical support from international experts. An online training module has been made available free of charge.<br><br>Risk Treatment Owner: Project Manager |
| | | | | | | | | Risk Treatment 6.2: Experience from implementation in the existing countries has demonstrated this challenge can be largely overcome. This challenge was overcome thanks to improved capacity building and knowledge sharing. This risk is however closely monitored for the 5 countries that joined BIOFIN in 2021. New countries have successfully hired to adequate national teams.<br><br>Risk Treatment Owner: Project Manager |
| 7 | There is a risk that Institutionalization might not be achieved for all prioritized finance | As a result of lack of operational, political and strategic government's support. | Which will impact on the project's results. | **7. STRATEGIC (7.5. Government commitment) - UNDP** | Likelihood:<br>**2 - Low likelihood**<br>Impact: | From: 01-Jul-24<br>To: 31-Dec-30 | Project Manager | Risk Treatment 7.1: BIOFIN continues to engage key stakeholders through the entire process and the current positive momentum for nature positive investment seems to increase the |

| # | Event | Cause | Impact(s) | Risk Category and Sub-category *(including Risk Appetite)* | Impact, Likelihood & Risk Level *(see Annex 3 Risk Matrix)* | Risk Valid From/To | Risk Owner *(~~individual~~ team accountable for managing the risk)* | Risk Treatment and Treatment Owner |
|---|---|---|---|---|---|---|---|---|
| | solutions and Biodiversity Finance Plans | | | **Risk Appetite: OPEN TO SEEKING** | **1 - Negligible**<br>Risk level:<br>**LOW (equates to a risk appetite of CAUTIOUS)** | | | probability of institutionalization in most countries. Multiple BIOFIN countries show high level Steering Committee ensuring good opportunities for institutionalization.<br>Risk Treatment Owner: Project Manager<br><br>Risk Treatment 7.2: BIOFIN will continue to improve its guidance on step by step approaches to ensure institutionalization of the BIOFIN process and finance solution implementation. New scorecard has developed to measure the progress.<br><br>Risk Treatment Owner: Project Manager |
| 8 | There is a reputational risk for global crowdfunding campaigns. | As a result of the organization of crowdfunding campaigns as part of BIOFIN's finance solutions. | Which will impact on the reputation of BIOFIN and UNDP. | **5. REPUTATIONAL (5.1. Public opinion and media) - UNDP Risk Appetite: CAUTIOUS** | Likelihood:<br>**1 - Not likely**<br>Impact:<br>**1 - Negligible**<br>Risk level:<br>**LOW (equates to a risk appetite of CAUTIOUS)** | From: 01-Jul-24<br><br>To: 31-Dec-30 | Project Manager | Risk Treatment 8.1: Crowdfunding campaigns are carefully designed with multiple stakeholders (government, civil society, private sector, experts, etc.) and the UNDP Innovation Lab. The funds raised are not large and are used for short-term urgent needs, for example created by the Covid 19, which reduces the probability of negative impact on reputation<br>Risk Treatment Owner: Project Manager<br><br>Risk Treatment 8.2: BIOFIN continuously improve the global guidance available for crowdfunding campaigns directed toward biodiversity finance. The recent successes in Thailand, Costa Rica, Ecuador and Philippines present good opportunities for lessons learnt.<br>All crowdfunding campaigns successfully completed and raised around US$ 2 million. No further campaigns are planned.<br>Risk Treatment Owner: Project Manager |

| # | Event | Cause | Impact(s) | Risk Category and Sub-category *(including Risk Appetite)* | Impact, Likelihood & Risk Level *(see Annex 3 Risk Matrix)* | Risk Valid From/To | Risk Owner *(~~individual~~ team accountable for managing the risk)* | Risk Treatment and Treatment Owner |
|---|---|---|---|---|---|---|---|---|
| 9 | There is a risk of inefficient coordination of project activities. | As a result of the large number of countries (40+) participating in this project. | This will impact on the quality monitoring and oversight, and the ability to timely implement activities | **4. ORGANIZATIONAL (4.3. Implementation arrangements) - UNDP Risk Appetite: EXPLORATORY TO OPEN** | Likelihood: **2 - Low likelihood** Impact: **3 - Intermediate** Risk level: **MODERATE (equates to a risk appetite of EXPLORATORY)** | From: 01-Jul-24 To: 31-Dec-30 | Project Manager | Risk Treatment 9.1: Project Manager is responsible for the day-to-day project management and regular monitoring of global results and risks, including social and environmental risks, and coordination of activities across counties. The Project Manager will ensure that all programme staff maintain high level of transparency, responsibility and accountability in implementation, M&E and reporting results. The Project Manager will inform the Project Steering Committee of any delays or difficulties in coordination as they arise during implementation so that appropriate support and corrective measures can be adopted.<br><br>Risk Treatment Owner: Project Manager<br><br>Risk Treatment 9.2: The project has established an additional instrument, called "Advisory Committee". The Project Manager will report twice a year to the Advisory Committee to collect advice on potential strategic partnerships and coordination opportunities. The meetings will also be used to provide updates on project progress and apprise donors of emerging technical assistance needs, coordination needs and gaps.<br><br>Risk Treatment Owner: Project Manager |