United Nations Development Programme
Bureau for Development Policy-Environment and Energy Group

Biodiversity Global Programme 2008 – 2010
Mainstreaming Biodiversity into Economic Sector Governance Systems and Product Supply Chains

Strategic Plan Outcome[s]/Indicator[s]:	Mainstreaming environment and energy in MDG-based policy and planning frameworks at the national level
Expected Outcomes/Indicators:	The **Objective** of the project is to establish facilities to allow UNDP projects and others engaged in biodiversity mainstreaming endeavours to exchange, adopt and apply information concerning experiences and good practices. Outcomes • Primers providing decision-makers with a framework of analysis to define the costs, benefits and tradeoffs inherent in pursuing production in areas of high biodiversity facilitate informed decision making: • A set of decision making tools for supply chain transformation, to simultaneously address biodiversity management and economic development imperatives, building on on-going UNDP work. • Partnership engineered with the CBD Secretariat to mainstream biodiversity into UNDP's broader development programming.
Executing Entity:	UNOPS
Implementing Agencies:	UNDP BDP

World leaders have pledged to achieve the Millennium Development Goals, including the overarching goal of cutting poverty in half by 2015 and MDG #7: Ensuring Environmental Sustainability. UNDP, the UN's development arm, supports and links global, regional and national efforts to reach these goals. Recognising the critical importance of the natural environment, and derivative services in sustaining human development, particularly in poor communities, UNDP has instituted "Environment and Sustainable Development for the MDGs" as one of its four strategic priorities. UNDP's Environment and Energy Group helps countries fight poverty and attain sustainable development through sound and equitable management of the environment.

The overall objective of UNDP's biodiversity program is to assist developing countries and countries in transition to develop their own capacity to manage biodiversity so as to sustain the delivery of the ecosystem goods and services on which human development depends. To achieve this objective, UNDP's focuses on two areas: 1) Mainstreaming biodiversity management into governance systems and product supply chains in major economic sectors; 2) Unleashing the economic potential of Protected Areas, by developing ecologically representative and financially sustainable protected area systems nested in national development frameworks. This project will finance a set of activities to achieve results in the first focus area: Mainstreaming biodiversity. UNDP's strategy under this area seeks to embed biodiversity management objectives into economic sectors incorporating sector governance (development plans, institutional frameworks etc.) and product supply chains, from the production gate to the retail level. Currently, UNDP's mainstreaming endeavors are project focused,

at country level. While big successes are being registered at the national and sub-national levels, there is no corresponding global policy and knowledge networking process, designed to cross fertilize existing initiatives as necessary to replicate sound practices. Although some knowledge products have been developed for some sectors(i.e. forestry, coffee), and some knowledge products are available for the purposes mainstreaming biodiversity into development planning, there is a dearth of information on good practices and accompanying decision making tools that meld governance with supply chain transformation. This project is designed to address this gap. The project will strengthen the capacity to analyze, synthesize, disseminate and adopt good practices, innovative approaches and new tools from UNDP projects designed to mainstream biodiversity into economic sectors. The project will benefit from the portfolio of UNDP biodiversity mainstreaming activities, building on the practitioner base, evidence of sound practice, and lessons learned regarding the determinants of success and failure in achieving mainstreaming in seeking to inform decision making on biodiversity mainstreaming.

Project details:	
Project title:	**Biodiversity Global Programme 2008 – 2010:** Mainstreaming Biodiversity into Economic Sector Governance Systems and Product Supply Chains
Project ID:	**00063853**
Duration:	24 Months
Start:	1 January 2009
End:	31 December 2010
Management arrangements:	UNOPS

Project Budget	
Budget:	$1,412,400
Total Budget:	$1,412,400
Allocated resources:	
Parallel:	
Non-core:	$1,412,400
Source of Funds:	Norwegian Ministry of Foreign Affairs
Unfunded budget:	NA

	Signed:	Name & title:	Date:
On behalf of UNDP:		for Olav Kjørven Assistant Administrator & Director, BDP, UNDP	10/Dec. 08
On behalf of UNOPS		~~Roswitha Newels~~ Chief, Global and Inter-regional Division UNOPS Geert Vanhoja, OIC	

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Acronyms

BD	Biodiversity Focal Area
CBD	Convention on Biological Diversity
CO	UNDP Country Office
COP	Conference of the Parties
EEG	Environment and Energy Group (within UNDP's Bureau for Development Policy – BDP)
GEF	Global Environment Facility
MDG	Millennium Development Goals
SANBI	South African National Biodiversity Institute
SCBD	CBD Secretariat
UNDP	United Nations Development Programme
WSSD	World Summit on Sustainable Development

SECTION I. NARRATIVE

Part I. Background

1. UNDP is the largest source of technical assistance on environment and energy in the UN system with a portfolio of more than 4,000 ongoing projects amounting to over US $7 billion. UNDP's 2008-2011 Strategic Plan includes the strategic priority "Environment and Sustainable Development for the MDGs". Four strategic objectives have been identified, circumscribing UNDP's work under this strategic priority: (1) Mainstreaming environment and energy in MDG-based policy and planning frameworks at the national level; (2) Generating new environment-based sources of finance to significantly scale-up investment in environment and energy to achieve the MDGs; (3) Promoting adaptation to climate change in order to lower the risks to the poor in developing countries and enable the attainment of the MDGs; and (4) Expanding access to environmental and energy services for the poor as a foundation for poverty reduction and economic growth.

2. In order to achieve the afore-mentioned strategic objectives, the Environment & Energy Group draws on its expertise in the following areas: strategies for sustainable development, biodiversity management, mitigation of greenhouse gas emissions, adaptation to human-induced climate change, water governance in large marine ecosystems and freshwater basins, energy services, land management, and control of ozone depleting substances and persistent organic pollutants. EEG draws on funding mobilized through the Global Environment Facility, the Montreal Protocol Unit, bilateral donors, Foundations and the private sector. EEG is addressing program-country demand for assistance in strategic areas that fall outside the established mandates of the GEF and MPU funds through global partnerships such as the Equator Initiative, the Poverty and Environment Initiative (PEI), the Global Village Energy Partnership (GVEP), Liquefied Petroleum Gas (LPG) initiative, Rural Energy Challenge, the Global Water Partnership and CapNet, and MDG Carbon which are underwritten by a limited amount of core funding and a significant amount of non-core resources channeled through the Environment and Energy Thematic Trust Fund.

3. The Environment & Energy Practice is staffed by over 70 senior technical advisors based in the Environment and Energy Group at UNDP Headquarters and in Regional Service Centers. Over 240 Country Office staff also work on environment and energy, and the Practice has an E&E Knowledge Network with 1,200 members located across the world. UNDP's country offices are supported by specialized policy advisors.

Part II. Situation Analysis

4. Despite their critical importance to sustaining life on Earth, ecosystems continue to be degraded at an alarming rate. Biodiversity is threatened in different degrees across the world. Threats range from immediate problems, such as poaching, illegal logging, mining, settlement and uncontrolled fires, to longer-term problems such as pollution and climate change. Overall, unsustainable consumption continues, as indicated by the growing global ecological footprint, which now exceeds the world's ability to regenerate by about 25%.[1] The 2005 Millennium Ecosystem Assessment concluded that almost 60% (15 out of 24) of the ecosystem services that support life on Earth and make a direct contribution to human wellbeing - such as provision of freshwater, pollination and the regulation of regional climate, natural hazards and pests - are being undermined as a result of human activities. Two service groups, namely fisheries and freshwater provision, are now degraded beyond levels that can sustain current, much less future demands. More land has been converted to agriculture since 1945 than in the 18th and 19th centuries combined. The loss of primary forest since 2000 has been estimated at 6 million ha annually. Africa and South America have witnessed the largest net loss of tropical and sub tropical forests. There is recent evidence of increases in the frequency and extent of natural disturbances (fire, insect outbreaks and disease) in boreal forests, which

[1] Living planet report 2006, WWF, http://assets.panda.org/downloads/living_planet_report.pdf

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negatively affect these ecosystems.[2] Coastal and marine ecosystems have been heavily impacted by human activities, leading to large losses of kelp forest, seagrass and coral ecosystems. The Living Planet Index has recorded a consistent decline in average species abundance by about 30% between 1970 and 2003.[3] The overall number of species considered to be critically endangered increased by 7% between 2004 and 2006. According to the IUCN Red Data List, the most significant increases in the critical category were among fish species (48% increase), insects (45% increase) and reptiles (14%). Among gymnosperms, 31% are considered threatened.

5. Anthropogenic climate change, which is the greatest challenge facing humanity at the start of the 21st Century, is likely to exacerbate biodiversity loss with IPCC 'business as usual' scenarios estimating that climate change will put up to 30% of species at increased risk of extinction by 2050. This is particularly problematic as highly biodiverse ecosystems, such as forests, bogs, and coral reefs, contain massive carbon reservoirs that are vital in their contribution to regulating the global climate. Likewise, healthy and diverse ecosystems are expected to be more resilient in the face of climate change than ecosystems whose integrity has been undermined. Failure to meet this challenge raises the spectre of unprecedented reversals in human development.

6. Poverty is intimately linked to the status of biodiversity. The poor, especially in rural areas, depend on biodiversity for the provision of food, fuel, shelter, medicines, and livelihoods. Biodiversity also provides the critical 'ecosystem services' on which development depends, including air and water purification, soil conservation, disease control, and reduced vulnerability to natural disasters such as floods, droughts and landslides. As such, the sustainable management of ecosystems – the species and genetic resources that comprise them, and the services they provide for society – are key to the achievement of the MDGs. MDG 1, the eradication of extreme poverty and hunger, depends on productive agriculture, livestock and fisheries, which in turn rely on ecosystem services (e.g. soil fertility and erosion control). Healthy ecosystems help mitigate the impact of droughts, floods and other natural disasters. The poor are the ones that are most dependent on direct utilization of biodiversity for their livelihoods and the first to suffer from its loss. With regards to MDGs 3 and 5, as natural resources are depleted, women are increasingly burdened to gather drinking water, fuel wood, and non-timber forest products. Ecosystem degradation often increases water-borne and insect-borne diseases such as malaria and leishmaniasis. Conversely, genetic resources are the basis for both modern and traditional health care interventions, including the development of new drugs.

7. The root causes of biodiversity loss vary, but may broadly be broken into the following types.

Threat Driver	Problem
Population expansion through endogenous growth and immigration into wildlands	Traditional management practices adapted to local environmental conditions, such as transhumant livestock management, may no longer be viable when population densities increase beyond certain minimum thresholds; Increasing localized consumption pressures on wild resources lead to their over-harvest; in some cases urban demand leads to commercialization of harvests, which can place high stress on resources (e.g. fuel wood) previously harvested for subsistence; Agricultural expansion onto marginal lands/encroachment pressure on protected areas.
Weak Governance	Unequal application of rules and limited accountability for decision making; High degree of centralization in decision making; Trade-offs between resource use options are not factored into decision making.
Policy Failure	Subsidies provide an impetus for inappropriate land uses; Policy distortions favoring some sectors over others (i.e. livestock vs wildlife).
Absence of	Skewed distribution of land ownership;

[2] Global Biodiversity Outlook 2, CBD 2006 (page 23-24)

[3] Living Planet Index measures trends in the Earth's biological diversity by tracking populations of 1,313 vertebrate species from all around the world. Global Biodiversity Outlook 2, CBD 2006

Threat Driver	Problem
Property/Usufruct Rights to land and wild resources	Lack of defined property and usufruct rights on communal lands.
Market Failure	Failure to internalize the shadow value of ecosystem services in resource pricing; The costs of resource stewardship to landholders are uncompensated (i.e. benefits accrue to individuals that do not underwrite the costs of BD management)

8. The importance of these main drivers of biodiversity loss vary from region to region. While human needs and desires are at the root of the behaviours that cause biodiversity loss, these behaviours are governed by attitudes, beliefs, cultures, and norms; through mechanisms of exchange, in particular markets; by the knowledge, skills and technologies of individuals and society; and by policies, regulations and institutions. Slowing of the rate of loss of biodiversity can be achieved through intervention in any or all of these four areas. The failure of policies, regulations and institutions, is the most frequently reported governance entry point for interventions aiming to stem biodiversity loss. Policy failure, and in particular the use of subsidies, problems with land and resource tenure, and a general emphasis on the pursuit of economic growth rather than environmental sustainability, seem to be key. Even where the governance regime is conducive to good biodiversity management, resource and capacity constraints may lead to weak implementation and enforcement. Market failures are also being increasingly recognized as something that can be addressed through the development of markets for ecosystem services to compensate for good stewardship of biodiversity.

9. The CBD 2010 target - agreed by the parties to the convention at CBD COP 6 in the Hague, Netherlands "to achieve by 2010 a significant reduction of the current rate of biodiversity loss at the global, regional and national level as a contribution to poverty alleviation and to the benefit of all life on earth" and later reaffirmed by the World Summit on Sustainable Development 2002 in Johannesburg, South Africa and at the 2005 World Summit in New York, USA - provides a compelling organizing framework for action to improve management of biodiversity. The following are the goals of the **2010 Biodiversity Commitments**:

Goal 1. Promote the conservation of the biological diversity of ecosystems, habitats and biomes
Goal 2. Promote the conservation of species diversity
Goal 3. Promote the conservation of genetic diversity
Goal 4. Promote sustainable use and consumption
Goal 5. Pressures from habitat loss, land use change and degradation, and unsustainable water use, reduced
Goal 6. Control threats from invasive alien species
Goal 7. Address challenges to biodiversity from climate change, and pollution
Goal 8. Maintain capacity of ecosystems to deliver goods and services and support livelihoods
Goal 9. Maintain socio-cultural diversity of indigenous and local communities
Goal 10. Ensure the fair and equitable sharing of benefits arising out of the use of genetic resources
Goal 11. Parties have improved financial, human, scientific, technical and technological capacity to implement the Convention

In May 2007, the UN Secretary General announced, in a statement that the 2010 Biodiversity Targets are "*fully integrated into the framework of the Millennium Development Goals and, as a sign of further support, the international community decided to declare 2010 the International Year for Biological Diversity*".
UNDP's Strategic Plan for "Environment and Sustainable Development"(2008-2011) addresses these issues.

Part III. Strategy

10. The overall objective of UNDP's Biodiversity Program is to assist countries to develop their own capacity to manage biodiversity so as to maintain delivery of the ecosystem goods and services on which sustained human development depends. To achieve this objective, UNDP engages in two Signature activities:

Signature Activity 1: Mainstreaming biodiversity management objectives into economic sector activities, to ensure that production practices maintain essential ecosystem functions that sustain human welfare; and

Signature Activity 2: Unleashing the economic potential of PAs, so that they are better able to fulfill their management functions, are sustainably financed, and contribute to sustainable development. This project addresses the first of these two activities: mainstreaming biodiversity into economic sector activities.

The Programme will be guided by the five inter-related principles of the UN Development Group:

- Human-rights-based approach to programming, with particular reference to the UNDG Guidelines on Indigenous Peoples' Issues
- Gender Equality
- Environmental Sustainability
- Results-based Management
- Capacity Development

11. Historically, concern for biodiversity has tended to focus on the maintenance of the diversity of species and species assemblages. The primary response to this has been the establishment of protected areas and currently these cover slightly more than 10% of the world's surface. However, there are still notable gaps in the bio-geographic coverage of ecosystems, particularly marine ecosystems. Even with increased coverage it is expected that protected areas are likely to be able to protect no more than 50% of the planet's biodiversity. Further, protected areas will not sustain a sufficient range of ecosystem services required for sustainable development. Most biodiversity in the world resides outside protected areas on land dedicated to various production activities. These include agriculture, forestry, agro-forestry, fisheries, mining and tourism. Where the cost-benefit calculus for the maintenance of biodiversity is negative, or perceived as such, then the chances are that these lands will be transformed in ways that are incompatible with the maintenance of biodiversity values. The primary drivers of biodiversity loss lie in the agriculture, forestry, energy, fisheries, transport, and mining sectors. Agricultural commodities such as coffee, tea, cocoa, cotton and flowers, among others are major sources of earnings for developing countries, and a large source of employment and foreign exchange. These industries are large. Coffee, for example, is the second-largest traded commodity after oil and gas. Similarly, extractive industries are often amongst the largest economic sectors in developing countries, and exports of minerals, oil and gas underwrite the trade balance in many countries. It stands that the way production land is used has a major bearing on biodiversity status, determining whether wild habitat is retained or lost and whether ecosystem functions are forfeited or sustained. A key challenge is to manage trade-offs between production needs and biodiversity and identify win-win solutions to conservation that benefit production enterprises but also maintain biodiversity and sustain ecological functions.

11. UNDP's strategy under Signature Activity 1: mainstreaming seeks to embed biodiversity management objectives into economic sectors incorporating sector governance (development plans, institutional frameworks etc.) and product supply chains, from the production gate to the retail level. UNDP's activities are designed to address barriers to mainstreaming, , which may broadly be categorized into six 'bundles': three dealing with sector governance fundamentals and three with product supply chains.

Barrier Category and Description
Governance Related Barriers: *(Policies, Plans and institutions)*: mainstreaming into overall spatial governance systems at various levels - global, national, provincial and municipal, local and community (customary governance) - such that policies and practices within the political jurisdiction are positive towards biodiversity (i) Systemic Level Capacity: There may be weaknesses in the policy framework governing conservation and production that impedes pursuit of nested approaches (conservation within production). The failure to clarify property or use rights and responsibilities may create disincentives for the good stewardship of resources on

production lands.

(ii) Institutional Level Capacity: The capacity of institutions outside of the conservation arena to pursue conservation objectives may be limited. This includes government regulatory agencies and industry associations. Coordination capacity may be limited.

(iii) Individual Level Capacity Barriers: This barrier relates to the capacity of individuals to manage production in ways that are compatible with biodiversity objectives. The lack of information on the carrying capacity of an ecosystem for given livelihood activities may handicap efforts to engender sustainability. The absence of capacities to manage ecosystems in ways that improve productivity while protecting biodiversity is also a handicap.

Supply Chain Related Barriers: transforming supply chains for goods and services mediated by biodiversity, to give value to production systems that recognize and are adapted to the maintenance of ecosystem functions.

(iv) Market Barriers: The lack of information on market conditions can impede the ability of entrepreneurs to access markets for commodities produced in a manner that is compatible with biodiversity management, or profit from higher prices obtainable in niche markets (to compensate for the marginal costs of mainstreaming).

(v) Investment Barriers: Traditional financial capital markets will typically not finance environmentally friendly production activities if performance remains unproven, and venture capital may be locally absent. Barrier removal activities could engineer "deal flows" by sensitizing financial managers to investment opportunities, organising and building the capacity of communities, often through cooperatives, to assist them in applying to credit institutions for funding and establishing micro-credit facilities. Activities could also stimulate the development of Payment for Environment Services (PES schemes), and support from financial institutions for biodiversity-friendly businesses.

(vi) Local Knowhow for Ecosystem Management: The absence of capacities to manage ecosystems in ways that improve productivity while protecting biodiversity can serve as a barrier to business development. Barrier removal activities could include the costs of designing and piloting integrated land management models, testing new technologies, and building local capacities to operationalise management and build partnerships.

12. UNDP's work on governance necessarily has a spatial focus on production landscapes and the sectors that operate within them. Depending on the area, this work may have a multiple sector focus, recognizing the inter play between sectors, and the fact that landholders may undertake several activities simultaneously or switch between activities. UNDP's work on supply chains focuses on reforming supply chains, from production through distribution to the product retail level--- ensuring that biodiversity management needs are addressed at each level. The Governance and supply chain foci of UNDP's work are mutually reinforcing; supply chain transformation requires good governance, evidenced in enabling policy frameworks, accountable institutions, and the rule of law. Conversely, strong governance, requires the parallel transformation of product supply chains so as to provide an incentive to change human behavior.

13. UNDP currently manages a portfolio of 78 projects funded by the GEF that deal with the biodiversity mainstreaming agenda, and which cover an area of more than 46 million hectares. This work encompasses a broad range of sectors: tourism, agri-business (cocoa, cotton, coffee etc), extractive industries, agriculture, infrastructure, and products harvested from the wild such as wild flowers, and fisheries. A list of the landscapes and sectors that are currently the focus of UNDP work forms Annex 1.

There is considerable demand from countries for UNDP support to biodiversity mainstreaming, as evidenced by the growth of the portfolio, and demand for knowledge services registered on the EEG network.

14. Currently, UNDP's mainstreaming endeavors are project focused, at country level. While big successes are being registered at the national and sub-national levels, there is no corresponding global policy and knowledge networking process, designed to cross fertilize existing initiatives as necessary to replicate sound practices. Although some knowledge products have been developed for some sectors(i.e. forestry, coffee), and some knowledge products are available for mainstreaming biodiversity into national development planning, there is a dearth of information on good practices and accompanying decision making tools that meld governance with supply chain transformation. This project is designed to address this gap. It will benefit from the existing network of UNDP biodiversity mainstreaming activities, building on the practitioner base, evidence of sound practice, and lessons learned regarding the determinants of success and failure in achieving mainstreaming to develop decision making tools to inform policies and strategies designed to engineer biodiversity mainstreaming. In doing so, it will strengthen the community of practice.

Project Components and Outputs

15. The project will strengthen the capacity to analyse, synthesize, disseminate and adopt good practices, innovative approaches and new tools from past and existing UNDP projects designed to mainstream biodiversity into economic sectors. In doing so, it strengthen the global portfolio of UNDP biodiversity mainstreaming initiatives and ultimately, improve the achievements scured through these interventions.

The **Objective** of the project is to establish facilities to allow UNDP projects and others engaged in biodiversity mainstreaming endeavours to exchange, adopt and apply information concerning experiences and good practices. The project will provide tool kits, to address knowledge product gaps, and facilitate information exchange and the uptake of good practices through networks of practitioners dealing with biodiversity mainstreaming issues. The project Objective will be secured through 3 components with 9 Outputs.

Component 1: Mainstreaming biodiversity management into governance systems:

Currently, there is a dearth of decision making tools and technical guidance to guide decision makers responsible for economic sector activities in landscapes harbouring important biodiversity and providing critical ecosystem functions. The project will address this gap by developing a set of decision making tools that combine biological, ecological, economic and social objectives and reference data to define optimum land use systems and resource allocation frameworks. The guidance will be designed to be user friendly, and applicable for use in national and local land use planning and management systems in production landscapes.

Outcome: Primers providing decision-makers with a framework of analysis to define the costs, benefits and tradeoffs inherent in pursuing production in areas of high biodiversity, so as to facilitate informed decision making:

Total Outcome Budget:

Norwegian Funds: US$ 660,000

- **Output 1.1:** Guidance on the development and use of multi variate land use mapping and planning tools based on the experience developing the Biodiversity Geographic Information System, Sector based biodiversity impact indices, trigger price assessment for biodiversity-friendly land uses and other decision making tools developed through innovative UNDP/GEF interventions in South Africa.

- **Output 1.2:** Guidance for the design of economic analyses to establish the relative costs and benefits of different land management options, and tradeoffs between biodiversity management and production systems.

- **Output 1.3:** Guidance, and accompanying scorecards for measuring success in engineering mainstreaming, from a biodiversity management, economic and operational perspective, paying due heed to cost effectiveness. Annotated Score cards would be developed for three sectors, based on UNDP's on going sector work, namely agri-business, plantation forestry and sustainable tourism. A generic score card would then be developed, that could be adapted for use in other sectors.

- **Output 1.4:** Guidance and accompanying primers prepared for local government authorities and other decision makers documenting experiences and good practices in integrating biodiversity management and sustainable livelihoods into local and municipal planning processes.

Component 2: Engineering Transformation of Product Supply Chains to Support Biodiversity Management

Total Outcome Budget:
Norwegian Funds: US$ 431,000

Outcome 2: A set of decision making tools for supply chain transformation, to simultaneously address Biodiversity management and economic development imperatives, building on on going UNDP work.

A large number of initiatives are underway world wide, through biodiversity projects or fair trade schemes to connect products developed in biodiversity friendly ways to the market place. This work has considerable potential to transform production activities; nevertheless progress is hamstrung by a dearth of policy advice and practical primers, to support decision making. A basic inventory of supply chain work across the globe is lacking, and many similar initiatives are being undertaken by private enterprises, NGOs and development agencies without reference to one another. While numerous certification systems have been set up for some products, verification systems remain weak overall, and certification remains nascent in some sectors. Understanding of the requirements of markets remains limited overall in small and medium enterprises supplying trade. Efforts are characterized by a high degree of fragmentation, undermining their overall efficacy. Finally, there is a need to distill lessons and best practices concerning the facilitation of investment in biodiversity friendly small and medium enterprises. UNDP is helping to facilitate such investment in several regions, with some success; there is a need to scale up these activities building on this experience.

Outcome: Key information barriers to transforming product supply chains to assure their compatibility with biodiversity management objectives are addressed.

- **Output 2.1:** An inventory of all product supply chain initiatives across the Globe for different economic sectors, providing an electronic data base that may be accessed by new entrants to markets

- **Output 2.2:** Specific guidance to assist companies and regulatory bodies in development of sustainable supply chains, and that information exchange leads to better UNDP – industry dialogue, coordination and identification of pilot initiatives.

- **Output 2.3:** Guidance on addressing trade related barriers, so as to improve access of small and medium enterprises in developing countries with markets to capitalise on promising biodiversity-friendly business opportunities. Practical guidance will be provided based on global trade frameworks: (a) Regional Trade assessment studies - to what extent do regional trade frameworks support-or not- sustainable trade of biodiverse products. These studies shall in first year be limited

to two or three sectors/products seeking to identify gaps/problems and make suggestions for improvement. The regional trade framework examined shall be both intra developing country agreements e.g. Andean community, ECOWAS, Central America Common Market as well as North-South trade agreements, e.g. EPAs, CAFTA. (b) Intellectual Property Checklist- Using experiences from the said 80 projects, an analysis of intellectual property barriers and a corresponding IPR checklist on what countries must look out for in the area of Intellectual Property policy while trading in biodiverse products. Along with maintaining the cluster's work on global trade related work, the products shall also feed into the area of south-south cooperation and integration.

Component 3: Partnership with the CBD Secretariat to mainstream biodiversity into UNDP's broader development programming.

Total Outcome Budget:
Norwegian Funds (EEG): US$ 193,000
Core EEG Funds: US$ 200,000

UNDP has entered into an agreement with the Secretariat of the Convention on Biological Diversity to increase the efficiency and effectiveness of work to mainstream biodiversity into development. Under the Agreement, UNDP and the CBD Secretariat will cooperate in the areas of knowledge, policy advice, advocacy, and technical support, relative to all aspects of the internalization of biodiversity considerations in development practice. UNDP and the CBD Secretariat will combine knowledge networking platforms for use in facilitating knowledge exchange between national CBD focal points and the development community.

Outcome: Partnership secured with the CBD Secretariat to identify key biodiversity management interventions that can be included in national planning through the UNDP MDG Support Project and other vehicles.

- **Output 3.1:** Policy guidance rendered in partnership with the CBD Secretariat with regard to the development and implementation of biodiversity strategies, taking into account the guidance of the Convention and UNDPs comparative advantages.

- **Output 3.2**: A strengthened internal knowledge distillation and dissemination service, to cross-fertilize biodiversity mainstreaming activities within UNDP, and improve the impacts of such activities.

In parallel, UNDP is managing a GEF project with total funding amounting to US$ 2,000,000, to assist eligible countries to report on the status of measures to meet the 2010 Biodiversity Targets.
The project is supporting the policy agenda and decision-making processes as follows:

- Encouraging and supporting the full implementation of the binding international commitments and necessary actions that contribute to biodiversity conservation, particularly the CBD and related instruments;
- Demonstrating clearly what progress countries are making in meeting the 2010 Biodiversity Commitment;
- Linking the assessment process to other important policy dialogues, in particular the achievement of the Millennium Development Goals (MDGs) and the implementation of the National Biodiversity Strategy and Action Plan; and
- Gaining public attention at country level for the challenge of meeting the 2010 targets

The information rendered through this parallel initiative will inform activities under Component 3.

Part IV. Financing Arrangement

16. Components 1 and 2 and Component 3.2 will be financed with funds allocated to this project with earmarked funds committed by the Government of Norway. Results sought through the project are in line with the Framework Agreement between the Government of Norway and UNDP signed on 2 December 2003. This project does not encompass the full scope of UNDP's work in the area of biodiversity management, nor does it reflect the full range of partnerships that UNDP has with the Norwegian Government. Component 3.1 will be financed with funds allocated by UNDP EEG.

17. Resource mobilization to support *Mainstreaming Biodiversity into Economic Sector Governance Systems & Economic Sector Supply Chains* is ongoing and, with support from other donors, activities may be expanded in the future through an extension or revision of this project document.

Part V. Implementation and Management Arrangement

18. The project will be executed through the United Nations Office for Project Services through its Global and Inter-Regional Division in accordance with standard operational, financial guidelines and procedures. UNOPS will remain accountable to UNDP for the delivery of agreed outputs as per agreed project work plans, for financial management, and ensuring the overall cost-effectiveness of planned activities.

19. The project will draw on the technical resources and networks of the Senior Technical Adviser for Biodiversity, the Equator Initiative, Program Specialists in the GEF Small Grants Programme, Policy Advisers in the poverty group, governance group, capacity development group, and private sector groups; Regional Technical Advisers in UNDP Regional Service Centres in Panama City, Panama (covering Latin America and the Caribbean), Bratislava, Slovak Republic (covering Europe and the CIS and the Arab States), Dakar, Senegal and Pretoria, South Africa (covering Africa) and Bangkok, Thailand (covering Asia/ Pacific).

20. The project builds on past and existing UNDP experiences and achievements, and has been designed to support country action. The project will work closely with UNDP Country Offices through the Regional Service Centres, and through them UNDP clients (government, the private sector and civil society), in order to gear knowledge management activities and product development to client needs. In particular, the project will

- Select case studies based on on-going UNDP activities (from the reference list provided in annex 1);
- Test the primers, tracking tools and other decision making products at the country level, and adjust the products, based on feedback; Activities will be designed to ensure that the learning generated is widely adopted and applied. In this context, the project will provide technical support for the design and implementation of UNDP mainstreaming activities.
- Strengthen the knowledge network specific to biodiversity mainstreaming, and the electronic information facility;
- Maintain close and regular dialogue with country office colleagues through the knowledge network, and gear product development to demand.
- Work with the Regional Service Centres to ensure that the knowledge products are translated into French, Spanish, Russian, Chinese and Arabic, funding permitting.

21. The role of Environmental Focal points/ Regional Technical Advisors (RTA) on Biodiversity (in the UNDP Regional Service Centres/Regional Co-ordination Units) includes, but is not limited, to: policy advisory services, making linkages to relevant biodiversity programming opportunities, knowledge management, identifying partnerships and mobilizing financial resources. During the preparatory and implementation phase of in-country activities, the RTA will be at hand to assist country offices with programming support services (as per standard practices), with technical backstopping from project funded

staff. The project will draw on the experience of RTAs and their regional networks, in formulating the decision making primers and other decision support products. The RTAs will gauge the scope and target of knowledge products, and ensure regional needs and circumstances are addressed in product design.

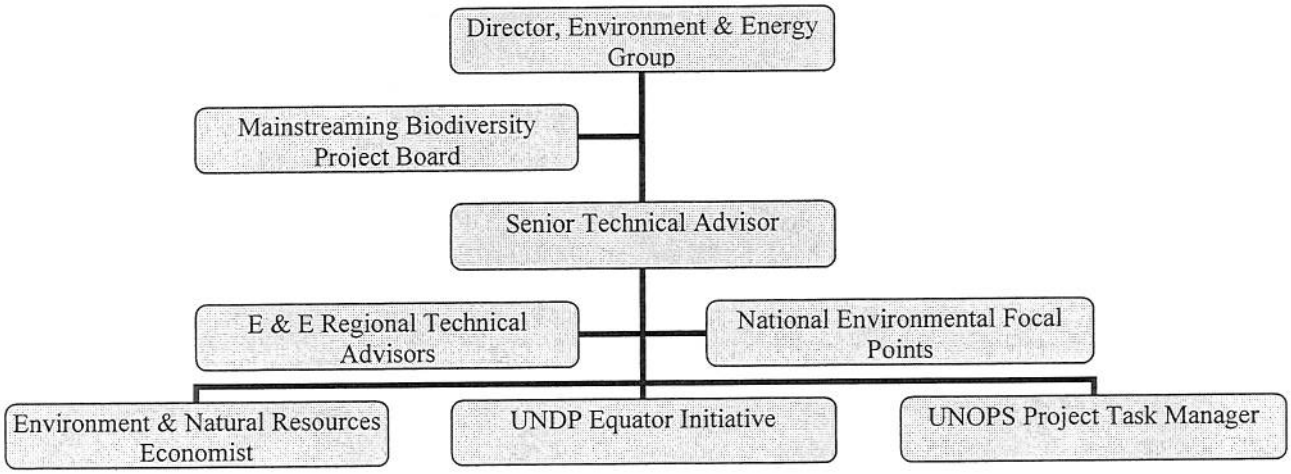
22. The Project will be overseen by the Senior Technical Adviser, Biodiversity who will remain accountable to the Director of EEG for the delivery of project Outcomes. In accordance with UNDP's Programme and Project Management Organization requirements[4], a Project Board will be established to oversee the project and provide strategic and operational recommendations to the Project Technical Adviser. In particular, the Board will perform the following functions:

- Provide guidance regarding the preparation of the project work plan;
- Provide guidance regarding the development of knowledge products, selection of case studies, development of knowledge networks and the design of electronic data facilities, following due consultation with the UNDP EEG knowledge facilitator;
- Final approval of the work plan, reports, knowledge products and other deliverables, after establishing that substantive input has been received from country offices and regional service centres, and that such feedback has been accommodated in the knowledge products;
- Troubleshooting, to ensure that activities are delivered on time and on budget;
- Ensuring the overall coherence of project activities and optimisation of activity synergies;
- Ensuring that knowledge generated through the project is cross fertilsed across regions, through regional environmental focal points;
- Approval of budget revisions;

The Board will comprise of the following members:

- EEG Senior Technical Adviser: Biodiversity (Chair)
- EEG Senior Policy Advisor Environment & Energy Group
- EEG: Environment and Natural Resources Economist
- Coordinator: UNDP Equator Initiative
- UNOPS Project Task Manager

Additional representatives from Regional Service Centres, the BDP/Poverty Group, and BOM/Private Sector Unit will be invited to participate on the Project Board, as appropriate.



23. A Technical Adviser will be recruited for two years to coordinate project activities under Output 1.1, and to and deliver Output 1.3, Output and Outputs 2.1 and 2.2. The Adviser will be based in the South African National Biodiversity Institute campus in Pretoria, South Africa. Terms of Reference for this post are supplied in annex 3.

24. Specific elements of this work plan may be accomplished through the recruitment of short-term specialized consultants as agreed by UNDP.

[4] http://content.undp.org/go/userguide/results/ppm-overview/management-structure

25. Output 1.1 will be administered through a Grant to the South African National Biodiversity Institute (SANBI), which is administering a number of UNDP biodiversity mainstreaming projects, and which has the necessary technical capacities needed to deliver the proposed activities and realize the intended Output.

26. The Equator Initiative will be responsible for coordinating Outputs 1.4, 2.3, and 3.2 and will deliver Outputs 1.4 and 3.2.

27. Output 3.1 will be coordinated by the Senior Technical Adviser for Biodiversity, UNDP-EEG.

Monitoring and Evaluation

28. Project activities and outputs will be monitored and evaluated in accordance with UNDP standard practice. In accordance with the programming policies and procedures outlined in the *UNDP User Guide*, the project will be monitored through the following means:

Within the annual cycle

- On a quarterly basis, a quality assessment shall record progress towards the completion of key results, based on quality criteria and methods captured in the Quality Management table below.
- An issue log shall be activated in Atlas and updated by the Project Manager to facilitate tracking and resolution of potential problems or requests for change.
- Based on the initial risk analysis submitted (see Annex 5), a risk-log shall be activated in Atlas and regularly updated by reviewing the external environment that may affect the project implementation.
- Based on the above information recorded in Atlas, a Quarterly Progress Reports (QPR) shall be submitted by the Project Manager to the Project Board through Project Assurance, using the standard report format available in the Executive Snapshot.
- A project Lesson-learned log shall be activated and regularly updated to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of the project
- A Monitoring Schedule Plan shall be activated in Atlas and updated to track key management actions/events

Annually

- **Annual Review Report**. An Annual Review Report shall be prepared by the Project Manager and shared with the Project Board and the Outcome Board. As minimum requirement, the Annual Review Report shall consist of the Atlas standard format for the QPR covering the whole year with updated information for each above element of the QPR as well as a summary of results achieved against pre-defined annual targets at the output level.
- **Annual Project Review**. Based on the above report, an annual project review shall be conducted during the fourth quarter of the year or soon after, to assess the performance of the project and appraise the Annual Work Plan for the following year. In the last year, this review will be a final assessment. This review is driven by the Project Board and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outputs.

Part VI. Legal Context

29. The administration of this project shall be governed by UNDP rules and procedures as defined in the Results Management Guide. Notwithstanding the completion of the projects financed from this

contribution to the fund, any unutilized balances shall continue to be held in the fund account until all commitments and liabilities incurred in implementation of the projects have been satisfied and project activities have been brought to an orderly conclusion.

30. This document together with the CPAP signed by the Government and UNDP which is incorporated by reference constitute together the instrument envisaged in the Supplemental Provisions to the Project Document, attached hereto. Consistent with the Article III of the Standard Basic Assistance Agreement, the responsibility for the safety and security of the executing agency and its personnel and property, and of UNDP's property in the executing agency's custody, rests with the executing agency. The executing agency shall:

a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
b) Assume all risks and liabilities related to the executing agency's security, and the full implementation of the security plan.

UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this agreement.

31. The executing agency agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

32. The UNDP Director for the Bureau for Development Policy is authorized to effect in writing the following types of revision to this Project Document, provided that he/she has verified the agreement of the project focal point in UNDP Environment Finance Unit and is assured that the other signatories to the Project Document have no objection to the proposed changes:

a) Revision of, or addition to, any of the annexes to the Project Document;
b) Revisions which do not involve significant changes in the immediate objectives, outputs or activities of the project, but are caused by the rearrangement of the inputs already agreed to or by cost increases due to inflation;
c) Mandatory annual revisions which re-phase the delivery of agreed project inputs or increased expert or other costs due to inflation or take into account agency expenditure flexibility; and
d) Inclusion of additional annexes and attachments only as set out here in this Project Document