

**FINANCE SOLUTION Proposal Template**

**(DO NOT PRINT – Save the planet)**

Country: South Africa Submission date: 23 June 2021

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**SECTION 1 – FOR PROPOSED FINANCE SOLUTIONS**

**The preparatory stage** *(If the solution is in the preparatory stage less details will be expected. Only the* ***white sections in the table must be filled****, the grey sections will be filled at the next stage).*

**Full implementation stage** *(If the solution enters in the full implementation stage, more details are expected. The* ***white and the grey sections must be filled*** *with as many details as possible)*

**Scaling up existing BIOFIN finance solution** *(If the solution was already being implemented under the previous phase by BIOFIN and the objective is to scale it up the proposal needs to be also developed to reflect this.* ***White and the grey sections must be filled*** *with as many details as possible)*

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| **Proposal Summary** | |
| Title of the Finance Solution | *Developing and promoting an online biodiversity economy investment portal* |
| Concise Description (*Approx 150 words*) | South Africa has developed a Biodiversity Economy Strategy (BES) that serves as a guide for the sustainable growth of the wildlife economy, ecotourism, and bioprospecting sectors.  The vision for the Biodiversity Economy Strategy is ‘optimised economic benefits from the sustainable use of South Africa’s biodiversity’. The intention is to enhance and create new and inclusive opportunities for economic growth through biodiversity-based initiatives.  The Biodiversity Economy Strategy provides a basis for ensuring that the biodiversity sector makes a substantial contribution to the Gross Domestic Product, addressing constraints for growth, ensuring sustainability, identifying clear stakeholder responsibilities, and monitoring progress of the enabling actions identified in the strategy.  The National Biodiversity Assessment 2018 (NBA 2018) indicates that strategic gains are possible by focusing on areas that are still in good ecological condition and where there are relatively easy opportunities for protection or other effective area-based conservation measures. Maintaining intact ecosystems and species populations and ensuring connectivity across landscapes are vital for preserving adaptive capacity of nature to climate change. This will enhance human adaptive capacity and resilience.  Facilitating financing of and investment into Biodiversity Economy enterprises is an essential part of creating an enabling environment for the sustainable growth of the sector. The Department of Fisheries, Forestry and the Environment had developed an online investment portal ([www.thegamechanger.co.za](http://www.thegamechanger.co.za)) that profiles a number of Biodiversity Economy investment opportunities. The site has since been taken offline, review of this platform was been undertaken and a substantial revision of this portal will significantly enhance its effectiveness.  The solution seeks to redevelop the Biodiversity Economy investment portal and profile investor-ready opportunities linked to potential partners and/or sources of finance. These could be individual investors, impact investors, crowd-funding initiatives, enterprise challenge funds, foundations, endowments, fund managers, international cooperating partners, grant making agencies, private and institutional bankers and development finance institutions.  A specific focus of this finance solution is to facilitate the development of business cases of a key sub-set of enterprises that form part of the Land Reform and Biodiversity Stewardship Initiative. The Land Reform and Biodiversity Stewardship Initiative aims to address the critical developmental and environmental challenges faced by South Africa. This initiative caters for land reform beneficiaries in areas of critical biodiversity importance, to ensure the conservation of biodiversity and provision of ecosystem services while promoting sustainable rural development. Biodiversity stewardship is an approach to securing land in biodiversity priority areas through entering into agreements with private landowners, communal property associations and the custodians of communal land. Conservation authorities, supported by conservation NGOs, lead this work. The objective of biodiversity stewardship is to conserve and manage biodiversity priority areas through voluntary agreements with landowners and communities.  Biodiversity stewardship is a highly cost-effective mechanism for expanding protected areas. The biodiversity economy investment portal will allow businesses created in this context to mobilize the funds needed for their development. |
| Contribution to SDGs | **SDG 8 – Decent Work and Economic Growth:** The facilitation of investment in stewardship sites will encourage increased employment and decent job offers.  **SDG 11- Sustainable Communities and Cities:** The economic growth of stewardship sites will have a ripple effect on the surrounding communities.  **SDG 15 – Life on Land:** Investment in the stewardship sites will encourage increased conservation of biodiversity. |
| Contribution to Aichi Targets / National Targets | **AICHI 11:** Well-governed and effectively managed protected areas are a proven method for safeguarding both habitats and populations of species and for delivering important ecosystem services.  **AICHI 20:** By 2020 the mobilization of financial resources for effectively implementing the Strategic Plan for Biodiversity 2011-2020 from all sources is facilitated.  **NBSAP 1**: Management of biodiversity assets and their contribution to the economy, rural development, job creation and social well-being is enhanced.  **NPAES:** The NPAES highlights ways in which we can become more efficient and effective in allocating the scarce human and financial resources available for protected area expansion. The goal of the NPAES is to achieve cost-effective protected area expansion for ecological sustainability and increased resilience to climate change.  **EPIP:** Potential to leverage additional private sector and other funding from the Department’s Environmental Protection & Infrastructure Projects (EPIP) amounts allocated to Biodiversity Economy projects owned by communities and emerging game ranchers. |
| Implementing / Strategic partners (if other than UNDP) | Department of Forestry Fisheries and Environment (DFFE), South African Biodiversity Institute (SANBI) |
| Start and End Date | 2020 – 2025 |

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| **Finance Results** |

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| Solution Category/ies from the [BIOFIN Catalogue](http://www.biodiversityfinance.net/finance-solutions) | Impact investment, Crowdfunding, Enterprise Challenge and Innovation Funds, Financial guarantees (public or private guarantees) |
| Relevant Finance Result(s) | 1) Mobilizing Resources 2) Delivering Better 3) Re-aligning existing resources |
| Estimated Finance Result | The estimated finance result envisaged under this solution is securing investment into Biodiversity Economy initiatives to support the viability and therefore the protection of 10 Biodiversity Stewardship sites covering a total of 50,000 hectares. The online portal will aim to raise at least USD800,000 investment for identified stewardship sites.  According to an estimate presented at the 2017 Biodiversity Stewardship Conference, the cost to purchase such land for conservation would be approximately USD 600 (~R9000) per hectare. The cost-saving to the state for purchasing the land for state-owned protected areas if South Africa’s protected area targets were to be fully met using the biodiversity stewardship model rather than land purchase could total over USD 6bn (~R100 billion) in the long term. Stewardship presents a low-cost option for expansion of the conservation estates and investment in these sites will contribute to the Protected Areas Expansion Strategy (NPAES).  The investment portal will be available to the full spectrum of eligible Biodiversity Economy enterprises in stewardship sites, including projects co-funded by other public expenditure sources, thereby leveraging further funding from this public investment. All the additional projects and efforts within the biodiversity economy will be eventually channeled through the digital platform for showcasing and hence the platform becomes an integrator and enabler of growth in the biodiversity economy at large. |
| Finance Source | Public and private finance from national and international sources. |
| Sector | Biodiversity |
| Instrument Type | Market Based |

Note: if Private sector please check due diligence requirements / guidelines at [this LINK](https://popp.undp.org/UNDP_POPP_DOCUMENT_LIBRARY/Public/BERA_Partnerships_UNDP%20Private%20Sector%20Risk%20Assessment%20Tool%20Guideline%20March%202016.docx)

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| **Budget (USD)** | | |
| **Total resources required:** | USD 406 000 | |
| **Total resources allocated:** |  | |
| **BIOFIN** | USD 206 000 |
| **In Kind: Government of South Africa** | USD120 000 |
| **In Kind: SANBI (Staff time)** | USD80 0000 |
| **Unfunded:** | | USD 0 |

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| **Main Proposal and approach** | |
| 1. Background information *(150 words approx.)* | South Africa’s Biodiversity Economy has been growing consistently faster than the general economy for several years, contributing R3 billion to GDP in 2013 – almost double the contribution made by the sector in 2008. The Biodiversity Economy Strategy estimates that the sector’s GDP contribution cold be R14 billion by 2030. The Biodiversity Economy can play an important role in driving the transition to a low carbon economy.  Significant, sustained and targeted investment will be required in the Biodiversity Economy in order for the sector to make the envisaged GDP contribution by 2030, while simultaneously enhancing economic, social and environmental outcomes. A clear outline of finance needs and suitable finance opportunities is to be determined, in order to identify the current investment gap in the Biodiversity Economy. Policy makers can play an important role of closing this gap by using instruments to attract the participation of a wide range of financing and investment agencies, entities and initiatives.  In order to achieve the envisaged growth and to ensure transformation of the sector, it is important to create an enabling environment for communities and entrepreneurs to participate in the biodiversity economy. This will contribute to poverty alleviation, sustainable development and conservation of the country’s biodiversity, requiring an integrated approach across a wide range of departments, all levels of government and input and support from industry and civil society.  A key focus of this envisaged work will be to devise appropriate mechanisms to leverage new investment into the Biodiversity Economy sector. Investment and financing for the sector does not necessarily require the creation of new instruments, but rather better showcasing existing investment opportunities (Biodiversity Economy projects) and connecting those opportunities/enterprises with available traditional and more innovative financing instruments and partners.  This Finance Solution will provide inputs and clarity on key policy considerations to further promote and mainstream investment and financing for sustainable Biodiversity Economy development such as:   * Promotion of finance for investment projects of all sizes and at various stages of development (such as start-up and early stages). * Development of risk-sharing mechanisms to foster private sector participation should be undertaken. * Make a clearer case which Biodiversity Economy investments support the transition towards low carbon, climate resilient investments. * Develop a coherent and consistent policy framework to support the shift to more sustainable Biodiversity Economy investment and financing practices. * Improve data and analysis on finance and investment in Biodiversity Economy enterprises.   A review of the gamechanger platform has been undertaken and a substantial revision of this portal will significantly enhance its effectiveness. The redeveloped Biodiversity Economy investment portal will profile investor-ready opportunities and link these to potential partners and/or sources of finance.  In 2021 the finance solution has procured services to enable the following functions to begin:   * Development of the digital site (online platform) * Provision of transactional advisor services to the 10 biodiversity stewardship sites * Content collected for the 10 biodiversity stewardship sites   It is anticipated that the digital site will be ready for launch by October 2021.  The following sites have been identified to directly benefit from this finance solution.  1. Seloane/Kondowe Nature Reserve- Seloane CPA Limpopo  2. Ndou Safaris- Tshivhula CPA Limpopo  3. Greater Balepye Nature Reserve- Balepye CPA Limpopo  4. Suikerbosrand Nature Reserve- Koppieskraal CPA, Gauteng  5. Kameelkop Nature Reserve KwaZulu-Natal  6. Somkhanda Nature Reserve Emvokweni CPA KwaZulu-Natal  7. Blyde Canyon Nature Reserve- Blyde 4 CPAs Mpumalanga  8. Namaqua Nature Reserve- Rooiwal CPA Northern Cape  9. Blomfontein Nature Reserve, Northern Cape  10. Avontuur Nature Reserve, Northern Cape |
| 1. Objective(s) and Results expected *(100 words approx..)* | Objectives:   * Create a template of what a Biodiversity Stewardship site investee prospectus should contain in order to engage an investor or partner (this template can form the basis for the full range of investee types), * Create an online investment portal that facilitates financing and partnership transactions between investees and investors in the Biodiversity Economy sector, * Pilot a brokerage exercise for 5 biodiversity conservation sites. This exercise would identify specific investors for the stewardship sites and provide transaction advice, * Understand the investor landscape that could be accessed by the full range of Biodiversity Economy enterprises, * Create awareness about investment and partnership opportunities in the Biodiversity Economy sector, * Create a repository of usable and current information on the legislative and compliance landscape for investment in the Biodiversity Economy.   Results expected:   * Biodiversity Economy enterprises are able to find project partners or financers more efficiently, thereby potentially reducing cost of capital and the time taken to finalize transactions. * Atleast USD800 000 worth of investments facilitated through the platform brockership function. * The profile of the Biodiversity Economy sector is substantially increased amongst the investor community, with an increasing investment portfolio held in this sector. * Significant leveraging of additional funds into the sector from investment of public funds. Additional financing options for Biodiversity Stewardship sites leads to an increasing number of sites being declared with shorter lead times, due to better profiling of sustainable and conservation compatible Biodiversity Economy opportunities on these sites. |
| 1. Gender Aspects | Gender will be a key consideration in the implementation of the finance solution. The following considerations have been taken into account   * Gender balance in any training provided * At least 20% of sites profiled will have women as the majority shareholders |
| 1. Business Case (*Approx 150 words*) | The redevelopment of the Biodiversity Economy Investment Portal provides an opportunity to profile investment opportunities identified in priority Biodiversity Stewardship sites and Conservation Areas to a range of potential investors. These sites are well placed to secure investment from Impact investment sources, Crowd-funding initiatives and Enterprise Challenge Funds.  The solution is targeting to raise atleast USD800,000 in investments for the Biodiversity Stewardship sites by 2024  The development of business cases will ensure a clear articulation of the investment and/or partnership objectives of the investee to establish a basis for further engagements with a potential investor/funder.  A major component of the Land Reform and Biodiversity Stewardship Initiative is capacity building and facilitation of partnerships, so that communities can benefit from participation in both the Biodiversity Stewardship programmes and Biodiversity Economy opportunities. This finance solution will ensure technical support that integrates Biodiversity Economy development opportunities at the same time as the biodiversity assessment should take place in the pre-declaration phase.  A geospatial mapping of existing and potential Biodiversity Stewardship sites, and an indication of where each site is at in terms of “The Journey to Thriving Biodiversity Economy Enterprises” that is being developed by the Department, will provide a clear indication of what support is required per site. The provincial protected area expansion plans could provide the potential sites and the conservation agencies can provide the existing sites.  This finance solution links to the GEF 5 Biodiversity and Land Use Project run by SANBIand UNDP which has a financial mechanism deliverable linked to biodiversity stewardship. |
| 1. Structure of the Finance Solution *(100 words approx.)* | This finance solution will focus on the redevelopment of the investment platform and profiling of sites that have (or are working towards) Biodiversity Stewardship status. The platform will also make provision for inclusion and access of other Biodiversity Economy projects or enterprises that meet the required project preparation threshold to facilitate linkages with investors and/or funders.  The finance solution will ensure targeted support through development of the Biodiversity Economy business case for a Biodiversity Stewardship site and facilitating financing or a partnership to ensure a thriving enterprise. This will ensure that an increasing number of economically viable private and communal sites are secured under formal protection with significant biodiversity conservation dividends. |
| 1. Description of Activities and Milestones *(150 words approx.)* | 1. DFFE and SANBI has identified 10 priority Biodiversity Stewardship sites. These sites have been identified through the GEF 5 Biodiversity and Land Use Project and develop Business Plans for each of these with an investment prospectus for profiling on the Investment Portal, 2. DFFE and BIOFIN will redevelop the digital platform to include best practice features including search engine optimization, analytics and user centric design thinking, 3. BIOFIN and DFFE will develop a broad integrated engagement plan to raise the profile of the investment portal and investment opportunities in the Biodiversity Economy Sector, 4. DFFE and BIOFIN will undertake an investor landscape profiling study to identify existing and potential partners, donors and funders in the Biodiversity Economy sector, 5. BIOFIN will create a feature on the platform that outlines the legal, regulatory and compliance processes that relate to the Biodiversity Economy, 6. BIOFIN will on request provide a brokerage service to a maximum of 5 biodiversity conservation sites profiled on the platform as pilot cases of how the investment process could contribute to the Biodiversity Economy and to set the precedence for good principles of contracting in the sector.   Scale-up:   1. DFFE will identify known programmes within the Biodiversity Economy for inclusion and work with Small, Medium and Micro Enterprises to write up projects within the blueprint provided by the projecttransaction advisors, 2. DFFE will set up processes with districts, provinces, entities and Management Authorities on projects and programmes of work for inclusion in the portal. |
| 1. Institutional Arrangements *(100 words approx.)* | DFFE and SANBI will integrate use of Biodiversity Economy tools into activities of the Land Reform and Biodiversity Stewardship Initiative, including a learning exchange and capacity building for identified beneficiaries.  BIOFIN core team will support the development of a guideline for project preparation and investment prospectus template required by each enterprise to be investor ready.  Ownership and overall responsibility to manage the project and ongoing execution and implementation of all aspects is with DFFE and UNDP. DFFE will be responsible for scale up elements of the finance solution.  The Biodiversity Stewardship community of practice facilitated by SANBI has been focusing on enhancing the capacity and capabilities of biodiversity stewardship practitioners in support of expanding South Africa’s network of protected areas, whilst effectively securing conservation, land reform and rural development returns.  A service provider has been appointed BIOFIN to provide all support needed in the scoping, development of the platform. As a starting point a Terms of Reference scoping document will be clearly defined outlining all deliverables. DFFE will provide ongoing support (and regular updating) of the platform post its development. A service provider will also be appointed to facilitate the investment process into the biodiversity conservation sites.  As part of the broader engagement program, there will be a strong drive to identify partners in the private sector. BIOFIN has appointed a consultant to develop and implement an advocacy strategy, including a series of stakeholder consultation workshops, will raise awareness of investment opportunities in the Biodiversity Economy. |
| 1. Main risks and management response for solution implementation *(100 words approx..)* | **Social –** There is a potential risk of the site facilitating short term unsustainable investment which may not be ideal. To mitigate this, the investment catalogue must outline the need for investment that is sustainable in the long term. Financial stability is important to ensure that rural communities can depend on financial flows for the duration of the transaction period.  **Environmental risks –** There is a potential risk that some of the proposed projects may pose environmental risks. This will be mitigated by ensuring that projects that are profiled on the investment platform meetminimum acceptable environmental standards that are conservation-compatible.  **Private sector –** Another risk is that of private sector players impose exclusionary clauses as a pre-requisite for investment. To mitigate this, the project team will ensure that investors do not engage in any of the exclusionary criteria as outlined in the private sector partner tool of UNDP.  **Project execution –** There is a risk that the project staff within DFFE will have limited capacity to implement the project. This has been mitigated by ensuring that dedicated project manager within DFFE will ensure alignment to work within the mandate of the Chief Directorate: Biodiversity Economy and Sustainable Use. |
| 1. Sustainability and institutionalization *(100 words approx..)* | The project preparation guideline and investment prospectus template will serve as an important tool to support all Biodiversity Economy enterprises being profiled on the Investment Portal. This will ensure that only investor-ready enterprises and projects will be profiled, thereby increasing the credibility of the investment portal. A number of priority interventions are being directed at supporting enterprises and communities in developing their respective Biodiversity Economy business cases, thereby ensuring a strong pipeline of investees in the project preparation phase.  Similarly, ongoing initiatives to expand the understanding of the investor landscaping through mainstreaming the Biodiversity Economy sector will increase the overall awareness of investment opportunities in the sector.  There is a cross-cutting integration drive across all public sector activities within the Biodiversity Economy Strategy implementation that will coordinate resource and projects with the digital platform at its center and being the public face of these activities.  The DFFE is in the process of putting in place mechanisms to take ownership of the investment platform. It is anticipated that by end of 2022 DFFE will have taken full ownership of the site. |
| 1. M&E *(100 words approx.)* | In order to measure progress of the project, it will be the responsibility of the BIOFIN National project manager to put in place measuring all necessary processes.  This requirement will be scoped with the development service provider such that reporting can be done on the platform itself and accessible for designated users. A basic dashboard and corresponding report will be available.  Additionally, success indicators will be developed for the Biodiversity stewardship sites where investment has been facilitated based on the investment needs. Data will be collected on the success indicators on a bi-annual basis. |

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| Impacts of the solution will be assessed by the national team and reported to the global team every 6 months as part of the progress reporting process and focusing on the main indicators listed below: | | |
| **Global Indicators** | | |
| **Indicator** | ***Baseline*** | ***Target*** |
| Stakeholders with increased basic knowledge on the specific finance solution by participating in trainings, workshops | To be determined | 30 BY 2023 |
| Stakeholders with increased practitioner knowledge on the specific finance solution through direct participation to the implementation of the finance solution | To be determined | 20% increase by 2023 |
| Increased generated revenues for biodiversity conservation or sustainable use. | To be determined | 20% increase in funding for at least 4 stewardship sites by 2024, and 6 stewardship sites by 2026 |
| Investment generated through the brockership function | 0 by 2021 | Atleast USD80 000 by 2024 |
| **Specific indicators** | | |
| Number of hectares of stewardship area added | 450,000 hectares secured under Biodiversity Stewardship agreements (2014) | 50 000h of additional stewardship sites added to the conservation estate by 2023 |
| Number of Biodiversity Stewardship Sites that have a developed Investment Prospectus | 0 | 10 by 2023 |
| Number of online biodiversity platforms functional | 0 | 1 by 2022 |
| Investees who are profiled on the online biodiversity platform | 0 | 10 by 2022 |
| Number of transactions facilitated | 0 | 5 by 2024 |
| Number of promotional activities conducted | 0 | 2 by 2022 |

**SECTION 2 – FOR FINANCE SOLUTIONS APPROVED BY TECHNICAL ADVISOR ONLY**

Please provide the following information which will be included in next Workplan/Budget revision (or use actual Workplan document):

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|  | **Action Plan and Budget** | | | | | | | | |
| **Activities** | |  | **Timeframe** | | | | **Responsible actor/s** | **Funding source** | **Costs[[1]](#footnote-1) (USD)** |
| 2020 | 2021 | 2022 | 2023 | 2024 |
| **Preparatory activities (includes feasibility studies, stakeholder engagement, etc.):** | |  | | | | | | | |
| Investees:  Host a Land Reform and Biodiversity Stewardship learning exchange with 60 potential investees/land reform beneficiaries | | X |  |  |  |  | SANBI | SANBI | 50 000 |
| Digital Platform:  Hold concept workshops to finalize content and look and feel/functionality requirements for platforms | |  | X |  |  |  | DFFE | DFFE | 10 000 |
| Investees:  Finalize list of priority sites through internal screening for business plan development and hold consultation workshops with each pilot project | | X |  |  |  |  | DFFE  SANBI | DFFE | 20 000 |
| Investors:  Prepare an initial scan of the investor landscape including survey of potential to include Biodiversity Economy projects in investment portfolios | | X |  |  |  |  | DFFE | DFFE | 20 000 |
| **Implementation** | |  | | | | | | | |
| Investees:  Appoint consultant to develop business plans (including investment prospectus) for 10 selected sites. | |  | x | x |  |  | BIOFIN, DFFE | BIOFIN | 56 000 |
| Investees:  Ongoing capacity building of potential investees to ensure growing project pipeline | | x | x | x |  |  | DFFE,  SANBI | DFFE,  SANBI | 50 000  30 000 |
| Digital Platform:  Appoint service provider to 1) Hold customer needs / design workshop 2) Build platform, iterate and test 3) support a fully functional platform | |  | x | x | x |  | BIOFIN, DFFE | BIOFIN | 45 000 |
| Brokerage: Appointment of a service provider to provide brokering services on request for up to 5 opportunties through the platform | |  |  | X | X | x | BIOFIN, DFFE | BIOFIN | 70 000 |
| Advocacy:  Develop and implement investor engagement strategy to raise awareness of the platform including an outline on the site of legal regulatory compliance processes related to the biodiversity economy | |  | x | x |  |  | BIOFIN, DFFE | BIOFIN | 35 000 |
| Scale-up:  Set up process with districts, provinces, entities and MA on projects and programmes of work for inclusion in the portal | |  | x | x | x |  | DFFE | DFFE | In Kind |
| Scale-up:  Set up process with districts, provinces, entities and MA on projects and programmes of work for inclusion in the portal | |  | x | x | x |  | DFFE  Management Authorities | DFFE ; Provinces | In Kind |
|  | |  |  |  |  |  |  |  |  |
| Monitoring and Evaluation of Investment Portal | | x | x | x | x | x | DFFE | DFFE | 20 000 |
|  | **TOTAL** | | | | | | | | 406 000 |

**Annex 1: BIOFIN Scoring and Screening Questions**

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| **No** | **Questions** | **Indicative marks for scoring (1-5)** | **Score** |
| 1 | Is there a positive record of implementation? | 1= no, or limited records of success  3= successful pilots  5= yes, high potential of scalability | 5 |
| 2 | Will it generate, leverage, save, or realign a large volume of financial resources? | 1= minimal scale  2= <5 per cent of current expenditures / needs  3= 5-15 per cent of current expenditures / needs  4= >20 per cent of current expenditures / needs  5= game changer | 3 |
| 3 | Will financing sources be mobilized in a compatible timeline with needs? | 1 = no, the mobilization is not aligned with needs  3 = likelihood of being mobilized in alignment with needs  5 = yes, forthcoming and compatible schedules | 3 |
| 4 | Will financing sources be stable and predictable? | 1 = no, the source of revenue may be highly unstable and vulnerable to external factors  3 = likelihood of being reasonably stable and predictable source  5 = yes, very stable and predictable | 3 |
| 5 | Do the persons or entities paying have a willingness and ability to pay or invest? | 1 = no  3 = possibly  5 = yes | 3 |
| 6 | Are the financial risks adequately managed (e.g. exchange rate, lack of investors, etc.)? | 1 = no, high risks remain  3 = moderate risks  5 = yes, low residual risks | 5 |
| 7 | Are start-up costs onerous in comparison to the expected financial returns? | 1 = very costly (compared to returns)  3 = moderate (compared to returns)  5 = very low/minimal (compared to returns) | 5 |
| 8 | Does the solution improve incentives to manage biodiversity and ecosystems sustainably? (see Chapter 1). | 1 = not clear  3 = likely  5 = most certainly | 5 |
| 9 | Will the financial resources remain targeted to biodiversity over time? | 1 = not clear, high risk of misallocation  3 = likely, administrative provisions  5 = yes, strong legal provisions | 3 |
| 10 | Are risks to biodiversity (e.g. disrespect of mitigation hierarchy) low or easily mitigated? How challenging would it be to develop safeguards? | 1 = high risks, no easy mitigation  3 = reasonable risks, mitigation possible  5 = low risks, easy safeguards | 5 |
| 11 | Will there be a positive social and economic impact (e.g. jobs, poverty reduction and cultural)? | 1 = no  3 = moderate  5 = strong positive impact | 5 |
| 12 | Would there be a positive impact on gender equality, especially regarding participation in design and implementation or access to opportunities and benefits? | 1 = no  3 = moderate  5 = strong positive impact | 3 |
| 13 | Have risks of significant unintended negative social consequences been anticipated and managed? | 1 = no, high risks remain  3 = moderate and manageable  5 = yes, minimal residual risks | 5 |
| 14 | Will it be viewed as equitable and will there be fair access to the financial and biodiversity/ecosystem resources? | 1 = no, risk of inequitable outcome  3 = maybe  5 = yes | 5 |
| 15 | Is it backed by political will? | 1 = no, resistance from key stakeholders  3 = maybe  5 = yes, with public statements in support | 3 |
| 16 | Have political risks been anticipated and managed? | 1 = no, high risks remain  3 = moderate and manageable  5 = yes, minimal residual risks | 5 |
| 17 | Is buy-in among stakeholders (i.e. potential investors/ decision makers, implementers, and beneficiaries) sufficiently strong to counter potential opposition? | 1 = no  3 = partial buy-in  5 = yes, strong buy-in | 5 |
| 18 | Do the managing actor(s) have sufficient capacity? Can they rapidly acquire it? | 1 = no, severe capacity gap  3 = moderate capacity gap  5 = yes, strong capacity | 3 |
| 19 | Is it legally feasible? How challenging will any legal requirements be? | 1 = no, new law is required  3 = new regulations required  5 = yes, new regulations are not needed | 5 |
| 20 | Is it coherent with the institutional architecture, can synergies be achieved? | 1 = no, limited or no synergies / coherence  3 = potential synergies  5 = yes, fully coherent / large synergies | 5 |

1. Please add budget years if needed. [↑](#footnote-ref-1)