

GEF-8 PPG REQUEST FOR GBFF PROJECTS

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General Project Information

Project Title:

Mainstreaming Biodiversity into the Botswana's Financial Sector (MBBF)

Region:

Botswana

GEF Project ID:

11778

Country(ies):

Botswana

Type of Project:

GBFF

GEF Agency(ies):

UNDP

GEF Agency Project ID:

9975

Anticipated Executing Entity(s):

Ministry of Environment and Tourism

Anticipated Executing Type:

Government

GEF Focal Area (s):

Biodiversity

Submission Date:

9/27/2024

Project Sector (CCM Only)

Taxonomy

Gender results areas, Gender Equality, Focal Areas, Biodiversity, Financial and Accounting, Natural Capital Assessment and Accounting, Conservation Finance, Influencing models, Strengthen institutional capacity and decision-making, Deploy innovative financial instruments, Convene multi-stakeholder alliances, Transform policy and regulatory environments, Demonstrate innovative approaches, Stakeholders, Beneficiaries, Civil Society, Non-Governmental Organization, Trade Unions and Workers Unions, Community Based Organization, Academia, Type of Engagement, Consultation, Participation, Partnership, Information Dissemination, Private Sector, Large corporations, SMEs, Individuals/Entrepreneurs, Communications, Public Campaigns, Strategic Communications, Awareness Raising, Behavior change, Capacity Development, Participation and leadership, Gender Mainstreaming, Capacity, Knowledge and Research, Learning, Knowledge Generation

Type of Trust Fund:

GBFF

Project Duration (Months)

24

GEF Project Financing: (a)

744,521.00

GEF Project Non-Grant: (b)

0.00

Agency Fee(s) Grant: (c)

70,729.00

Agency Fee(s) Non-Grant: (d)

0.00

Total GEF Financing: (a+b+c+d)

815,250.00

Total Co-financing:

250,000.00

PPG Amount: (e)

50,000.00

PPG Agency Fee(s): (f)

4,750.00

PPG total Amount: (e+f)

Total GEF Resources: (a+b+c+d+e+f)

54,750.00

870,000.00

Project Tags:

Support IPLC, GBF Target 3, GBF Target 4, GBF Target 13, GBF Target 14, GBF Target 15, GBF Target 16, GBF Target 17, GBF Target 18, GBF Target 19, GBF Target 20, GBF Target 21, GBF Target 23

Indicative Project Overview

To mainstream biodiversity in the Financial Sector through strengthening Policy and Institutional Capacities to promote sustainable financing of nature-positive policies and practices (sustainable green finance) in Botswana.

Project Components

1. Cross-sectoral institutional capacity strengthening

Component Type	Trust Fund
Technical Assistance	GBFF
GEF Project Financing (\$)	Co-financing (\$)
126,568.00	42,500.00

Project Outcomes:

1.1. Enhanced and strengthened capacity of relevant government and private sector finance institutions in green finance.

Indicator 1: Capacity of relevant government and financial institutions as measured using UNDP Capacity scorecards.

Target: 5 (High)

Project Outputs:

1.1.1. Biodiversity has been effectively mainstreamed into the finance sector through strengthened capacity, in green finance, effective institutional mechanisms and robust risk management, safeguards and monitoring systems.

1.1.2. Gender-responsive and socially inclusive Green Finance Mechanism Working Group (GFMWG) officially constituted and capacitated

2. Green Finance Tools and Systems including knowledge management

Component Type	Trust Fund
	GBFF
GEF Project Financing (\$)	Co-financing (\$)
484,345.00	162,670.00

Project Outcomes:

2.1. National policy frameworks for private and public market instruments and investments strengthened and aligned to effectively support the national green transition agenda.

Indicator 2: # of green finance instruments in place and implemented to support the national green transition agenda; **Target:** Two (2) financial instruments

Indicator 3: # of financial institutions taking legal, administrative or policy measures to ensure target 15 is achieved. (GBF Indicator); **Target:** 9

Project Outputs:

2.1.1 Green Finance Road Map and Strategies developed and agreed upon by all key finance sector actors.

2.1.2. Mandates and roles of the finance sector actors in the national green transition agenda clarified and adopted.

2.1.3 Green finance taxonomy framework and implementation strategy developed.

3. Gender Mainstreaming and risk management

Component Type	Trust Fund
Technical Assistance	GBFF
GEF Project Financing (\$)	Co-financing (\$)
28,924.00	9,700.00

Project Outcomes:

3.1 Gender responsive biodiversity mainstreaming in the financial sector informs policy shift in financing flows.

Indicator 4:

a) Level of gender mainstreaming

b) Safeguards risk rating

Target: a) High; b) Low

Project Outputs:

3.1.1. Comprehensive Stakeholder Engagement Plan (incorporating IP&LC Plan and FPIC) and Gender Mainstreaming Plan developed and guiding implementation.

3.1.2. Effective safeguards instruments implemented and monitored to ensure transparency and accountability to stakeholders; equitable and representative participation of IP&LCs and women; and integrated approaches to risk management.

M&E

Component Type	Trust Fund
Technical Assistance	GBFF
GEF Project Financing (\$)	Co-financing (\$)
37,000.00	12,400.00

Project Outcomes:

4.1 Evidence based M&E informs decision making and adaptive management.

Indicator 5: Project reports (PIR, TE) meet satisfactory quality standards based on UNDP/GEF criteria

Target 4: Satisfactory rating for annual PIR, TE

Project Outputs:

4.1.1. Participatory, gender responsive M&E plan developed and implemented.

Component Balances

Project Components	GEF Project Financing (\$)	Co-financing (\$)
1. Cross-sectoral institutional capacity strengthening	126,568.00	42,500.00
2. Green Finance Tools and Systems including knowledge management	484,345.00	162,670.00
3. Gender Mainstreaming and risk management	28,924.00	9,700.00
M&E	37,000.00	12,400.00
Subtotal	676,837.00	227,270.00
Project Management Cost (PMC)	67,684.00	22,730.00
Total Project Cost (\$)	744,521.00	250,000.00

Please provide justification

PROJECT CONCEPT DESCRIPTION

Project Concept Description (No more than seven pages total, including 5 pages of text maximum. Concepts longer than 7 pages will be returned. Please note the portal entry will be limited to up to 19,400 characters of text and up to two figures.)

1. Project Rationale

Biodiversity and ecosystem services contribute significantly to Botswana's economy. The country has a remarkably diverse ecosystem and is home to one of the world's largest inland Delta, the Okavango Delta and a close to pristine protected area network. The ecosystems represent a huge asset, both to the local communities as well as nationally, forming the very basis for much of the tourism industry in Botswana. The integrity of healthy ecosystems similarly plays a significant role in disaster risk reduction, climate change adaptation and mitigation. These assets are highly vulnerable and exposed to nature-related risks, including climate change, which is predicted to lead to extreme changes in temperature and precipitation under global warming scenarios, resulting in negative impacts on agriculture and other water-dependent sectors. Through significant anthropomorphic and environmental change, Botswana's ecosystems have systematically been modified leading to accelerated levels of land degradation. This has impacted economic activity by decreasing agricultural productivity and future potential, heightened exposure to risk of natural disasters, and reduced water quality and quantity, and contributed to biodiversity loss. This has left the country's economy and society vulnerable and exposed to acute systemic shocks.

Investment in Botswana's biodiversity is aligned with the country's overall socio-economic developmental agenda and pathways outlined in the country's strategic policies. Integrated nature-related finance solutions are urgently required to align policy responses with initiatives that will direct financial flows to nature positive outcomes. Strengthening the green finance policy and regulatory frameworks will reassure international investors who perceive most developing nations as high-risk investment destinations as well as encourage domestic investors to seize the opportunity of a green future. Downstream, the green finance mechanisms will provide fair, just and equitable opportunities for MSMEs and IPLCs to absorb shocks through access to sustainable financing opportunities.

As an upper middle-income country, Botswana has become less eligible for bilateral support from the developed world. There is also growing competition for the limited domestic public funds, resulting in low financing levels for biodiversity conservation and management. Notwithstanding the potential increase in global biodiversity finance flows, the estimated annual financing gap for global biodiversity conservation by 2030 remains wide. There is, therefore, a need for effective policy reforms and incentives to catalyse the growth of private and public-private investment partnerships for biodiversity conservation. Through the Biodiversity Finance Initiative (BIOFIN) Financial Needs Assessment (FNA) conducted in 2019, it was established that there is a financing gap of approximately US\$ 70 million required to implement the NBSAPs from 2016 to 2025. To close this gap the Biodiversity Finance Plan (BFP) 2019 proposed finance solutions that have a potential to expand the country's biodiversity finance agenda. The Plan prioritized finance solutions with highest potential for plugging the finance gap. Increased biodiversity finance by the private sector holds the most promise, providing government the opportunity to leverage public financing. It is, therefore, imperative to engage with the Botswana finance sector to define pathways for the integration and mainstreaming of nature into the finance sector, to redirect financial flows into nature positive outcomes at a strategic level in the country.

With the adoption of the Kunming Montreal – Global Biodiversity Framework (KM-GBF), the Ministry of Environment and Tourism is currently leading the alignment of the National Biodiversity Strategy and Action Plan (NBSAP) and the National Biodiversity Finance Plan. Against this background, this project will address the following problems:

Weak cross-sectoral institutional capacities in the finance sector in mainstreaming Biodiversity for nature positive outcomes and investments.

Lack of gender-responsive and socially-inclusive green finance tools and systems for sustainable financing in the Country.

Insufficient capacity of Green Finance Mechanism Working Group (GFMWG) to support the design and development of a classification system that highlights investment options that are sustainable.

Biodiversity/nature positive investments not benefitting Indigenous Peoples and Local Communities (IPLCs);

Limited stakeholder participation (local governments and the private sector) in projects that encourage BD/nature positive investments.

The Bank of Botswana as a regulator is required, under Section 28 of the Banking Act (Cap 46:04), to report on the business of all banks and persons or institutions whose work is examined by the Bank, as well as all other pertinent matters that the Bank deals with. In that regard, the Banks in Botswana must comply with this statutory requirement to monitor solvency, liquidity, large exposures, insider loans, provisioning, and risk management strategies, as well as the adequacy of risk management and governance structures for the safe and sound operation of banks. The GBFF initiative will leverage on this mandate for mainstreaming and uptake of nature positive outcomes and the on-site surveillance and examinations by the Central bank will assist in ensuring and monitoring mainstreaming efforts. The GBFF initiative will target the Nine (9) commercial banks licensed by the Bank of Botswana, and Non-Bank Financial Institutions Regulatory Authority (NBFIRA) as regulator for non-banks. In addition, the project will cover the National Statistics Office for statistical data, Ministry of Environment and Tourism as leading sector on nature and Ministry of Finance.

2. Project Description

a) Theory of Change

The impact of global transition risks, regional and local physical risks, are already signaling stress in the economy of Botswana. These cascading risks ‘trickle’ down the finance system, ultimately impacting businesses, societies, and vulnerable local communities at the expense of the environment, manifesting as financial risks. To effectively engage and address these risks, it is imperative that an integrated approach to nature-financing is considered. The Theory of Change is based on the understanding that **If** cross-sectoral institutional capacities in the finance sector are strengthened, including through multistakeholder platforms that facilitate dialogue, consensus and knowledge exchange, as proposed through the Green Finance Mechanism Working Group, and gender-responsive and socially-inclusive green finance tools and systems that integrate needs of IPLCs, including providing technical assistance and capacity support to the GFMWG in the design and development of a classification system that highlights which investment options are sustainable; **Then**, there will be strengthened government and private sector capacity to mainstream biodiversity in the financial sector, clearer pathways and strategies to guide the finance sector and increase its participation in the green transition, including through nature-related financial disclosures, encouraging business and finance to assess, report and act on nature-related dependencies, impacts, risks and

opportunities; **Because** direct collaboration with key public and private sector stakeholders; and Indigenous Peoples and local communities (including vulnerable groups) while addressing gender inequalities is critical to achieving commitments under the Kunming Montreal – Global Biodiversity Framework. It is important to note that stakeholder participation and gender mainstreaming is embedded throughout all the impact pathways.

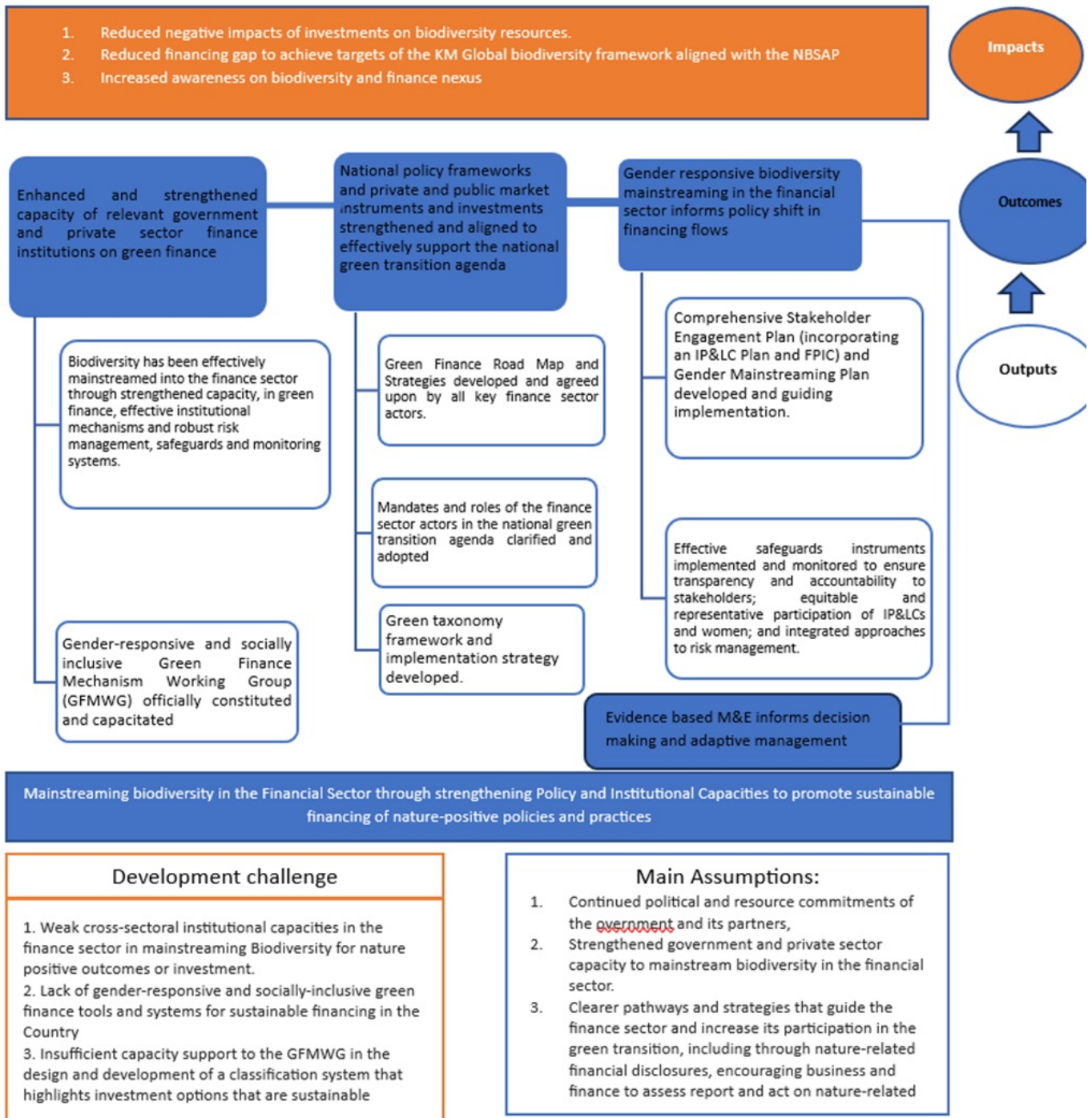


Figure 1 Theory of Change

b) Strategy and components

The objective of the project is to enhance the capacity of the Botswana finance system, across multisectoral actors and to strengthen institutional arrangements for evaluating nature-related risks and redirecting financial flows towards nature-positive outcomes. Similarly, to identify opportunities within ongoing initiatives like the BIOFIN work programme and finance mechanism 'toolbox' which can provide a transition into nature positive applications. The GEF investment will reduce threats to biodiversity and persistent ecosystem degradation through the consideration of innovative and sustainable financing mechanisms that value and invest in nature protection rather than its destruction. This will be achieved through the following three interrelated components:

Component 1. Strengthening cross-sectoral institutional capacities in the finance sector: Building and strengthening capacity of all relevant government and private sector institutional arrangements in the emerging thematic area of nature-financing. This will include, formulating and resourcing a Green Finance Mechanism Working Group (GFMWG) to serve as a multistakeholder platform for dialogue, consensus, and exchange on nature-finance issues, to raise public awareness and inform sector strategies and action.

Component 2: Development of Green Tools and Systems: Strengthening the national policy framework and enabling environment by developing pathways to guide the sector in the development of policies, tools and systems to support the national green transition agenda, including providing technical assistance and capacity support to the GFMWG in the design and development of a green taxonomy, which will be used as a guidebook to understand which economic activities and investments are environmentally sustainable. The project will support the creation of financial and corporate transparency, accountability, and disclosure. This includes accelerating the uptake of Task Force on Nature-Related Financial Disclosures (TNFD) framework. Through the Botswana Nature related financial disclosure readiness and institutional review study and BIOFIN membership to African Natural Capital Alliance (ANCA), the project will support financial regulation and policy making by ensuring that nature based financial regulations mitigate the negative impact on nature and amplify nature-positive outcomes.

Component 3. Gender mainstreaming and risk management: The project will develop and implement a gender mainstreaming strategy and a social inclusion strategy to ensure equitable benefits for people and nature. Involvement of IPLCs, women and youth will be key to ensuring that outcomes of financial reflows are directed to addressing drivers of biodiversity loss and needs of communities that host important biodiversity areas.

c) Key Stakeholders

The project will target the regulators (Bank of Botswana and Non-Bank Financial Institutions Regulatory Authority, Botswana Accountancy Oversight Authority, Botswana Stock Exchange), Government (Ministry of Finance, Ministry of Environment, National Planning Commission and Statistics Botswana), financial associations (Association of Custodians' representative, Botswana Investment Professionals Society and Bankers Association) commercial banks, private sector association (Business Botswana) and local community institutions. IPLCs will be consulted during development of policy frameworks and participate in the project steering committee to ensure that their voices and aspirations are integrated in project interventions.

d) Alignment with GBFF Action Area(s).

The proposed project is aligned with Action Area 3-Policy alignment and development - (GBF Target 14,15 and 18), 4-Resource mobilization (GBF Target 18 and 19) of the GBFF. The project will identify and review policies to reform administrative or policy measures to ensure target 15 is achieved; strengthen institutional capacities focusing on initiatives that will generate revenue for the biodiversity sector, realign expenditures to promote future cost, promote better spending practices and reduce expenses associated with biodiversity conservation and management. The project will support financial institutions to make improvements in their monitoring, assessment and disclosure processes that have significant potential to generate positive outcomes for biodiversity.

1. Contribution to alignment Criteria

a) Potential to generate global environmental benefits (GEBs)

The project presents great potential to generate GEBs by addressing the loss of biodiversity through business and finance institutions' nature-related disclosures and integration of nature into decision-making by these sectors, ultimately supporting a shift in finance flows away from nature-negative outcomes and towards nature-positive outcomes that align with the GBF, as well as LDN actions and NDCs. The project will contribute to GEF core indicator 11: 3000 People benefiting from GEF-financed investments disaggregated by sex (1500 women, 1500 men) including IPLC and marginalized groups who benefit from awareness raising on nature positive investments and blended finance opportunities. According to the Bank of Botswana Financial Report of 2022, the number of people employed in commercial and statutory banks was 5021, and the proposed initiative will target 60% of the total. In addition, the project will contribute to GBFF indicators under action area 3 i) positive incentives in place to promote biodiversity conservation and sustainable use; and ii) Number of countries taking legal, administrative or policy measures to ensure target 15 is achieved. The project will also contribute to GBF Goal D, Headline Indicator D1, D2 and D3.

b) Alignment with the national priorities.

The project will support Botswana to realize commitments made in Vision 2036; and National Development Plans on sustainable environment, vision and goals of the NBSAPs-that by 2025 ecosystems, species and genetic diversity is valued, protected, and used sustainably and equitably, through the involvement of all sectors of society and provision of sufficient resources for its sound management and Goal 1 on biodiversity is mainstreamed and valued across all sectors of society (Target 1 to 4).

c) Policy coherence and coordination across multiple sectors

The Financial Sector has a statutory apex body responsible for financial stability issues in Botswana, established by the Bank of Botswana (Amendment) Act of 2022. Through the establishment of the GFMWG, coordination between environment and financing sectors will be strengthened to mainstream biodiversity and implementation of GBF Target 15 and 19 at national level. The project will leverage on the 'Nature-Financial Disclosure Policy and Institutional Readiness Review' under BIOFIN initiative, to support financial institutions ensure that the values of biodiversity are fully reflected or mainstreamed in all relevant decision-making frameworks so that biodiversity is given proper attention leading to alignment of all activities, and of all financial flows, with the goals and targets of the GBF. This activity will undertake

a review of the existing policy landscape and identify gaps, institutional capacities, and skills readiness to adopt nature-related financial disclosures.

d) Resource Mobilization from the private sector

To close the biodiversity financing gap there is need for increased resource mobilization from private entities, both individuals and companies. The private sector represents the most prominent primary source of finance, providing government the opportunity to leverage private financing through public and private sector partnerships. Partnerships with specific private sector institutions will be explored further and selection of private sector parties will be subject to screening applying UNDP's Private Sector Due Diligence risk screening tool. Financial institutions will be supported to develop blended finance programs and portfolios dedicated to biodiversity to expand and catalyze private sector investment aligned with the GBF especially for women, youth and IPLCs local action.

e) Engagement with IPLCs.

As a signatory to the United Nations Convention on Biological Diversity and subscribing to the Kunming-Montreal Global Biodiversity Framework, the Government is committed to whole of government and whole of society approaches to tackling biodiversity loss and ecosystem degradation challenges the country faces. This is illustrated under component 1 on strengthening capacities across all sectors, including making IPLCs aware of the nature-budget tagging project and its implication at the grassroot level. The project will analyze the interest and perspectives of local communities in mainstreaming biodiversity and the role of the finance sector. IPLCs will also be involved in providing expenditure data and participate in the design of activities targeting capacity development and project steering committee. The project will support financial institutions to integrate the needs and rights of IPLCs in their financing instruments to ensure that private investments take into consideration the rights of Indigenous Peoples, local communities, women, youth, LGBTQ+, the elderly and persons with disabilities. All required SES instruments e.g., a Stakeholder Engagement Plan, Gender Action Plan, IP&LC Plan and FPIC, GRM, SESA where applicable will be developed and implemented and all safeguards' risks will be tracked and reported during project implementation.

Core Indicators

Indicator 11 People benefiting from GEF-financed investments

	Number (Expected at PIF)	Number (Expected at CEO Endorsement)	Number (Achieved at MTR)	Number (Achieved at TE)
Female	1,500			
Male	1,500			
Total	3,000		0	0

Explain the methodological approach and underlying logic to justify target levels for Core and Sub-Indicators (max. 250 words, approximately 1/2 page)

ANNEX A: PROJECT FINANCING TABLES

GEF Financing Table

Indicative Trust Fund Resources Requested by Agency(ies), Country(ies), Focal Area and the Programming of Funds

GEF Agency	Trust Fund	Country/ Regional/ Global	Focal Area	Programming of Funds	GEF Project Grant(\$)	Agency Fee(\$)	Total GEF Financing (\$)
UNDP	GBFF	Botswana	Biodiversity	GBFF Action Area 3	260,176.00	24,717.00	284,893.00
UNDP	GBFF	Botswana	Biodiversity	GBFF Action Area 4	484,345.00	46,012.00	530,357.00
Total GEF Resources (\$)					744,521.00	70,729.00	815,250.00

Project Preparation Grant (PPG)

Is Project Preparation Grant requested?

true

PPG Amount (\$)

50000

PPG Agency Fee (\$)

4750

GEF Agency	Trust Fund	Country/ Regional/ Global	Focal Area	Programming of Funds	Grant / Non- Grant	PPG (\$)	Agency Fee(\$)	Total PPG Funding(\$)
UNDP	GBFF	Botswana	Biodiversity	GBFF Action Area 3	Grant	25,000.00	2,375.00	27,375.00
UNDP	GBFF	Botswana	Biodiversity	GBFF Action Area 4	Grant	25,000.00	2,375.00	27,375.00
Total PPG Amount (\$)						50,000.00	4,750.00	54,750.00

Please provide justification

Sources of Funds for Country Star Allocation

(Only for Multi-Trust Fund projects where GEF TF is included)

GEF Agency	Trust Fund	Country/	Focal Area	Sources of Funds	Total(\$)
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		Regional/ Global			
Total GEF Resources					0.00

Indicative Action Area Elements

Programming Directions	Trust Fund	GEF Project Financing(\$)	Co-financing(\$)
GBFF Action Area 3	GBFF	260,176.00	100,000.00
GBFF Action Area 4	GBFF	484,345.00	150,000.00
Total Project Cost		744,521.00	250,000.00

Amount of resource allocated to support actions by IPLCs for the conservation, restoration, sustainable use and management of biodiversity:

Amount
148,904.00

Indicative Co-financing

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Investment Mobilized	Amount(\$)
Recipient Country Government	Bank of Botswana	In-kind	Recurrent expenditures	100,000.00
GEF Agency	UNDP	In-kind	Recurrent expenditures	150,000.00
Total Co-financing				250,000.00

Describe how any "Investment Mobilized" was identified

N/A

ANNEX B: ENDORSEMENTS

GEF Agency(ies) Certification

GEF Agency Type	Name	Date	Project Contact Person	Phone	Email
GEF Agency Coordinator	UNDP	9/30/2024	Nancy Bennet		nancy.bennet@undp.org

Project Coordinator	UNDP	9/30/2024	Onesimus Muhwezi		onesimus.muhwezi@undp.org
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Record of Endorsement of GEF Operational Focal Point (s) on Behalf of the Government(s):

Name	Position	Ministry	Date (MM/DD/YYYY)
Ms. Malebogo Somolekae	GEF Operational Focal Point	MINISTRY OF ENVIRONMENT AND TOURISM	3/18/2024